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Select Committee on International Relations

Corrected oral evidence: UK foreign policy in changed world conditions

Wednesday 11 July 2018

10.40 am

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Members present: Lord Howell of Guildford (Chairman); Baroness Anelay of St Johns; Baroness Coussins; Lord Grocott; Lord Hannay of Chiswick; Baroness Helic; Baroness Hilton of Eggardon; Lord Jopling; Lord Purvis of Tweed; Lord Reid of Cardowan; Baroness Smith of Newnham; Lord Wood of Anfield.

Evidence Session No. 16

Heard in Public

Questions 171 - 186

Witnesses

I: Baron Jean-Christophe Iseux von Pfetten, former specially invited member, Chinese People's Political Consultative Conference; Stephen Perry, Managing Director of London Export Finance.

II: General Sir Adrian Bradshaw KCB OBE, former Deputy Supreme Allied Commander Europe, The North Atlantic Treaty Organisation.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witness

Baron Jean-Christophe Iseux von Pfetten and Stephen Perry.

Q171 **The Chairman:** Good morning. Welcome to Baron von Pfetten and Stephen Perry. Thank you very much for sparing your very valuable time to come before us. I am obliged to remind you formally that this is a publicly recorded session. Everything is on the record. There will be a transcript afterwards, which can of course be changed if you feel that it does not represent what you actually said. I ask all my colleagues to declare any relevant interests when questioning. In the interests of acoustics in these rather ancient rooms, I ask everybody to speak up otherwise we cannot hear each other.

I think you are aware that this Committee is engaged in a wide-ranging assessment of Britain's foreign policy and its formulation in the digital age, which, in the words of Henry Kissinger, has entered into every sphere of existence and changed the pattern of international behaviour quite radically, in ways never known before in the history of diplomacy. Obviously, we need to learn here what the impact of that has been on the rest of the world, particularly in terms of the rise of China's economic power and its influence, which now affects us all in our everyday lives.

Both of you have enormous experience in this area. I will begin with a fairly general question, which we will certainly follow up on in detail, about your assessment of what is really happening inside China. We see so many headlines that are a bit misleading. Has there been a gigantic change under President Xi Jinping from the China that used to say, "Leave us alone and we won't interfere with other countries' internal affairs", to the China that now says that it wants to take the lead. Ideologically, there is a Chinese model, physically expressed in the belt and road initiative. There is a feeling that China now wants to be an active superpower. Is that what is really happening?

That is my first big question. Baron von Pfetten, may I ask you first? I think that you are the only European to have ever been elected to the Chinese Parliament, so you must know how Chinese politics and thinking works. Can you start with your general view on that before we get on to the detail?

Baron von Pfetten: Thank you, Lord Chairman. I would probably start by speaking of the 19th Congress of the CPC¹ Central Committee, because it is probably the most relevant conference. It was a milestone in China's foreign policy. I suppose what the Central Committee has been doing since 25 October last year is applying a principle of democratic centralism—a principle that was put forward by Mao Tse-Tung. Xi Jinping first took the idea during the five years of the 18th Congress of the Chinese Communist Party, where he asserted a top-down structure of centralism, using the good old means of discipline through a very strong anti-corruption drive. That has been successful probably for the first time. However, it is limited to the central and regional level down to the level

¹ Communist Party of China

of the municipal government. It has not yet reached the level of villages or even districts.

The second stage for Xi Jinping is likely to apply the bottom-up—the democratic—element of democratic centralism, which is basically to push the country towards inner-party democracy. Inner-party democracy has been talked about for a long time; Deng Xiaoping spoke about socialist democracy at the 12th Congress of the party. But it has never really been implemented. Xi Jinping would like in effect to implement inner-party democratic process. This has already been done from the lowest level of the *danweis*—the units—to the level of the Central Committee.

However, the President must first be nominated and then elected by the Central Committee members. The standing committee representing the politburo have never been truly elected by the entire membership of the party. The party has about 80 million people. The great breakthrough and revolution of the 19th Congress, which was not reported in the press either in China or outside China for obvious reasons, was to transform the country so that in the future—hopefully at the 20th Congress but perhaps at the 21st—the President would be elected by the entire party membership through an indirect balloting system, which would be a little like the constitutional monarchy here in the United Kingdom. The party members would elect to the Central Committee and the committee would in effect elect the President. That is the endgame.

Obviously, the first five years of the anti-corruption drive has created a huge number of factions in the party, which has brought instability. It is very important in China to have stability. It is the most important element for a country like this. I can understand why; the Chinese are a very emotional people. They could, like a fire in a bale of hay, unleash civil war across China. It is very important to keep stability. In order to do that and to make the transition towards a socialist democracy, it is important to have a very strong core in Xi Jinping, which is why a huge amount of power has been given to the President; he supervises the entire democratic process. It is very complicated for us to understand that, because it is very different from our universal kind of democratic system, but it is very relevant to a big country like China.

As a consequence, this is why there is no longer a limit on the terms of the President and the Vice-President, but this is on the condition that there are the stronger checks and balances of another entity, which has always been behind the door, called the People's Liberation Army. The military has definitely come back into power in China since the 19th party Congress. It is not at the front, because anybody who is really strong in China is never on TV or at the front but at the back.

China has a strong military at the back, and China's leadership is giving the military the means to progress very quickly. Also, the Central Military Commission has an informal veto power, which did not exist in Mao Tse-Tung's time. It is really very different from before. The press and everybody speak about the same thing—the greater assertiveness of China in many areas. You can see that in the Shanghai Cooperation

Organisation, in economic terms with the AIIB,² and in many international organisations and events.

But at the end of the day, what is important is, as I said, the second stage of democratic centralism. That will evolve over the next 20 years or longer—maybe 50 years—in a very clear pattern. You have what they call the two centennial goals. One is 2021, which is a major date as it will be 100 years since the creation of the party. Until 2021 there is a 'POSO'—a period of strategic opportunity—for China, which means that China will be able to progress in its development in a relatively peaceful environment.

After 2021, it will be very different. It is when China will assert power. The second goal is in 2049, when it will be 100 years since the creation of the PRC, the People's Republic of China. The goal in effect is to become a superpower.

The Chairman: Let us stop there for a moment. We are getting into a whole range of areas that we want to talk further about.

I put the same question to Stephen Perry. Does all this mean that China will be much more outward, intrusive and assertive in world affairs than it has been in the past? That is what affects us.

Stephen Perry: Thank you, Lord Chairman. Baron von Pfetten's comments were very relevant to understanding the system in China. I will deal with a slightly different aspect.

When the 48 Group started in 1952—as a result of suggestions from Cambridge University, strangely—its belief then was that China would return. China had for 18 of the last 20 centuries been the largest economy in the world and sourced a lot of the great innovations in science and civilisation. They were considered a little eccentric, mad or other things for that suggestion, but it has happened—China has returned. That is the first part of the answer.

The second part is whether China is still rising or whether it has risen, and whether it will become a superpower. That is the question posed in the comments. You have to read what the Chinese say. You have to have your own ability to assess whether it is clearly indicative of what they are going to do. Most of what they have done over the last 40 years they have said they would do. At the 19th Party Congress, in the report of his three-hour speech, Xi Jinping said most of what they intend to do until 2049. I am amazed at how few people in this country have read what he said. It is not easy reading; it is translation, and Chinese translations suffer from being able to be translated back into Chinese, so they are never the easiest of texts. But if you want to understand what China is going to do, it is all there.

My last point is whether China is going to be a superpower. The answer is no. They have spent a lot of time studying empires and realising that

² Asian Infrastructure Investment Bank

every empire falls. China's ambition is not to be a superpower, but it clearly has ambitions to shape the way the world will be, and to shape Asia in particular. But BRI³ is now extending into quite a transformational programme, right through Africa into South America, so we have to look beyond just Asia for China's influence. The timing of these questions could not be better.

The Chairman: I deduce from what has been said so far is that, because there are these complicated democratic tendencies inside the party and because the army is more in influence, as Baron von Pfetten said, China will be more outwardly involved. Whether that will be a soft power influence, which we all like anyway, or a rather sharper power—that is the word coming out of China now: a sharp power rather than a smart power—will this affect us in new ways? Should we be prepared to deal with a new China?

