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The Ukraine Effect: The impact of Russia's invasion of Ukraine on the UK– EU relationship

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CONTENTS

	<i>Page</i>
Summary	3
Chapter 1: Introduction	7
Our inquiry	8
This report	9
Chapter 2: Cooperation on sanctions	10
Coordination of sanctions policy	10
The UK sanctions regime	13
Differences between the UK, EU and US sanctions regimes	15
Implementation and enforcement of sanctions	17
Box 1: The future UK-EU relationship report. Recommendations on sanctions	18
Implementation	18
Enforcement	21
Use of sanctioned assets for the reconstruction of Ukraine	23
Off-ramp	24
The sale of Chelsea FC and the case of Roman Abramovich	24
The future of sanctions coordination	26
Box 2: Coordinating Committee for Multilateral Export Controls	27
Chapter 3: The UK-EU defence relationship	29
Box 3: The future UK-EU relationship report. Recommendations on UK-EU defence cooperation	29
Scale of military support to Ukraine	29
Overall EU support	29
Box 4: European Peace Facility	30
A spectrum of support for Ukraine among EU Member States	31
Support provided by the United Kingdom	32
UK-EU coordination	33
The challenge of sustainability of support	34
The EU defence industrial ecosystem	34
Box 5: EU defence initiatives	35
Permanent Structured Cooperation (PESCO)	39
European Defence Fund	40
European Defence Agency	44
The UK and EU-NATO cooperation	46
Chapter 4: Reconstruction of Ukraine	48
Existing initiatives	50
Box 6: Ukraine Recovery Conference	50
Box 7: Multi-Agency Donor Coordination Platform for Ukraine	51
The UK's contribution to reconstruction	53
Reconstruction and Ukraine's EU candidate status	55
The challenge of corruption	56
Lessons from the Western Balkans	58
Security and reconstruction	59
Chapter 5: Long-term implications for the UK-EU foreign policy and security relationship	62
A more "geopolitical" EU?	62

Box 8: The EU Strategic Compass for Security and Defence	62
European strategic autonomy	66
EU enlargement	68
The future UK-EU foreign policy and security relationship	72
Summary of conclusions and recommendations	75
Appendix 1: List of Members and declarations of interest	83
Appendix 2: List of witnesses	85
Appendix 3: Call for evidence	90
Appendix 4: Glossary	94

Evidence is published online at <https://committees.parliament.uk/work/7878/implications-of-russias-invasion-of-ukraine-for-ukeu-relations/publications/> and available for inspection at the Parliamentary Archives (020 7219 3074).

Q in footnotes refers to a question in oral evidence.

SUMMARY

This inquiry set out to examine the implications of Russia's invasion of Ukraine, and the unprecedented international response that it prompted, for UK-EU relations. We aimed to look beyond immediate crisis management to the longer-term impact of these developments.

We focused on four core themes: cooperation on sanctions; the UK-EU defence relationship; reconstruction of Ukraine; and long-term implications for the UK-EU foreign and security relationship.

In general terms, we welcome and commend the responses to Russia's aggression by the Government, the EU, and its Member States. Our policy recommendations are designed to strengthen these responses and make them more effective.

Cooperation on sanctions

The evidence we received showed that arrangements for cooperation between the UK, the EU and other allies on imposition and implementation of sanctions following Russia's invasion of Ukraine have been broadly effective. The coordination between the UK and the EU, much of it within the framework of the G7, should be considered as a model for pragmatic cooperation that could be replicated in other areas of the UK-EU relationships.

Overall, the UK's post-Brexit independent sanctions regime appears to have stood up well in the face of its first major test. Without the need for unanimity, it has enabled the UK to be nimbler and swifter in imposing sanctions.

The UK, the EU and the US have so far been broadly in alignment on the sanctions that they have introduced. We heard that some of the minor differences that have emerged can be justified. Nevertheless, we received persuasive evidence that sanctions are more effective when imposed and enforced by as broad a coalition of countries as possible. Divergence between sanctions regimes results in gaps and loopholes, weakening their effectiveness; it should be as limited as possible.

We are concerned at the growing evidence that Russia has been able to circumvent sanctions, including through third states and uninsured shadow tanker fleets. This is an issue where decisive action by the UK and its allies is needed.

Sanctioned Russian assets should be used for the reconstruction of Ukraine. The Government should also work closely with its international partners and allies, including the EU, to explore options to make this happen. The Foreign Secretary suggested to us that a legal route exists to achieve this. We await details of the action the Government is taking to find such a route.

We find it incomprehensible that the promise made by sanctioned Russian businessman Roman Abramovich to use the proceeds from the sale of Chelsea FC to support Ukraine remains unfulfilled, and that the assets remain frozen. This impasse reflects badly on both Mr Abramovich and the Government, which ought to have pushed for a more binding commitment. The funds should be released as soon as possible and should be spent in territories controlled by the Ukrainian Government.

