

Foreign Affairs Committee

Oral evidence: [Global Britain and India, HC 1465](#)

Tuesday 19 March 2019

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

Questions 186-225

Witnesses

I: Mark Field MP, Minister of State for Asia and the Pacific and Fergus Auld, Head of South Asia Department and India Co-ordinator, Foreign and Commonwealth Officer.

Written evidence from the [Foreign and Commonwealth Office](#)

Examination of Witnesses

Witnesses: Mark Field and Fergus Auld.

Chair: Welcome to this afternoon's session of the Foreign Affairs Committee. Minister, thank you very much for coming, and Mr Auld, thank you for joining us. Priti, you wanted to start.

Q186 **Priti Patel:** Good afternoon, Minister. It would be really helpful if you could start our session this afternoon by giving your definition of or perspective on the British Government's and the Foreign Office's foreign policy approach to India.

Mark Field: It is a country that I had a chance to visit twice before I became a Minister, and I have visited three times since. I wouldn't pretend to know it half as well as you do, or even a proportion rather short of that, Priti. As you know, we have an "all of Asia" approach. We do not try to pick winners in a way that perhaps one or two other countries have done; they have tended, perhaps, to be more in the India than the China camp, or put India's interests first in relation to ASEAN.

As I see it, the most important focus of the relationship—the relationship has gone from strength to strength, particularly in the last decade. Only in 2007 did we begin a defence and international security partnership and relationship. We went on from that and started a JETCO relationship—the economic and trade Minister-to-Minister relationship. At that point, we had a high commission and three other bases; we now have a total of nine Deputy High Commissions.

From my perspective, there are a range of important aspects, but obviously the people-to-people connection, the diaspora connection, is a very important part of this. There are 1.5 million Indians living here in the UK. I have tried to focus some of my energies as the Minister, in the two years I have been in post, on going to places like Leeds and Manchester—I hope to go to Glasgow later in the year—to meet up with businesses that are based there. That is mainly, of course, on the technology side. It is about looking at the strengths of the relationship in the technology area. Increasingly, of course, with the great push that India is making towards artificial intelligence and all aspects of the fourth industrial revolution, there is, in relation to cyber-security on the defence side but also on the broader commercial side, an obvious partnership that would not be there with other big countries.

So it is a broad relationship and a relationship that is forward-looking. You will know as well as I do that if there has been one frustration, in the eyes of many of our Indian counterparts, about this relationship in the past, it has been that we have tended to focus on backward-looking issues about the past, in a nostalgic, historic way. That has rankled with many in Delhi



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and elsewhere—the sense of this neo-colonial approach that the Brits have.

I think it is now a relationship of equals in the 21st century. Above all, the focus is on the rules-based international order—something on which, in all of its facets, we work closely. If I may say so—I am sure we will come on to this in relation to the Kashmiri issue, which has obviously been the focus of attention in recent weeks, but I also think that the richness of the relationship with, dare I say it, both India and Pakistan—we are a friend of both—allowed us to keep lines of communication open in a unique way. That assisted, along with statesmanship from both Prime Minister Modi and Prime Minister Imran Khan, in defusing some of those tensions.

While I am not complacent—we are not by any means at the end of the road on that particular issue—there have been some positive signs. We can be proud that our broad network and understanding there made a contribution towards helping to release those tensions. I don't know if there is anything else you wish to say, Fergus?

Fergus Auld: No, I think you have characterised well that the breadth of the relationship is important across security, prosperity and influence, and I am sure that we will delve into some of those areas more fully.

Q187 Priti Patel: We will almost inevitably come on to the Kashmir issue shortly. However, because we are speaking at a much more strategic level, in terms of UK-India, can I just press you a bit on India? Last year, we hosted the Commonwealth Heads of Government meeting. Where does that sit?

Also, Minister, you mentioned the rules-based system. Security co-operation naturally features within that, as does representation, at a multilateral level, whether at the United Nations, the World Trade Organisation, the International Monetary Fund, the World Bank and so on. What role does the British Government play in strengthening or facilitating Indian representation, or in making appropriate representations on behalf of what is effectively a member of our family in the Commonwealth?

Mark Field: India's population is 1.3 billion, and it has significant reach, with a significant diaspora not only here in the UK but in other parts of Asia and Africa. Looking at the long-term strategy for the development of the Commonwealth, I would liken it to a board, with the UK as the chairman and India as the chief executive, given the depth of its reach. As you know, there has been a big move to try to get quite important elements of research and policy run out of New Delhi on a longer term basis.

You also know that, at the moment, as we were the hosts of CHOGM last year, we still have ongoing responsibilities before it heads out to Kigali in Rwanda in June next year. A significant amount of work is going on in all the strands I touched on, and obviously from a prosperity side as well.



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On the international system, you touched on India having on six occasions had a seat on the Security Council for two years. It obviously focuses on a range of the bodies, whether it is peacekeeping or other UN bodies, and you will know from your experience in DFID that it plays an increasingly important and evident role in the World Bank.

Funnily enough, I am hoping—votes willing—to be out tomorrow to Paris. I have responsibility for the OECD relationship. Again, that is a relationship where, dare I say it, because of the importance of the rules-based international order, there is a real sense that that organisation sees itself as working pretty closely with India, although India is a key partner rather than a fully-fledged member.

Dare I say it, of the economic reforms that Prime Minister Modi has had in mind that have not quite come into play, but hopefully will in the months and—potentially, if he is re-elected—years ahead, the UK hopes to assist a lot of them through our prosperity fund work. For example, in the financial services sphere of that, there is the idea of the internationalisation of the rupee; insolvency reform, which will hopefully lead to more investment; and changes to aspects of insurance and broader tax collection. All of these things require more than just a bilateral relationship; a relationship with an important international organisation such as the OECD will have its part to play.

