



Select Committee on International Relations

Corrected oral evidence: UK foreign policy in changed world conditions

Wednesday 21 February 2018

10.40 am

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Members present: Lord Howell of Guildford (The Chairman); Lord Balfe; Baroness Coussins; Lord Grocott; Lord Hannay of Chiswick; Lord Purvis of Tweed; Lord Reid of Cardowan.

Evidence Session No. 4

Heard in Public

Questions 27 – 36

Witnesses

I: Sir Peter Westmacott GCMG, former Ambassador to the United States.

II: Arun Pillai-Essex, Senior Political Risk Analyst, Verisk Maplecroft; Faraz Nasir, Head of Intelligence & Advisory Services, G4S Risk Consulting; Jake Stratton Senior Partner, Head of Global Client Services division for Europe and Africa, Control Risks; Henry Wilkinson, Head of Intelligence and Analysis, Risk Advisory Group plc.

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Examination of witness

Sir Peter Westmacott.

Q27 The Chairman: Sir Peter, good morning, and thank you very much for coming to our Committee this morning. To start with the formalities, I am obliged to say that, first, we all have to declare interests in relation to what we are going to discuss. I have none to declare; my colleagues will declare theirs when they speak. Secondly, this is all on the record. There will be a transcript, and if you wish to see it and alter it afterwards, the opportunity is open for you to do so. This is, as I say, all in public. Those are the formalities. As I say, you are very welcome.

The Committee is engaged in a fairly broad-ranging inquiry into the changes in our foreign policy approach, formulation and apparatus in the face of the gigantic revolution in communications and the huge impact of digital and cyber trends in the modern world, which are changing the nature of behaviour between nations and the nature of who the enemy is and who our friends are. In fact, they are disturbing all the patterns of the last 70 years. We are trying to see how we here in Britain can adjust to that.

The first question is general but also fundamental. How has the special relationship changed? What has the election of Donald Trump done to change it? During the Second World War, we were united with America against a common enemy, Germany. Then, after the Second World War, we were united with America against a common enemy, the Soviet Union. Given that, does the relationship now require a revision in that the enemy is no longer quite so obvious and simple?

In the cyber world no one knows who the enemy is at all. It is true that Russia is behaving in a somewhat Cold War sort of way, which justifies continuing on that course, but many other aspects have changed. It may be that we do not have so many enemies in common with America as we did. That is our thinking. Having been the ambassador there, how do you see America responding to this new situation?

Sir Peter Westmacott: Thank you for the opportunity to talk to you and members of the Committee. It is a privilege to be here.

I did not often like to describe the relationship with the United States as "the special relationship", because I thought as British ambassador it tended to imply an element of exclusivity and even to some extent arrogance. But it is nevertheless "a" special relationship, and has been since the days of the Second World War, and it is of course of critical importance to our national interest.

That said, the United States has always been a country and a Government who put their own interests first. There was not much going for nothing, despite the extraordinary proximity of interests, cultural links, shared language, shared values and so on which we have enjoyed. If you go back to destroyers for bases in the Second World War and to the difficulty Winston Churchill had in persuading President Roosevelt that

the United States should engage on our side against Nazism, you can recall just how tough it has sometimes been.

Further forward, in the days of Margaret Thatcher and Ronald Reagan, we should recall how tough it was for the United Kingdom to get the United States to see things in a way consistent with the UK national interest, because, quite rightly and understandably, it puts its interest first. That has always been the case, and we should not delude ourselves that it is otherwise.

Now we have a President who is genuinely unorthodox. As a mutual friend of yours and mine described it earlier today, he is a “disruptor” of the way in which international affairs are conducted. That is exactly right. Not even Donald Trump thought he was going to be elected President until the moment when he was. It came as a surprise for a whole lot of reasons, which we have all looked at and discussed in the past.

On a number of global issues, particularly those of interest to the United Kingdom, some of the pronouncements—the tweets, the campaign statements—have turned out to be less frightening in reality than they sounded at the time. There were some of the President’s earlier statements about NATO, the European Union, old relationships, how to manage China and pre-emptive strikes against North Korea, and about some of the things his former adviser Steve Bannon was advocating, such as war with the Persians and the Chinese, as he called them. Many of these things have not come to pass, or have been moderated as time has passed and the President has assessed where the US national interest lies.

Nevertheless, there are a number of areas where we are in a different place from where we have been traditionally with American Presidents, be they Democrat or Republican. You can look not just at the rhetoric but at the positions in reality which this Administration have taken on free trade, climate negotiations, the Middle East peace process. On the latter, they were quick to ditch the approach taken by the previous Administration, and announced—as the British Government noted, rather curiously, to put it mildly—that they were moving the United States embassy to Jerusalem. We thought, and I believe too, that that was unhelpful to the Middle East peace process.

Then there is some of the language used on Iran, where I notice that National Security Advisor HR McMaster said at the Munich Security Conference last week that, “The time is now ... to act against Iran”. I am not quite sure what that meant, but it was quite belligerent talk. The Americans have been very happy to join in with Israel, Egypt, Jordan, the Emirates, Saudi Arabia and all sorts of other people in the region in concluding that Iran is the source of most evil in the Middle East and that therefore something must be done about the issue. Some of that alters American policy and is not entirely in line with where the United Kingdom’s foreign policy has been.

My last comment in answer to your question—forgive me for speaking at length—is that on NATO I think we are in a better place than we were when the President appeared to question the United States commitment to Article 5 unless members of the alliance paid their dues, or debts. There are no debts, but he had a point, in my judgment, in saying that America was carrying a disproportionate share of the cost of the alliance. It cannot be right or sustainable for America to pay 75% of the cost of an alliance of nearly 30 different countries. But he has moved away from that and more or less restated America's commitment to the security of the western world through that alliance. That is good.

The weak bit of it is that he seems to be reluctant to call out the Russians at times when they are indulging in active measures to undermine our values, our security and our democratic processes, not only in the United States but in a number of other western countries. That is a concern. It does not appear to be a major concern for the President, although members of his Administration have been clear about the inappropriateness and illegality of Russian behaviour. We have seen the FBI indicting 13 Russian citizens lately, which is an area of concern.

There are several policy spaces, if you like, where America is not where it was, some of them of genuine concern to the United Kingdom. It is very important that the British Government, both state actors and non-state actors—those of us who are no longer in government—should continue to engage with our friends in Washington to try to ensure that the interests of the rest of the international community are fully taken into account as policy decisions are made and judgments are formed.

The Chairman: Thank you very much for that opening statement.

You have spoken about a number of specific issues which I think we want to come on to in more detail. You are talking in general as though you see the arrival of President Trump as the sort of disrupting factor. That is fair enough; that is what I asked you. But I also suggested in my question that there are larger forces at work that are changing behaviour between nations and creating new adversaries and new threats of a kind that did not exist even five or 10 years ago. To what extent do you give weight to those in terms of changing the American-British relationship and the modalities that are a standard aspect of the special relationship that we have all been used to for the last 70 years or so?

Sir Peter Westmacott: The principal one is the one that I alluded to in the context of Russian behaviour. Information warfare and cyberattacks, which we have seen being deployed by Russia, are probably the biggest single new threats, as you put it, compared to what we were dealing with in the days of the Cold War and the more conventional military threats that we had to address.

We have seen plenty of evidence now. In fact, the former heads of the intelligence agencies in America and some of the current heads have been clear for the last 12 to 18 months about the nature of the attacks through social media, bots, fictitious social media accounts, the

enlistment of apparently innocent Americans as agents for social media activity disinformation designed to affect the election result but also to undermine trust in the institutions of democracy.

That has happened. We have seen it most vividly—there is evidence of it happening—in the United States. The same techniques have been deployed from the old KGB playbook but updated to take account of modern technology, seeking to weaken the western alliance and the way countries in western Europe and the North Atlantic Treaty operate together and trust each other. There is that.

Then there is the parallel area of attacks and threats to our critical infrastructure, also to do with cyber technology and malevolent players. A number of Governments are now very adept at this. The ones that are most often quoted are of course Russia, China and Iran, but others also play these games. We have seen huge attacks involving data theft from big organisations such as the OPM in the United States, and we have seen the theft of huge amounts of information from bank accounts and firms, including law firms, in several western countries.

Some of this is deployed for the purposes of extortion, some of it for the theft of data, used in a number of different ways, and some of it to give hostile agents or powers the potential, should need arise, to shut down essential infrastructure in a number of other countries. Those are the areas that are particularly significant in terms of the new threats that we need to take into account.