The defence relationship

We welcome the leading role of the United Kingdom as the second largest supplier of military support for Ukraine, amounting to £7.1 billion overall at the time of writing, and the encouragement that the Government has provided to other European countries to provide support.

We are, however, concerned about challenges to sustaining the current levels of support in the medium and longer term. The Government should continue to work with European partners and allies in providing military aid to Ukraine for as long as it takes to reverse Russian aggression. Close UK-EU cooperation to ensure a continued supply of sufficient military support for Ukraine would be of particular importance in the case of a policy change by a future US administration.

The EU has re-evaluated its defence policy and approach to resilience over the past two years. While it is too early to properly assess many of its new initiatives, and some initial outcomes are currently limited, the EU is now in the process of developing its defence industrial ecosystem. We believe that the UK should seek to engage with this ecosystem where this is in the UK's interests, while also continuing to collaborate with individual EU Member States on bilateral and minilateral projects.

It is a matter of regret that the current rules for third-country participation in European Defence Fund projects act as a barrier to UK involvement, given that the strategic interests of the UK and EU are closely aligned. Protectionism is not the way to build an efficient defence industry.

Any UK-EU cooperation on defence must be complementary with NATO's objectives. NATO remains the leading organisation for defending Europe and setting standards to enable military interoperability between European allies.

Reconstruction of Ukraine

The reconstruction of Ukraine will be a colossal undertaking, regardless of the outcome of the conflict. It cannot wait until the war has finished. Much of Ukraine is in urgent need of international support and rebuilding.

It is imperative that governments and international organisations, including the UK and the EU, cooperate closely throughout the reconstruction process to prevent duplication and ensure that all international partners are working on the basis of a coherent programme that best meets Ukraine's needs. We welcome the UK's close involvement up to this point, including hosting the successful Ukraine Recovery Conference in London in June 2023. We also welcome the establishment of the Multi-Donor Cooperation Platform for Ukraine and urge the Government to remain closely involved in its work over the coming years.

The UK has a strong reputation in Ukraine, with expertise in several sectors essential to reconstruction, such as private sector investment and the insurance industry. The Government should take full advantage of this and play a leading part, working closely with the EU, its Member States, and other partners.

Reconstruction is expected to be linked closely to Ukraine's candidacy for EU membership. The drive to meet the criteria for EU membership is likely to serve as a lever for reforms to Ukraine's economy and public institutions. The Government should work closely with the EU to ensure that assistance

provided to Kyiv serves the shared objective of bringing Ukraine into Western institutions.

The Government is well placed to take a prominent role, working with the EU and other international partners, in supporting Ukraine's efforts to tackle corruption and strengthen its public institutions. This will be vital to creating an environment where public and private sector donors have the confidence to invest in Ukraine.

Long-term implications for the UK-EU foreign policy and security relationship

In the context of the immediate threat to its security posed by the Russian invasion of Ukraine, the EU has demonstrated an ability to perform a more "geopolitical" role. Given the EU's size and its geographical proximity to the UK, any change in the EU's approach to foreign and security policy will be bound to have implications for UK national security. However, it remains to be seen whether developments over the past two years represent a durable change in the EU's approach. The EU has not achieved such a clear and united response to the recent crises in the Middle East, reflecting greater divisions between Member States.

Any future reduction in US support for Ukraine and for wider European security would be a challenge to the whole continent. The UK, the EU and its Member States should ensure that they are prepared for a scenario in which they may need to take on a greater share of the burden, despite all the difficulties.

The Russian invasion of Ukraine has created a new context for the UK-EU engagement on foreign and security policy that was absent when the Trade and Cooperation Agreement was negotiated. While we acknowledge that the ad hoc arrangements for cooperation with the EU on Ukraine have worked effectively, we believe that there would be considerable value in complementing these with more regular arrangements for forward-looking cooperation between the UK and the EU in relation to longer-term challenges such as policy towards China. We therefore reiterate our previous recommendation that the Government should approach the EU with a view to establishing more regular, forward-looking formats for cooperation on major foreign policy and security issues.