Baron von Pfetten, you have described the internal workings. What is the consequence of what you are saying? Will we have a more military China, a more angry China or a more friendly and peaceful China—or a mixture?

Baron von Pfetten: I spoke about a superpower, but I tend to agree with Mr Perry that it is not a superpower in the sense that we usually understand it. China is a very large country, and as a consequence it is difficult for it to become a superpower like the United States of America because it will always have an inward-looking element, with 1.3 billion people.

Dai Bingguo and Li Zhaoxing used to be the two grey eminences behind foreign policy. During Hu Jintao's time they used to be adamant about the fact that it is important to speak about and deal with the development of China, because it is still a developing country, instead of speaking about China's rise. I am very glad that at the last work conference of the Central Committee Special Leading Group for Foreign Affairs It is the body that organises the country's entire diplomatic and international relations headed by Xi Jinping and seconded by Wang Qishan with Yang Jiechi, who is currently the director of the office – they were still talking about the word *fazhan*—that is to say, development—instead of 'rise'. At a certain stage in the past, some experts talked about China's rise but it is good that the top leaders still feel that China is a developing country.

The 2021 goal is about having a prosperous and harmonious society. As a consequence, the former President's entire framework is still on the current agenda. Xi Jinping has put forward in many speeches after the 19th Congress what I call a 'new world order with Chinese characteristics', but what the party calls the diplomacy of socialism with Chinese characteristics for a new era. They outline the various different parameters and criteria that will rule their entire relationship with other countries.

³ The Belt and Road Initiative

You asked about soft power versus hard power, Lord Chairman. It will definitely be soft power first, at least during the 'POSO'. That is to say, I see no hard foreign policy for the next three years. After 2021, however, it depends very much on what is happening in the rest of the world—that is to say, what is happening in the United States of America or what Mr Trump is doing during the trade war. Will there be issues that are not at all trade-related? It is very much the style of the American President to try to force a trade war, using Taiwan, the South China Sea and so on. This would create very major issues for China, which might answer very negatively.

The ultimate point not to touch in China is Taiwan. Taiwan will probably be the first issue after 2021 that will make China's assertiveness definite, for a very simple reason: over the last 10 years, mainland China has tried very much through economic means to get the vote - through the Kuomintang and Mr Ma - to move the Taiwanese closer to China, but it has more or less failed. We can see this with Mrs Tsai and the independent party.

The interest now is in whether America will give Taiwan further military capability. There is a window of six or seven years when Taiwan will not be able to answer to China in military terms and when it will be possible for China, if it is teased by America or Mrs Tsai or independent party leaders, to encircle Taiwan. Afterwards, it will be more difficult, because once Taiwan has enough military capability to answer the Chinese, they will not be able to surround them peacefully. Taiwan is a single issue that will be the legacy of Xi Jinping in one way or another. It is extremely important to understand that.

The Chairman: That is immensely important and fascinating. Your focus on that is entirely right. Let us move the conversation on a little bit.

Q172 **Lord Wood of Anfield:** Can you talk briefly—I am sure you cannot, because it is such a big topic—about Chinese influence outside Asia, its extraordinary economic ambitions and networks? How should we see that from a foreign policy point of view? Outside Asia, is China seeking economic transactional presence, or does it come with a security concept associated with it in a way that traditional superpowers have had?

Stephen Perry: China has a concept of a community of shared future. The important word is 'shared'. That is where it differs from the past: it wants to share with other countries the benefits that it is creating. It sounds like a very nice phrase, and you wonder what is behind it, but it is born of a careful analysis of what has happened in the world and the role that it has to play in it. As we have just been reminded, America has two borders: Canada and Mexico. If it can handle those two, it is okay, and it can handle them. China has 14, so one of its considerations is how to manage its borders. It has been experimenting for the past 40 years. We just have not noticed. It has learned that if it shares the benefits of its development, the situation is much better. It gets on better and conditions are much better.

Then it looked at the BRI, which is an extension of that. It is about transforming from a sea-based world economy to a land-based one in the largest parts of the world that are connected by land, and bringing in high-speed trains. Then, you look at Africa. Many people thought and said that Africa was just China taking the raw materials at cheap prices and taking them back to China. Now we find that China is helping to create an industrial revolution in Africa. If we look from the British interest point of view, 30%-plus of world growth comes from China. I think it is safe to say that if the BRI and the industrial revolution in Africa occur, the growth from those areas will be greater than that from China.

I am not an economist and I am not brilliant at maths, so I cannot work out whether all those numbers work out together, but I think we should take it that China's plans are to share the prosperity that it is creating right through to Africa and that this will probably happen. There are things that can go wrong in China and between China and the United States, but the probability is high.

The impression that I get from the United States is that it wants to contain and manage China, but it recognises that China has the resources to do much more than it can do at present. So we are better off identifying what China is going to do, which is your question, and seeing how we can take advantage of that from the British point of view. Of all those places—China, central Asia and Africa—Africa is probably the place where the British have the greatest opportunity to take advantage. That goes a bit further than your question.

Q173 Lord Reid of Cardowan: Crucially, as you pointed out, the external power and influence of China is dependent on its internal stability. Can I ask you about a couple of apparent contradictions that may raise challenges? The first is the internal party democratic centralism that you mentioned. It is not a new concept, of course; it was introduced in roughly 1903 by the Bolsheviks. No one has ever managed to do it in a successful, humane fashion, partly because, as one political activist said, in 1903, the problem with it is that it substitutes the party for the people and eventually the Central Committee for the party, then along comes the dictator who will take over from the Central Committee. I do not usually quote Trotsky, as the Committee knows, but it was terribly prophetic. I am not suggesting that there will be a parallel, but it creates a contradiction inside the party.

The second contradiction, which presumably the party is aware of—you can tell me how it is trying to meet it—is between a monopoly of political power and a democratisation of economic power, because, by its own philosophy, the Chinese Communist Party presumably recognises that this creates not only a tension but what its lead thinker, Marx, would call a revolutionary situation, and that ultimately the economic base that is being democratised will be the determining factor. How does the Chinese leadership intend to deal with those contradictions without creating the instability that you said was so dangerous?

The Chairman: Let us look at those two.

Baron von Pfetten: First, I would like to add something to my answer to Lord Wood's question. I really think that "economy means security" in China. It is truly important. As Mr Perry just said, the *yīdài yīlù*—you call it the BRI here—goes along and around the countries of the SCO, the Shanghai Cooperation Organisation. That is not for nothing. It even extends to eastern Europe, which is extremely important because the Balkans are responding positively to it in Europe. As a consequence, it is important to understand this link between economy and security for China.

I differ from what Mr Perry just said in that this is not only by land, it also concerns the Maritime Silk Road, which is extremely important in de-engorging Singapore. The arrival of the energy supply needs to find another way. Including India is extremely important in that. Naturally, the SCO has lately involved India in its membership. The immediate answer to that came from America with the Quad,⁴ which is really an answer to the SCO, because America wanted to be an observer but the Chinese did not accept observer status for the US at the SCO, so America invented the Quad, which came relatively late and will not work very well, despite the Australians trying to tease China with their boats.

Concerning your question, you have to understand that the logic of the Chinese is very different from ours. That is very important when you are studying or living there. I have lived there for 25 years, and I have seen, when I have pushed a couple of Bills in Parliament, that you always deal with matters through contradiction—through a dialectical movement between immanence and transcendence. They have a sophisticated dialectic Hegelian system of thought, although in fact it is pre-Hegelian, which is quite extraordinary. It dates basically from Confucius, who lived a long time before Hegel.

It provides an answer to what you just said, because there are only contradictions; when you go there, you find the hand of the state on the economy, but then you have the liberalism of the economy. Then you have what you just said, which is the bottom-up phenomenon and the downward movement into the political system, and you have election through indirect ballots, which is really for re-inforcing the legitimacy of the party, because at the end of the day it is the people who rule.

I can summarise the system of thought for you. If you have proposal A and the opposite to the proposal is A*, in Europe, with our logic, A plus A* equals zero. It is black and white, right and wrong, Judeo-Christian. It is like the building of computers: quite powerful but still quite limited. However, the thinking of the Chinese, and the Iranians—the Persians—is A plus A* equals multiple A. What does that mean? The Chinese can have a proposal and its opposite in their heads and still walk straight. It is a movement. "*yi*" means a permanent dialectic movement between the opposites.