Lord Grocott: This is not the question that I planned to ask you, but you moved on to the whole new subject that the Chairman raised. Are these kind of threats specific to one or two countries—you mentioned Russia, China and, I think, Iran, so three—or is this in any sense the more generalised part of the armoury that all countries may use against enemies or potential enemies?

Sir Peter Westmacott: I am not a real expert on the technology of this, but there are many countries that are simultaneously seeking to develop cyber defences but also a cyber offensive capability. I like to think, perhaps naively, that those of us who believe in live and let live and in the integrity of electoral processes—democracy in other countries—do not deploy offensive capabilities in ways in which some of the more malevolent countries that are keen to undermine trust in our institutions and indeed even to directly affect election results have shown that they are willing to do. But there probably is a lot of this going on.

I understand that in the United Kingdom, but also in other countries, defensive and offensive capabilities are being looked at. There is clearly a school of thought that says that if you are going to fight back and defend yourself against this kind of cyber assault, probably the most effective way of doing it is to show what you can do in retaliation. In other words, you do not just build a shell around yourself so that you are protected—although we need to do that, and there is some extraordinarily good British technology that is moving along in that direction—but you also

show that this is a game that two can play, and that if it does not stop, the rest of us can do serious damage in that area.

So although, as I say, this is not my area of expertise, I very much hope that we are developing those capabilities, and we should in due course let it be known to certain Governments that that is what we will be forced to do if they do not knock it off.

Lord Grocott: But, of course, one person's defensive mechanism may appear to be an offensive one to someone else.

Sir Peter Westmacott: Indeed.

Lord Grocott: That is pretty well established.

Lord Reid of Cardowan: I will resist the temptation to go down the line of discussing deterrence in the cyber world, which, as you know, is immensely complicated, compared even to nuclear weapons.

Let me ask you about the special relationship in the context of some of your comments about the cyber world and the spread of globalised digital communications. You pointed out that the special relationship was based on a number of factors such as common history, language and culture, which of course are all changing in line with the demography in the United States itself.

But, above all, the special relationship was founded and based not on love but on enlightened self-interest and the exchange of signals intelligence and communications starting from the Second World War. We were pre-eminent in that field and could offset our size by the exchange of information with the United States, which was immensely valuable.

We now live in a world where cyber developments and digital communications mean that it is at least questionable whether we are as pre-eminent as we were at the time of the foundation of the special relationship. Would you like to comment on that? As you pointed out, other countries, including Israel, North Korea, and South Korea, as well as independent contractors—pirates if you like—in Ukraine, Russia, Romania and so on, are all developing huge arsenals in communications and cyber malevolence.

Sir Peter Westmacott: I quite agree with your starting point and about enlightened self-interest. One of the reasons why that special relationship came into existence in the Second World War—apart from the fact the Americans sent 2 million GIs to the United Kingdom in advance of the D-day landings—was the Tizard delegation, which took all those extraordinary technology secrets from the United Kingdom to America, partly for safekeeping and partly in case we were never in a position to develop the jet engine, nuclear weapons and some extraordinary radar technology. We were the world leaders. That was quite clear. The whole Manhattan project and a number of other significant American technological developments during the war and after it happened thanks to a very significant British contribution.

Today, we have moved on, and America has its own extraordinary technological abilities and world-class universities in MIT, Caltech and so on, which are doing amazing things in the technological space. But we also have remarkable capabilities in many of our universities, and in government. We are still extraordinarily good at this stuff. Look, for example, at the co-operation between our intelligence agencies and at some of the contributions that the United Kingdom has made, much of which we do not talk about for obvious reasons, or did not talk about at the time, to safeguarding our people, airplanes, societies and cities against highly technical terrorist attack with some very sophisticated detection systems.

We are very good at communications technology, whether it is intercept or monitoring patterns, big data or small data, and we have proved ourselves to be very good at some of the more complex ways of tracing individuals and materials that they might be using to threaten our existence. We should not be at all coy about convincing ourselves that we are still very significant partners in all those areas of intelligence, of defence—a separate subject, but part of it—and of defensive and offensive cyber capability. There are other very significant players as well, that is for sure, some of them big partners for the United States.

We should not forget that a number of other countries have special relationships with the United States and always have had them. I used to find as British ambassador to the United States that the one individual to whom America says it owes its liberty is General Lafayette from France, going back to the 18th century. Other people have claims to being critical to the emergence of America as such a remarkable functioning democracy.

Yes, we are still there. We need to work at it. There are issues about the credibility of the United Kingdom as the partner of choice in defence. That was raised with me on many occasions by very senior members of the Administration when I was there. It was not just about whether we were meeting the 2%—you can debate how you measure the 2% of GDP being spent on defence—but it was also about what we did with that money and what capabilities we had.

Were we a country to which the United States could turn when something of a kinetic nature needed to be done? Where the Americans had always traditionally looked to the UK to be with them, was that still the case? They were asking themselves those questions. It was both about capability and about political will. Over the last five years or so, that has been an important part of the debate that we have with the Americans about the nature of our partnership.

Lord Hannay of Chiswick: To carry on with this theme for one minute more, we are grappling with whether the technological revolutions that are sweeping across the world—cyber and all that sort of thing—fundamentally change the way in which diplomacy is operated and practised, obviously in the relationship with the United States but also much more widely. Is it changing that fundamentally, or is it basically

another in a long series of technological revolutions that have taken place in the last 200 years in which you simply adapt the existing practices, rules and ways of conducting diplomacy?

Sir Peter Westmacott: It is definitely changing the way we do business as diplomats. The fact that Secretaries of State, Prime Ministers and Presidents can pick up the phone to each other at a moment's notice and discuss things one on one and straightaway in the light of breaking developments means that there is a different role for those on the spot whose job it is to provide diplomatic advice, negotiation, context and so on. But I do not think it replaces it.

There is plenty of evidence that phone calls, good as they are, whether or not they are with a screen to assist communication, are a limited means of having this kind of conversation, unless there is a specific question to which there needs to be an immediate answer. There have been relationships that I have monitored carefully between the President of the United States and other key world leaders where telephone diplomacy began but petered out. It simply was not an effective means of working, because one did all the talking and the other got fed up with listening because they were talking past each other or because it did not work through the interpretation, or whatever.

I would say that it is still critical to have people on the ground who have the relationships, judgment and knowledge who are trusted by the local Government to whom they are accredited and who can speak with authority on behalf of the Government whom they are representing. Those people can also provide essential context to decision-takers, back in the capitals, of the realistic prospects of getting the outcome that you want, of the circumstances in which the conversation will take place and of the sort of pressures to which the people to whom you are talking are subject.

What are the technological, budgetary, political and other constraints that you need to take into account? Time and again in my career, including in Paris, I would find that there was a phone call from London, about which I might or might not have been consulted, about a particular piece of EU business, which either ended up with the situation being worse than it had been at the beginning of the phone call or led to confusion, because the two sides simply did not know what they were talking about.

The person on the spot can provide the background, context and advice—indeed, a bit of tactical advice on which battle is worth fighting and what weapons are most appropriate to deploy if you are to get the outcome that you want. Technology is very important, but people, relationships, knowledge, experience and context are also still very important.

The Chairman: Lord Hannay, would you like to go on with your more specific issues?

Q28 Lord Hannay of Chiswick: Yes. Perhaps we could come to one or two of the things that you mentioned in your opening statement. There are clear

disagreements between the US and its allies, including the United Kingdom, on a whole range of issues such as climate change, the Iran nuclear deal, Jerusalem and the Middle East process, and trade policy.

Do you think this is creating a kind of pattern in which the UK discovers that its interests are more closely allied to those of the main European countries—France, Germany, Italy and others—than to those of the United States, or is it a blip and a one-off? Will normal service be resumed in three years' time if President Trump is not re-elected? What should the UK learn from this experience about the way it approaches what is unfortunately invariably called the special relationship? I agree with your view on that, but we cannot get away from it; that is how it is presented on both sides of the Atlantic, particularly on this side.

Sir Peter Westmacott: It is a critical question. I will give you a few thoughts on it. As I was trying to say, there have been some areas of policy where the bite has turned out to be less bad than the bark. Some of the President's announcements, about which we had early concerns, did not turn out to be a serious change of direction on a matter of foreign policy about which we had strong views or interests at stake.

On the Middle East, Jerusalem, the Occupied Territories and so on, I think there has been a move away from the position of the Obama and Kerry Administration. Personally, I was sorry that as soon as the election was over we appeared to side with the Trump transition team and to ditch our support for John Kerry's views on the importance of a two-state solution and addressing the settlements question. Perhaps that was part of the British Government's concern to establish a good working relationship with the incoming Trump team.