The Ukraine Effect: The impact of Russia's invasion of Ukraine on the UK–EU relationship

CHAPTER 1: INTRODUCTION

1. On 24 February 2022, Russia started a full-scale invasion of Ukraine. The UK, the EU, individual EU Member States and other partners immediately condemned the invasion and have since been providing large amounts of military and economic support to Ukraine.
2. The UK has played a key role in the West's response to the invasion, including a commitment of £7.1 billion of military assistance to Ukraine to date.¹
3. The crisis, despite delays to agreement on some initiatives due to the need to reach consensus among Member States, has prompted an unprecedented response from the EU. It has introduced new mechanisms (such as common ammunition procurements through the Regulation establishing the Act in Support of Ammunition Production)² and creatively developed existing mechanisms (for example, providing lethal support to Ukraine through the European Peace Facility).³
4. Russia's actions have prompted a re-evaluation of various aspects of foreign, security and defence policy in both the UK and the EU. The UK published a revised security strategy in March 2023.⁴ Meanwhile, the EU has developed a vision for a more “geopolitical EU”, set out in the EU *Strategic Compass* published in March 2022.⁵ The Russian invasion of Ukraine also prompted notable policy shifts in individual Member States—for instance, Germany committed to a substantial increase in defence spending and Denmark ended its longstanding opt-out from EU defence and security initiatives.
5. These developments have changed the whole context of UK-EU relations in this field compared to when the Trade and Cooperation Agreement (TCA) was agreed in 2020. The TCA contains no provisions for UK-EU cooperation on external affairs, with the UK Government having decided not to pursue a legally-binding “security partnership” along the lines of those envisaged in the UK-EU Political Declaration of 2019.
6. The invasion has led to much closer cooperation between the UK and the EU on foreign and security policy. EU leaders, in alignment with the UK, US and Canada, have consistently demanded immediate Russian withdrawal

1 This comprises commitments of £2.3 billion in 2021/22 and 2022/23, and £2.5 billion in 2023/24. See Prime Minister's Office, 10 Downing Street, 'PM in Kyiv: UK support will not falter' (12 January 2024): <https://www.gov.uk/government/news/pm-in-kyiv-uk-support-will-not-falter> [accessed 23 January 2024]

2 The Council and the European Parliament agreed the text of the Regulation in July 2023.

3 European Commission, 'European Peace Facility': https://fpi.ec.europa.eu/what-we-do/european-peace-facility_en [accessed 23 January 2024]

4 HM Government, *Integrated Review Refresh 2023*, CP 811 (March 2023) : https://assets.publishing.service.gov.uk/media/641d72f45155a2000c6ad5d5/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_7_WEB_PDF.pdf [accessed 23 January 2024]

5 European Union, *A Strategic Compass for Security and Defence* (March 2022): https://www.eeas.europa.eu/sites/default/files/documents/strategic_compass_en3_web.pdf [accessed 23 January 2024]

from Ukraine, and have cooperated on far-reaching sanctions against the Russian state and individuals close to the regime, as well as on military, political, financial and humanitarian support to Ukraine.

7. Since 23 February 2022, the EU, in cooperation with international partners including the UK, has introduced extensive individual and economic sanctions against Russia and Russian individuals, including President Vladimir Putin, Foreign Minister Sergey Lavrov and members of the Russian State Duma and National Security Council.⁶ In March 2022 the sanctions regime was extended to Belarus, as a consequence of the decision of the regime in Minsk to allow Russian forces to use its territory to attack Ukraine from the north.
8. Our report, *The future UK-EU relationship*, published in April 2023, included recommendations about UK-EU foreign and security policy cooperation.⁷ This report builds on those recommendations, with a specific focus on the longer-term implications of Russia's invasion of Ukraine for UK-EU relations.

Our inquiry

9. We aimed to look beyond immediate crisis management towards the handling of longer-term issues, focusing on the following four themes:
 - (1) Cooperation on sanctions
 - (2) The UK-EU defence relationship
 - (3) Reconstruction of Ukraine
 - (4) Long-term implications for the UK-EU foreign and security relationship.
10. These do not comprise an exhaustive list of areas in which Russia's invasion of Ukraine has had implications for the UK-EU relationship. We acknowledge that Russia's invasion of Ukraine has also had important consequences for other areas of UK-EU relations, notably cooperation on energy security, which is an area we addressed in our report published in April 2023.
11. The evidence that we collected demonstrated that Russia's invasion of Ukraine has provided a context for more pragmatic and practical cooperation between the UK and the EU, prompting them to put aside disagreements to address a common threat.
12. We issued our call for evidence on 26 July 2023 (see Appendix 3). The deadline for written submissions was 10 November 2023. 22 responses were received.
13. We took oral evidence between September and December 2023, hearing from 22 witnesses. These included practitioners, experts and stakeholders. On 12 December 2023 we heard from the Minister for Europe, Leo Docherty MP. We are grateful to all of our witnesses, who are listed in Appendix 2.

