

Foreign Affairs Committee

Oral evidence: [Global Britain: FCO Skills, HC 1254](#)

Tuesday 17 July 2018

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Members present: Tom Tugendhat (Chair); Mike Gapes; Stephen Gethins; Ian Murray; Priti Patel; Andrew Rosindell; Royston Smith.

Questions 1-31

Witnesses

[I](#): Dr Peter Ammon, former Ambassador of Germany to the UK; The Hon. Alexander Downer, former Foreign Minister of Australia and former High Commissioner of Australia to the UK; and Dr Kori Schake, Deputy Director-General of the International Institute for Strategic Studies.

[II](#): Patrick Horgan, Regional Director, North-East Asia, Rolls-Royce plc; and Dr Catherine Fieschi, Director, Counterpoint.

Examination of Witnesses

Witnesses: Dr Peter Ammon, former Ambassador of Germany to the UK; The Hon. Alexander Downer, former Foreign Minister of Australia and former High Commissioner of Australia to the UK; and Dr Kori Schake, Deputy Director-General of the International Institute for Strategic Studies.

Chair: Thank you very much indeed for coming this afternoon. As three very close friends of the United Kingdom, it is a pleasure to have you before the Committee, speaking about our own Foreign Office, given that all three of you have very strong experiences of your own. As you know, we have votes throughout the afternoon, so I apologise in advance for our charging off and charging back. Perhaps we can start immediately, with Andrew.

Q1 **Andrew Rosindell:** In your experience, what are the strengths and weaknesses of UK diplomats who you have personally encountered and worked with over the years?

Dr Ammon: Thank you very much for having us here today. It is a great honour for us and we are delighted to be here.

I would say that the British foreign service as a whole has an extremely good reputation in the world. I think it is considered by us, the German foreign service, to be a role model. Over the years, we had a debate on reform of our foreign service. The role model from which we tried to learn, and to implement parts of at least, was always the British foreign service. It was singular. I am not saying that out of politeness or friendliness. The British foreign service stood out here.

Alexander Downer: I would say, generally speaking, from my experience in different capacities over the years, the British foreign service is extremely professional. It is one of the five or six best foreign services in the world, without any doubt. There are the Americans, the Germans, the French. Obviously, the Australians lead the way. The Japanese have a very good foreign service.

What is good about the British foreign service is the energy that they put into the job. There are two ways of looking at this. First, commercially in terms of promoting British commercial interest; they are very focused on that. They give a very high priority to supporting British companies. I have always noticed that they are very active around the political class and around Government Departments. I can speak for Canberra. In Canberra, of all the countries accredited to Australia, the British were ever-present in our Foreign Ministry—DFaT, the Department of Foreign Affairs and Trade—and in other Government Departments.



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They are energetic and well informed, and on the whole they are pretty well networked, which is crucial for diplomats and is not emphasised enough, in my view. They are very professional.

Dr Schake: There are two things that British diplomats are good at and two other things that nobody but you guys are good at. You are good at deep regional knowledge, much more than Americans typically are, and you are good at appreciating that, in the United States, the Government is extraordinarily porous and that there are lots of little, unexceptional people who can actually hit a lever and make things work. The British sense those people out to a much greater degree than anybody else.

The thing you guys do that nobody else is able to is that you talk to Americans in a way that makes us think you are solving our problems while you are also solving your problems. To take the 9/11 example, after September 11, when I was on the NSC, most Europeans came to the United States and were worried that we would overreact or that we would choose a unilateral solution, and the British Government were clearly worried about those things too. However, British diplomats said to us that they were making the multilateral institutions work for us. You didn't tell us that you were scared that we would do it badly; you helped us do it well. In my time managing the 56 countries that had troops in Iraq or Afghanistan, nobody but the British ever talked to the United States in a way that made us feel like they were solving our problems while they were also solving theirs.

Q2 **Andrew Rosindell:** That is very interesting. Are there differences between our FCO diplomats and your foreign service in the culture and the way that they operate and practice what they do? What could you point out that we do differently compared with how you operate?

Dr Schake: American diplomats still focus too much on reporting what any reader of *The Economist* could learn. As I understand it, British diplomats spend more of their time reporting on internal Government balances of power and authority—things you couldn't find out from open-source work. My own diplomats still focus too much on things that I could find out for myself.

Alexander Downer: I think we in Australia have taken a leaf out of the Foreign Office's book, really. I think they have been very good at harnessing social media, which is actually quite a challenge—to work out how to do that and how to use Facebook and Twitter and so on. They have done that really well.

They are quite focused on the important issue of British soft power and how to project it. We do this sort of thing as well—cultural diplomacy or sports diplomacy. Some countries don't think that that is very important, but Britain is a country that does, and that thinks it can get a lot out of a tour of Brisbane and Sydney by the Royal Shakespeare Company or their cricket team, although they may be slaughtered.

Chair: Not every year.



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Alexander Downer: Not quite at the moment, since most of our cricket team has been suspended. They'll be back when they've served their sentences. In a sense they are not terribly serious issues, but the British use them to leverage up Britain's profile. Personally, I think that is hugely important. It is often very hard to get Foreign Ministries to understand the value of these things, but I think the Foreign Office is very good at that sort of stuff.

Also, we have a cable-sharing arrangement with the Brits, so I have read quite a few of their cables. Ours are more bureaucratically written. Theirs are written with more flourish. They have lots of puns and things included in them.

Dr Ammon: We had the same experience. We have changed the way our diplomats have to report back home, learning from a British system that is much more concise and to the point, as it used to be. I think there is a huge difference on the set of priorities we have. For example, as an ambassador I was never asked to help to sell more BMWs to the country. I can give you an example from almost 20 years ago, when Daimler bought Chrysler, which was a political hot potato. I left the Foreign Office for three months and was seconded to Daimler. I was like an advanced explorer, able to inform the Government of the political repercussions. It had nothing to do with selling more stuff to a customer.