⁴ The Quadrilateral Security Dialogue, a strategic dialogue between the United States, Japan, Australia and India.

Lord Reid of Cardowan: But that is just thesis, antithesis, synthesis.

Baron von Pfetten: Yes, but the synthesis becomes a new thesis.

Lord Reid of Cardowan: That is just dialectics. My question is how they are going to deal with those contradictions politically.

Baron von Pfetten: I differ, actually. It is actually very different from our Hegelian concept. It is embedded in their culture. It is not a movement that comes from outside; it is inside. It is in their behaviour. A farmer in the countryside at birth already has that in his mind. It is embedded in the Chinese mind. This is a very important difference between us. I can guarantee, after 25 years of living in China, that there is a major difference. In the parliament, for example, when you push a Bill and all the people representing, say, farmers come up with something like this, it is quite remarkable.

How do they deal with these contradictions? They do it through the party. That is why the Chinese Communist Party is so successful in China. The Chinese Communist Party has a propaganda department that is very interesting. It is the voice of the party. That is to say, the party announces something, the entire structure of the units in China pushes it through the ranks and the people apply it. At the present moment this applies to the BRI and the Chinese dream, which are very much the current thing. Before that it was the harmonious society, and before that the open-door policy.

The Chairman: I will stop you there, because we must move on. We are trying to cram everything into an hour, which is absurd. What you are saying is beginning to sound almost as complicated as British politics.

Q174 **Baroness Coussins:** Mr Perry, going back to the previous question, and perhaps rounding up what you have been saying about the BRI, would you say that China's objectives in Latin America are the same as what you describe in Africa? What would China's reaction be if one of these countries were to default on the loan arrangements, which I gather is how the BRI investment in infrastructure programmes is organised? Some of the countries, particularly in Latin America, may have rather precarious economies and in future might not be able to adhere to the loan arrangements. What would China do then? Would it remain as altruistic as you make it sound by wanting to share benefits in future?

Stephen Perry: China is already having difficulties already with one or two countries in South America and in different countries around the world. They cannot do this without running into difficulties. Some in the media—for example, the *Financial Times*—have said recently that BRI is in trouble because there are problems with some loans. That is to be expected. The more important question is whether they are being foolhardy, and if things go wrong how they are going to react. Those are the two questions that you are identifying.

I doubt that they are being foolhardy; both Baron von Pfetten and I have long experience of China and of the scientific method that they use. They

check everything that they are doing and respond to things that are unexpected. Their plan is to create a much more developed economic world, including South America, rather than getting caught by defaults. When defaults happen they will try to use all the methods they can to solve the problems that caused the defaults. Then, if they are not solved in that way, they will use other methods, but I do not think you will see the Chinese navy and army moving in to enforce a default consequence.

But some things will go wrong. In my opinion, China is not a wonderful place that is going to get everything right and will never do anything wrong. However, the important thing for us to understand from a British point of view is that they have worked it out in advance, they know what they are doing and they are pretty quick to react.

On their attitude to Latin America, there is that wonderful book called something like *The Geography of Politics* by the ITV news man, in which he talked about the geographies of different areas of the world and the impact that they have on politics. He drew attention to how in Africa and Latin America the visits of the Europeans took things out, so there was no internal central infrastructure in either continent, which meant that the trade between the nations was very limited.

The Chinese are trying to put in—and they will put in, because it is my impression that they usually achieve what they think ought to be achieved—transportation infrastructure through the centre of both continents, and enable the arteries to work off those. However, I think China would be aware that America is much more interested in participating in Latin America than it is in Africa. In Africa, the conditions that exist for a textile-based industrial revolution based on cotton leave very little opportunity for American commerce. The Chinese are very well-prepared to take their textile capability into Africa.

If I look at the same questions in Latin America, transforming Latin America is a much more complex process than transforming Africa. However, I had better stop there, because I am talking about things that I am not very familiar with. To finish, though, the Chinese are very studious about these matters.

Q175 The Chairman: In order to cover our agenda, before we move to Lord Hannay's question, there are two more bits to this question that we must just tease out. One concerns China and Russia and the other concerns China and the third biggest industrial power next door, Japan. We would like a brief word on both of those before we move on.

Lord Hannay of Chiswick: I did want to ask a question on this subject, but I will merge it with my later question.

The Chairman: Let us just address Russia and Japan.

Lord Jopling: The relationship between China and Russia has always been a somewhat wary one. They have never really become very close associates. Can you tell us how you see that current relationship and how you see it developing? Can you do the same for Japan, where there is a

history of serious tension and war?

Stephen Perry: The Americans created the Russia-China axis with their policies. They had been very clever under Kissinger and Nixon to exacerbate the tensions between the two. Somehow they lost that situation. Three or four years ago, we saw Russia signing huge energy deals with China. That is pretty important to both of them. They would probably both be sitting there, saying to each other, 'How do we deal with this world, which has been there for 300 years, that doesn't exactly welcome us?' Russia and China probably have quite a bit in common in looking at that world.

Baron von Pfetten talked about the Shanghai Cooperation Organisation, which I think will have a more important impact on us than the European Union or NATO. It is greatly significant in the reshaping of the world; it is about binding Russian initiatives in central Asia with those of China there. We will see major breakthroughs between China and India, I think. I want to keep my answers short if possible when dealing with such huge questions.

China and Japan have a history of difficulties. Japan, backed by America, has felt that China is trying to intrude on its position in Asia. I am aware that I am in the presence of someone who knows much more about the subject than I do—the Lord Chairman will be far more familiar with Japan than I am—but it seems that the Japanese have been asking questions internally about their dependency on the United States for the past five, seven or 10 years.

The big elephant in the room is the United States' world policy; we are all waiting to see what will emerge. There is enough uncertainty in the G7 about the United States' role for countries such as Japan to ask where their future lies. If their future lies as Asian nations, they can be Asian nations either competing or working with China. I would guess that that is the dilemma that Japan is currently dealing with and feeling out in its new relationship with China, which is two or three years' old. My guess is that Japan and China will work out the problems and will work together, but it is not a straight line.

Baron von Pfetten: I have to differ on Japan.

First, I do not differ on Russia. Russia is absolutely as Mr Perry said. It is not an automatic, organic friend. It is a friend by necessity, more than anything else, because China needs a minimum supply of energy in case something goes wrong. "Also" there has been huge military and technological exchange between the two countries, which has been particularly important over the past 10 years.

As you said, the SCO is the one that is binding those countries together. It is extremely important for you to deal with the SCO, not only as an entity in relation to China and Russia but as an entity that can eventually apply an 'Article 5' one day—you never know—and that the SCO as a

consequence can be seen eventually as a NATO of the East. I would urge NATO to communicate with the SCO, which is not yet the case.

On Japan, I have been with leaders for the past 25 years, and I have to say that Japan is the number one enemy of China and will stay that way for the foreseeable future. You can trade and do whatever you want, but it is visceral, it is in the belly: Japan is the number one enemy of China.

Q176 Lord Hannay of Chiswick: I will pick up on the discussion that we have had so far, and then I will move on to the next question. The picture you are both painting seems to be, first, that Chinese foreign policy is broadly benign, and, secondly, that it is likely to succeed. I suggest that those are two fairly far-reaching conclusions, based on the amount of existing evidence.

The Belt and Road Initiative has clearly run into some difficulties, probably through overly rapid extension and not working out what was really implied. There are problems in Sri Lanka, Malaysia and Myanmar. There will probably be problems in other bits of this extended network. Your benign approach is matched to some extent by something that has not been mentioned: the remarkable involvement of China in UN peacekeeping, which has developed hugely in recent years, unlike with other members.

That looks as if it fits the benign model, but fitting the less benign model is their capacity to manage all this. The Chinese are very good at working out how they should develop their policy, but I am not sure that they are terribly good at working out how to integrate that with other people. You only have to look at their treatment of the Uighurs to see that; they are organising a completely unnecessary civil war that will probably last for decades and put some strain on their central Asian relationships with other Turkish-speaking republics. So they may not be as good at all these things as you seem to be suggesting they are. Perhaps you could comment on that.