Q188 Priti Patel: Do you feel that the United Kingdom plays a strong enough role in ensuring that India has appropriate influence at key economic bodies—I am obviously referring to the World Bank and the International Monetary Fund—on the basis that India is part of the Commonwealth family? We have an economic relationship as well as a bilateral relationship, absolutely, but do we work through our influence? We hold the seat at the table, and obviously we are the penholder in many of these organisations, as well as a major contributor financially. Are we doing enough to support India's representation and the issues they bring to the table at these big organisations?

Mark Field: I very much hope that the strength of the bilateral relationship would allow any concerns that are raised to be put into play. I was very struck on my two most recent visits to Delhi—I was there as recently as the first week of March—by NITI Aayog, the think-tank that is not dissimilar to Edward Heath's great Think Tank of the early '70s, in the sense of trying to bring together a whole range of strands of thinking. I think a lot of that will be much more outward-looking as time goes by and, as you say, if that means linking in to organisations such as the World Bank, the IMF and the OECD, I very much hope that even if India is not a fully-fledged member of those organisations at any particular time, or on those particular committees, we will be able to work closely with them—by no means exclusively.

Obviously, we recognise that India, similarly to the UK, has a range of strong relationships that it is developing across the world, with France and Germany within the European Union, and an increasingly strong relationship with the USA. There is a relationship in terms of cyber and



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other challenges with countries such as Israel, which is something we will all watch develop with interest. I hope that none of that international activity will mean that the UK feels crowded out. In many ways, a more outward-looking India will only be in our interests as well as in the interests of the world at large.

Q189 Priti Patel: I just have two more specific questions on the UK-India relationship, and then I want to come on to the Pakistan issue and the recent disputes there. The Foreign Secretary told us that in the UK's relationship with India, we had not got near our full potential. How do you feel about that statement? I am not saying you agree or disagree, but if you agree with the broad sentiment, what do you think that could be attributed to?

Mark Field: The expectations of the relationship have always been very high, and rightly so. You will know from your own experience that successively, from Blair to Brown to Cameron, all those Administrations would take big delegations, focusing—although by no means exclusively—on trade. Certainly the returns might look less stellar than they would be from similar delegations that were going to China at any one time. The importance fundamentally is that you have to develop and build a long-term relationship.

That relationship is one that I am confident will bear fruit from our own involvement, to which I referred earlier on: the fact that we now have nine consulates general in other parts of the country. The importance of the states, as you will be aware, is something we should not underestimate. For example, when I was in Hyderabad last year I had a chance to meet an up-and-coming state governor to talk through the aspects of the India-UK tech partnership that were going to have an impact on his city and his direct region.

There is a lot of long-term work that has to go in, but one of the dangers or difficulties, which applies not just to Governments, but to businesses in relationship with not just India, but other places in Asia, is a tendency to say, "Well, if we don't get returns within three or five years, we should give up on it." You have to be in it for the long, long term. I am confident, and if we can utilise and link into the Indian diaspora, which provides, as Prime Minister Modi rightly says, a "living bridge" between our two countries, and make that work for the future, then we will see the relationship fulfilling its full prosperity potential.

Q190 Priti Patel: You have mentioned Prime Minister Modi a couple of times. He is the architect of the term "living bridge", and effective usage of the Indian diaspora community around the world, not only in the UK, but more broadly, has helped to strengthen ties with key countries. Do you think our own Prime Minister understands the significance of the living bridge and why, domestically, diaspora communities matter when it comes to bilateral relationships?

Mark Field: The very fact that her first overseas bilateral visit on becoming premier, beyond the G20 visit, which I think was in China, was



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to India, reflected the importance that she attaches to the relationship. As we all know—whether we like it or not—the issues around Brexit have clearly crowded out much of the work that might have been done in these areas. It is why we have a ministerial team.

It is also worth pointing out that the ministerial reach that we have within India applies to 18 different Departments if you include the Scottish and Welsh Governments. So we have a huge reach and I know that many Ministers from across Departments will spend some time out there. I am pretty confident the Prime Minister does understand the importance of Asia generally in terms of the connections, but also India very specifically. If any implied criticism were being made, the reality, as we know, is that so much energy has been taken up on the Brexit negotiations. I hope she is confident she has got a group of Ministers across Government who do take the India relationship very seriously.

Q191 Priti Patel: Thank you. I have got one question, which you touched on. I mentioned international rules-based systems, organisations, but you have touched on Pakistan as well. Are you able to provide us with a bit of a sitrep on that and, importantly, where you feel the UK has been pivotal in effectively helping to reduce tensions and bring parties together?

Mark Field: I would not want to suggest that our role has been entirely pivotal, although it is important. We are a trusted partner and a long-standing friend of Pakistan as well as of India. Again, a lot of the work we do with our closest partners has made a real difference. After the appalling terrorist attack in Pulwama on 14 February, tensions were high and there were incidents beyond that time. However, one of the most important things we were able to do was to be an honest broker and try and bring both sides together, in the sense of having connections—not just politically but diplomatically and, importantly, militarily—to ensure lines of communication were kept open.

I have said on the Floor of the House: it is not for us to intervene or interfere or mediate on the Kashmiri issue. The ultimate issue must be between India and Pakistan, with the people of Kashmir at its heart. A huge amount of work has gone on. As I say, one should not be complacent. There are ongoing tensions that go back many decades in Kashmir. There was a brief moment, comparing with what happened with the Kargil incident of 20 years ago. That was the first time both India and Pakistan were nuclear nations and there was a major flashpoint and real concerns. It has been heartening to see a defusing of the tensions. It could have been very easy for them to be raised, not least given the imminence of the Indian election.

Q192 Mike Gapes: Can I take you to India's perceptions of UK foreign policy, specifically with regard to our interests in the Indian ocean? Clearly, there are the Chagos Islands, the British Indian Ocean Territory, which are a major military base, albeit American. There are also a number of Commonwealth countries in the region where India clearly has an interest. The Maldives and Sri Lanka are two where there have been some internal difficulties and turmoil. Do we and India have a shared



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view of that space, or does the residual colonial overseas territory relationship influence it adversely?