Another thing is that we as the German foreign service do not want to be like Russia Today, influencing local debates in a country. We would try not to intervene here. When I was ambassador here in London, of course the Brexit debate was heartbreaking for us, but I never tweeted that I was crying at night about the decision. We hold back. Our objective is to build trust—it has something to do with our past, probably. The main objective is to build trust. That means that we have to hold back a little bit.

Q3 **Andrew Rosindell:** Briefly, just to wash up here, two very quick points. Has the reputation of the FCO altered? Has it changed, improved or decreased? What is your perception during your careers as diplomats?

Secondly, one final quick question, aimed at Alexander more than anyone else. Is there a feeling that if you are a high commissioner there is more of a slightly special, better status—a closer, warmer relationship—with the UK compared with an ambassador? Is there that feeling, or does it make no difference? Is it an illusion, or does it actually put you on a higher level in terms of the way the FCO treats you?

Alexander Downer: Well, I don't think there has been any great change to the reputation of the FCO going back to the time when I first joined the Australian foreign service. You would not think this from looking at me, but that was actually in the 1970s. It has always had a high reputation. I think that the people in it have become more down-to-earth and straightforward. There was a kind of pomposity—

Q4 **Andrew Rosindell:** Surely not.

Alexander Downer: —about some of the ambassadors of days of yore that you do not get today.

Dr Ammon: Are you sure?

Alexander Downer: You would never get this in the German foreign service.

They have become much more down-to-earth as people. That reflects the changing nature of British society. The sort of people you recruit into the foreign service are now more representative of the country. You get more women, more ethnic diversity and so on. You get people from different echelons of British society. I think that is a bit noticeable.

We in Australia obviously have quite a close relationship with Britain, so we have good access, if I can put it that way, to the Foreign Office. I don't want to make too much of this, but without going into the details I think we would regard the arrangements they make for us as eminently satisfactory, and we reciprocate those arrangements.

Q5 **Andrew Rosindell:** So it is better to be a high commissioner than an ambassador?

Chair: It is better to be an Australian than anything else.

Alexander Downer: No, it is better to be an Australian, an American, a Canadian or a New Zealander, because you have a certain sort of access that you might not otherwise have, in all honesty.

Andrew Rosindell: Five Eyes.

Alexander Downer: Yes, but I am not talking about the intelligence relationship, because that is not what this is about. I am talking about the FCO. We have passes—I think they are called T-passes—that allow us to move around the FCO unhindered, because it is assumed that we won't burst into some office and steal their secrets or do something perfidious. That is a good assumption to make, because we wouldn't do that. There are little things like that.

I would say, since I have the opportunity to, that as the high commissioner there was never a problem getting appointments with everybody from Cabinet Ministers downwards. For my staff, however, there were sometimes huge delays in getting appointments. If you wanted to talk to somebody about a particular issue that you were conscious that the British had an especially good view of, or may be actors in, it would take time to get appointments. They could sometimes be slow. That is one criticism we would have.

Q6 **Priti Patel:** Obviously, this inquiry is looking at skills and training for diplomats—our diplomats and yours. What does your nation seek to achieve through diplomacy, both within your own foreign service, looking at the type of skills that are utilised, and in how you leverage the best out of people, to deliver within your foreign service?



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Dr Schake: For me, having gone to work in the Pentagon at an impressionable age and then having gone to work in the State Department, and only after working in the White House, what I find shocking about the American foreign service is that we have an enormous wealth of talent coming in the door—people, on average, have 11 years of work experience and graduate degrees, many of them in law and others directly applicable—but we make poor use of their talent.

By contrast, the army can take a girl who cannot get a job in a gas station and, because it thinks that what she is going to do matters to her country, the institution arrays itself to identify the appropriate skills set, hire for that skills set, teach and train her for her subsequent responsibilities and promote her based on potential. The State Department does not do any of those things. I notice that early in their career our diplomats are extraordinarily competent and successful, and they get less competitive relative to their defence counterparts over time. I do not think that is a problem you have.

The second thing I notice is that, despite the fact that 132 languages are spoken by the kids coming into the Los Angeles school district, our State Department expends almost the entirety of its teaching and training on language skills. It does not require people to specialise in a region of the world. It will often hopscotch them from Iraq to Mexico and then to Portugal, and it gives them a couple of years of language training in the meantime, which is terribly inefficient and means that they are not developing alternative skills sets. That is an enormous problem for our foreign service that I do not see reflected in your foreign service over time.

Alexander Downer: I would say that this issue of the skills sets of diplomats is something that our secretary—what we call the permanent under-secretary in our system—and her predecessor have been very focused on, because for some years there was a view that it sounds slightly elitist to refer to them as diplomats and that they are just civil servants, and so all that is required of them is the skills sets of a civil servant; that there was nothing special about somebody who worked for the civil service overseas. That has been re-evaluated.

The Department of Foreign Affairs and Trade is now putting a lot of effort into trying to develop specific skills that apply to diplomats. That begs the question: what they are? You don't want as a diplomat somebody who might just be a great researcher. Take the Australian high commission here in the UK. We need diplomats who know all about the UK. We can employ local people, and on a very permanent basis, who are great experts on different British things—trade, politics or whatever. Our diplomats, when they arrive here, do not need to be experts on exactly that, but they need to be able to absorb information very fast. They need to have a very strong perception of Australia's national interests. It is a real weakness of diplomats that often they are part of a kind of international club of civil servants, rather than advocates for their particular country.