My second question is for the much shorter term. It concerns the Chinese reaction to the disruptive policies of the present US Administration on security issues, trade and economic issues. On security issues, of course, we have the Singapore summit and the handling of the North Korea nuclear programme, where I imagine the Chinese have as much of an understanding of what President Trump is up to as the rest of us. What do you make of their reaction to that? What do you think will be the path of Chinese policy in the handling of North Korea? It is already clear that they are running into difficulties quite quickly, because President Trump did not have a clue what he had agreed in Singapore and did not know what the denuclearisation of the Korean Peninsula meant.

Secondly, on the trade and economic area, where the Trump Administration have directly challenged China, along with a lot of other people, and retaliatory measures are being taken, where is that going to end? What is the Chinese reaction to that in the next few months and years likely to be?

The Chairman: Those are two very big questions. I am afraid that the

answers are bound to be complex, but the shorter the answer, the better.

Stephen Perry: I was always put into bat first, because I said yes. Is Chinese foreign policy benign? No. It is a mix of self-interest and global philosophy and we would be ill advised to think otherwise. I would put it that way. If you were asking if that was what I was saying, it was not. It is not about the establishment of a superpower, but about establishing, for example, the South China Sea and areas around it and their spheres of influence. They are based on historical issues. There will be several instances, occasions, issues in the future when European, British, Western interests will run against China's own thinking. We should not think that this will be some simple process with China.

With regard to the United States and North Korea, the Chinese and the Russians proposed that the Koreans stop testing nuclear bombs and missiles and that the Americans stop the drills. It was called a double-freeze approach, and I think that was the essence of the first step towards the denuclearisation of the Korean Peninsula. If the North Koreans thought that what they are agreeing to was a first step towards South Korea and America controlling the north, the North Koreans would be resistant, and one presumes that the Chinese and the Russians would not feel comfortable with an outcome on the Korean Peninsula that gave America the power and influence. So there is still a lot of work to be done by diplomats to come to a conclusion, but it is within the realm of reality that the Korean Peninsula could be denuclearised and the United States, China and Russia left Korea to develop its economies in a more peaceful way.

With regard to the tariff war, I think the people in China have been prepared for it for 10 or 15 years. Paulson went there and tried to push them to do a Plaza accord and revalue their currency, but they said, "We've got \$3 trillion of your assets. We've learned from the Japanese experience". When it comes to the tariff wars, they would do well to expect the Chinese to be prepared. The Americans have just taken it to another level today by going to \$200 billion of tariffs. I think the Chinese responses will be to move outside the tariff area, but they will not want it to happen.

I would say that between now and the mid-term elections there may be some electioneering in all this, and it may go away again in the next year. If it does not, I think the Americans are going to find out that the Chinese are a much tougher nation to deal with than they ever expected. But then, George Bush found that when the plane came down in Hainan.

Baron von Pfetten: As far as I can see, when I was an observer at the Foreign Affairs Committee of the Shanghai parliament, there was one major change in foreign policy in China. I forgot to speak about it, and it would be a good way to answer your question on the wider scale of things.

Both Jiang Zemin and Hu Jintao, all the foreign policy gurus—I have spoken about Li Zhaoxing and Dai Bingguo—were looking at the world

through multipolar lenses. With Xi Jinping, particularly after the 19th Congress, and Wang Qishan, the current Vice-President—we should not neglect Wang Qishan, who is very much aligned with Xi Jinping on this point, although he is not a foreign policy expert—they are now looking at the world in a bipolar way.

There is a major change: the Chinese leaders have gone from looking at the world in a multipolar way, where everyone in the foreign office and so on were speaking of a multipolar world—the foreign office is just a rubber stamp of the Central Committee Special Leading Group on Foreign Affairs—to bipolarity. This means that everything the Chinese are doing is now directed for, against, around, above and below the United States of America. Currently, every nomination at a leadership level is someone who has had something to do with the US in the past. This is extremely important.

The problem with the Trump Administration is that almost all the channels of communication between China and the US have been broken. As a consequence, I fear that the danger in future is a misunderstanding between those two countries. As you have said, I am not so concerned about a trade war. That will not be the most difficult thing in the future. It is more that the Americans will tease the Chinese too far on essential issues such as the South China Sea, Daoyu Island, and Taiwan—Taiwan is a big, big thing. That is where you really need communication between the two countries and currently, under the Trump Administration, you do not have that.

I came here for one reason and one reason only: because this is where the UK can play a major role—in the potential conflict between China and America. The UK has a history of a relatively good relationship with the military establishment in the US. I think it is still the same—the next witness to your Committee, General Bradshaw, will probably speak about this more than me—and your new Chief of the Defence Staff, General Carter, is particularly well placed for that.

So you have a very good relationship in military terms between the UK and the US, and you need to have a very good relationship between your military and the Chinese military. Since Mr Osborne and Mr Cameron you have organised a very good diplomatic relationship between your two countries. Now you need to start to have a good relationship in military terms. My institute at Oxford has started to do that and will continue to do that, because in that way you could be a very effective, efficient middleman between the two countries.⁵

This will be fundamental, particularly after 2021, when at worst a crisis could happen. If China asserts itself over Taiwan, obviously the Americans will intervene. For the time being, there is a deal between Trump and Xi regarding North Korea and Taiwan: 'We won't touch Taiwan. Don't touch North Korea', or, 'We'll will help you with North Korea'. For the moment it works, but of course Trump says one thing

⁵ Institute for East West Strategic Studies

today and will say another thing tomorrow. Trump might not even be here in two years' time. As a consequence, anything could happen in the future.

I really feel that the UK has a huge card to play. The Commonwealth will help, because it has countries that are in both camps, the SCO and NATO. After Brexit, the UK has a huge opportunity to be even stronger than my own country. I am French; nobody is perfect! You are starting to have a very good relationship in military terms with France, but obviously our President will want to pull the cover to himself and say, 'We are the leader'.

China no longer believes in Europe. This is one element that people do not understand, particularly after what has happened with the Iran nuclear deal. The Americans have stepped down from the deal and the Europeans cannot really do anything. The Chinese feel that really the only country that they need to concern themselves with is America. Everything is being done with that in mind, and for the next 20 years it will be the same. The UK has a huge role to play here, and I hope it will.

The Chairman: That is the issue that we want to round the session up on in a few minutes. Baroness Smith has one more question on that very important area, but before we get to it I ask Lord Reid to ask the technological question, which we need to cover.

Q177 **Lord Reid of Cardowan:** I am prepared to leave that if everyone else is happy to, because we have spoken about that at almost every meeting. Maybe I could simply have a brief sentence about China's development on the technological front, cyber and so on. I will not ask how it 'rivals' the West, but where is it placed with regard to the leading western nations? What is your impression?

Stephen Perry: Is Peter Nolan appearing in front of this Committee? He has the best analysis of this.

The Chairman: We have asked him, but unfortunately he could not come.

Stephen Perry: The West is leap years ahead of China in technology and the Chinese are trying to change that. Whether the Chinese will be able to change it depends on a number of factors inside and outside China. It has caused a stir in America that they have asked for the 2025 project⁶ to be curtailed, so America must be worried about China's ability to catch up. It remains to be seen. I would not like to speculate. It would be like me talking about South America; I am not a technological expert. All I can say is that if the Chinese make up their minds to get somewhere, they tend to, and if there is one thing that will promote them in that direction it is what the Americans did on ZTE.⁷

⁶ Made in China 2025 is a strategic plan of the Chinese government.

⁷ ZTE was blocked from trading with US component manufacturers for breaching the trade embargo between the US and Iran.

Lord Reid of Cardowan: That is interesting, because certainly the impression of this Committee is that the West is not leap years ahead of China on cyber, quantum and so on.

Baron von Pfetten: I agree very much with Mr Perry. China is far behind. It has only a pocket of knowledge economy on the more civilian side, for example with mobile phones—there is Alipay for the masses so that they can pay using their mobile. There is also Tencent with “WeChat”, which has gone much further than anything that we have in Europe and the West. But that applies only to consumer goods. It is not likely that any of those can be applied to military technology.

In pure military technology, China is very far behind, not even by 10 years by perhaps 20 years, even with Russia’s help. In certain areas, it will catch up a little faster. Cybersecurity, for example, is definitely an area where it might catch up earlier, but in traditional weaponry it is far behind the United States of America.