Since then, we have rightly expressed concern about the decision to move the US embassy to Jerusalem without getting anything in return and in such a way that does not appear to take forward the prospects for a settlement between Israel and the Palestinians in any material way. In that area, we have become true to ourselves.

Will this be an area of continuing difference? A lot depends on whether the United States is able to use the very considerable move that it has made in Israel's direction to drive progress towards the kind of settlement that we have all been working on for the last—heaven knows—20-odd years. I do not know whether it is true, but there is talk of some sort of peace plan on which Jared Kushner or other members of the Trump Administration are working, but I have seen no details, and certainly those on the Arab side do not seem to have much information about it. That could be an area where we continue to have rather differing views, to the extent that the British Government continue to believe that the right way forward is a two-state solution rather than a one-state solution that involves pushing the Palestinians across the border into Jordan, which is what some people in the US Government seem to like the look of.

Iran is a particularly important issue. We were very clear in public as a Government, and many of us as individuals, that the joint comprehensive plan of action, although not 100% perfect in every respect, was by a long way the least bad way of stopping the Iranian military programme and should not be torn up. I worked hard to ensure that the United States Congress did not kill it after it had been signed by the P5+1 two and a half years ago. We have been concerned—the British Government have rightly said this in public—about the possibility of killing that deal.

I do not know whether what is happening at the moment is an attempt to strengthen certain provisions of that agreement with Iran or whether it is to bolt on to it other elements that address parts of Iranian bad behaviour that are not covered by that deal, which is entirely to do with the nuclear programme. If it is all about trying to improve the deal and the prospects of stability, peace, non-interference and the ending of conflict in the Middle East, that is fine. But if it is about trying to kill the nuclear deal with Iran, I think there will be a substantial policy differential between the United Kingdom, with our European partners, and the United States.

The alternative to having a deal of that sort is either massively to increase sanctions, which will not happen because the other partners will not go along with it, or, as some people seem keen on, a military conflict. John Kerry likes to say that the joint comprehensive plan of action avoided a Middle Eastern war because the pressures to take military action against Iran's nuclear installations, had diplomacy not succeeded, were so great. He is probably right, but by the same token if that deal is destroyed there must be a greater risk that some sort of military conflict will take place, which I think would be extremely unwise, extremely damaging and most ineffective and would guarantee that Iran developed a nuclear weapon in much shorter order than it would with the JCPOA in place.

Those are a couple of areas where we are likely to have continuing policy disagreements. We have to stand up for what we believe and engage with other partners who have the same concerns about peace and stability in the Middle East. We have to stand up for what we believe to be the right approach.

On North Korea, it looks to me as though there has been a clear move towards dialogue rather than a threat of pre-emptive military strike action by the United States. There has been talk of that, which sometimes seems to embolden the North Korean regime rather than scare it. But it has moved on from that. Interestingly, Vice-President Pence was going to have some bilateral talks with the North Korean delegation in the margins of the Olympic Games. The North Koreans have now walked away from that, but it is a sign of exactly the kind of diplomacy, backed up by potentially kinetic action if necessary, that we need. This is an area where we are engaging and should continue to engage.

I would flag up two other areas of policy where at the moment we are not quite clear where the Trump Administration is but where there is potential for making progress and where I would like to think that the United Kingdom could play a role, in so far as we wanted to get engaged again in foreign policy. One is Yemen, which after all was the Aden Protectorate, which we controlled, ran, administered and know a bit about and where a ghastly war is going on, from which there will be no winners and where both Iran and Saudi Arabia are actively engaged with their partners. If we want to manage the Iran file in the region and try to calm down some of the understandable concerns among the Sunni Arab states, a degree of engagement on Yemen with the key players, which has to include Iran, would be useful.

I have recently heard from Iranian politicians that they are open to that sort of approach. We could even talk to them about the problems of the Taliban in Afghanistan. The Taliban hate the Shia Iranian regime almost as much as they hate what they consider to be western colonialism. There have been times in recent years when, on the basis that the enemy of my enemy is my friend, Iran has supported the Taliban and British and American soldiers have been killed by the Taliban using weapons—explosively formed projectiles, for example—that were made in Iran. Nevertheless, philosophically and theologically, they are not at all groups with the same agenda. There may be scope for talking to the Iranians about what to do about the Taliban in Afghanistan.

Is that where the United States is? Perhaps it is. I am not sure. But there is plenty of potential for us to engage with it. There are a lot of people in the Administration, if we aim off from the slightly scary headline-grabbing tweets that we have seen from the President, with great expertise and knowledge who are keen on the idea of engaging productively with the United Kingdom and other partners to try to move forward in areas where we have shared interests.

The Chairman: Do we want to pursue any of those specific points, or should we ask Lord Reid to talk about the great power issue? I think we will go on to that.

Q29 **Lord Reid of Cardowan:** Thank you. That was a fascinating response. A couple of months ago, Defense Secretary Mattis said that the greatest challenge, and presumably priority, for the United States was no longer counterterrorism but what he called “great power competition”. My first instinct was to say, “What’s new?” I presume he was talking about the emergence of China. How does this reorientation, if that is what it is, affect UK foreign policy?

Sir Peter Westmacott: I saw that statement, too, and I noticed Wolfgang Ischinger saying at the Munich Security Conference that the risk of conflict is greater now than at any time since the end of the Second World War, although he did not specify precisely what type of conflict he had in mind. There has been the emergence of a third superpower.

We used to have a degree of predictability and mutually assured destruction between the United States and the Soviet Union, with the rest of us clearly part of one side or the other in our alliances, which gave us a certain stability and meant that some of the minor conflicts that are burning away to terrible destructive effect now did not get out of hand because of the risk of one of the major powers being brought in and nuclear conflagration resulting. Because that has now gone, there is greater scope for minor conflicts to burn away, but perhaps less of a risk of a major international conflagration of nuclear weapons than there was in those days should an issue, such as Cuba, have got out of control and led to an exchange of nuclear weapons.

From the UK's point of view, there are a couple of points to make. One is that we are absolutely right to be engaging effectively with China and seeking to manage that relationship, whether it is about lowering tension in the South China Sea and doing our bit behind the scenes to help to manage the crisis in the Korean peninsula, or whether it is about engaging with China on a series of trade, industry and financial issues.

I believe that Britain was right to become a founding member of the Asian Infrastructure Investment Bank, which the Americans were furious about at the time, because they thought that we were essentially giving the Chinese a free pass into the international financial community. They then thought again about it. Many of my friends in Washington who complained bitterly at the time have seen that by joining at an early stage we were able to influence the principles on which that investment bank was formed. Many other Governments then followed on the basis of the criteria that the United Kingdom was able to insist on.

Engaging with the Chinese on the international changeability and foreign exchange potential of the renminbi and trying to ensure that London is the centre of choice for that aspect of China's international trading future was a sensible policy. There will probably be further ways in which we can engage on one belt, one road. Not just us but many other countries, including the United States, are engaging on the back of those investments, whether it is in Georgia, Pakistan or plenty of other countries where China is seeking to develop trading and wider economic links. That is a sensible approach.

I worry about the way in which Russia seems to feel that it can do pretty much what it wishes without being called out by the United States of America. President Trump, when he had the opportunity to apply sanctions on those individuals in Russia, did not do so. He has paid much more attention to the question of whether there was collusion or whether Russian interference affected the outcome of the presidential elections than to the impropriety of Russian behaviour in suborning individuals, creating fake accounts and spending a great deal of money to undermine the democratic process in America.

It is quite striking to me and obviously to many other people—look at Tom Friedman's column in today's *New York Times*, for example—that Washington appears to be giving a complete pass to Russian bad

behaviour at present. That is disturbing and we need to adjust to that uncomfortable reality. NATO needs to take account of it. We need to engage with the United States Government to try to ensure that essential defence interests are not set aside as a result of a different sort of relationship between Moscow and Washington from the one that we have known for the last several decades.

The rise of major powers, not necessarily with the risk of direct confrontation but with the changing geometry and the shifting tectonic plates, is probably a bigger global security challenge than the one that absorbs such a vast amount of money, gets so many headlines and causes horrendous grief, albeit for relatively small numbers of people, which is the activity of terrorist groups and lone wolves, with individuals, and sometimes unfortunately more than individuals, losing their lives as a result of these people's activity. People are making the point in America at the moment that there are 33,000 deaths each year as a result of hand guns, and asking, "What are we doing about that when we are spending tons and tons of money on terrorism, which has caused virtually no loss of life in America since 9/11?" There are a number of issues out there that we need to address, and that warning was an apposite one.