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There is that great story of George Schultz, who apparently had a map in his office, and when departing American ambassadors would come to see him he would point to the map on the wall and say, "Tell me, Ambassador, what is your country on here?" They would point to Burkina Faso or Laos or something, and he would say, "Not so. This is your country", and point to the United States. It is a good story because we want our diplomats—Australian diplomats—to have a very solid understanding of Australia and what the Government's interests are, because they work for the Government, and what our national interests are, not to be experts on British politics. We can have people working in the high commission who are experts on British politics, who know who you are. I am an expert myself on British politics—I know who you all are. But they are—

Chair: You are a British politician.

Alexander Downer: I have had too much involvement in British politics for my own good, as a one-time diplomat. My point is that diplomats cannot be just researchers; they have to be great networkers. The great diplomats are the people who know people. I have always said to our diplomats that the greatest challenge of a diplomat is to be able to exercise influence. It is getting your host Government, in particular—your host country—to notice your country and to be prepared to do things that are in your mutual interest, not asking them to do favours for you just for the sake of it, but to do things together and to influence, in this case, the British Government. For the British diplomats in Canberra, their job is to influence the Australian Government.

Q7 **Priti Patel:** I could ask you so many questions, Alexander, following on from this. The one that I have, which is for both you and Peter, is this: I agree with you completely that it is the ability to have influence over outcomes and people, and to do advocacy as well on behalf of your home country, that is really important and crucial, but how do you train people to do that? From your own diplomatic services, if you start off as civil servants and undergo specific training, what is it? Is it part of the development programme that we have?

Dr Ammon: In the German case, our diplomats are diplomats for life. That is the idea. We get them very early, in their 20s, and they are then sent to a diplomatic school, which is Government-run. In my day it was two years and now it is 14 months. We learn about history, economics, international law and the like. The skills cannot be defined abstractly. The question is: what do you want to achieve? And then, when you know what kinds of skills you might need to implement these objectives, you define them.

Here in Britain, for example, I saw the German embassy not as an instrument of influence of the German Government. I saw my role here—and this might be different from the Australian high commission or other embassies—as being able to explain what the German Government were thinking about certain things—how we tick. When Mrs May meets Mrs Merkel, she may have an idea of what is behind her position, to explain Germany to the Brits. That of course needs good contacts—we spoke

about the networking necessity—but we also have to build trust and let people know that we are not selling them propaganda.

- Q8 **Priti Patel:** Alexander, may I ask you about your diplomatic academy in Australia? If we talk about the nuts and bolts of training, what does that consist of? What can you share with us on that?

Alexander Downer: That is a bit of a copy of the British diplomatic academy. The former secretary, the immediate past secretary of our Department, Peter Varghese, came over here quite often and sat down with Simon Fraser and Simon McDonald to talk about the structure of your diplomatic academy. First, it helps to train new diplomats, teaching them the sorts of skills that we have been talking about. Secondly, it also runs training courses for mid-career diplomats. So we want to skill people up in particular things.

Trade is a big issue in this country at the moment, so our diplomats need to be au fait with trade issues—maybe they need some skilling up on WTO rules, for example. But we want to teach them the basics of being a diplomat, to build the foundation. The foundation is the national interest, so we go out and promote our national interest. We would be unashamedly not just trying to explain Britain to Australians—they can work out Britain pretty easily, by the way—so we would do much more than that.

We do try to influence British policy where it is relevant, so we try to get Britain to focus on the problems of the South China sea. We try to persuade the Ministry of Defence that a FONOP—freedom of navigation operation—through the South China sea might be a good idea, because you are a P5 country; you are a permanent member of the UN Security Council. We tried to persuade the Secretary of State for International Development that you should put some aid programmes into the south Pacific, and you were very sympathetic. We are now trying to persuade the present one.

We are on Australia's side, and I think we feel an embassy is not just there to report what is happening in the UK—I use the UK because we are in the UK. It is of course much more complicated if you are in a country such as Laos, Burkina Faso—we don't have an embassy in Burkina Faso—Egypt, or somewhere. In the case of the UK, we do not just report back on the latest political shenanigans that might be going on or the visit to the UK by President Trump—people can see that as it is all over the news. We can do that, and if the Prime Minister rings up the high commissioner and asks, "So how did that visit by President Trump go?", the high commissioner should be able to explain that to the Prime Minister. That is of interest, but they are also trying to achieve our national objectives and promote our national interest, and to teach our diplomats to be good at doing that.

If you promote propaganda, you will probably not be good at it. You have to do it in a more subtle way. Part of that is about networking—getting to



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know people; influencing people by knowing them; having them round to dinner.

- Q9 **Priti Patel:** On that point, I completely agree, and the value of networking and people-to-people ties is absolutely crucial. With regard to expertise, Alexander—you have had a very distinguished career thus far—would you go back to the academy to help train the next generation? Also, would you bring in third parties—external expertise, as well—which may well not be, for the civil service, a conventional way of thinking, to expose younger people who are obviously on their journey in their careers, or throughout their career, to understand new positions, the changing nature of the world, and things of that nature?

Alexander Downer: Yes. You would get in the diplomatic academy—here is something that is *au courant*—experts on digitisation. How does all that work? How does social media work? How do you use social media? Who do you target people? What is the difference between Snapchat, Facebook and WhatsApp, and all these sorts of things—Twitter? You are a politician, so you know all this stuff. If you don't you should get somebody to explain it to you. It is very important. So we get experts in to explain all those sorts of things.

- Q10 **Chair:** May I ask Kori just to add to that? What would you say is the difference between mentoring and training in this field?