The Chairman: Let us spend the last five minutes on the destination of this discussion, which you, Baron von Pfetten, have already covered in great eloquent detail. Where do we in the UK stand on all this and what should our reaction be?

Q178 **Baroness Smith of Newnham:** Baron von Pfetten, you have already suggested that you are here to persuade this Committee and presumably to find in our report that the United Kingdom should almost be a bridge between the US and China. Why do you think that should be the case? The UK has sought for decades to be a bridge between the US and Europe, and found itself not to have that role. Certainly with the Trump Administration it is quite difficult to see how the UK could have leverage in that direction.

What interest would there be for the United Kingdom or other western countries to begin to try to develop that sort of relationship with a country where, at the end of the day, as you suggested earlier, it is the party, not the people, that rules. That country is very different from the United Kingdom and has very different interests. Although its interests are clearly global, do you really see the shared future concept that you perceive China trying to promote as one that is shared by the United Kingdom, meaning that we can co-operate?

Baron von Pfetten: I did not say that a unilateral, or even bilateral, relationship between China and the UK would benefit China or the UK. I said a very simple, clear thing: that there will be huge issues with military strategy between the US and China, which could lead the world into chaos if we do not deal with it. I spoke about Taiwan, for example, but this is about the Middle East as well. Obviously China, with Russia, will support Shia Iran against Saudi Arabia, which will be supported by the US.

Baroness Smith of Newnham: Why do you make that assumption about China when, so far, it has been very reluctant to engage in domestic conflicts?

Baron von Pfetten: Yes and no. On the nuclear deal, China as a country has been extremely vocal about supporting Iran. In 2013, I organised Track II meetings with representatives of the military from China, the US, Iran and Israel. I saw very clearly then how China was already very clear about trying to push for the nuclear deal with Iran. As a consequence, it was influencing Iran in a big way. The main reason why we got this deal was because of China. At that time, China and the US were able to work together and it was okay. Now it is quite different; they have become antithetic all of a sudden because of the new American President.

I really think that China can play a new positive role. You are speaking about Zhou Enlai's five principles of 'non-intervention' and the non-aligned movement. Is that really still a leitmotif in the China foreign affairs policy? Not at all. It is not a leitmotif for most of the Central Committee leaders. I now see that. Currently, the BRI is completely against those five principles. As Mr Perry said, if you go to those countries and start to invest in infrastructure, dependent on a loan from the Bank of China, you make that country more or less dependent of China. That is quite far away from the five principles.

I am not speaking about this solely for economic reasons. I am speaking about it simply because the American Administration have created huge uncertainties in the world. I think everybody knows that. Those uncertainties can lead to major proxy wars in the Middle East and major tension in Asia, which are China's interests. After Brexit, the UK will have a unique chance to make unique foreign policy to try to advance into a more peaceful environment. That is the only thing I am saying. That refers specifically to the military relationship.

The problem nowadays is that since last year there has been a breakdown in the military relationship between the USA and China. Apparently Mr Trump is being influenced only by his generals. Consequently, it is extremely important to re-establish that relationship. Every time the Chinese go to America, the General Staff Department of the People's Liberation Army tries through the embassy and every other means to reconnect with the Americans military, but they cannot. If you are in a world where there is a rupture in communication, it is like before the First World War—there are likely to be catastrophic consequences. I propose a loftier ideal—the UK could play a major role in trying to re-establish that military strategic connection between the two countries.

The Chairman: That is a very clear message.

Stephen Perry: It is not the first time in history when our country's values and objectives and those of other countries have differed. I am addressing the question of the British interest, in foreign policy terms, in taking benefits from what is likely to develop. It will not be easy to find our way through it. I tend to agree that we played a pivotal in the Iran deal. Some people might ask whether it achieved anything; we will know in 50 years' time. This way of using our key position on the Security Council to be a bridge for finding solutions rather than exacerbating tensions will be an important part of our foreign policy.

The Chairman: We are well over time. We could go on for hours. We have not touched on all sorts of major issues such as the Chinese atolls on the South China Sea, which has been covered in combat aircraft and missiles. That is hardly peaceful, but still. We have not covered Australia, or many other aspects, but we have had an amazing journey into the depths of Chinese thinking. We have heard from two great experts.

Baron von Pfetten: One final comment to Baroness Smith. You do not necessarily need—indeed, I would urge you not to use protocol, the embassy or the usual multilateral arena to deal with China. For example, you do not need to deal with the IISS Shangri-La Dialogue summit; it is very nice but it is useless. With China, you need to deal with the Track II relationship. The effective practical way to do that is for the British to organise a Track II relationship, behind closed doors and not in front of the camera. That is what I have been doing with my institute in Oxford. I can tell you that it works. The UK is excellent at doing it. You have 300 years of Track II connections between leaders.

The Chairman: Let us stop on that. The hope is for Track II. Thank you very much indeed. We are very grateful to you. We must end this session because we have another one now with General Bradshaw. Thank you both very much for coming.

Examination of witnesses

General Sir Adrian Bradshaw.

Q179 **The Chairman:** General Sir Adrian Bradshaw, I am sorry we have kept you waiting. As you are aware, we were plunging into the depths of Chinese politics before and that can be a very lengthy process. We are extremely grateful to you for coming before us. The formal comment is that everything you say is on the record, and there will be a transcript afterwards for you to adjust if you think it does not reflect your views. I remind colleagues to declare any interests when they speak. To go straight into the issues that concern us, we are trying to look at Britain's new position in a rapidly changing world of increasing digital power. Very topical in our minds is the question of NATO and the upcoming summit. We have lived with 70 years of NATO being a bedrock of defence and security, and of America's commitment to it. What is your assessment of the situation now regarding those two bedrock propositions, us and NATO and the American Trump presidency and NATO?

General Sir Adrian Bradshaw: Thank you for the opportunity to express my views here. NATO remains the bedrock of UK defence because it is clear that we cannot achieve all that we need to be able to do in defence terms on our own. We rely on being part of a large and capable alliance for the strategic level of capability that we need to deter potential adversaries. The stability of Europe is clearly of enormous importance to us. For decades, the bedrock of the defence stability of Europe has been NATO. As we prepare to leave the EU, our position

within NATO becomes even more important to reassert and reaffirm. Right now, with some of the things that the Trump Administration and President Trump himself have been saying, we have been reminded that we cannot take for granted the size of the American contribution to that collective effort. We must be prepared, as individual nations within the European part of NATO, to contribute fairly, and clearly this NATO summit is going to be getting to the heart of that issue.

The Chairman: You mentioned the words that have been familiar for the last 70 years about the stability of Europe and the threat, but what is the threat today? Is it 60 million would-be refugees from Africa? Is it Mr Putin's aggression and flouting of international rules in Crimea and Ukraine? Is it the breakaway instincts of some of the Visegrád countries? Can one not at least begin to understand Mr Trump saying, "Is this NATO the right NATO against the new threats?"

General Sir Adrian Bradshaw: There are new threats and there are enduring threats, but I would say that the really pressing strategic challenges to NATO today come in different categories. There are those that need to be deterred through a full spectrum of deterrence capabilities, from nuclear down to tactical military, with the integration of all the other national levers of power, and where there is a requirement to deter—in particular, we have been looking at Russia in view of its behaviour in Crimea, the east of Ukraine and, before that, Georgia. Then there is the requirement to pursue active operations against Islamist extremism. We have been involved in that in Afghanistan, and NATO nations have been involved in those efforts elsewhere in the world. That is about bringing military power—from the softer military effects of peacekeeping and stabilisation right up to the harder military effects of operations to bear against adversaries with whom we are currently in active conflict.

So one challenge for NATO is to refresh our military deterrence in view of the emergence in particular of Russia as a threat, in order to keep the peace. It is a fundamental contradiction of my profession that we build terrible capabilities precisely in order that we should not have to use them, but it is absolutely necessary to do that. Furthermore, we need the full spectrum of capabilities so that we do not become over-reliant on, for example, the nuclear deterrent. We need to have flexibility in our response. That was the reason why NATO strategy changed from 'massive retaliation' to a 'flexible response' in the face of the Cuban missile crisis, and that remains relevant today. So we need that full spectrum of capabilities for deterrence. Because we have been reminded that warfare, at the strategic level, is always hybrid, and because there is the emergence of new elements to hybrid warfare in today's environment, our deterrence is not just military; it has to be hybrid deterrence. We need to be able to face threats asymmetrically if necessary, which means that we have to have integration of our national and collective levers of power, not just military but political, diplomatic, economic, informational and developmental. All the strategies need to be properly integrated.