6 A 12th round of sanctions was adopted by the Council on 18 December 2023, European Council, Council of the European Union, 'Russia's war of aggression against Ukraine: EU adopts 12th package of economic and individual sanctions' (18 December 2023) : <https://www.consilium.europa.eu/en/press/press-releases/2023/12/18/russia-s-war-of-aggression-against-ukraine-eu-adopts-12th-package-of-economic-and-individual-sanctions> [accessed 23 January 2024]

7 European Affairs Committee, *The future UK-EU relationship* (4th Report, Session 2022–23, HL Paper 184)

14. On 14 December 2023 we took evidence from the Foreign Secretary, the Rt Hon Lord Cameron of Chipping Norton.⁸ This session covered a wide range of issues relating to the UK-EU relationship, including those addressed by this inquiry. We refer to his evidence in this report where it is relevant.

This report

15. The remainder of this report is divided into four chapters, focusing in turn on each of the four themes identified above.
16. **In general terms we welcome and commend the responses to Russia's aggression by the Government and by the EU and its Member States. Insofar as our report includes recommendations for policy, these are designed to strengthen these responses and make them more effective.**
17. **We make this report for debate.**

⁸ Oral evidence taken before the European Affairs Committee, 14 December 2023 (Session 2023–24), [QQ 1-34](#) (Lord Cameron of Chipping Norton)

CHAPTER 2: COOPERATION ON SANCTIONS

18. The use of sanctions has been an important element of the respective policy responses of the EU, the UK, the US, and other allies following the Russian invasion of Ukraine. Sanctions have targeted Russia's financial, aviation and shipping sectors as well as strategic sectors of the economy such as defence, aerospace, and energy. Sanctions have also targeted individuals close to Vladimir Putin's regime and those facilitating Russia's invasion of Ukraine, including actors in third countries.
19. To date, the EU has imposed twelve packages of sanctions, while the UK has also regularly announced new sanctions designations.⁹ There has been considerable international cooperation on the rollout of sanctions, in particular through the G7. The G7 countries announced plans to establish an Enforcement Coordination Mechanism in February 2023.¹⁰
20. This chapter discusses UK-EU cooperation in relation to the imposition and implementation of sanctions following the Russian invasion of Ukraine. It briefly discusses the new, post-Brexit UK sanctions regime and differences between the three critical global sanctions regimes—the UK, the EU and the US. Finally, it considers the potential use of sanctioned assets to support reconstruction in Ukraine. Cooperation on reconstruction of Ukraine is further discussed in Chapter 4.

Coordination of sanctions policy

21. The Rt Hon Baroness Ashton of Upholland told us that in her experience of sanctions, from the time when she was responsible for sanctions coordination as the EU's High Representative for Foreign and Security Policy, "it is a constant learning process". Although the ambition is to sanction "the right people and do it quickly", all restrictions have to be drafted in a way that will stand up in court. The basis for sanctions is to "either stop something getting worse, stop something happening or throw it into reverse". From her experience, "coordination is everything"—"the heavier the sanctions, the more it is co-ordinated, the more it has an impact, the better".¹¹ HE Pedro Serrano, the EU Ambassador to the UK, similarly emphasised that "a bigger number" of countries imposing sanctions "is certainly much more useful than just one state or a couple of states doing it on their own".¹²
22. Spotlight on Corruption described the global sanctions response as "unprecedented", including in the "extent of international coordination and cooperation that this has entailed".¹³ The current structures of cooperation in relation to sanctions against Russia and Belarus involving the UK, as outlined by the Foreign, Commonwealth and Development Office (FCDO), include "regular, informal engagement with the EU institutions and Member States", discussions with other G7 countries, and cooperation through the "attaché network of sanctions professionals". This is further supplemented by "wider

9 European Commission, 'Sanctions adopted following Russia's military aggression against Ukraine': https://finance.ec.europa.eu/eu-and-world/sanctions-restrictive-measures/sanctions-adopted-following-russias-military-aggression-against-ukraine_en [accessed 23 January 2024]

10 Prime Minister's Office, 10 Downing Street, *G7 Leaders' Statement*: (24 February 2023): <https://www.gov.uk/government/publications/uk-france-joint-leaders-declaration/uk-france-joint-leaders-declaration> [accessed 23 January 2024]

11 Q 5 (Baroness Ashton of Upholland)

12 Q 76 (HE Ambassador Pedro Serrano)

13 Written evidence from Spotlight on Corruption (RIU0022)

cooperation including quarterly senior-official meetings encompassing the Sanctions Coordinators Forum, attended by all EU Member States and G7 partners; the Russian Elites, Proxies, and Oligarchs Taskforce; and the G7 Enforcement Coordination Mechanism”.¹⁴