Dr Schake: In the American foreign service almost the entirety of professional development is mentorship, not formalised training. That is, of course, fundamentally unfair. If you end up as the protégé assigned to Bill Burns or Anne Patterson, you will get the education of a lifetime, but if you are not that person you are going to be disadvantaged going forward. Fundamentally, it is problematic because we do not have strong skills training that creates a high foundation.

The second way it is problematic is that more than 50% of American diplomats have been hired since 2005, so people do not have the amount of expertise that gives them the skills to be good mentors. It is an increasingly impoverished system. Our system is great for the people like Bill Burns or Anne Patterson—people you can throw into the deep end of the pool and they are going to figure it out. We don't teach swimming, so you tend to have really wide variance of skills and abilities among American diplomats, because there is not a good floor of training.

- Q11 **Chair:** Forgive me—this is a subject that came up a lot when I was a soldier, so I can compare how much I was paid compared with each of your armies. Could you possibly give us an idea of how well paid your diplomats are compared with your civil service? Is pay an issue?

Dr Ammon: No, not in Germany.

- Q12 **Chair:** Is that because you are so phenomenally well paid?

Dr Ammon: Everybody would say, "I don't earn enough." That is natural, but it is not an issue.



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Q13 Chair: It does not restrict recruiting? It does not mean that your quality of staff is in any way diminished?

Dr Ammon: No, it is not an issue.

Alexander Downer: Our foreign service—I have to be careful because this is recorded, isn't it?

Chair: I am afraid that you are very definitely on the record—somebody is literally writing down everything you say.

Alexander Downer: I think they feel that they are adequately paid. Let us take the army. A one star is paid pretty much the same as somebody who would be a deputy head of mission in a reasonable-sized post. That might be a good way of putting it to you. A major-general would be paid the same as a junior ambassador—that sort of thing. For diplomats, there is a bit of a phenomenon—I think this is not unique to Australia—that they like to be on post financially, because they get local allowances and things. In the Australian system, you get your accommodation provided for you, so you pay no rent—diplomats can save a bit of money. On the other hand, soldiers on deployment, for example our soldiers in Iraq doing training there, or in Afghanistan—

Q14 Chair: You get your accommodation paid for in Iraq too? The field is free.

Alexander Downer: And what accommodation! They get very substantial allowances, so they do pretty well. There has been some debate about our soldiers in Iraq getting better pay than our diplomats in Iraq.

Dr Schake: The American State Department bleats about money all the time, but one of the many reasons to love American diplomats is that they are not complaining about their pay; they are complaining about having the money to do programmes, and to be out and travelling in the societies they are working in.

Q15 Ian Murray: You all have vast experience in diplomacy and the diplomatic service. How do you think the skills have changed for diplomats over the past decade, and what kinds of skills do you think diplomats might need in the next decade?

Dr Schake: I love that question. Social media is clearly one. Second is thinking about how the collapse of private time for consideration—that is, the gap between when something happens and when the Government need to be able to take a position—is collapsing. That requires people who are doing the country's business either to be extraordinarily agile on their feet, or to be armed with decision rules that they can apply to specific circumstances. To use the military term, that is mission command; it is trusting the judgment of individuals on the ground. We are not nearly good enough at that yet. During the Arab Spring, when a communications officer in Cairo sent out an injudicious tweet, it was a big ordeal, instead of saying, "This was a mistake; let's move on" in the way people who actually live social media lives do. That is one set of skills.



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A second set of skills is that we need much better economics training among American diplomats. Our best diplomats become what we call the political cone. The second best go to the economics cone and the ones judged least capable go into consular affairs. That is exactly wrong. Everybody needs good economics training because of the way globalisation is reshaping the enterprise. The American people's first and, in many cases, only experience with American diplomats is at a consular route. Yet, instead of treating the people who make judgments about visas as the first line of our national security, we treat them like, "This is a job you have to do in your first tour stamping passports." We have inverted what the public values about the enterprise from what the enterprise values about itself. That is a cultural issue that we need to fix.

Dr Ammon: The general underlying question is how you measure the success of a foreign service. If you have a company enterprise, you could easily say what is the turnover or the profit you make. In the case of a foreign service, you have no yardstick of that sort, so it is very difficult to measure success, and the success you want to have defines the skills set. I am not so sure that we will really have to rethink the skills set, apart from the obvious, such as living with digital innovations and the like. This is obvious. In the long run, the major problem I see is that we find it more and more difficult to manage complexity.

Look at the trade world: there is a system of bilateral and multilateral sanctions on almost anything now. To make a judgment about what kind of importance a certain set of sanctions by country X against country Y has is a complicated issue. You must have people who can say, "This is an important issue; we must fight it or we must support it or we must take different stands." People will say, "This is just propaganda; it's not important." This sort of knowledge will become more important and, again, as has just been said, the speed of events—the 24/7 news cycle—is controlling almost everything in politics now. If we are too slow, we will just trail behind and lose effectiveness. Being fast, of course, means the risk of mistakes becomes bigger, as you said. Here we have no easy solution to this. We must have people who have good judgment, but occasionally it can go wrong. It is unavoidable.

- Q16 **Ian Murray:** Not thinking about any particular individual, but in your view, does it help or hinder if the Head of State—he or she—has their own Twitter account?

Dr Ammon: I think this is the future.

Alexander Downer: Some of them don't do it themselves.

Chair: No!

Dr Ammon: If you don't take part in this as a Head of State, you are forgotten. Others will dictate the agenda. The particular Head of State you are referring to telephones into talk shows and sets the agenda of the talk show and takes ideas from a talk show into Government policy.
[Interruption.]

Chair: Order.

Sitting suspended for Divisions in the House.

Examination of Witnesses

Witnesses: Patrick Horgan, Regional Director, North-East Asia, Rolls-Royce plc; and Dr Catherine Fieschi, Director, Counterpoint.