The Chairman: We have a lot more questions to ask you, but we are running out of time to do so. Let us just pursue a China matter for a moment.

Q30 **Lord Balfe:** We have mentioned China, which was a priority, of course, for the Cameron-Osborne Government. When we joined the infrastructure of the AIIB, the White House said that it was worried about the trend of constant accommodation. However, I was in Australia reasonably recently and was interested to see that the Australians seemed very much to be supporting our position and to be saying that we had to come to terms with the one belt, one road policy as reality in the world.

First, how is this disagreement between us and the US on China affecting our relations? Secondly, do you consider that we should review our policies with a view to trying to get closer accommodation with the US, bearing in mind that that might lead to a greater divergence with some of our more traditional allies, particularly in the Commonwealth?

Sir Peter Westmacott: As I was just trying to say, we have moved on from the spat that we had over the AIIB. It was indeed an issue when everybody from President Obama downwards was initially extremely critical of the position that we took, or maybe to some extent of the way we did it, because they felt they were blindsided, although I am not sure that was necessarily the case. It was one of those things, but an awful lot of people in the State Department and in international trading organisations took the view that in fact the UK had made a sensible choice on that.

I do not think that is a symptom of a continuing disagreement between us and the United States on China handling. We have shared concerns with them on some elements of Chinese investment, whether it is buying

ports or building telephone handset manufacturing capabilities in our own countries. We are all looking to see whether there are ways in which critical parts of our economy or industry are being taken over, perhaps—who knows?—with this or that mysterious bug being planted so that at some magic moment a switch can be flipped and things do not work any more. We do not actually know, and there are concerns, which I think are shared in Europe as well as in the United States, about how to manage that.

On some of the security issues—the South China Sea, freedom of navigation, the militarisation of sandbanks—we have exactly the same position as the United States. We also have the same view on the importance of China playing its role as the powerful next-door neighbour to the DPRK. We have been a little alarmed by some of the talk of a pre-emptive military strike, particularly if it would be hard to justify in terms of legitimacy, but if we look at the substance and do not worry too much about some of the things that are said, sometimes for effect, I do not think there is a significant difference of view there.

A lot of other European countries are following our earlier example of investing significantly in a relationship with China. As you say, the lead was taken during the Cameron-Osborne era, and the Chinese were pleased about that, even if we have little spats now and again about who is seeing the Dalai Lama, at what point and on what day and so on.

We can continue to engage with China and to manage that relationship creatively in ways that do not need to come at the expense of close links to the United States. But we need to remain in close touch with the Americans and our other allies about Chinese intent in the region and about the interests of Pacific Rim neighbours that have been worried about territorial claims—the nine-dash line and so on, which strays into the sovereign territorial waters of a number of countries that are close friends of ours. All those are issues where we need to remain in very close touch with the Americans, but I do not think we have different views about that.

Would we be at loggerheads with friends in the Commonwealth if we continued to make that relationship work? I see no particular reason why we should be. I am straying out of my depth here, but I think there are signs that India is a little bothered about a sense of encirclement, with China investing heavily in Pakistan and becoming a more dominant regional power outside its own territory. We need to watch that. Pakistan is broadly comfortable with the degree of Chinese investment that it is receiving as a result of one belt, one road. I do not think we have significant differences with our Commonwealth partners in Australia and New Zealand about that. They are, of course, very vigilant about what is going on in the South China Sea and the territorial waters issues and militarisation there, but I do not think that our engagement with China on these issues comes at the expense of our close links to those countries.

The Chairman: What about America or other vast new powers? Baroness Coussins, shall we move on to that?

Q31 Baroness Coussins: You pointed out earlier that President Trump's early statements on NATO have either been retracted or at least not been followed up with any action. To what extent have US-UK relations been affected by the way in which the US engages with multilateral organisations? Apart from NATO, the major one is the United Nations. Which of those established organisations offer the most value to the UK, and has that value been at all affected or undermined by the US distancing itself from them?

Also, are there any other, new multilateral organisations which the UK should engage with? I was going to say, "to plug the gap", but I do not think it has quite got there yet. In addition to existing engagement, are there any others that, bearing in mind the US Administration's position, we should be looking to work with?

Sir Peter Westmacott: In the major international fora you mention, there has been concern, which goes way beyond the United Kingdom, either about a degree of unilateralism and America doing its own thing—"America first"—and not really worrying about what allies think or do, or about it going through the machinery of international organisations, such as the Security Council, in a way that is somewhat cavalier and not based on the usual process of trying to seek allies.

There was real concern when the US Ambassador Nikki Haley more or less said, "We know where you live", to those who dared to vote in a way she did not want on one or two issues that were taken to the Security Council. When, in open session and in a rather bizarre way, the same ambassador took the street protests in Iran to the Security Council as a threat to international security, most members of the council said, "This is absurd. This is posturing for a political purpose, because the United States does not like Iran".

The Iranians, of course, were hopping mad that the United Kingdom supported the Americans; I think Peru also supported them on the basis that this was a legitimate issue to be brought to the attention of the Security Council. Lord Hannay is a greater expert than I am on this, but it was a little strange, given what is normally considered to be an appropriate subject for treatment by the Security Council, not just as an informal consultation but in open session. There is that risk of the existing machinery being used in a way that is different and sometimes a bit worrying. We need to continue to watch for that. Are we getting too cosy with the Americans? It depends on the issue.

We were very firm on the JCPOA. We were very firm on the undesirability of moving the embassy to Jerusalem and therefore pre-empting the final settlement negotiations on Israel/Palestine. As I mentioned, we went along with the Americans on the issue of the Iran street protests. We have to use our judgment to try to be true to ourselves on what is right and what is not right. It is not about cosying up to the Americans, although I have understood, from the moment Donald Trump was elected and said, "Brexit is marvellous and we're looking forward to a nice free

trade agreement the day you leave the EU”, that keeping the good will of this Administration is a high priority for this Government.

Of course that is right, but in the process of ensuring that good will we must not forget where our real interests lie. Obviously, the Prime Minister had to react when strange things were tweeted about our Muslim communities, no-go areas in British cities and so on. My answer is: look at the evidence, look at the reality, and do not worry too much about the tweeting, but where positions are taken and demands are made of us that we do not think are right for whatever reason, we have to continue to say so.

Are there other organisations where we can continue to work? The IAEA and the whole business of nuclear inspections is very important. I do not think that is being undermined, but it is hugely important to the viability and survivability of the JCPOA in Iran. In NATO and the WTO, I think we will just carry on engaging as we have in the past. We might find ourselves doing even more business with the WTO post Brexit, but America uses the machinery of the WTO just as it did in the past. There are moments when it slaps huge countervailing tariffs on imports from countries that it thinks are dumping. America has done that in the past and will do it in the future, with all the consequences that flow from it.

We do not think that the American interest in and commitment to those international fora are different, but we need to be on the lookout for moments of slightly impulsive, slightly nationalistic initiatives being taken in Washington that potentially threaten our interests. We just have to be honest and direct about it. That is what the French and the Germans are about. President Trump has a close relationship with President Macron of France, for example, but President Macron has been perfectly happy to stand up to him and disagree when necessary, even to the point of fighting back against the firm handshake.

Q32 The Chairman: Ambassador, we have one final question to bowl at you, based on your former career. It is not directly on US-UK relations but on Turkey. Based on your past experience and your service there, which side—to sum up the question—is Turkey on? Is it staying with the NATO camp or is it moving away? Is it fighting against American interests now in Syria? Where is it going?

Sir Peter Westmacott: I wish I knew the answer to that question. As someone who spent eight years of his life living in Turkey as a British diplomat representing the UK and engaging closely with the Turkish Government, the military and all sorts of personalities, I am disappointed at where Turkey currently finds itself.

A decade or so ago, it was roaring along to such an extent that not only was it an important member of NATO, taking an early lead in helping with ISAF in Afghanistan after 9/11 and so on, but it was even a credible candidate for the beginning of accession negotiations with the European Union, which got going on our watch during the UK presidency.

Those negotiations have not formally been broken off, but they are pretty much on life support now, partly because many European countries are looking at Turkey and saying, "It's never going to join", partly because enlargement is somewhat out of fashion, for a number of other reasons, and partly because of what has been going on inside Turkey.