23. Our witnesses have underlined the role played by the G7. Sir Julian King, a former European Commissioner for the Security Union, underlined the role of G7 in sanctions coordination, providing the UK, EU, US and other countries with a “safe space” to work together that he described as a “very interesting framework” of cooperation.¹⁵
24. Daniel Drake, Deputy Director (Sanctions) at the FCDO, told us that sanctions cooperation is “ultimately ... a team sport”. Coordination was done primarily through the G7, “which has created a platform through which the EU can take that to its member states and negotiate successive sets of sanctions packages”. It is also “a useful mechanism to get a collective political commitment to take action”. He noted that the group was negotiating a potential 12th package of sanctions (Mr Drake gave the evidence on 14 December. On 18 December the European Council announced the 12th package)¹⁶. Overall, he thought all countries cooperating on sanctions against Russia had complemented each other and where possible, tried to align.¹⁷
25. In addition to the work at the G7 level, cooperation between the UK and the EU on sanctions was typically seen as having been effective overall. HE Pedro Serrano summarised it as “more regular than structured”.¹⁸ Professor Anand Menon, Director of UK in a Changing Europe, said that both sides “seem pretty happy” with the way coordination has worked so far.¹⁹ Dr Benjamin Martill, Senior Lecturer in Politics and International Relations at the University of Edinburgh, noted that the “positive” nature of interactions on sanctions is acknowledged by both UK and EU officials.²⁰ Meanwhile, REDRESS told us that both the EU and UK have now designated over 1,200 Russian individuals and that many of these designations have been coordinated.
26. Tom Keatinge, Director of the Centre for Financial Crime and Security Studies at the Royal United Services Institute, referred to “extremely close working co-operation” between the UK and the EU on sanctions since February 2022, with the sanctions division at the UK Mission to the European Union being “one of the few areas ... where you do not sense Brexit”.²¹ He referred to the Political Declaration signed by the UK and the EU in 2019, which acknowledges that the UK will be free to pursue its own sanctions policy, but also stated that close consultation, cooperation and

14 Written evidence from the Foreign Commonwealth and Development Office ([RIU0012](#))

15 [Q 4](#) (Sir Julian King)

16 On 18 December 2023, the European Council announced the introduction of the 12th package of sanctions. As noted in the press release, “The ban of Russian diamonds is part of a G7 effort to develop an internationally coordinated diamond ban that aims at depriving Russia of this important revenue source.”. See more: European Council, Council of the European Union, ‘Russia’s war of aggression against Ukraine: EU adopts 12th package of economic and individual sanctions’ (18 December 2023): <https://www.consilium.europa.eu/en/press/press-releases/2023/12/18/russia-s-war-of-aggression-against-ukraine-eu-adopts-12th-package-of-economic-and-individual-sanctions/> [accessed 23 January 2024]

17 [Q 92](#) (Daniel Drake)

18 [Q 76](#) (HE Ambassador Pedro Serrano)

19 [Q 35](#) (Professor Anand Menon)

20 Written evidence from REDRESS ([RIU0011](#))

21 [Q 43](#) (Tom Keatinge)

sharing of information should continue. That, in his experience, has been the case, and even if “there are listings that the EU has that the UK does not, and vice versa” this arena “is one of bonhomie” between the UK and the EU.²²

27. Dr Martill indicated that EU and UK packages have been “developed in parallel with informal coordination ongoing ever since Brexit”.²³ In his assessment the UK remains a “major player” on sanctions given the role of the City of London and remains “a key policy architect effectively signing onto and mirroring what is now an agreed EU position, albeit on the basis of UK expertise²⁴”.
28. Some witnesses nevertheless considered that existing mechanisms for sanctions coordination may have limitations from a UK perspective. For example, Ian Bond and Dr Luigi Scazzieri, respectively Deputy Director and Senior Research Fellow at the Centre for European Reform, told us that it was harder for the UK to ensure that its interests were reflected in EU sanctions packages than had been the case when the UK was an EU member.²⁵
29. Agathe Demarais, Senior Policy Fellow for Geoeconomics at the European Council on Foreign Relations, emphasised that, in spite of expectations that the UK would continue to apply EU rules on sanctions post-Brexit, the UK has in fact implemented sanctions in an “autonomous” manner. While “informal” discussions between the UK and EU are taking place, she suggested that these are the “exception rather than the rule”.²⁶
30. Maya Lester KC, a leading legal expert on sanctions policy, expressed concern that the cooperation experienced over the past two years may have “a shelf life”, given that some EU Member States, notably Hungary and Slovakia, may now be reluctant to pursue further sanctions packages.²⁷ Dr Stefan Meister, Head of the Center for Order and Governance in Eastern Europe, Russia and Central Asia at the German Council on Foreign Relations, shared similar sentiments. Although the sanctions packages introduced so far are “quite comprehensive”, he saw “a limit” to the willingness to impose more sanctions. Instead, he suggested that the priority should now be to close the existing gaps, exploited by Russia, and to systematically work on secondary sanctions aimed at third countries helping Russia to bypass the existing sanctions regime.²⁸
31. **Arrangements for cooperation between the UK, the EU and other partners on the imposition of sanctions since the Russian invasion of Ukraine have been effective overall. These should be considered as a model for pragmatic cooperation between the UK and the EU that could be replicated in other areas of the UK-EU relationship.**