Mark Field: Let me come, if I may, to the British Indian Ocean Territory in a moment or two. To touch on two other aspects: Maldives and Sri Lanka. I was in both countries at the beginning of October after the disputed election in the Maldives. It was very clear that the former Maldives Government was very focused on an economic relationship with China and Saudi Arabia. Certainly, the new Administration are much more even-handed, trying to work closely with India. That is a positive route forward. My presence there was to try to instil confidence, but also to instil support for the democratic process, given that the Government won with 57% of the vote. Part and parcel of that was working closely with India.

The Sri Lankan situation is difficult and is very much work in progress. I am obviously pleased to see that the Sri Lankan Government, notwithstanding all the upheavals of last autumn, have accepted that the UN issues from Geneva will come into play, but we are concerned. We feel that it is important that the Sri Lankan Government properly adhere to their obligations.

Q193 **Mike Gapes:** Does India share that view?

Mark Field: I think India very much shares that view. Obviously, it has significant Tamil minorities in the south who keep that issue alive, as does the quite vociferous Tamil aspect of the Sri Lankan diaspora here in the UK. The issue is actually much more fundamental than the lobbying we get from one particular group. There is an issue of ensuring that human rights are protected and that those international obligations are properly adhered to.

Q194 **Mike Gapes:** You mentioned China in the context of the Maldives. There is also a Chinese relationship with Sri Lanka. Sri Lanka is heavily indebted to China, and there are issues around ownership of its ports.

Mark Field: Sure, the Hambantota port, for which there was a debt-for-equity swap, as you know.

Q195 **Mike Gapes:** What is your assessment of how India sees that Chinese relationship with Sri Lanka?

Mark Field: I would not want to put words into Indian mouths on this, but clearly there is a sense of rivalry. There is a broad rivalry, and it manifests itself in places such as Bhutan and elsewhere closer to the boundaries. Equally, there is a desire for regional stability and for ensuring both the free movement of goods and free navigation throughout the Indian ocean. Any threat, or perceived threat, to that is one that, understandably, Indians and others will express concerns on.

You touched on the British Indian Ocean Territories. As you know, there was a ruling that recently came through, which—

Q196 **Mike Gapes:** Brought by Mauritius, with India supporting Mauritius.



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Mark Field: Yes. Our stance is that that is an advisory opinion, as opposed to a judgment, and obviously its details are being looked into with care. You touched on the defence facilities on the BIOT helping to keep people safe here in the UK and around the world. That is why we have maintained our sovereignty of the islands. We will of course continue to seek a bilateral solution to what we regard as being a bilateral dispute with Mauritius. However, as you are well aware, the importance of Diego Garcia to the US, and indeed to UK interests, is obviously quite profound and is recognised by other important regional partners, such as Australia.

Fergus Auld: May I add one thing on the region? I visited the Maldives and Sri Lanka at the end of January, where I met the Indian ambassador in the Maldives. He was delighted that we would be opening a new embassy in Male¹ later this year, as announced by the Foreign Secretary at the end of last year.

Q197 **Mike Gapes:** Rather than running it from Colombo? I visited the Maldives in 2011, and at that point we were represented by the No. 2 from Colombo, who was looking at the situation.

Fergus Auld: Yes. The High Commissioner in Colombo has been the non-resident ambassador for some time, and has been very active there throughout last year. However, the Indian Ambassador very much saw the UK increasing its presence in the region as a positive, as we are a like-minded partner there. During the constitutional crisis in Sri Lanka at the end of last year, there was close co-ordination between our mission in Colombo and the Indian mission there, which compared notes. Again, there was very much a common view on the risks posed by that constitutional crisis.

Every word that the Indian High Commissioner says publicly is very closely watched and sometimes it is a little easier for the British High Commissioner to be saying things publicly than it is for the Indian High Commissioner; but there was very close co-ordination. That speaks to some of what you were asking about in earlier terms of the value of the relationship through the global Britain uplift. Our expanding footprint in the region is very much to the benefit of India as well as the UK.

Q198 **Andrew Rosindell:** Minister, you spoke about the importance of security in the region and the British Indian Ocean Territory as part of that. You also spoke about human rights, and our footprint. Diego Garcia is the only place where the American airbase is—the outer islands of the British Indian Ocean Territory are uninhabited, and that is because people were ejected from those islands. Surely, as a goodwill gesture to those people and to show that Britain is leading in terms of human rights, should we not allow those people to go back to their homeland? What is the block to that? Mauritius, India and other countries would welcome the right of return. Surely, the British Government should be giving a lead in this area rather than continuing to block the ability of Chagossians to return

¹ This transcript was amended after publication to note that the embassy will be in Male, not Mali



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to their homeland?

Fergus Auld: As the Minister said, the ICJ's recent advisory opinion is something that we are studying closely. We are in discussion with the Government of Mauritius on the implications, and the right of return of the Chagossian people is part of that ongoing discussion.

Mark Field: To be fair, all these issues have to be considered together. On the idea of detaching the issue about the sovereignty around Diego Garcia—potentially, the impact of the ICJ judgment, if it were to be confirmed, detaches that from the issue of returns. There needs to be a broader solution to the issue as a whole.

Q199 **Andrew Rosindell:** Are you saying that the right of return and sovereignty are linked together, so the United Kingdom cannot unilaterally agree to allow the Chagossian people to return—it has to be linked to a sovereignty question?

Mark Field: Because the sovereignty issue is now in the hands of the ICJ—although we would regard this as being a bilateral issue with Mauritius, ideally rather than one that should have ICJ jurisdiction—we need to look at all of these issues together. To take a unilateral stance on part of this issue while there is still an ongoing dispute about the sovereignty of part of the British Indian Ocean Territory would be unwise. We need to look at this in the whole, as opposed to taking a lead, as you put it.

Q200 **Mike Gapes:** Can I go back to the issue of defence co-operation? Previously, as the UK, we have been among India's top six arms suppliers—I understand that was between 2007 and 2017—but in 2018 we dropped to ninth place. India has diversified away from Russia but has gone to France, Israel and the US, rather than the UK. France has been significantly increasing its defence exports to India. Why is this? We have been told that the main reason is that the Indians prefer to do Government-to-Government deals, which they do with the Russians, the French or the Americans, but we do not have that culture; we don't do that. Is that the main reason?