Of course the failed coup d'état in July 2016, which took 250 lives, was a traumatic event for Turkey. That has led to a huge purge of people who are deemed to be members of a brotherhood called the Fethullah Gülen movement—a sort of cross between freemasonry and Opus Dei—which was very extensive. We should have been close allies of the AKP, the party that brought President Erdoğan to power initially as Prime Minister back in 2003. So Turkey has gone through some traumatic experiences in the last few years.

It looks as though a lot of the people who have been either fired or rounded up and jailed were in no sense responsible for the coup d'état, but you only know that for sure when they are brought to trial. Many have been released. Not many have been reinstated in the jobs from which they were dismissed. There are still a very large number of journalists in jail. We hear that there are more journalists in jail in Turkey than in China. I do not know whether that is still true, but it is a disturbing trend for a country that used to be one of the leading members of our alliance on freedom of expression and moving towards the rule of law and the other norms that would be essential for membership of the European Union.

Is Turkey about to give up on NATO? It does not look to me to be the case, although Turkey is probably rather deliberately buying ground-to-air defence missile systems from Russia. Of course, it has its own issues with what is going on in Syria and Iraq, which we all know about. There has been sharp disagreement with the United States, because the US concluded that the most effective of the militias that it could support not just against Assad but particularly against Daesh, the ISIL militias, in northern Syria was the Kurdish group, the YPG, which is closely allied to Turkey's internal Kurdish terrorist group, the PKK, which none of us disputes is a terrorist organisation. That has been a real bone of contention, but I do not think it is leading Turkey to want to leave the alliance.

We may not be far from the moment when Turkey decides that it will formally break off negotiations with the European Union. Cyprus is, alas, still unresolved. A Cyprus settlement could transform a number of things. Many of the chapters of the negotiation with Turkey on accession to the EU had been blocked because of the continuing disagreement on Cyprus, with Turkey being obliged to accept that the Greek Cypriot Administration can call on member state solidarity from the rest of the European Union.

Many things are disturbing inside Turkey. At the same time, the economy is doing pretty well. Amazingly, it will register 10% or 11% economic growth for 2017. Some of it is a bit fragile and a lot of it is debt-supported. There is not a lot of investment in future productive capacity,

but a whole lot of money is going into infrastructure—building new roads, hotel complexes and so on.

It is very important that we continue to engage with Turkey and have honest conversations with the political leadership about what is happening there. If Turkey slips further in the direction of a kind of Putinism with an Islamic face, it will become harder for us to engage with on the issues that are of such great importance to us strategically.

The transactional importance, which is one reason why we have so many contacts with the Turks, will be harder to manage. It will be harder to engage with Turkey as a regional partner in dealing with all the very difficult security conflicts that we have on Turkey's borders in different directions.

That is a long-winded answer. I do not know where Turkey is going. I do not think it is about to leave NATO. I am not sure whether the European Union negotiations will go anywhere, but I hope very much that Turkey will stop rounding up large numbers of people, will feel that it has finished with the Fethullah Gülen network and will start rapidly processing the outstanding court cases, so that those who are innocent can be let out and those who are guilty of a crime can face the appropriate penalties. At the moment, there is a state of rather disconcerting limbo, which concerns many of us who are very attached to the country and firmly believe in its huge potential for the future.

The Chairman: Sir Peter, we have questioned you on an enormous number of issues and we have kept you for longer than we promised, for well over an hour, but your experience and wisdom on all these complex and fast-changing issues have been enormously valuable to us and we are extremely grateful to you for giving us your time. Thank you very much for being with us this morning.

Examination of witnesses

Arun Pillai-Essex, Faraz Nasir, Jake Stratton and Henry Wilkinson.

Q33 **The Chairman:** Gentlemen, good morning. I apologise if we have kept you waiting a little, but as you will have heard, because you were sitting there, we were deep in some very complex issues with the advice of the former British ambassador to the United States. You are all experts in your fields. You are key figures in extremely active organisations concerned with intelligence, risk and the changing policy scene.

I will not introduce or direct specific questions to each of you. In most cases, you should just come in on the questions as you wish, with one person starting. I am obliged to remind you that this is all on the record. A written record is made afterwards, and if you wish to change it or items in it, you are entirely free to do so. It is obligatory for people to declare any interests they have that are relevant to the questioning, and they should do so.

Let us start with perfectly simple, short questions. What, today, is US foreign policy, in your expert view? How is it changing, and what are the big hits or implications for our own UK posture? What is foreign policy, and how is it changing? Who is making it in America? Are we looking at the White House, the State Department, or what? That is a big question about the risks for us from that change.

Jake Stratton: What is US foreign policy? In a way, it has been quite helpfully set out for us in the last couple of months, with the national security strategy, published in December, and the national defense strategy, published in January, so we have it framed in the way the US Administration would like us to see it. I suppose it reflects a change from the past, from a more unipolar world to a more multipolar world, where in effect nation states, in this case America, are looking primarily at their own interests.

We see very much in US foreign policy a kind of what I would call “allergy” to multilateralism, which is a thread that runs through this and was mentioned in your previous session. It is very hard to summarise it in a short space of time, but it is in effect containment of America’s strategic opponents: China and Russia are named specifically in the national security strategy; Iran is clearly also up there, and North Korea too.

It is a real sea change from the Obama era. The subtitle of the national defense strategy is, “Compete, Deter, and Win”, which is a pretty explicit criticism of where it is thought the Obama foreign policy was deficient. I am sure we will talk later about where policy comes from—whether it is the State Department or the White House, and how those two entities interact—but everything we see in the Trump foreign policy is very much, “compete, deter, and win”. It is much more confrontational and assertive than we have seen before.

Arun Pillai-Essex: Just to build on what Mr Stratton was saying, the Trump Administration came into power with core pillars as to where they would like to see US foreign policy transition to. There was a questioning of US primacy as a global actor and maintaining the security architecture in different theatres of influence, and there was a questioning of multilateral institutions—really, a questioning of the post-World War Two liberal order generally.

We have seen more conventionality in the Trump Administration’s actions. We are seeing that on core issues such as Iran, and there might be some issues with the viability of the JCPOA, given the waivers that may or may not be adhered to in May. Questions such as the US-China relationship are being arbitrated in more of a regular framework compared to what Trump said during the campaign—45% tariffs, questioning the one-China policy, et cetera.

On the key issues like that, you are seeing the Administration’s tone and temperament change, but the actions show behaviour that is more within

conventional norms. We are likely to see that a bit more, although of course the rhetoric is still unique.

Faraz Nasir: I think there is a slight difference between the presidency of Donald Trump and his world view, which appears to be rather consistent. Particularly in his campaign, he was very repetitive in his opposition to trade pacts and his ire at allies who he perceives to be abusing US largesse. He has found solidarity with fellow strongmen leaders around the world. That has not really changed, and to build on what Arun said, that has been reflected in US foreign policy over the last year.

On Iran, for example, Obama's Administration had the same issues with opposition from members of Congress that Donald Trump has faced; it has just been vocalised in a more open manner. Similarly with North Korea, the options of, say, military intervention or diplomacy are the same options that were on the table three years ago; it is all just being carried out in a far more open manner now.

On the national security strategy, one element that has certainly come to the fore is the notion of economic nationalism, where the priority is very much on ensuring that America's interests come first. We will probably come on to this later, but does "America first" mean "America alone"? No, it does not, but it could result in that.

Henry Wilkinson: Thank you very much for having me. It is a privilege to be here.

On the risks to the UK, I was in a conversation with somebody recently, and we said that one of the challenges with this Administration is that in our profession we do policy analysis, but what we are trying to get our heads round a lot of time is a lack of policy and how we analyse the impacts when things do not happen.

There are several things, building on what my colleagues on the panel said. What does America want, and what can it do? I do not think those things are necessarily the same. Do the Trump Administration have a strategy, a wider set of policies? I think they do, but there seems to be a certain inconsistency and incoherence. There is no question, to my mind at least, that we are dealing with a very extraordinary White House. We have a mercurial President who frequently contradicts his key advisers, and a State Department with a great many empty desks, so one has to question the extent to which it can actually execute policy anyway.

I guess you could also say that there is the question of what we are actually expecting the Trump Administration to achieve. As far as I can see, his achievements seem to be more about deconstructing things than building them. In other words, it is easier to break a deal than to make one, which is rather ironic for somebody who postures as a deal maker. It seems that with various trade agreements and so forth he can achieve headlines and get a sense of kinetic activity from disrupting things rather than going through new agreements or entering laborious negotiations to

build new things. It seems to be much more of a destructive presidency than people may be talking about.