- Q17 **Chair:** Thank you very much for waiting very patiently as various votes were held. We hope there will not be any more votes for another 45 minutes, so we will try to be quick. I apologise, because I am sure there is a lot you can tell us, but can I ask you to be very precise in what you are saying in oral questions and, if there is something you feel you would like to add in writing, or if there is a figure or something, not to wait for it, but just to write to us later? Is that all right?

Patrick Horgan: Fine.

- Q18 **Priti Patel:** You will have heard some of the discussion previously about the FCO and skills. It would be really interesting to get a quick snapshot from both your perspectives, from your own experience and insight, of where you think the FCO is in terms of skills—particularly from a commercial perspective, if I may say so, Mr Horgan, because we only just touched on the increasing focus on commerciality within the FCO's skills.

Patrick Horgan: Let me sum up by saying that I have had the pleasure of working with five successive ambassadors and their teams in Beijing and across China over the years, and have dealt with the FCO in various different capacities over that time. We are aware of the priorities of security, prosperity and support for UK nationals overseas. I principally have seen that through the prism of the prosperity focus, because of the business focus. We as a company, and I as an individual, thoroughly appreciate the support received from FCO over the years. For businesses in general, I would say it is important to understand that the support that the FCO and the UK Government presence overseas can provide for business needs to be differentiated quite significantly by type of business.

If you are a large MNC with established operations overseas and you have an existing network in a country, no matter how challenging that country may be—China is a good example—the fact of the matter is that most routine commercial activity is something that you can and should conduct yourselves. It is not something for which you depend on the FCO for expertise. You look to the FCO, the ambassador and the team around him or her to ensure that, to the extent possible, there is a context provided for the bilateral relationship that allows for the smooth conduct of commercial affairs. It may be that sometimes there are conflicting priorities and that that is not possible—we all understand that—but, to the

extent that it is possible, the context for business should be maintained, should have continuity to it and should be benign.

Clearly, if you are an SME trying to crack into a difficult market with which you are unfamiliar, the situation is significantly different. Those companies, from whatever source, are looking for support, assistance, insight and a platform to gain some familiarity with the market before they commit wholeheartedly, with potential exposure of resources. It is important to understand the differentiated nature of that support from the outset.

Even for large MNCs, though, it is important for us to have access from time to time to the channel that is provided through the Government-to-Government relationship, particularly in a political economy such as that of China, and particularly if the nature of the business is in itself somewhat governmental. If you are talking about a civil nuclear relationship, for example, or a defence relationship, then naturally those things are intrinsically linked to the Government-to-Government relationship, and in that context the FCO's support is particularly important. The other area where it is helpful to have FCO support, and where I have never found them failing, to be honest, is in the case of a situation where you encounter some friction or a dispute. In that instance, there will be occasions where it is necessary to have a voice from Government saying, "We stand behind and support this UK commercial interest in this particular issue of dispute."

Those are the differentiated contexts for SMEs and for large businesses.

If I get straight to the point about skills and commercial understanding, I would say that it is a mixed picture. Very often, what has seemed more dominant in the minds of the FCO colleagues and counterparts who we have dealt with over the years are the metrics and priorities by which they will be measured back in the UK, and those can be quite fickle and change over time. Do we only consider exports? Do we consider exports and investment? Do we consider holistically the nature of the commercial relationship that we have with a given country, or that an individual UK company has with that country? Those priorities have shifted over time, and the understanding of the way that business is conducted is not something that is always evident in the interaction that we have with FCO colleagues.

- Q19 Priti Patel:** May I ask you a question on that point? Metrics are really important—you know that; you are in the commercial space. You will have seen trade delegations come to China. There would have been a different range of firms—I think the one earlier this year had not only large companies but small companies, even from the Lake District, if I remember rightly. A baby milk provider came along too. With your commercial background, insights, footprint and knowledge, have you ever tried to work with the Government to change their metrics and open their mind up to a more commercially minded approach that could help to drive foreign policy objectives from the United Kingdom's perspective in China?



Patrick Horgan: The one area that has been a recurring topic of conversation over the years is the extent to which it appears that judgments are often made based on UK export data. There is a bit of an availability bias there, I suspect, because the fact of the matter is that the export data is readily available, so people tend to pick up on it and use it, but taken in isolation, it does not actually tell us all that much.

If you look at the export data relating to Rolls-Royce aerospace large aero-engine exports, if those engines are for Boeing aircraft, they are exported to the US and then on to the final airline customer, and in the case of Airbus aircraft, to Toulouse and then onward to the airline customer. All the business that we conduct with China in the aero-engine space does not appear as UK export statistics from the UK to China. There is a lot of intermediate trade and redirected trade.

Clearly, if you are talking only about exports and you are successful in a given market and your success grows to the extent that it makes sense to invest in that market, you are still doing very well as a company, and it is in your interests and the long-term interests of the UK to have national champions and world-beating companies that are established in markets overseas, but in the short term, it may have a detrimental impact on UK export statistics. If you have a narrow focus on that data and that data alone because it happens to be readily available, you will miss lots of things. It is about having the holistic understanding of the value of the bilateral commercial relationship, which is more than just UK export statistics.

Q20 Priti Patel: Of course. This is not just about the FCO; it is also about the Department for International Trade. What are the synergies like between the two of them? Here we are today in a Select Committee. Do you have any advice or guidance for them in terms of what they could do to improve and drive in the right kind of outcomes, from the perspective of exports, trade-ins and the representation of UK plc, and from a foreign policy perspective?

Patrick Horgan: There are several things. First, there is ensuring that the Department for International Trade presence within the embassies and missions remains closely tied in, and does not veer off on some tangent. Having a whole-of-Government approach and consistency in the messaging into country and back to the UK is really very important and helpful. Sometimes, time and effort have to be expended to join the dots between the silos within the system. It would be good if that problem did not get worse rather than better.