So, deterrence is one challenge. The other is actually combating the live conflicts that are ongoing, the most pressing of which stems from Islamist extremism. Alongside that latter category, I believe there is a strong imperative to do what some people have termed 'exporting stability', and the military has a role to play in that. It is about development activity and encouraging better governance. It is a whole range of activities but within that there is a military contribution, which is mainly at the soft end of our capabilities. We need to address all of those requirements collectively within NATO and nationally as a P5 member and as one of the top five or 10 economies of the world.

The Chairman: Thank you. I particularly like your phrase 'hybrid deterrence'.

Q180 **Lord Jopling:** I must declare an interest. I am a member of the British delegation to the NATO Parliamentary Assembly. I returned from Brussels this morning from a pre-summit conference, where there was a good deal of discussion of a subject raised by William Hague some time ago: is Article 5 now adequate to deal with the hybrid threats and information warfare, and to provide us with the ability to move to hybrid deterrence? Some people have been telling us that Article 5 is sufficiently flexible and that one could invoke it whenever one wanted, more or less. Other people say, 'No, because of these new factors, we ought to think of amending the Washington treaty and Article 5'. Do you have a view on that?

General Sir Adrian Bradshaw: I think that Article 5, as applied to more conventional military situations, is good in that it is very clear to understand. There are obvious physical red lines and national boundaries. The incursion of military forces across a boundary is very identifiable and gives a very obvious trigger, that everybody understands, for collective defence to be invoked. As I suggested, there has always been this phenomenon of hybrid warfare because, at a strategic level, if you want to achieve big strategic ends, you have to combine the levers of national and collective power. There are new elements within this, particularly cyber and a rather different information environment to the one that pertained decades ago.

That leads to some ambiguity when interpreting actions and deciding whether they represent overt aggression. I think that this ambiguity is quite difficult to remove and I am not sure that is entirely desirable to remove it, because everybody is responding to this new environment and we are, whether by design or by accident, being tested through a series of challenges to our national security, ranging from cyberattacks to the poisoning of individuals on UK turf. We are being required to make judgments about what is a proportionate response. First, if you try to define where the red line is, particularly in cyber, you invite people to do stuff up to the red line in the confidence that you will not do anything major about it. Secondly, it is quite difficult to define that red line because it is not so easy to apply red lines in the cyber world.

I think that this degree of ambiguity is actually rather helpful. It gives us a chance to sit down as an alliance and decide on the appropriate proportionate response with cool heads, without being forced to do something because one has drawn a red line. This is the new reality. It is not easy, but I think that this is how it has to be. Trying to modernise Article 5 is potentially very tricky.

- Q181 **Baroness Anelay of St Johns:** Can I just bring you back to something that you said near the beginning, which set the scene on defence and defensive operations for me, as a non-military person? You said that the events that have occurred mean that we need the full spectrum of deterrent capability, including nuclear. You set that in the context of saying that we need this not only at NATO level but as an individual country. You then went on to talk about some of the recent developments in technology and how they redefine our approach to what we consider as security. The next step is, how prepared are we to deal with those threats and refresh that full spectrum of deterrents against a background of emerging technologies in countries that can now undermine our ability to have deterrents, including nuclear?

General Sir Adrian Bradshaw: We have tackled the refreshing of military deterrence in the face of Russia flouting international law and her general behaviour through the alliance, which I think is completely appropriate. As you know, through the Readiness Action Plan from the Wales Summit we as an alliance have started to address those conventional pieces of deterrence, which refresh that full spectrum that we rely on. You ask, 'How prepared are we?' Nationally, and as an alliance, we have committed to that.

If I may say so, it was remarkable that NATO, from a series of very divergent views on what Crimea and Ukraine represented earlier in the process, coalesced within six months around a substantial and substantive series of actions. I think that has demonstrated that we are prepared to deal with those requirements. The emergence of cyber warfare and cyber capabilities, as you have hinted, gives nations that do not have a full spectrum of defence capabilities the ability to be a nuisance nevertheless and pose challenges.

Baroness Anelay of St Johns: Could I just interrupt you? Is it more than a nuisance and posing challenges? It is not possible for them to undermine entirely our capability, perhaps even our nuclear deterrence?

General Sir Adrian Bradshaw: I do not think that is possible because our nuclear capability is physically protected. I suspect that you are looking at it slightly more conceptually. Of course, there are ways in which, using cyber, one can endeavour to change views, commitments and a population's approach to a particular strategic problem, but we have the ability to respond.

I am happy to say that we are now building some of the right sorts of capability, including the vital offensive cyber capability which, for a long time, was a rather taboo thing to discuss. We are starting to build some

of the capabilities that are required, first, to defend ourselves from this sort of attack, and secondly, to rebuild and recover from such an attack—as well as respond, if necessary, which is of course part of hybrid deterrence. I think that we have, nationally, taken the issue on board and started to put the right resources towards it. It is for others to determine whether those resources are enough. There are some, I note, who try to present a picture of cyber and informational warfare being the new form of warfare and suggest that building solid responses to that is sufficient.

It is not a new form of warfare, it is an additional part of hybrid warfare, and you cannot escape the requirement to deal with all the other aspects of warfare. Warfare is not being conveniently pushed into cyberspace where it does not impinge on real people. Warfare is about death, destruction and terrible things, and you have to have the full spectrum of capabilities to deal with that.

The Chairman: Suppose that a cyberattack from an unknown source takes out a vital utility and that kills people because there is no water or no supplies. What is that resource against that now?

General Sir Adrian Bradshaw: We have first to be able to defend our vulnerable infrastructure. It has become pretty obvious that that is an urgent requirement. Hospitals, power supply, all those sorts of things need to be protected. They need firewalls around the really vulnerable pieces, and I have no doubt that people are working hard on that. We need to develop resilience so that if an attack takes place we can rapidly recover by isolating systems and invoking recovery action. If necessary, we need the ability to identify an attacker and strike back, and make it very clear that we have that capability and will use it. That is deterrence.

Lord Hannay of Chiswick: I wonder if I can just pick up on that point. Without wishing to contradict in any way what you have been saying, much of which I largely agree with, do you not think there is emerging now a situation in which more and more countries are gaining cyber capability, both defensive and offensive? Is there not some parallel at any rate with what happened over nuclear weapons, in the sense that for a very long time a number of powers developed nuclear weapons until we reached something called 'mutually assured destruction', and then perhaps wished that we had not gone quite that far without taking any measures to deal with proliferation or arms control? I am sure that the analogy is not exact, but do you not think we should be trying to think through whether this is a cyber race with no limits or whether it can be, to some extent, if not by treaty then at least by rules of the road, kept within some bounds?

General Sir Adrian Bradshaw: We should think carefully about that. I think there are some differences. First, with nuclear weapons, rather more obviously their use results in massive destruction straight away. The potential damage is almost unimaginable. The difference is that with cyber warfare there is a matter of degree. A cyber attack could be relatively mild; it is difficult to imagine a relatively mild nuclear attack. So it is a slightly different scenario in terms of proportionate response. There

are other differences. In order to get on to the nuclear team, you have to have certain resources, technical and financial, and there are some really difficult hurdles to get over. That is less the case with cyber; you can get in at entry level with much more modest resources, which is why it is a possibility for so many different nations. For that reason, it is rather more difficult to imagine some sort of arms control structure in which you have the ability to control this. It is difficult enough getting one or two nuclear powers to agree to an arms control structure. Getting the world community, and every potential player in cyber warfare, to agree to structures and then ensuring that they abide by the rules—when it is rather more difficult to identify who is doing what in the cyber domain even than in the nuclear domain, where there is considerable scope for masking things—would be even harder. The challenges are rather different. It is a laudable aspiration but I rather question whether it is deliverable.

Lord Hannay of Chiswick: We were briefed by the Cyber Centre here that at the moment there are only a small number of potential adversaries in the cyber field that are equipped to do us damage: Iran, North Korea, China and Russia. That is a lot less than could be the case in 20 years' time. Do we just sit back and wait for that to happen?