Lord Hannay of Chiswick: Your last reply was the only one of the four that basically picked up the theme of the unpredictability of this Administration and the difficulty of telling whether what is in a presidential tweet is policy or just bombast.

I would have thought that the consequences of that for a world where there is no very clear leadership and where the risk factors seem to have risen quite considerably would have been a matter of great concern for a middle-ranking power such as the UK, because frankly we just do not know which way this Administration may jump on a whole range of issues.

How would you all factor that in? It strikes me that it rather pushes back against the somewhat calm view that the first three of you took about the bark being worse than the bite.

Jake Stratton: I think that was the point I referred to but did not explore: the dynamic between the White House and the Department of State. Clearly, President Trump's apparently arbitrary use of social media to make policies is a matter of great concern, but it is worth stressing the point, which I think my colleague made, that there are a lot of unfilled desks in the State Department but that there are some experienced, if somewhat hawkish, people in the Administration: McMaster, Kelly, Tillerson, Lighthizer. These may be political neophytes to some extent, but they are all organisationally very experienced; they are people of wisdom and experience.

I would not read an excessive amount into the social media side of Mr Trump and its arbitrary nature. There are some institutional safeguards underneath that. But what is interesting and very different about this Administration compared with the last one is that under Obama, foreign policy was meticulously made at the State Department level. It was distilled and fine-tuned, and Obama's job was just to agree or not to agree to decisions. It was very much bottom-up.

What we see here is much more a top-down foreign policy. It comes down from the White House, and then the State Department has a bit of juggling to do and needs to be a little dextrous in order to take those policies forward. That would be my reflection on your question.

Faraz Nasir: I was referring to what has been termed Twitter diplomacy. It was only this weekend at the Munich Security Conference that senior US staffers were urging allies not to read too much into Donald Trump's tweets. I think that holds. Once that begins to interface with what we consider to be the realities of foreign affairs, which are often slow and complex, those decision-making processes are passed down to the various government agencies.

There is an element of pandering and populism with those tweets. All that is driven by Donald Trump's decision-making process, which is based on emotion and intuition. He has to appeal to his voter base while also trying to find a middle ground that assuages his allies around the world. There is a feeling, certainly on my side, that he is possibly a bit misunderstood in what he is trying to get across. He has a very clear domestic constituency that he is trying to appeal to, which has the potential to impact on the conduct of foreign policy further down the line.

Henry Wilkinson: I agree. Institutional safeguards are very important, and President Trump is finding out, to some frustration, that he cannot just do what he wants. He has come from a business environment where presumably he conducted his business in a very authoritarian manner. Many businesses are run that way: you click your fingers and things happen. He is learning that there are institutional checks and balances.

Our challenge from a UK perspective is that the checks and balances in the US political system are at their weakest when it comes to matters of foreign policy. The Executive have a certain degree of free rein, which is the challenge when we are trying to divine whether he means it: is it an early morning tweet, is he pandering to his support base, or is he saying anything of any particular substance?

In some ways, one of the ways to look at this is not so much what America is going to do but what the reaction is to this kind of behaviour. In other words, is he the problem, or is the reaction to what he is doing the problem? Is confidence in the American presidency or in America's commitment to institutions such as NATO and Article 5 eroding? Even if, in reality, it is all hot air, people react to these things. Other states have to make decisions and ask what the best strategy and policy are for dealing with this.

I do not necessarily think we are in grave danger of seeing American influence collapsing overnight because of the Trump Administration, but US influence and soft power is probably going to decline. From our perspective, we need to work out what we are going to do about that and how we are going to maintain relevance in the conversations and institutions that America has led and we have benefited very much from. That is where the question really needs to go: what is the longer-term impact of the White House activity that we are seeing, as well as the immediate impact?

The Chairman: We have already touched on "America first" or "America alone". Lord Balfe, would you like to pursue this, because it takes us into this wider area?

Q34 **Lord Balfe:** "America first" or "America alone" is the quote from the Davos speech. Actually, we have seen much more of "America first"; the Trans-Pacific Partnership has gone, TTIP is effectively gone, and the agenda seems to be very much a sort of aggressive protectionism, where if something upsets Washington it, extra duties or the like are imposed. To what extent is it really now "America alone", and should Europe be

looking to play a more vigorous part in negotiating these types of trade agreements? In other words, should we say that the United States is no longer a player in this game but the European Union and Europe certainly are?

Henry Wilkinson: I would argue that the European Union and the UK are major stakeholders in the system, so if they feel that a leadership deficit is occurring, they should absolutely step up. If liberal democracies are not protecting the liberal democratic or liberal institutions in the international system, no one else is going to protect them. China would very much like to rewrite the rules of the road when it comes to the international system. There is a lot of talk in international relations about the rules-based order and the Trump Administration undermining that.

For people who are preoccupied with international relations, that is obviously a key term, but it does actually mean things. It creates predictability and means that there is some degree of resilience in the system. If America, which is the main sponsor of these institutions and the system, is giving up on them, for whatever reason—maybe its political class is just losing its literacy and has forgotten what purpose those institutions serve—we have to ask ourselves whether we want to let that system collapse or whether we want to step in and protect it. If we do not, we will almost certainly get more regional orders emerging, for example with China in central Asia and other regions, where it will redefine the rules of the road, because that is precisely what it wants to do: it wants to do business on its own terms, not on terms that were invented in 1945 that suited the victors of the Second World War. It is changing.

Arun Pillai-Essex: The protectionist inclinations of the Trump Administration are one area of policy to which Trump himself devotes quite a significant amount of energy. As a result, we are seeing a 50% increase in anti-dumping duties, and renegotiations of KORUS, the US-South Korea bilateral trade agreement. With NAFTA, we are seeing a lot of insecurity about the viability of that agreement. We are just entering the last round of negotiations there.

On other foreign policy issues, I still maintain that when this Administration look at large regions of the world such as sub-Saharan Africa and Latin America, there is a sort of disinterest that invites the policy continuity that we are seeing. Fifty per cent of key positions that the executive branch needs to fill in the foreign policy architecture writ large remain unfilled. That invites the passive continuity of what we saw in the prior Administration. Ambassadors are maintaining similar talking points as they had in the Obama Administration. When we look at the totality of the world and US foreign policy, the real energy is on trade and on linking trade to national security. They are quite forthright on this issue, as we saw in the national security strategy document.

On the other issues, outside the Korean peninsula and some of the rhetoric on that, it is not clear whether we are really seeing a hardening of a particular position or just a different tone and temperament. That is

still one thing to keep in mind. Trade is the real, central agenda of this Administration.

The Chairman: Just before we leave this general area, as risk analysts, to what extent would you say this is all to do with the phenomenon of President Trump? To what extent does it arise from much deeper forces that are at work throughout the world, with the technological revolution now racing ahead at an accelerating speed, which have been obvious for 20 years or so? The rise of the digital revolution began almost 30 years ago, and many people foresaw that it would change the whole nature of international relations and the nature of risk. Have we all had to wait for the arrival of Mr Trump to notice these things, or were you analysing them before?

Faraz Nasir: I would argue that Trump coming in has certainly introduced an element of uncertainty among allies as well as traditional adversaries. Although degrees of US foreign policy remain consistent, it is the mixed messages and the uncertainty that has created a degree of opportunity for the likes of Russia, China and Iran to begin to push the boat on certain aspects of their foreign policy. What appears to be US disengagement, certainly on the Middle East and on Syria, has created that space for the influence of Iran and Russia potentially to shape the medium-term future of that region.

The disengagement from Asia, aside from the Korean peninsula, has again opened a space for China. A very interesting element is the wide strategic competition with China, which it appears to me at the moment the US is losing quite comprehensively. This all goes down to where that influence is being used. As mentioned already, we are looking at the reduction in the numbers at the State Department, and the decline in US diplomacy or influence, which is currently non-existent in the Syria conflict.

Contrast that with China, which is now moving to empower its ambassadors overseas to make deals, certainly with regard to its one belt, one road infrastructure plan. China is moving to having a consolidated voice and knows exactly what it wants to achieve. That is what the US is lacking at the moment: one consistent, coherent policy.

Jake Stratton: Mr Trump is showing us how much the world has changed in the last 15 years. In effect, he has made us step back and realise how different this world is from the one that, say, George Bush II presided over. About 10 years ago, with the Iraq war, America pretty much had carte blanche to design the new world order. It was a unipolar world. So much has changed in that time. China is now a much more influential global actor. Russia is now so much more assertive than it was 10 years ago on its frontiers. All sorts of influential states are playing roles. That is on the geopolitical side.