Mark Field: You touched on the fact that a great deal of the equipment previously used by Indian armed forces was sourced for traditional reasons from the Soviet Union, and then from Russia. Part of what we have seen is that India has had a desire to diversify its equipment sourcing, but also in many ways to try to develop an indigenous defence industry. Obviously, the Foreign and Commonwealth Office plays its part, working with the MOD, to support the UK defence industry in generating competitive bids for new contracts. As you know, with our own defence and international security partnership, we would see opportunities in that regard.

The contrary criticism has also been made: "Isn't the UK perhaps ahead of the game in refusing licences on occasion being given to India, now that India is, of course, a member—and we very much supported its being a member—of the major export control regimes?" Obviously we do support that, but any refusals that are given are not given lightly. We believe that

all members must adhere to fairly stringent legal obligations, which will occasionally result in some refusals. It may well be that our robust arms licensing system has made life a little more difficult than it might have done for the other countries that you have mentioned.

Q201 Royston Smith: May I move on to the economy, particularly post Brexit when we will be looking to do more trade with countries other than EU countries? Some 20 years ago, we were India's second biggest trading partner; now we are 17th. To what do you attribute that decline in our trade with India?

Mark Field: I would not be too negative about it; there is a strong trading connection that we have with India, and a lot of investment goes on in the bilateral relationship. Obviously, we need to focus in particular sectors. One that I touched on in an earlier answer was the broad technology, science and innovation sector, working together with a strong tech partnership that I think will bear some real fruit in the years to come.

One of the areas I have been involved in and have overall responsibility in the Foreign Office for is the prosperity fund, which is part of economic diplomacy. Again, that comes in for some criticism: "Why are we utilising ODA?" I can see Priti Patel already scribbling a few notes down. "Why are we doing ODA with India when it has its own space programme?" Of course, you can make that argument, but the argument also is that 60% of the world's poorest people live in middle-income countries. Again, the argument could be, "Well, let them get their own house in order to ensure that people are brought out of poverty," but the benefits of working across the whole range of prosperity fund programmes will make a major difference for us.

One of the fundamental ideas of the prosperity fund is, of course, the secondary benefits for the professional services and other companies that are involved in it. For example, we have work on smart cities in relation to low-carbon and climate change, but also on the financial services side. When I was in Mumbai at the beginning of the month, I had an opportunity to see some of that work in action, and some of the programmes we are putting in place, which again will help to ensure that the next generation of British businesses will have a very good foundation from which to develop even further trade in the post-Brexit world.

Q202 Royston Smith: It is still far lower than it was, and I am not filled with a great deal of confidence that it will be going in the other direction and become much better than it is. The term that the Government use when we are talking about the UK post Brexit—that you use, Minister, with other Ministers—is global Britain. How do people in India view global Britain? Do they think that is a concept? Do they understand it in the way that you do? What do people in India think of Global Britain?

Mark Field: They recognise that we are an outward-looking, strong trading country that has a range of connections across the world, not least because of the importance of our role in a range of multilateral organisations. While we may be leaving one important such organisation,

clearly we have a role as a P5 member of the UN and important roles in a range of organisations such as the World Bank and the IMF continue. Increasingly, one of the aspects of my work is to ensure that we maintain a dialogue, partnership and relationship with ASEAN going forward. I will say a little bit more about specific statistics, which you touched on earlier, Royston. Total trade in goods and services between the UK and India is some £19.8 billion over the four quarters to the end of the tax period 2017-18, which itself was an increase of over 14% on the previous period. Our own exports to India amounted to some £7.6 billion, with imports at £12.2 billion. The statistic I have is that we were the UK's 16th rather than 17th largest trading partnership, but our export of goods to India has increased by some 27% in the past 12 months.

Royston Smith: That of others has increased far more than ours, though.

Mark Field: As I say, we are making progress, and we have to accept that India is a very big market. We might be getting a smaller slice of a much bigger cake, but it still provides tremendous opportunities. There is no cause for complacency. The UK-India joint working group on trade has made significant progress over the past two years, and I have spent time trying to develop that.

Fundamentally, the relationship is at diaspora level, too. Technology is not the be-all and end-all, but all of its aspects, including robotics, cybersecurity, and the FinTech relationship—which has such potential to go from strength to strength—are areas in which one can be confident and outward-looking. I am sorry that Bob Seely is not here to discuss his report *"Global Britain: A Twenty-First Century Vision"* written in February 2019. It is a good read, and it makes some fair points. We are constrained in what we can do. The report considered how we bring all that DFID money in, so that we are firing on all cylinders. I would like to think that we have a strong one-HMG approach in India and many other parts of the world that I deal with, and that makes me feel that there is a seamless strand running between Government Departments in those countries.

The truth of the matter is that we are tied down to an extent by World Bank rules, and the Committee is well aware of that frustration. Obviously, we need to try to make changes, and we have to do so at multilateral level. During the coalition Government we gold-plated that with our own legislation, which it will be difficult to repeal any time soon. That is one of the reasons why things such as the conflict, stability and security fund and the prosperity fund are an opportunity for us to make a real difference and to make global Britain really count, and they take up relatively small amounts of the overall ODA budget.

Q203 Priti Patel: Speaking of DFID funds going into the Foreign Office, could I bring you back to the prosperity fund, which is hugely important and significant? Making it relevant to India: do you know how the prosperity fund is divided up, or what the approximate envelope is for India? How does the prosperity fund compare to other countries that are also participating in similar style investment projects in India?



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Mark Field: Obviously, as part of the comparator to which you refer, other countries are a lot more brazen about aid and trade being strongly connected. After the Pergau dam issues in Malaysia in the mid-1990s, the creation of a separate Department in 1997 was designed to prevent a direct—or even indirect—conflict of interest. It makes comparators for how a scheme works more difficult.