As I have said, a second would be to adjust the metrics and design the metrics so there is an understanding of the holistic nature of the commercial relationship between the UK and a given territory, and not to have teams that are too narrowly focused without that understanding. Those would be two key points. Then, obviously, there is actually having people who have an understanding and experience of the business world within the teams. That does not necessarily mean hiring people who are business people—although sometimes at least having the flexibility to do

that will be an appropriate way to go—but having the use of secondments and experience in both directions would help a great deal.

Priti Patel: I know that some other Departments certainly tried to do that, and failed.

- Q21 **Royston Smith:** May I pick up on that, Mr Horgan? What are the FCO's unique selling points compared with DIT? And who would you go to first if you needed to: the FCO or the Department for International Trade?

Patrick Horgan: Historically, DIT, and UKTI before it, was very clearly the organisation that was focused on trade promotion. It did indeed have that fairly narrow focus on trade promotion activities, sort of beating the drum for UK exports, and for inward investment at various points in time. But, in our experience, specifically in China—I think it varies depending on where you are—the level of expertise and market understanding within that team was historically not great. The level of language skills within that team, historically, was not great. So unless there was something that was very clearly linked to a trade-promotion-type activity, our instinct and our principal interlocutor would have been more with the policy people, and more with FCO than with DIT and UKTI.

It does vary by market because, as I said, in some places there would be much more of a focus on using the UK brand and image for sales purposes, in which case the DIT/UKTI role would be greater. In China, in general, with a very heavily deployed presence with no defence business, the commercial aspects are conducted by us, and I think that is true for most MNCs. The area where we need to engage is around the policy aspects and the nature of the bilateral relationship between the UK and the given country, which takes us more to the FCO.

- Q22 **Royston Smith:** On the comments you have made about language skills and the rest, has that improved since DIT has absorbed UKTI?

Patrick Horgan: Yes. I would say that with the appointment of the current trade commissioner into China and the very close and effective working relationship between him and the ambassador and the FCO team, the situation has improved, but it is still a work in progress. Clearly, there is a focus on the skills within that team and I imagine that that is not isolated to the China situation.

- Q23 **Priti Patel:** May I come in on that? This is really a question to Dr Fieschi. Obviously you have had the role of the British Council so you understand the sort of soft power side of things too. I have always been struck, certainly in the roles I have had in Government—in my engagement in the Foreign Office, not so much on China, but a bit of China, and I worked in business before I became a Member of Parliament and internationally for MNCs too—by the fusion between the diplomatic side and soft power to reinforce our national interests in-country for the benefit of some of our long-term commercial aims. Do you see much of that fusion taking place?

Dr Fieschi: I think it used to take place, but things have changed substantially. I worked for the British Council between late-2008 and



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2011. I think I came in at a time of transformation there. When I joined, I was aware of the British Council. I had been part of the British Council galaxy, if you like, as a guest or as a contributor, and I had a real sense in a way, even though this was about soft power, that it was going right to the core of what the UK did really, really well. I have to say that since then I feel as though there has been a slight decline, for various reasons, in terms of shifts in the political environment, in how the UK presents itself. I also think that there used to be an emphasis—this was true in the FCO, but also in the British Council—on expertise, and knowing the deep history and culture, not just being fluent in language, but fluent in a place's culture and networks. I find that this is no longer valued in the same way. That makes it much more difficult for many of the people that I have come across to be useful and credible in that respect.

- Q24 **Priti Patel:** I think that is extraordinary. That is an issue, because China or India, for example, are really important to our national interests, in terms of foreign policy, trade and UK plc objectives. We have enormous diaspora communities and we do not use the language nearly enough about the living bridge between our two countries and the cultural arm as well. The British Council—to be crude about this—is in receipt of UK taxpayers' money, via the Foreign Office, to promote many of the soft influences, such as culture, language and things of that nature. Where do you think the lack of emphasis has been? Is it a policy perspective in the Foreign Office that they just don't recognise this as being significant anymore?

Dr Fieschi: I think there has been a decision to privilege more generic skills, certainly inside the British Council. There is a generation of people who had very specific skills and expertise. More recently, more generic skills have been privileged, such as project management—which is important. That, in a way, has led to a depletion of expertise. For example, I now run a very small business that deals in different parts of the world with very large businesses. Given my set of nationalities—if I can put it that way—I regularly turn to the British, French and Canadian diplomats, and the British Council. I feel that from the British Council—and even, to some extent, in terms of FCO support—I get a very warm welcome, but I do not get access to very deep networks. If I want access to deep networks, I will do it myself or through external third parties.

- Q25 **Chair:** May I ask a specific question on that, to both of you? How does that outreach fundamentally compare with other nations? You are talking about the depth of understanding. Traditionally, it is said that one thing British diplomats bring is language skills, but, as you say, language on its own is not enough. In China, for example, how do our diplomats compare? Perhaps your rivals in business were supported by a German diplomat for Siemens or a French diplomat for Airbus. Dr Fieschi, I do not know if you would be able to compare as well.

Patrick Horgan: The German example is interesting, because they do not particularly invest in language skills.

Chair: So they conduct everything through English.



Patrick Horgan: And through locally hired interpreters. As far as I am aware, there is not a big programme of investing heavily in the acquisition of language skills for German diplomats. It is a positive differentiator for the UK. We still have people who have language skills. When our ambassador in Beijing stands up to present, she delivers her remarks in Chinese. That is a very positive differentiator. Some of the political and economic analysis is of great quality, because the individuals involved have the language skills that allow them to penetrate the veils of dissemination that you see in China, which are intended to cloud the picture. I think the language skills are important.