General Sir Adrian Bradshaw: I do not think we sit back and wait, of course, but I rather think that the things we have to do are to build defences around our systems, create resilience and develop the ability to deter. Stopping people developing capabilities if they wish to is very difficult, precisely as we have seen with North Korea. We have exactly the same problem with North Korea in the nuclear environment as we do in the cyber environment, and the difficulties apply in both areas. I am not sure that it is any easier to get over those difficulties in the cyber environment; in fact, in many ways it is more difficult.

Q182 **Baroness Smith of Newnham:** Sir Adrian, you mentioned the world summit and commitments, and then at some point in referring to resources you said, 'It is for others to say if the resources are enough'. In exploring the issue of cyber security, you have talked about the proliferation of offensive weapons and the vital importance of having the nuclear deterrent. To what extent is having a target of 2% helpful? Should we be thinking in different ways? We appear to be talking about a whole new set of threats building on existing threats, and none of the attritional threats have gone away.

General Sir Adrian Bradshaw: I rather sympathise with the gist of your question. If we are to play our role as a P5 nation, with the responsibilities and obligations that go with being a lead global player in economic terms, as well as the responsibilities that a Government have for the defence of their people and for preserving a rules-based global system, then we have an obligation to provide the defensive and deterrent capabilities that go with that. We are spending just over 2% at the moment and it is not working for us. However, 2% is a rather useful marker in the sand for the nations of NATO in the absence of any other helpful way of defining what capability is required, because it is by far the

easiest way of getting people up to some sort of sensible level. If everybody in NATO did that, collectively we would be a lot better off. No doubt different nations would specialise in different areas for the collective whole, but as a nation that, as I have said, is reliant on a rules-based global order—just like everyone else but even more so because of the size of our economy and the scale of what we do—not only is it the right thing to do from a sense of responsibility to the rest of the world but it is an obligation for the defence of our own people and our prosperity that we have the right defence capabilities. With the emergence of cyber, information warfare and all the other stuff, we have to admit that it is going to cost more.

It is a question of addressing our priorities. It is deliverable. We can afford it, but it means that we have to make the appropriate cuts in other areas. I am not suggesting, for example, that we delete our development budget to create defence. We might have a shift in balance but I think that development is a vital part of that hybrid effect that we are seeking to create. We need much better strategic co-ordination between all the levers of national power.

Q183 Lord Reid of Cardowan: Good afternoon, Sir Adrian. It is nice to see you again. Can I pursue the point made by Lord Hannay and Baroness Anelay on the question of deterrence and cyber warfare? I declare an interest as chair of the Institute for Strategy, Resilience & Security at UCL. I also authored a book entitled *Cyber Doctrine: Towards a Coherent Evolutionary Framework for Learning Resilience* years ago.

We are left with the same problem, are we not? Given the proliferation of platforms from which an attack could be launched, the number of nations—indeed, of non-national units in the world—that may have the motivation and the immense difficulties of attribution, deterrence in cyber warfare becomes much more difficult than nuclear deterrence. Not only that, deterrence—in terms of the past 30 years and more—against nuclear attack has lain not so much in international rules-based organisations or laws but on a mutual understanding among the limited number of people with nuclear weapons of what we could call doctrine.

Everyone understood mutually assured destruction. It is almost impossible at the moment to conceive of a mutually understood doctrine, internationally, where—even if it is short of a formal agreement—the number of parties and non-state parties that have access to this capacity might be deterred because they understand the response that might be forthcoming from the other side. I am sorry. That is such a long question, but I think you understand the central nature of doctrine.

General Sir Adrian Bradshaw: I agree with what you are saying. Essentially, you are saying that this is extremely difficult—that deterrence in the cyber world is incredibly hard to achieve. You have the difficulty in identifying who is doing what. Then, if you are dealing with non-state bodies or if it is difficult to attribute the activity to a state, you have the question of whether it is appropriate to respond in a way that damages

the host state when you cannot get at the unidentifiable body that is attacking you.

You are quite right: it is incredibly difficult. That is why, as I say, we have no alternative but to work incredibly hard on our defences and resilience. How we develop our deterrence capabilities will be tempered by an understanding that we will not always be able to use them. That is just how life is. It is hard, but it has implications for how we build our systems.

The Chairman: Interestingly, the committee visited Washington. The national cyber authorities there told us that if they cannot locate the non-state source of a cyberattack, they attribute the blame to the country where it comes from on the grounds that the Government of the day was either behind it or being lax and should have been behind it. What do you think about that as a doctrine?

General Sir Adrian Bradshaw: I think that it is rather dangerous because one can anticipate that bodies in a nation that are not under state control could take action to precipitate conflict. We would be helping them in their intent to react in that way. We must take that into due consideration and be very wary in our response.

Lord Hannay of Chiswick: Surely that brings you back to the question of whether you have any form or structure of international agreement about what can and cannot be legitimately done in cyber. If you had that, a country that is unable to control such activity with its jurisdiction is responsible, under international law. That is the basis on which we treated Afghanistan and the Taliban in control. I wonder whether one should be careful about one's conclusions.

General Sir Adrian Bradshaw: I agree that one has to be careful, but I think that we understood a rather more obvious—indeed, declared—link between the Taliban Administration and those responsible for the 9/11 attack. In fact, the Taliban Administration made clear that they would not give those people up. They acknowledged their presence in the country, so there was an acknowledged link that I think was legitimate to follow up on. It is quite possible that such an acknowledged link will not be there in future cases. In fact, we have seen cyberattacks where there is no acknowledgement, only denial.

Lord Reid of Cardowan: If I might say so, that is a completely different thing. Last night, a friend of mine wanted to watch a Scottish football match but could not do so because he was in the United Kingdom and prevented from watching it. He used a VPN and went via Amsterdam to watch it. So, it is quite possible under cyber, without having any physical presence in a country, to divert your attack via a hospital in Sudan. I agree with what you are saying. You have to be very careful about attributing it to a nation state.

The Chairman: I was going to add to that. I agree with your account possibly more than the Americans because, after all, the attribution of the

Archduke's assassination in Sarajevo to the Serbian Government started the First World War. One has to be a bit careful.

Q184 **Baroness Coussins:** We have heard from previous witnesses that the technological capacity for developments in the cyber sphere in the private sector are on track to outstrip developments in the military sector. Can you comment on that? I am not sure that even they were able to say how they had arrived at that assessment, but they thought that the role of the private sector—and co-operation between the private and military sectors—would be a significant factor to be negotiated in this area. What is your assessment of the role of the private sector?

General Sir Adrian Bradshaw: In my experience, the military sector draws on the latest technology available in the private sector to enhance its capabilities. In the face of live operations and warfare, that tends to happen very quickly, but in peacetime, the aspiration is there but the capability tends to lag. There is a danger of the military remaining behind the curve.

On the other hand, in research and development, because there are such extraordinary advantages to be gained through the use of cyber capability—combined with artificial intelligence—we will see remarkable technological developments precisely for military use, as well as incredibly alarming ones. We need to be ahead of the game on that and anticipate where that is going, because if we are not investing in those sorts of things, other people will be.

Q185 **Baroness Helic:** I think that General Bradshaw has answered a lot of the questions that I was meant to ask. I will simplify. Do you think that we should institute in Whitehall the quadrennial defence review that the Americans have had in place for decades, in order not only to keep us up to date on new challenges in technology but to have some order in the way that we use our levers of power and capabilities, as you said? One example, although I may be out of date, is that we are leaving the European Union but in our strategic defence and security review, European Union membership is one of the major pillars of our defence, together with NATO. I am not aware of this being looked into or reviewed.

General Sir Adrian Bradshaw: On the first question, the direction of those levers of power comes together in the Cabinet Office and the National Security Council. As a military man, I have long advocated that there is a requirement for a Minister, with the clear authority of the Prime Minister, to oversee this bringing together of the levers of power for national strategic ends. It has long been part of one's instinct anyway, as a military person, but it was made abundantly clear during the Iraq campaign when, effectively, a big strategic change was subcontracted to defence with very little input from the other levers of power, which should have been there. We complained about it before the invasion and made a fuss but nothing changed.