The strands of the prosperity fund India programme include one on urban smart cities, and a broad one on the ease of doing business, which will hopefully encourage many more exporting businesses—especially small and medium sized enterprises—to engage in India. Together with energy and low-carbon technology, and also the skills and the financial services discussed earlier, we are looking at about £50 million as an overall programme package for the next three financial years. We hope we will see progress not just there; I am also keen that if the prosperity fund works as well it is already working in certain parts of the world, we will be having a prosperity fund mark two in the next spending round, which will build on the foundations we have here. It is designed to do so.

Q204 **Priti Patel:** Do you see countries such as India still benefiting from that, post spending review, when it comes to stimulating investment and being a catalyst for investment?

Mark Field: I do, because in many ways, the criticism is of money that goes for prosperity fund programmes in China. The fact is that both China and India—China in a much more brazen way with its belt and road initiative, but India as well—have a huge reach into the region as a whole. One hopes that if we can play our part in improvements that are being made in a low-carbon area or in the development of the ease of doing business or indeed, in skills, that will permeate through to the countries with which India has connections.

I am a lot less squeamish about it. I often say it is far easier for me to defend this to the gunnells knowing that you as a Secretary of State for DFID would be getting the flak from the *Daily Mail* about why we were spending money in this area. There is a perfectly strong reason for us to do so, and I think it will make a real difference, particularly in a post-Brexit world, when we will need to build up our own capacity for trade across the world. The very fact that we can give this kick start to British businesses to make a start in these sort of markets is important.

Q205 **Priti Patel:** Do you think we should be more honest with the British taxpayers and say that we are spending aid money in India?

Mark Field: It is not that we are not doing that. Clearly, with the prosperity fund, we will. The reality is that it is not being honest with the taxpayers; we are constrained by our own legislation, on top of international rules, and I know from discussions that we have had in the past that you have tried to make progress with this. In many ways, it is in everyone's interest to have a little bit more transparency. Let's be a little bit more honest about how we are using this. It is also worth pointing out



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that 3.5%—7p in every £2—is spent on prosperity funds, so in the scheme of things, it is a relatively small amount of the overall DFID budget.

Fergus Auld: The important thing about the prosperity fund is that it matches the UK's expertise and commercial strengths and India's reform priorities and development needs. The Minister gave four of the strands already, one being urban development—all areas that are priorities for Prime Minister Modi's Government.

The other thing, in terms of the economic relationship, is seeing the importance of the investment relationship in both ways. We are top-four investors in each other's economies. We have more Indian investment into the UK than the rest of the EU combined. That guarantees 110,000 jobs in the UK and there are 700,000 value-added jobs as a result of British companies investing in India. One of the things that, as you will know, DFID has looked at is how to leverage private finance into India. A particularly good example is the green growth equity fund, which is a joint infrastructure fund to invest in the Indian renewable energy sector, with match funding of £120 million from both Governments. That is the type of forward thinking that DFID in India is doing in a new partnership using ODA, rather than some of the more traditional uses of ODA.

Q206 **Ian Murray:** Minister, you said in response to Mr Smith that progress was being made on trade, and figures for the last year were relatively positive. Mr Auld has just reeled off a collection of statistics about being the top four investors in each other's countries, with 700,000 jobs being reliant on trade with India and those kinds of issues. Why, according to the FCO, is India not seen as being in the first tranche of countries for a post-Brexit free trade agreement?

Q207 **Fergus Auld:** When the Department for International Trade is looking at prioritising its future trading relationships post Brexit, it has seen that it is possible to negotiate full free trade agreements with only a certain number of countries at once and has prioritised those that are relatively simple and where there is clear mutual advantage. With India, DIT is looking, first, at how to address other barriers to bilateral trade; addressing those barriers will help build towards a future trade relationship, instead of going straight for an FTA. One experience that we have drawn on is the lengthy negotiations between the EU and India on an FTA, which is not yet concluded. It is no reflection of a lack of importance of an economic and trade relationship with India; it is just a question of sequencing, and where to begin those negotiations.

Q208 **Ian Murray:** If a trade deal with India, by your description, is more complicated than some of the lower-hanging fruits for priority FTAs, what are the two or three main sticking points? What makes it more complicated?

Mark Field: It is fair to say that, as you will be aware, not all British companies have found it entirely easy to operate in India. There have been a number of high-value trade disputes that have required international arbitration, and that has sent a slight warning sign.



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One of the main strands of prosperity fund work that we are currently undertaking relates to the whole issue of the ease of doing business. India rose by 53 places, according to the World Bank's ease of doing business report in the period from 2016 to 2018, jumping from 130th up to 77th; but although that is a very positive step, it still serves to show that there are difficulties there. We feel, in the midst of the work, that there is not in any way a deprioritisation of the Indian issue; but in terms of other FTAs, some countries will probably be easier and smoother to manage, either because they have just reached the end of an EU FTA—everyone looks at the relationship with Japan, Vietnam or South Korea—or because they are very much on the front foot in doing free trade agreements quickly. Such countries include Australia and New Zealand. Obviously, we want to do all that we can to get the relationship with India as ready as possible, to be in that position; but you should not think that that is in any way a deprioritisation. The very fact that we are doing the sort of work we are, at the prosperity fund level and with its particular heads of activity, reflects the fact that we take the relationship very seriously. It is one that we feel should go from strength to strength in years to come.

Q209 Ian Murray: What you have not reflected on there is what the former Indian High Commissioner, Mr Ranjan Mathai, to the UK has told the Committee, and said quite publicly in the media. He said that there were two major stumbling blocks. One is around certain products—spirits, and those kinds of issues; but the second and main one, which outranks everything else by a considerable margin, is migration. Can you tell us what kind of discussions you have had with the Home Office on these kinds of issues? There is no doubt that the Home Secretary has said on a number of occasions in the House of Commons that, for international students—which I think we will be coming on to shortly—numbers are being uncapped. There will be uncapped migration for skilled workers; there will be uncapped migration for certain sectors. Indeed, the Indian high commissioner has said—and it has been repeated by a number of Indian witnesses that we have had—that immigration is their No. 1 priority. How can forming free trade agreements with other countries, like India, which is critically important post-Brexit, be consistent with the Government's policy of cutting net migration, when India's No. 1 priority is immigration? What discussions do you have with the Home Office about those two competing aims?