22 [Q 43](#) (Tom Keatinge)

23 Written evidence from REDRESS ([RIU0011](#))

24 *Ibid.*

25 Written evidence from Centre for European Reform ([RIU0005](#))

26 Written evidence from Agathe Demarais ([RIU0003](#))

27 [Q 43](#) (Maya Lester)

28 [Q 25](#) (Dr Stefan Meister)

The UK sanctions regime

32. Ms Lester told us that following the UK's exit from the EU, the Government had faced an "extraordinarily difficult task" to try to carry over EU sanctions into UK legislation. The Government's intention had been to maintain continuity of EU sanctions in the UK. This was achieved through the Sanctions and Anti-Money Laundering Act 2018, under which 35 sanctions regimes were drafted into UK regulations, "with all the evidence for the thousands of people listed reviewed by the FCDO".²⁹
33. Ms Lester explained that the UK had been able to "learn from its experience with EU sanctions and improve on that with its own domestic legal framework". She considered that the UK now had "a very well thought-through and effective legal framework for the imposition of sanctions". No longer constrained by the need for unanimity within the EU, the UK can be "nimble and swifter" in imposing sanctions.³⁰
34. Mr Keatinge (RUSI) observed that the Government had been trying to demonstrate the independence of its sanctions regime before Russia's invasion of Ukraine, when the Rt Hon Dominic Raab MP was Foreign Secretary and his ambition had been to use sanctions "to demonstrate British values". All of that work had been swept aside following the events of February 2022.³¹
35. Ms Lester drew our attention to an "urgent procedure" for imposing sanctions introduced following the Russian invasion of Ukraine. This instrument allows the Government to "designate people in the UK simply because the EU has designated them ... or the US, Canada or Australia". She noted that the UK has imposed a vast number at a very quick pace, while relying on the work done by other allies.³²
36. Some aspects of the UK sanctions regime remain a work in progress. Ms Lester drew attention to what she saw as limited resources and a lack of clarity resulting from the speed at which sanctions have been imposed on Russia. The FCDO and HM Treasury (HMT) had been "absolutely swamped" with inquiries, licence applications and other queries, largely as a consequence of the pace at which sanctions on Russia were introduced. Although the numbers of personnel working on sanctions at the HMT-based Office of Financial Sanctions Implementation (OFSI) and at the FCDO had increased, she said that this had not yet led to all inquiries being dealt with at an increased pace.³³ In addition, the speed of introduction of these legal restrictions was not matched by clarity of guidance. As a consequence, the business community operates in an area of "great uncertainty".³⁴

29 [Q 43](#) (Maya Lester)

30 [Q 44](#) (Maya Lester)

31 [Q 45](#) (Tom Keatinge)

32 [Q 43](#) (Maya Lester). The Economic Crime (Transparency and Enforcement) Act 2022 (ECA) introduced an 'urgent' designation procedure, whereby the Government can sanction individuals or entities already sanctioned by another country or regime. It establishes a 56-day designation period, which may be further extended by another 56 days, up to 112 days. As outlined in Section 58(3) of ECA, if the individual or an entity is to remain designated beyond 112 days, the relevant Government Minister will need to comply with the standard procedure test (have reasonable grounds to suspect that the designated person or entity is an "involved person"). See more, [The Economic Crime \(Transparency and Enforcement\) Act 2022](#).

33 [Q 45](#) (Maya Lester)