Q26 **Chair:** How good does your language have to be?

Patrick Horgan: It depends on what you are doing. We need to have specialists who have language skills so that they can conduct research on primary sources and can read and write, which in Chinese is a challenge. Then we need to have a bunch of other people who have language skills that help to break the ice and allow them to conduct conversations. Those things are very positive assets too. If we only had a team of diplomats who did not have those capabilities, I think it would reflect very badly on us, and our intelligence, understanding and ability to influence would be impaired.

There is, of course, a debate on the input to output value here, and the amount of resource and time that is spent on language training. In a world where increasingly there are people out there who study Chinese and have Chinese language skills, and where there are more and more Brits who are spending time in China, who speak Chinese and who studied it at school, flexibility around the recruitment and the staffing model that allows us to make optimal use of those schools and to afford those people meaningful careers if we take them on within a FCO construct. That is something that I think is still a little bit elusive.

Q27 **Chair:** Dr Fieschi, do you have anything to add? Don't feel you have to, by the way, if you think that Mr Horgan has answered that.

Dr Fieschi: I feel that I somehow struck a more negative note than potentially I intended. I think it reflects potentially the kind of business that I am in and increasingly what I think are going to be the necessary networks and different kind of capacity to navigate different cultures and societies. I feel in that respect that where the UK used to be well ahead, we are less so, particularly in the case of the soft power, cultural and societal aspects.

That is partly because it has been narrowed down a little bit too much to the arts and language, with really very little left aside from that. The policy and political analysis that you get from the FCO also leaves out a lot of the crucial social and more hidden dynamics that are actually hugely important for a number of businesses, and carry enormous weight in terms of the way that they get broadcast through digital media. We need the capacity to read this much more complex and much faster terrain. We are talking about often layers and layers of social and political dynamics

that merge at great speed now. We would really benefit from more thematic understandings and more of these kinds of expert skills that, just at a time when we need them, somehow are not really being cultivated or rewarded.

Patrick Horgan: May I come back on a couple of things?

Chair: Of course.

Patrick Horgan: Just a couple of other points of differentiation with the German support for business in the country as opposed to the UK support. The German business association BDI has embedded within the embassy people provided by, typically, one of the large German businesses with a trade policy background. They are effectively on a three-year secondment with diplomatic status. Business has somebody sitting within the German embassy, the German diplomatic presence in China, who is a businessperson from a business and is there to help to bridge the relationship between their foreign service and the business interests in the country.

They also have the phenomenon of German Centre. This is partly to do with the commercial ecosystem in Germany, which we cannot necessarily replicate anyway. This is an organisation that has its own start-up platform, effectively. In Shanghai, they have more than 200 German SMEs—in Beijing, more than 100 SMEs. It is a tight network that provides a lot of support that allows those companies to get established. Typically they grow and move out. Our efforts are relatively paltry by comparison.

To come back on the discussion around the British Council—Catherine and I have this in common—I also spent nearly two years in the British Council. I came in from the private sector. The reason I chose to do that was that, in years of doing business in Asia and China prior to then, it was apparent to me that if you were dealing with Chinese Government officials on a point of policy, very often that was open to interpretation, and if you were talking to commercial counterparts in a commercial discussion, many things were open for negotiation. But one of the key differentiating elements was whether they were predisposed to talk to you in the first place—whether there was some emotional connection and interest in you, where you came from and your country; whether their kids had studied at a university in the UK; whether, as a child at school, they had got hooked on Shakespeare at some point. Those things were incredibly powerful differentiators. I thought it was worthwhile to take some time out from a business career because I thought that was the most powerful form of diplomacy we had in China and in other Asian countries.

- Q28 **Stephen Gethins:** May I ask a question that leads on quite nicely from that? Again, many apologies for coming in and out today. I am really interested in what you were saying about us not having access to the same cultural networks, albeit it is great being able to speak the language. Do you think that is because of lack of personnel? Is it because of a turnover of personnel in the Foreign Office?



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Following on from what you said, Mr Horgan, I would be really interested in your thoughts about how the FCO uses non-traditional methods of building networks. I think about the business community and education establishments, and in recent times the devolved Administrations have had their own networks, too. Do you think the FCO is catching up with that and moving beyond the traditional way of building networks, which was through a desk officer here or an embassy? Obviously, there is quite a big resource that goes beyond the FCO nowadays.

Dr Fieschi: I don't know that I can comment on how the FCO is using these networks, but I can say a couple of things. First, the shape of these networks and how you access them has changed quite fundamentally, in terms of the digital connection that one needs to make with them. In terms of both the FCO and the British Council, I feel as though there is still an element of hesitation about whether it is appropriate to engage in these ways and, if so, what skills, what kind of training, what oversight and what kind of gatekeeping we need.

Hesitating is no longer an option—it is no longer appropriate. This is the way the conversation is being held, in large part, whether it is in policy, business or culture. That is not to say there is not a learning curve associated with it. More to the point, part of soft power is being able to hold the conversation. It is being able to highlight those instances—those touchstones that you were talking about, such as university networks, which are actually quite powerful abroad. Being able to hold the conversation on terms that are relevant to you and bring people to the table is the very definition of soft power. To some extent, if we are not much more lucid about the fact that opting out or over-regulating it is no longer an option, we—the UK—will no longer hold the conversation.

Patrick Horgan: During the brief time I was there, I found that the British Council was actually quite pioneering in its use of social media, in China specifically. How widespread that was, I don't know. The question of how effective the FCO is at using these networks is a sort of sum of the parts question. There are pockets of great innovation. You get motivated individuals who have a great personal impact and build up great networks. My question around that would be how effective is their visibility over the end result, and to what extent are the necessary connections being made without stifling the innovation within the wider network. I think that is an open question. I think that very often you still get the feeling that you are talking to person X within department X reporting up that particular line, and the extent of visibility across the other things that are going on across the extended network is not always great.