To succeed in such a strategic enterprise, for example, the rebuilding of the economy, needs to happen as soon as the combat phase finishes, not three weeks afterwards. Information on one's aims and objectives needs to be beamed to population on the same day, so you need everybody involved there together. You need a Marshall Plan. You need people under the central control of a military leadership initially, but rapidly transitioning at the appropriate time to civil control. Either way, they need to be under unified control, reaching back to a unified control in Whitehall that is closely directed by the Prime Minister, large- but when she does not have the time for it because of other pressing issues, by a Minister with her authority who grips everybody and says, "I need X from your department". It needs to be integrated, not just co-ordinated.

I think that the language coming out of the recent National strategy review, talking about Fusion Strategy, sounds exactly right. It has the right sound to it. Indeed, putting a Minister in control of the process is very encouraging, but it really needs to be invoked with strong leadership from above when we face something like Iraq or Afghanistan.

Lord Hannay of Chiswick: Would you extend your view on that, for which I have considerable sympathy, to saying that what is lacking at the moment is anyone who conducts a public narrative on the Government's policy in a particular emergency or very difficult situation, and that the Minister in the position you describe would perhaps be in a position to lead a national narrative on that? We have taken previous evidence on this; it seems to be somewhere where we are lacking under the present arrangements, with the Prime Minister not having the time to do it and the National Security Adviser being an official and therefore not normally doing it. Of course, it is done in the United States, probably rather more effectively in previous Administrations this one because they might have known what the policy was. Do you think that that public narrative aspect also needs to be looked at very carefully?

General Sir Adrian Bradshaw: I am absolutely convinced of it. That is vitally important. Taking Afghanistan as an example, I often talk about what has been achieved there and the enormous changes that have been made through our intervention. I talk to audiences of well-informed and well-educated people; they are open-mouthed when they hear the facts of what has been achieved because during that campaign the narrative to remind people why we went there and why this continued—and continues—to be important, as well as informing them properly about precisely what had been achieved, was missing.

You can reel off the statistics: 800,000 boys in school under the Taliban; 8 million boys and girls in school there now; the increase in life expectancy by 20 years; and the achievement of a peaceful transition of government, etc. The changes are enormous but not well known. You are precisely correct that the responsibility for informing the electorate of the reasons for being involved in warfare, in particular, is enormous. My feeling is that Governments have not been very good at it. They have not been very good at keeping the public with them and delivering strategic

patience. The result has been that patience has run out and we have been forced to pull out of enterprises, that still remain legitimate and achievable, because there has been a loss of will. If you are going to give people the will to pay what it takes to build the defence capabilities that we require, they need to understand why.

The Chairman: Let us spend the last few minutes the vital issue of the UK's role.

Q186 **Lord Jopling:** Following on from what you have just been saying about the resources we need, do you think it realistic for the UK to continue to be a tier one military power? Can you make a cockshy—perhaps it is an unfair question—of where we would need to be over the next few years in terms of percentage of GDP that needs to be put into defence if we are to remain a Tier One power and stay in that situation?

I want to give an example of what we should do. We had a Question 10 days ago on the Floor of the House from Lord Wallace of Saltaire. He asked what the strategic rationale for the deployment of Royal Navy ships east of the Malacca Straits is. We said that we are east of Suez no more, as we were 50 years ago; that has been extended, quite understandably, to the Gulf, for oil and all that. As Lord Wallace said, 'We require virtually half of the British Navy to commit to keeping three ships in the South China Sea'. Is it necessary, if we are to be a tier one power, for us to embark on operations of that sort? One would have thought that, with a heavily depleted Navy, there was quite enough to do in the North Atlantic, the Mediterranean and the Gulf without getting into the South China Sea.

General Sir Adrian Bradshaw: The first question is whether we should be a Tier One power. Tier One is not particularly well defined but I think we all know roughly where we are going on that. As I have already implied, we have a responsibility in that regard to the rest of the world as contributors to, rather than takers of, security, but it is vital for our national interest that we do so anyway. Tier One capability implies that we have a range of capabilities—we have discussed them: independent nuclear deterrence; maritime; land; air; Special Forces; space; and cyber. I would not presume to put a figure on it, but I would observe that when we anticipated what sort of capabilities would be required when we last had a formal defence review we came up with a very credible proposition. We then found out that it was simply not funded. The money did not match the aspiration so we did a rerun and, almost arbitrarily, decided to cut the Army by a substantive amount. That was not based on our security needs; it was simply on account of having run out of money. Ideally, that is not how we should do business. It might be realism, but it is not how we should do business.

Of course, since that defence review, the pace has increased; that goes for some of the things that were anticipated, and some of the better work that went behind that, including a substantial chunk of work predicting what modern warfare will be like—has rather outpaced expectations. The reality is that the figures now clearly do not add up. I

am not capable, from where I sit—not within the system—of telling you what the figure—as a proportion of GDP should be. It is quite clear, however, that what we have allocated now is not enough. Part of that is down to some very large capital equipment projects. We are rather locked into those now. I would not say that the capabilities they bring are not highly desirable, but it is all a matter of priorities.

We must remember that, in the end, warfare is an extension of politics by other means, as Clausewitz says. Ultimately, it is about changing things on the ground somewhere, which requires the presence of forces, properly supported by air and sea, on the ground. We should get out of the habit of looking at manpower as an overhead. Manpower is how we do it and the quality of our manpower now, even with all the pressures, remains respected worldwide. I, as a NATO officer, was always incredibly proud of the UK forces. I saw the effect of the respect that they had in the respect that was accorded to me in my position. We have got it. We must not lose it. That requires funding, so there might be areas where we will take hits on equipment in order to allow us to retain the quality of our manpower and the numbers of people who can go to hot, dusty places and do stuff. At some stage, it will come down to tough stabilisation duties, difficult counterinsurgency or delivering some of the softer effects through 'boots on the ground'.

Take the example of Syria, which is an incredibly complicated problem, as we all appreciate. There are many players with many different interests. It proved to be impossible to find a political solution that we could all get behind. Had it been just a little easier, and had there been a political solution that we could have agreed on, I am absolutely sure that the demands of that would have required some sort of stabilisation force to underpin it, because when you are dealing with irreconcilable parties, frankly, hard power has to be invoked somewhere along the line. Then comes stabilisation and, ultimately, softer input from military forces. That is deliverable only if you have enough quality people to deliver and sustain it, at scale.

The other thing that we need to be able to do is command nationally at the campaign level. In the land environment in particular, that does not imply just what we are now talking about; that is, one manoeuvre division. It implies still being able to field a corps headquarters, and training people to a corps level, which is the level at which you can run a campaign like Afghanistan, if necessary, with the necessary additions and joint structure. That is exactly what the corps headquarters did in the early days of ISAF under General David Richards.

We are right on the edge of losing that vital capability. Forgive me for getting into the land domain but it applies in all three Service areas. If we lose it nationally, we cannot play at the same level. It is not just a matter of the respect that we are accorded by everybody. It is a matter of doing stuff in our national interest. If we cannot do it ourselves, we rely on other people to do it. As we are seeing right now, you cannot assume

that other people will pick up the tab, as President Trump is reminding us.

Lord Jopling: I think we all understand that you cannot be precise on increases of 2.1%. Just give us a broad figure. Also, you did not say anything about the three warships east of the Malacca Straits.

General Sir Adrian Bradshaw: Forgive me, sir, but I will not be pinned down on those numbers. The Chief of the Defence Staff is the man to ask because he is dealing with it right now. I am sure that you will get an honest answer from him.

On the three warships east of the Malacca Straits, even with the adequate resources to sustain doing only what we absolutely have to, we will still face choices. It will come down to our strategic priorities. If we have three warships east of the Malacca Straits, there will be other stuff that we cannot do. It is for the practitioners of today to decide where our priorities lie. I think that we can trust their wisdom to give you the right advice.

The Chairman: I was going to say that all your comments have been extremely illuminating. They will make us think very hard. If I had a sentence to distil to your wisdom, it would be that warfare is not only an extension of diplomacy; with the full spectrum, there are other means for an extension of warfare. It puts traditional warfare in a completely new form. We have to get our heads round that vast proposition as well. Thank you very much indeed for your wisdom. We appreciate very much you offering us your time.