34 *Ibid.*

37. An additional area of uncertainty for British businesses is who exactly is subject to sanctions introduced by the Government. While the Government lists all individuals who are targeted for asset-freezes and travel bans, any restrictions also extend to the companies they control, but these are not listed by the Government. Citing different decisions by the High Court and the Court of Appeal on the implications of this problem, Ms Lester argued that this has led to uncertainty. The ensuing “chaos” required the Government’s intervention and an announcement that it will “try to list entities by name where we can”. In Ms Lester’s assessment, this is currently an area “of complete uncertainty”, where legal clarity is required.³⁵
38. In its written evidence, Spotlight on Corruption noted that the Government has prevailed in every court challenge of its sanctions measures so far.³⁶ REDRESS raised concerns that the UK’s broad criteria impeded the ability of individuals to challenge sanctions designations.³⁷
39. Another change noted by Ms Lester when comparing the UK and the EU sanctions regimes is that the former do not expire while EU sanctions have to be reconsidered or reviewed every six months: “The UK went from annual reviews to triannual reviews to no reviews”.³⁸ This may lead some of the designated people to be frustrated that there is no possibility of engagement with the Government on what action they could take to be removed from the list following a review³⁹ (see further discussion in the section on off ramps, paragraphs 85–87).
40. Mr Keatinge predicted that a new “UK independent sanctions regime 2.0” will “emerge” from the work currently being conducted on Russia sanctions and therefore suggested that “the jury is still out”.⁴⁰
41. **We recognise that the UK’s independent sanctions regime is still a work in progress, but it appears, on balance, to have been effective overall in the context of the sanctions introduced following the Russian invasion of Ukraine. Without the need for agreement on unanimity, the UK can be nimbler and swifter in imposing sanctions.**
42. **Nevertheless, some witnesses expressed doubts about aspects of the UK’s post-Brexit sanctions regime including a lack of detail in listing individuals but not the companies they control and questions about the efficacy of enforcement through the work conducted by the National Crime Agency and the Office of Financial Sanctions Implementation. We ask the Government to respond to these specific concerns in its response to this report, addressing in particular the robustness with which breaches of UK sanctions are investigated and enforced.**
43. **We note that the current sanctions mechanism in the UK does not include a sanctions review mechanism akin to the EU’s sanctions review system. We ask the Government to explain in its response to this report why that is the case and whether it is considering further**

35 [Q 45](#) (Maya Lester)

36 Written evidence from Spotlight on Corruption ([RIU0022](#))

37 Written evidence from REDRESS ([RIU0011](#))

38 [Q 51](#) (Maya Lester)

39 *Ibid.*

40 [Q 45](#) (Tom Keatinge)

changes to the current regime as it reviews how it functions in response to Russia’s invasion of Ukraine.

Differences between the UK, EU and US sanctions regimes

44. Several witnesses, including Susi Dennison, Senior Policy Fellow at the European Council on Foreign Relations, expressed concern about “loopholes” resulting from different criteria for listings between different sanctions regimes.⁴¹
45. Radosław Sikorski, a former Minister of Foreign Affairs of Poland, emphasised to us (before he was reappointed to that position in December 2023) that having similar lists of sanctioned institutions, companies or individuals “on both sides of the Atlantic and on both sides of the Channel” made sanctions more effective.⁴² He told us that the argument for coordinating was “overwhelming” and stressed that it was essential to “plug holes that companies and potential breakers of sanctions find”.⁴³
46. Neil Whiley, Director, Sanctions and Export Controls at the trade association UK Finance, told us that a challenge for international companies arises when different sanctions regimes, involving the same person, are imposed without international coordination as this will create opportunities for asset flight from one jurisdiction to another.⁴⁴ In order to address this issue, the Government has introduced its urgent procedure, “where we can list EU, US, Australian and Canadian listings” (what Mr Keatinge refers to as “the copy and paste provision”). In theory, the procedure should prevent asset flight, but as noted by Mr Whiley, it is not always the case.⁴⁵
47. Spotlight on Corruption highlighted divergence in restrictions on providing and paying for legal services. It noted that in the Government’s assessment Russian business is “highly dependent” on UK legal services to operate internationally.⁴⁶ However, Ms Lester told us that there was a risk that measures in this area, including some of those enacted by the Government in July 2023, could “prohibit the giving of compliance advice on sanctions, with different sanctions regimes”. We were told that this had led to an outcry from UK law firms, because it seemed to suggest that such measures would mean they would be committing a criminal offence by advising their clients on what sanctions meant, which was not the case in the US and the EU.⁴⁷ The Government has acknowledged this issue and, in consultation with the Law Society, put out a general licence allowing for such advice to be provided. Ms Lester told us that, in her understanding, the Government is currently working on amendments to the Legal Services Regulations to assure that compliance advice is not prohibited.⁴⁸
48. Meanwhile, REDRESS told the Committee that “[u]nlike the EU, the UK is yet to use its sanctions regimes to target Russian individuals and entities specifically for their involvement in human rights violations in Ukraine and recognise in their designations the abuses suffered by victims”. It suggested

41 [Q 35](#) (Susi Dennison)

42 [Q 16](#) (Radosław Sikorski)

43 *Ibid.*

44 [Q 46](#) (Neil Whiley)

45 *Ibid.*

46 Written evidence from Spotlight on Corruption ([RIU0022](#))

47 [Q 50](#) (Maya Lester)

48 *Ibid.*

that such designations are “crucial to provide a form of accountability and contribute to the documentation of the violations committed in Ukraine”. According to REDRESS, the UK sanctions regime is nevertheless “wider in scope” than the EU’s in some other respects, for instance covering those who have obtained a benefit from or support the Government of Russia rather than just those engaging in conduct that undermines the territorial integrity, sovereignty or independence of Ukraine.⁴⁹