On the trade side, again, China is now the largest trading partner of a lot of the countries that America sees as strategic allies. We come back to the constraints on the Trump trade policy and geopolitical policy. He does

not have the leverage that America once had in its trade negotiations, because these partners have options: they have China, they have other countries. It is a very different world and Trump's policy is laying that bare.

Henry Wilkinson: I absolutely agree with that analysis. One question is why we have been seeing this sudden—or not so sudden—wave of populism over the last couple of years. President Trump is very clearly part of that. Why are his arguments having such purchase, particularly in western liberal societies? If you look around the world, I absolutely agree that the trends we are seeing have been quite a long time coming. China's growth is inevitable and has been for years. The complex interdependencies created through trade and things like the internet seem to me inexorable forces that have to be dealt with. For all the good they bring, they also bring lots of challenges. The risks as well as the benefits are interdependent.

Trump represents a reaction to this. The world is very complex, and he presents a very simple narrative. In a lot of what he says, and some of the official documentation coming out of the States, there are frustrations that things are not being dealt with, for example. The American Government have been very critical of their allies, saying that we are too soft on cyberattacks, for example, and that that is encouraging more robust attacks.

That inability to deal with things underlies the problem, which is that the world is extremely complex and you cannot just layer in simple solutions. The "America first" idea of bringing down the shutters and trying to simplify the world is a very appealing narrative, but it is very unlikely to yield great results. We need to recognise that we have to work with the complexity and accept it, rather than just try to simplify things.

If you look around the world, authoritarian states seem to be on the rise. They are bringing down barriers, increasing censorship and doing all sorts of things to take back control. That is the point: there is a sense that we are losing control with so many complex issues, and Trump absolutely represents that.

From the perspective of the UK and other liberal democracies, one of our great challenges over the 15-year period that my colleague has described, and I agree with him, is that we have to be very cautious about what we blame for these problems and where they are sourced. One could argue that the global financial crisis, for example, was a much greater accelerant of the problems that we are facing now than many of the other things. If societies had not been so disrupted by that, maybe there would be greater organisational resilience and a lot more faith in liberal democracy and capitalism than there presently seems to be, hence the rise of these more authoritarian parties and populists.

There is quite a lot to what is going on there, and we need to look very carefully at what is causing this and why people seem to have lost their

faith in liberal and democratic institutions—and in politicians, to be honest—and work to address that.

Lord Hannay of Chiswick: Judging from your replies, you feel that in trade policies you can see the real Trump, as it were. It is the area in which there is less disconnect between the overnight tweets and the actual policy than elsewhere. Would you not draw, as I would, a good deal of alarm and despondency about that possibility? After all, in the 1930s, we had experience of the blend of protectionism and populism, and it did not end terribly well. Therefore, should we not be rather more worried than you appear to be about the fact that there is this trade policy of a protectionist kind, which each day produces more of these duties being imposed, which probably will not be WTO-able when they finally end up in front of a panel there? Should we not be a lot more worried about this?

Henry Wilkinson: I do not think we are at the same place as we were in the 1930s, but I am concerned about the move towards more bilateral forms of politics. President Trump has been extremely consistent throughout his history. If you look at his interviews dating back to when he first started flirting with politics, you can see a consistent theme there, which is that America is getting a bad deal. The question is what Trump thinks is a bad deal. To my mind, looking at his history as a business person, his art of deal-making has been very focused on getting one over the little guy, and I cannot help but think that that is partly shaping his thinking.

The thing about bilateral agreements is that they always favour the stronger party, whereas with a multilateral agreement, even though you will get some players that get a better deal than others, it tends to level out. All things being equal, it tends to be a relatively fair system; it is less zero-sum. America changing that and going to a much more zero-sum system encourages that kind of behaviour elsewhere, so you get this much more adversarial form of negotiation and of state behaviour.

This is sowing the seeds—it is not immediate—of people seeing that US leadership is not really bringing them a great deal, and they will seek other partners. The trend of multilateralism and tectonic plates shifting, which the ambassador was just talking about, is very important, because when tectonic plates shift, of course, you get earthquakes.

Arun Pillai-Essex: We are at a key moment on trade. The Department of Commerce has given a number of recommendations on aluminium and steel after a one-year investigation that commenced at the very beginning of the Trump Administration. That will be an enormous gauge of how far they are willing take their rhetoric on trade protection. If they were to institute a blanket tariff on steel, or to target tariffs towards a number of countries, that could cause a great cascade of volatility in the trade regime. This is something we are looking at quite closely. It will be a major tell, at least in the next six to 12 months.

In conjunction with that, of course, we are at the next meeting of NAFTA members and we need to see what sort of agreement will come out of that. If there is really no agreement, the viability of NAFTA is undermined. A dissolution of the accord would show that the Administration is willing to take quite aggressive steps for its trade agenda. We are at quite an interesting and important time, and in the next six to eight months will see how far this Trump Administration are willing to go.

Q35 Lord Grocott: Just a gratuitous aside, first, but populism, which has been mentioned a few times, is a bit of a slippery word, really. It seems to be used so often as a description of a popular policy with which one disagrees. As a politician, I am quite in favour, where possible, of pursuing popular policies. But, as I say, that is a gratuitous aside.

My real question is this. One thing that is undeniable about the 12 months of the Trump Administration is that there have been significant foreign policy differences between Europe on the one hand and the United States on the other. We have had comments from a number of you on well-established points about the complexities of US foreign policy making, and I remind myself of Mr Wilkinson's point that it is in foreign policy more than most other areas of government activity where the President has greater possibilities of independent activity.

In areas such as the Iran nuclear deal, the Middle East, the Jerusalem issue, the Paris agreement—you may choose any one of those or choose to add others—to what extent can a Government, whether the British Government or the EU, effectively influence and maybe change American policy in these areas?

Faraz Nasir: The last 12 months have shown that there is a degree of latitude to be able to oppose US policy, publicly and politically. We have seen it in France and Germany, and the UK has done it as well, particularly over the US announcement of the move of its embassy to Jerusalem.

When it comes to influencing policy, populism is a part of it. That will in some cases constrict the degree to which Governments are able or willing to criticise publicly. Here in the UK, we had petitions against Donald Trump, and public opposition voiced on social media, about his potential visit to the UK. That had an influence on Donald Trump, and he decided not to visit the UK. In some liberal democracies, that may well have an impact on US decision-making on those countries. For countries such as Russia, China, the Philippines and Turkey, where that is not so much of a concern, there is far more latitude for those countries to engage in taking into account their own domestic situation and what they aim to achieve with foreign policy.

Jake Stratton: It is that critical question of how far Europe, and indeed the UK, can influence the United States. When it comes to matters of American geopolitical imperatives, I sense that the UK and Europe retain a major influence on the United States. In areas of intelligence collaboration and security—we touched briefly on NATO—clearly the US

can be significantly influenced, because here we are, with the EU sitting on the frontier with Russia. There are the Baltic states, Turkey and so on.

On matters of geopolitical imperative and global security, yes, we have influence because of where we sit and because clearly we are a useful resource for Trump and the Administration. However, the Iran nuclear deal is a very good example of where, when it suits their interests, the Trump Administration have no truck with Europe. They do not feel that they need to play ball. The Iran nuclear agreement is one of the EU's most prestigious foreign policy achievements. It was led completely by the EU, and seeing what has happened in the last year with it, with the Americans peeling off and voicing concerns about it, gives us a pretty good idea of where the balance of power lies and where the United States sees the EU as a useful ally, and where, in other areas, it says that it is not so relevant for its interests. It really depends on the issue and the theatre that we are talking about, but there are certainly areas where the EU is losing its influence on the American Administration.

Arun Pillai-Essex: The JCPOA is a great data point to measure whether Europe is having any influence on US policy thinking at all. It seems as though that influence is very limited at the moment. The conditions which the US Administration have put forth in order for them to issue another set of waivers in May are clauses that the Europeans have said they view as too robust. They do not want to tie those issues to the viability of the agreement.

In addition, enormous lobbying from European allies and from internal advocates within the White House on the Paris accord obviously did not sway the Administration at all on pulling out of that. The past 12 months have shown that European influence on central decision-making has not been as robust.

The May waivers will be another gauge. They have already decertified the agreement twice. Congress has not wanted to wade in and impose sanctions and undermine the agreement; it has left that to the Trump White House. We will see in May, but it seems as if influence is waning quite considerably on the European side.