Mark Field: We have regular discussions with the Home Office, not just about the Indian situation but more generally. It is right that it is a serious point; it is an issue that comes up. To be fair, we feel we have a pretty good story to tell. As you say, ultimately, a lot of this is driven by the Home Office in policy terms. Clearly, concerns are consistently raised on this issue, both here in London and in New Delhi. But it is worth pointing out that 570,000 visas were granted last year to Indian nationals. About 478,000 visitor visas were granted—a 10% increase, year on year. We have had more than 55,000 tier 2 work visas granted to Indian nationals—more, in fact, than to the rest of the world combined. Again, on the student side as well, while there was a dip in the early part of this decade, it has moved ahead very rapidly since.



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Q210 Ian Murray: The Chair will ask you some specific questions on immigration, but I want to concentrate on the relationship between the FCO, free trade agreements and immigration. If it is their No. 1 priority, is it one of the key reasons why the FCO see India as not being in the first tranche? The former Indian High Commissioner, Mr Ranjan Mathai, said that this was their No. 1 overriding priority, so how can you, as a Foreign Office, make representations to the Home Office about all the global Britain ideas about free trade agreements and getting that No. 19 with India back up to No. 2 in a post-Brexit Britain? How can you do all that if the partners we wish to partner with are saying, "Well, unless you loosen your immigration policy we can't do a deal"? How can you impress upon the Home Office that their policy is incompatible with the Foreign Office's agenda?

Mark Field: I don't think it is incompatible with our agenda. As I say, we are prioritising it, as far as free trade agreements are concerned. It is not that India isn't important, but it isn't in that first tier. The Government has made, and will continue obviously to tweak, the system to try to attract and support skilled workers coming to the UK. As I say, the raw statistics show that the highest single number of tier-2 visas of all other countries combined go to Indian nationals, particularly to the medical profession, which includes nurses and paramedics. We also feel that the future borders system, set out in the immigration White Paper, will develop that work in the years to come. In particular, we are looking—again this is something we are regularly lobbied on—to increase the length of post-work study visas. If we can make more progress on that, I think that will make a significant difference to student numbers. Clearly, the quality of Indian nationals coming as students to higher education in this country is absolutely top drawer.

Q211 Ian Murray: I have just one final question on this, Chair, if I may. If you were to rank all the issues from one to 10 that would be on the Foreign Office's register for doing a free trade agreement with India, where would you put immigration on that scale, in terms of importance?

Mark Field: It is important. I think there is a better news story than sometimes meets the eye. It is quite important, and I have tried—

Q212 Ian Murray: That is what Indians are telling us. This is the clear—

Mark Field: I accept that and I have these discussions, obviously, with my Indian counterparts, whether ministerially or through high commissioners here. You will not be surprised that it comes up in every single conversation we have with counterparts. It is right to make the case that there have been significant improvements, but inevitably there is often a bit of a lag between the perception and the reality of what is going on—

Q213 Ian Murray: Would you rank it in the top three?

Mark Field: I probably would rank it in the top three, if it is being ranked. As you say, it is overwhelmingly ranked No. 1 by our counterparts, and we have to take that very seriously.



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Q214 Priti Patel: On that point, when the Prime Minister went to India, she was confronted with quite a statement of truth when a member of Prime Minister Modi's Government effectively said to her, "So, you want our trade but you don't want our people". That has been one of the lasting sentiments within the Government of India with regards to the UK and trade, migration and visas. Do you think that since that visit we have made significant progress to move that perception?

Mark Field: I think we have made significant progress in the reality but that the perception still lags, for the reason I gave. I am not complacent about it. I recognise that there is a very specific set of concerns, and they are ones we raise with the Home Office, not least because I am well aware of just how big that perception remains with many of our Indian counterparts.

Fergus Auld: I am in danger of constantly quoting statistics at you, but in terms of what I hear regularly from Indian counterparts, the concern about student numbers and the perception of a dip in the student numbers, as the Minister said, there was a 33% increase year-on-year. The year before that there was a 28% increase year on year. Those statistics speak for themselves. Visitor visas are up 10% year on year, with the biggest growth of any nationality coming to the UK. The skilled worker visas are still growing more than the rest of the world combined. We recognise the lag, as the Minister said, in terms of the perception and I have therefore concentrated quite carefully on increasing the number of centres we have in India where it is possible to apply for a visa to the UK. There are now 18; more than any other country in the world. We have invested quite a lot in trying to get a better comms message out about the service. In the 16 months I have been in this role, it feels like a different conversation now from what it was a year ago. We recognise what you describe in terms of some of the difficulty around that prime ministerial visit a couple of years back.

Priti Patel: It wasn't very good. Alright, thank you.

Q215 Chair: Can I pick up on these issues? Student numbers have been a matter of grave concern for many, and Priti and Ian have raised them. Would it not be sensible to have leading universities able to issue visas directly?

Mark Field: Unfortunately, when you are as long in the tooth as a parliamentarian as I am, you know that your past catches up on you. You know that my views, prior to becoming a Minister, were very much along those lines, Tom.

Q216 Chair: I believe they were identical. I seem to remember we signed similar letters.

Mark Field: We did. I won't cop out by just saying this is a matter for the Home Office. Having discussed the joined-up Government that we have, we will do our best to try and lobby in that regard. My own view remains that we should be looking at saying that we have some centres of excellence. It is by no means all of our universities or, indeed, even all



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Russell Group universities, but we should have a sense of trust for a group of 10 or 12 universities, regarded as global centres of excellence, that should be given a free rein in that regard. Much as that is the opinion I have as a Foreign Office Minister within the Asian responsibilities, I also have to say that, clearly, that is not a matter that I have direct control over. We will continue to make that case.