Dr Fieschi: May I add a very quick thing? It is symptomatic, if you like, as we are talking about networks and making connections, that if you go on the FCO website, or even individual country embassy websites or the British Council's website, it is almost impossible to find people on it. You may get the name of the head of the mission and potentially the deputy, but you basically get no one else. This is not a question of whether there is a security risk in a particular country or another; it is the same for the British Council.



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I know that this sounds anecdotal, but the fact is that if we are talking about soft power and conversations and cultural relations and relationships, it is really quite important that you get a sense of the interlocutor. I find it quite striking that basically there are no interlocutors when you go on to these websites.

Patrick Horgan: May I make one additional point? It picks up a little bit on a comment that was made at the tail end of the last session. One of the things that occupy a great deal of the time of people within the FCO network, including the British Council, is the anticipation, the understanding, the second-guessing of the instructions and the mandate that will come from the UK. A mandate that allows freedom—freedom within a framework—for people operating overseas who genuinely have expertise and a clear understanding of the UK national interest and are given freedom to pursue it, would be an enabling change.

Q29 **Priti Patel:** That brings me neatly on to my next question. The experts are in the field—they are in the countries—and yet the mandate holders tend to be somewhere else in the world. How can the mandate holders, particularly the FCO, get the best out of the experts in the field? Is it about time that we stopped this being a binary relationship with just one or two Government Departments, such as the FCO and the Department for Trade, and had a whole-of-Government approach, so that there was much more visibility across Government Departments? If you think about the British Council and the work you have only touched on, in terms of digital communications—people to people—that sits across the whole of Government. How can we have a much more integrated approach? That is one question. Also, how can the mandate holders in Government and in Whitehall best draw on the skills of the people in the field, so that we can represent the UK's national interest much more effectively?

Patrick Horgan: I believe that, in a large mission such as China, about 18 Government Departments are already represented; and as I understand it, whilst there, they do fall within the framework of FCO leadership. So the mechanism actually is there. It is a question of—institutionally and behaviourally—bringing it about. That requires line management signals departmentally to encourage it, to facilitate it, to recognise that it is a thing that should happen, and to recognise that, at the country level, there may be a whole-of-Government or whole-of-UK national interest that needs to be understood, from which priorities flow, rather than simply an assessment of priorities at the UK end, that then flows out directly.

Dr Fieschi: I would add that, as Patrick and I discussed previously, one interesting aim of the British Council is to take a much longer view, to invest in long-term understanding and long-term developments, to not necessarily react directly to every political crisis or political change. To some extent, the chain of command, whether it is the FCO via the London base out into the 100 and something countries, would be a hugely facilitated chain of communication, and the communication back would be hugely facilitated, by those long-term objectives and that long-term



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interest in developing the attractiveness of the United Kingdom as a cultural, educational and social player.

As it is, even for the two short years that I was at the Council, the missions and priorities were constantly being reformulated. By the time they hit country X, and country X changed the strapline, renewed the website and set up the programmes, which generally takes a number of months, they had changed again. I think that keeping an eye on the fact that soft power is a long-term development, because it is about trust, might facilitate this.

Patrick Horgan: In that specific instance the British Council, as I understand it, is now about 25% or less taxpayer funded. Institutionally it was set up to have an arm's length relationship with Government. A few years back I remember addressing the annual convention of all the Confucius Institutes that was being held in China. One of the colleagues from the Confucius Institutes overseas stuck up his hand and said, "Lots of people think that we are Chinese spies in Britain. How do we avoid that situation?" I had to reply, "As long as you are directly owned, controlled and operated by the Chinese Government, it is inevitable that people will think that way, and trust will be hard to achieve."

One of the other participants, I think from Chile, stuck up her hand and said, "Whenever anybody says that to us, we say, 'We're just like the British Council.'" You can see that the model is being copied, but actually to have the long-term focus on the national interest and use the cultural dimension in the way that the British Council was designed to do, it does need to be a little bit arm's length, and not have monthly intervention.

- Q30 **Chair:** Can I ask a little bit about the long term? You have spoken about having the skill sets—trade negotiators or whatever it is—and you will know that the Diplomatic Academy here in London seeks to train for those skills. Are they trainable within a year or two, or are they the sorts of things that actually we should really be looking to bring outsiders into the system for?

Patrick Horgan: You mean trade policy specifically?

- Q31 **Chair:** I am thinking of trade policy and negotiations for free trade agreements and that sort of thing—post-Brexit stuff that you will be aware that we are talking about quite literally right now in the Chamber.

Patrick Horgan: You can certainly achieve a lot in a year. There is a basic understanding of how trade policy works, of how multilateral agreements and bilateral agreements work, and of how business works, which wasn't a part of the previous skills set of UKTI and DIT. I think it is questionable how far you can get in a year, and you need to have an injection of expertise with people who have a little bit more than a year's experience, but sure—things can be done within a year of training.

Dr Fieschi: I would agree. One of the services I am most familiar with is the French one. They place a lot of stock in this kind of technocratic development to begin with. In a sense, it is not just that they train up



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their candidates in that respect, but they very much test them on this. There is an emphasis to demonstrably show that you have been trained, as opposed to entirely relying on a competencies framework.

Chair: You have been very generous with your time, and I am conscious that there will be a vote in four or five minutes. Rather than have you wait for another three votes—one that turns into three—are there any last points that anybody would like to bring up? You have been exceptionally generous and I am terribly grateful. You have been extremely clear, so thank you very much indeed.