Henry Wilkinson: On the question of how we can influence and change policies in this areas, one of the things we need to think about is how we recognise that we are failing and what we can do about it. We do not know whether Trump will get a second term. It seems very unlikely, based on polling data, so one of the questions could be how we just make sure that we mitigate the worst effects of any policies that we do not agree with, and essentially stall them to prevent any negative outcomes occurring until we get to the next Administration. It seems likely to me that whatever follows is unlikely to be quite of the nature of the Trump Administration.

A lot of the conversation that we have when we look at anything in international affairs at the moment is that it is all about Mr Trump's personality; how do we deal with this man? Everyone is scratching their

heads and trying to work out how we deal with this. It is a very unusual situation, dealing with the President of the United States, because we are so used to dealing with institutions and systems, and with slow-moving things, as one of my colleagues said. We are worried that suddenly this very mercurial character is going to change something and create a crisis. How do we prevent that kind of situation? How do we slow things down, create buffers, draw things out and make the conversations last? There is an element there—maybe it is the industry we are in—of how we manage the risks when we cannot influence.

On the question of how we influence, it seems to me, based on my observations of Trump so far, that we might think about doing several things. The first is that our strategy should be not to influence him but to influence the people who influence him. He seems to take counsel from a small circle of people, and those are the people to whom we need to be talking. We need to understand what they are thinking and what they are saying to him. They include his family. He also takes great stock from having his generals around him. He seems to respect them and to look to people with that kind of background, so we need to understand what they are doing and we need to influence them.

There is an element of framing. However we talk to them and communicate with them, we need to frame it in terms of US interests, because those are what he is working to. If they are our interests, too, that is ideal, but how we frame discussions with the Trump Administration publicly and privately is important—particularly publicly, given how he reacts to things in the public domain.

Another area is to ask how we can be helpful and useful to the Trump Administration. Korea, for example, is the pre-eminent crisis that people are worried about because of the lack of checks and balances in the ability to manage it. What can we do to mediate the situation better? If the Trump Administration lack diplomats, as they do, to deal with the situation, what can we do to offer a helping hand and to prevent them from getting into a difficult situation? There may be nothing that we can do in that area, but it seems to me that influence has to be layered in multiple areas where they cannot resist that influence and the help that we want to bring.

Arun Pillai-Essex: One of the long-term ramifications of this Administration, particularly on foreign policy, is that they have broken the orthodoxy in the Republican Party of what it is to be a Republican. It is about the primacy of US exceptionalism in many different matters. This strain of thinking has had a tremendous influence on congressional Republicans, with its aversion to military entanglements, its questioning of multilateral institutions and its open questioning of the European and other alliances in relation to the security architecture and cost-benefit analyses.

Polling indicates that the Administration will not have a second term, but a lot of evidence suggests that they may indeed win a second term, given the economy and so on. This kind of thinking really could have an

influence. You see it also in the Democratic Party. The question is whether successive Administrations will resume the thinking of prior Administrations or whether they will pick up some of these ideas. That has a lot of bearing on the US's relationship with the UK and Europe.

- Q36 **The Chairman:** We have one final set of questions. How well are the British doing, compared with other countries, in handling Trump's America and these changing opinions, which are sometimes rather difficult to divine? On the one hand, we know that Donald Trump has a nice golf course in Scotland, admires the Queen, wants to visit here, likes the Commonwealth and so on. On the other hand, he went to Paris first and obviously got on very well with Mr Macron. Also, from time to time in the last 30 years we have heard from Washington that we are no longer the best friend and that it is the turn of Germany or somebody else. Where do you think we have got to now on all that?

Jake Stratton: The UK has done fine. Clearly, there have been some much-publicised Twitter spats and insults slung across the Atlantic. We have had the disparaging comments about the Mayor of London and Britain's appetite to tackle terrorism, but I would say that on the whole the fundamental relationship remains fine. Some of the cultural aspects of the so-called special relationship may fall away and begin to atrophy as Trump focuses more on national imperatives rather than the bigger picture, but I have seen no real, fundamental damage to bilateral relationships.

On the question of how we compare with some of our European neighbours and allies, I agree that Macron has been on the front foot with Trump. For Macron, it is important to engage and to be seen to engage. Like Trump, he is what you might call an insurgent politician who has come from nowhere. There are similarities in that. For Macron, it is important to engage with Trump for his own domestic political capital, and, of course, France has a presidential system, which is very different from the situation in Britain, where we need not have the same sort of relationships.

Relations with Germany are a little frosty. To go back to an earlier point, trade is a real touch point for Trump. There are suspicions in the Trump Administration that Germany is artificially depressing the euro. That, and the trade surplus, is an aggravating factor. Merkel, as an establishment politician with a trade issue with America, is doing less well than our Prime Minister and less well than President Macron.

Faraz Nasir: There is certainly an element of confidence in France and Germany at this stage. Assuming the negotiations on Brexit and the future of the European Union are going in the direction they want them to go, there is an element of confidence in what they want to achieve. They are still able to frustrate the US. There was a recent announcement about an increase in funding for the EU defence fund, which the US has observed as a direct challenge to NATO. That is probably not its direct intention, but there is an element of confidence in them being able to try that. It is a challenging role for the UK to try to assuage its concerns

regarding the US, and balance that with that of the European Union. Until the Government here have finalised and are certain about what they want to achieve, with both the US and the EU, they will continue to travel a bit of a middle ground.

As for other allies, I will broaden this beyond Europe. As US allies, Saudi Arabia and Israel have essentially been able to exploit Donald Trump's nature of being driven by emotion and intuition, and successfully pandered to him to advance their own foreign policy agendas. Look at how Mohammad bin Salman has been able to pursue his specific foreign policy goals in the Middle East with regard to Qatar and wider influence, and at how Israel successfully managed to get Donald Trump to agree to move the US embassy to Jerusalem. Allies at the moment are using the current Administration in different ways to pursue their own agendas. Some are more confident than others in doing that.

Lord Hannay of Chiswick: How much do we, after we leave the European Union, matter to the United States? Less, the same, or more than before?

Henry Wilkinson: I would argue less, because the European Union is a much bigger bloc. One of the themes that comes through—

Lord Hannay of Chiswick: It did not seem to figure very much in your analysis of the success or not of the British Government's policy in handling Donald Trump. Of course, one factor in that is how much we matter to him. Having decided to leave the European Union, and therefore axiomatically to lose our ability to influence European Union policy almost completely, it might conceivably be that we matter a lot less.

Henry Wilkinson: In answer to the preceding question about how we manage that relationship, one of the things that becomes very clear—I agree with all my colleagues' answers—is that Mr Trump and his Administration generally seem to be focusing on areas where they can make an impact and get foreign policy wins, particularly in the absence of a deeper underlying ability to deliver on those things.

Ultimately for Trump it comes down to who the most effective people in the room are. He seems to respect people who get on with things and deliver results. He seems to have built a natural affinity with people like Crown Prince Mohammad bin Salman, the Philippine President and others. He seems to look up tremendously to the Chinese President and to Putin as strong leaders. That seems to be what he looks to.

When he looks to the UK, is he looking at strength, at people who can deliver results? I suspect that once we come out of the EU, our natural relationship, in which we are a local ally in the European camp while speaking a common language and with a particular history, will probably weaken a little. He will probably look to the next strongest camp in the European Union that he can deal with.

The Chairman: Bearing in mind that Mr Trump does not think very much of the EU and his mind is on the wider world, are all three of you on the "less" side?

Faraz Nasir: I am certainly on the "less" side. He may not be a fan of the European Union, but the realities of foreign policy are such that he will have to engage with it, certainly on issues regarding Iran. The UK by itself will certainly have a less influential voice.

Arun Pillai-Essex: His first phone calls are always to President Macron and Chancellor Angela Merkel, it seems, on major crises or any kind of issues. Those are the ones that they will at least announce from the White House: "We have spoken with this particular Head of Government, and this is what they spoke about". Clearly, on the evidence, those two countries represent western Europe in the US foreign policy outlook.

Jake Stratton: I would not underestimate the relationship with the UK on the security collaboration side. That is a hot button for the Trump Administration. He values the UK's role in counterinsurgency and counterterrorism. I completely accept the points that my colleagues have made, but I still think that will be a strong binding factor between the UK and America.

The Chairman: All four of you have been very patient in answering all our questions. There is of course a lot more discussion we could have on the changing geopolitical scene and where power really lies between East and West, and between government and non-state actors. There is a huge change going on, and it must make your task of assessing risks and where they are going to come from next extremely difficult. But that is for you.

In the meantime, we will rest on your advice to us and your wisdom. Thank you very much indeed for being with us. We are most grateful.