Q217 Chair: I understand that, Minister, but would it not be wiser to look hard at the students we are admitting and look at the fact that we are running different visa regimes for India and for China? Is it not odd that we seem to be more generous to the autocracy than to the democracy?

Mark Field: If you are referring not so much to the student visa thing and more to the extension of the two-year visit visa and why India does not get the same treatment, in fairness, the China deal was very much regarded as a pilot and the Government are still examining the efficacy of that pilot as to whether it will continue. The work is going on to look at that. If it is regarded as being a success, I hope we could try and get that replicated for India. It was a pilot scheme that was put into place specifically for China. The suggestion that it is between a democracy and an autocracy was not necessarily in the minds at the time. It was more to do with the importance of that Anglo-Chinese bilateral relationship.

Q218 Chair: Certainly, when one looks at visas to India, we are seeing students now in India who are failing by fractional percentages to get into some of the finest technical institutes in the world, some of the IITs. These students are then going to New Zealand, Canada, the United States and finding it difficult to come to the UK. It is hard to imagine better-qualified individuals who we should be welcoming into our economy and then welcoming for a further two years in employment, surely?

Mark Field: It is always worth pointing out that there is an ebb and flow. In the time that I have been a parliamentarian, at least, I have had interests within the higher education sphere, so I have seen the ebb and flow. At various times, Canada, Australia and others have been on an up and then more of a down. It would be wrong to point the finger too much in that direction.

Where I would entirely agree with you is that I also have responsibility in the Foreign and Commonwealth Office for the Chevening scholarship scheme. We are very proud of the scheme, which has been in place for 35 years and now has more than 50,000 alumni. The big thing, and one of the reasons that I have always felt that student numbers should be taken out of the immigration figures, is that actually, as you say, if you are looking at crème de la crème students, you are looking at people who are more likely than not to go back to their home country to build a career, maybe build a business, or maybe take a senior role in public administration.

For the sake of a two or three-year stint in the UK, they will—ideally—be ambassadors for this country for the rest of their lives. The benefits are, in many ways, almost incalculable. We see that with the Chevening



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scholarship scheme. I will probably get the statistic slightly wrong, but it is between 30 and 35 Heads of Government² who have spent part of their education in a UK university. Many have the strongest of feelings, not least when you see the way in which they then want their children and grandchildren to take a similar route.

Chair: Minister, you will know that communities in the UK in towns such as Manchester, Newcastle and Birmingham have greater capabilities in artificial intelligence and biotech than many countries, and much of that ability comes from diaspora students. Here I declare an interest, as someone who invests in British companies that are starting up and trying to develop such ideas and see what they can do.

Many of those companies rely on the kind of people we are talking about. We have seen their success in the United States and in companies such as Google, Amazon and Facebook, where we see that migration has played a huge role—not always right at the top of the company, but often in the highest ranks of the company—in developing systems that have genuinely changed our world. It seems odd that the UK, at a time when we are trying to be global, is choosing against people who could change Britain into a genuinely global economy.

Q219 **Mark Field:** That is a slightly unfair characterisation of what we are doing. Again, whenever I go to India, I am always spending time at universities or in science parks, where you look at the relationship that is being developed. Particularly in the technology field—you have touched on AI—the strength goes back to Nehru's time and his passion for the half a dozen elite technology colleges. Again, I see in my own constituency with Imperial College that a huge amount of work goes on.

We believe that, in many ways, the strategy is working. We have seen, as I say, that more than 19,500 student visas by the end of 2018 were granted in that year to Indian students, which was a substantial 35% increase on 2017, which itself was a 28% increase on the previous year, so there has been a substantial increase in numbers. But actually, the single most important thing, without inadvertently giving you any tips on the investing side, is at incubation and at the next stage. Again, there has been tremendous co-operation between UK universities with that culture of incubation for business ideas with our Indian counterparts and, of course, in terms of businesses large and, particularly, small where that plays a part.

Nowhere is that stronger than in the FinTech sphere. In both New Delhi and Mumbai over the last year, I have had the chance to speak at big conferences where we are very focused on that financial technology relationship. The statistic that often comes up is that by 2025, 10% to 15% of Indians will work in jobs that do not even exist today. That is the big prize in those sorts of areas.

To go back to broader issues of co-operation, if we believe in a rules-based international order, regulation and compliance is a greenfield site.

² Note from witness: should read as, '...but it is around 57 Heads of Government...'



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In many ways, it bypasses all the arguments we are having about what sort of Brexit we have and what the future arrangement will be. In these areas, we need to find like-minded partners. In so much of the fourth industrial revolution, I look at India and I look at Japan—they are the like-minded partners with which we need to work together to develop the regulation and compliance that will provide prosperity and jobs for decades to come.

Q220 Chair: Minister, you have made the case entirely to allow Indian students to have a further two years on top of their visa, and you have also made the case—very admirably—for encouraging Indian business visas for people who possibly have earnings of less than £30,000, because, as you know yourself, in the tech sector you very often find yourself earning a very low sum but with a significant equity share, and that equity share—one hopes, if you are successful—will end up being the bit that pays, not the salary. Therefore, you are arguing very strongly for a form of capitalism that, sadly, our visa system does not currently support.

Mark Field: If I may say so, on the specifics of the salary threshold, I think we have got to try, as you say, in key businesses like that to find a way in which the equity kicker is sensibly factored in, in some form or other, and make that case. That should not be beyond the wit of man.

As you know, we made these arguments strongly in about 2013 or 2014, and the Home Secretary of the day didn't take—

Q221 Chair: Whatever became of her?

Mark Field: On the basis that she is now the Prime Minister, it is going to be more difficult to try and make that case. In fairness to the Prime Minister, when she was Home Secretary this was a policy that was foisted upon her—one should not forget that. Before the 2010 election, this was the policy that was decided on to have a broader appeal. It was a tactical policy that was put in place about reducing migration to the tens of thousands.

My own view, as I say, has always been that I do not think the public at large have seen students as being a problem in that regard and, irrespective of those aspects of the policy, I think there has been an issue about having control of immigration; clearly, in a post-Brexit world we will have that. But I think there is a strong case, which we should continue to make, for the importance of our global-beating universities. It is self-evident—I look at my own constituency and I see Imperial College, King's College London and London School of Economics, and UCL is just outside that cluster of what I would call super-Russell Group/Oxbridge.

These are absolutely global leaders and in contrast with so much of Europe—again, I am not making a Eurosceptic point here. My grandfather was a graduate of Heidelberg University in medicine. Heidelberg, Bologna and the Sorbonne were considered to be in that same sort of league only 20 or 30 years ago, and now essentially the global leaders are the UK, the US and increasingly, of course, a group of Chinese universities that are going from strength to strength.



Q222 Chair: All of those points are extremely strong. I just wonder what you are going to be doing over the coming months and years, as the Minister responsible for the area, to encourage your Department to make these representations, because no doubt you are going to seek to expand your network in India, outside the main consulates and consulates general that you have now, and of course the High Commission, and seeking to find ways to develop that connection between the Indian people and the British people.

Now, of course, the connections through Skype and offshoring to Bangalore and so on are one aspect that makes it easy. However, another aspect has to be that human connection, and that is where ease of visas is something we have really got to look at hard. And by the way, I do not mean simply applying for a two-year visa rather than a six-month visa. How can we get documents verified nearer to the individual? How can we get technology bringing the visa application process much nearer to the—?

Mark Field: I think the technology is already moving in quite a substantial direction. Fergus will be able to say a little bit more about this, but I think there has been, before our eyes, some real progress in that regard.

However, Tom, I think you make a very fair point, a point that's been made across the board and, in many ways, I hope your report will be hard-hitting enough that we will also be able, in a post-Brexit world, to make that case. It is certainly a case that I have made, in many ways. My advice actually has been to universities and others; I notice that Alice Gast from Imperial wrote a very good piece in *The Times* only yesterday.

However, the case I have often made is, "Don't waste too much energy on a lobbying campaign this side of—" I was going to say, "29 March", but whenever Brexit date happens. But then let's go on the front foot in the immediate aftermath. It is one of the most important things we can sell, as part of global Britain. But I think all of us recognise that now is not the time. There is not going to be the appetite to make the fundamental changes required to remove students from visa numbers, but I think there will be a very powerful case that if we are to fulfil our prosperity potential for the future, this is one of various aspects of that—

Q223 Chair: But institutions like those that you represent will only remain global centres if they manage to attract the global best.

Mark Field: They have done very well, in spite of what they might see as restrictions, because they have a global brand and are outward-looking—they are doing all the things that the UK will need to do in a post-Brexit world. I hope that we can do our bit to improve matters and make that case even more strongly in the future.

Fergus Auld: May I add one thing on migration? Home Office senior colleagues went out in January for the first event in a new UK-India migration dialogue, to speak specifically about the White Paper on migration and hear what Indian reactions to it were. We see the importance to the UK and India of that dialogue, and we want to make



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sure that as that White Paper is finalised, we are taking account of particular Indian interests in it.

Q224 Ian Murray: Post Brexit, EU students will become international students. I know that you are very pro-university, as am I—I represent part of Edinburgh University—but that means that there will be 444,000 international students at UK universities. The Government's policy is to increase that figure, and indeed to uncap the number of international students. Is it not completely and utterly disingenuous to suggest to the public that that is possible, while sticking to a net migration target in the tens of thousands?

Mark Field: The net migration target is something for the Home Office. I do not want to make accusations about being disingenuous—I think I have made it pretty clear. You have made a very powerful case for precisely why students now need to be taken out of those numbers, which will be fairly meaningless because in a post-Brexit world the huge numbers of students from the EU will suddenly become overseas students rather than home students. I share your view, and I know that all universities in Scotland—and indeed in England, Wales and Northern Ireland—take the view that in order to remain world leaders, they will need to be able to attract talent from across the globe.

Q225 Chair: Excellent. I have one last question.

We are, clearly, arriving at the centenary of one of the great crimes of Britain in India during the colonial period: the Jallianwala Bagh massacre. It would seem that the moment has come for Her Majesty's Government, on behalf of the British people, to offer a very deep apology for a horrific abuse, a deep wrong and a grave crime. Do you think that that moment has come? If not now, when?

Mark Field: Forgive me, Chairman; this is something that we are very actively discussing. If I can just give you a little of my broader thought process, I am always a little bit reluctant to apologise—I will apologise for my own mistakes, rather than necessarily apologising for things that have happened in the past. One always looks with slight cynicism, one might say, at a succession of premiers apologising for things such as the Irish famine or events that took place before they were born, but not for mistakes made on their own watch, when they were under great criticism or the subject of great concern.

However, I also understand that there are certain things that are very close to the heart, and that being able to draw a line under the past and look with an eye absolutely on the future is also important. I also appreciate—I am sure you will, too—that sometimes one has to be careful about the wording that is used, because it might have significant legal and compensatory implications. That is often the more "stonewall" advice that comes, understandably and with good cause, from Government legal officers.

On the incident to which you referred, the Government at the time rightly condemned it. When he was the Secretary of State for War in 1920—



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within a year of that desperate event—Winston Churchill referred to it as a “monstrous event...which stands in singular and sinister isolation.” The Government are closely considering how we address that. There is a desire to do so in appropriate terms of regret for the past, but not a regret that is regarded as mealy-mouthed, but one that is designed to reassure for the past and have a very keen eye on the future. We have acknowledged the strength of feeling.

The particular episode to which you refer is one that does not have a secular interest—for example just Hindus, just Sikhs or just Muslims—but, in pre-partition India, it was Indians who were killed in that terrible incident. I may leave it at that at the moment. Suffice it to say that there is a lot of fertile thought going on in Government. We are trying to find a way in which we can express our very deep regret in terms that our Indian counterparts will feel is appropriate, both to reflect on incidents of 100 years ago, and with a keen eye on being able to draw a line under a terrible episode and look very firmly to the future.

Chair: Thank you very much, Minister. Thank you, Mr Auld.