49. We also heard about some divergence between the approaches of the EU and UK on the one hand, and the US on the other. For example, Mr Bond and Dr Scazzieri noted that the EU and UK have historically been resistant to “secondary sanctions” against countries perceived to be supporting Russia, but that these are seen as a more legitimate tool by the US. They suggested that there was a “case for the EU and the UK to consider adopting something more like the US approach, particularly in cases where co-ordinated lobbying has not resulted in third countries tightening up their export control processes, or where they seem to be actively helping Russia establish illicit supply chains”. Mr Keatinge told us that US officials, on occasion, indicate that they “hang back” from being more “heavy handed” on sanctions, because they want to maintain the ongoing sanctions coordination with its European partners and allies.⁵⁰ Ms Demarais indicated that, in some circumstances, the UK may “choose to align with the US, which is typically more hawkish on sanctions, rather than with the EU”.⁵¹
50. Ms Lester considered that, although there are differences based on different cultures and legal systems, broadly speaking the UK, the EU and the US “have very roughly the same restrictions”. Nevertheless, she told us that differences matter to the business community, and the financial sector in particular, due to the costs of compliance.⁵²
51. Mr Keatinge explained that some differences between UK, EU and US sanctions could be explained by differences between their respective economies. While the UK had an especially strong interest in sanctions introduced in the early stages of the conflict relating to oligarchs and financial services, some of the more recent debates, for example about sanctioning the diamond trade, are more relevant to the EU than to the UK (since Belgium has a critical role in the diamond trade).⁵³ Ms Demarais indicated that some divergence may also be a result of the UK wishing to avoid imposing sanctions on individuals that it has “confidential” relations with, providing the example of “well-connected individuals that are deemed likely to take part in a potential political transition in Moscow”.⁵⁴
52. Mr Drake provided us with an example of an area where sanctions regimes may differ, but where this does not necessarily lead to gaps or loopholes. There are types of Russian commodity where the scale of dependency differs—while the UK may be able to move to a full ban quickly, the EU has to negotiate it with all Member States and one country can stall or delay

49 Written evidence from REDRESS ([RIU0011](#))

50 [Q 44](#) (Tom Keatinge)

51 Written evidence from Agathe Demarais ([RIU0003](#))

52 [Q 46](#) (Maya Lester)

53 [Q 46](#) (Tom Keatinge). The UK introduced sanctions on diamonds and diamond jewellery on 14 December 2023; Department for Business & Trade, ‘NTI 2953: Russia import sanctions’: <https://www.gov.uk/government/publications/notice-to-importers-2953-russia-import-sanctions/nti-2953-russia-import-sanctions> [accessed 23 January 2024]

54 Written evidence from Agathe Demarais ([RIU0003](#))

sanctions due to a high degree of dependency on the given commodity.⁵⁵ The Minister for Europe indicated that generally the difference “lies merely in the timescale of application ... it certainly does not result in gaps”.⁵⁶

53. Asked about the Government’s approach to divergence on sanctions, the Minister for Europe told us that “agility” had been a key benefit of the UK’s independent sanctions regime.⁵⁷ Mr Drake explained that in some cases the UK had been “able to move ahead maybe with a smaller set of partners”, citing financial measures introduced in concert with the US.⁵⁸ He also highlighted some differences in the priorities of those imposing sanctions. For instance, transport sanctions are “particularly significant” for the EU, given its land border with Russia, but less relevant for the UK. Nevertheless, he acknowledged that “sanctions will always be far more effective if we act collectively as a sanctions coalition”. He considered that to date “we have complemented each other”.⁵⁹
54. **We have received evidence indicating that some minor differences between UK and EU sanctions regimes have been justified in the context of the sanctions introduced since the Russian invasion of Ukraine. We note that, as a country outside the EU, the UK has the freedom to align its sanctions policy with the US, which can sometimes be more hawkish on sanctions than the EU.**
55. **Nevertheless, we received persuasive evidence that sanctions are most effective when imposed and enforced by as wide a coalition of countries as possible. Divergence between sanctions regimes results in gaps and loopholes, which weakens their overall effectiveness. This, in turn, reduces the impact that the imposition of sanctions seeks to achieve. We therefore call on the Government to work with its international partners to ensure that divergence on the imposition and enforcement of sanctions regimes is as limited as possible. We ask the Government to set out what steps it is taking to avoid the negative impact of divergence in its response to this report.**

Implementation and enforcement of sanctions

56. In our report published in April 2023, *The future UK-EU relationship*, we identified implementation and enforcement of the sanctions that had been imposed as an area in which closer cooperation between Western partners, including the UK and EU, was needed (see Box 1).

55 [Q 95](#) (Daniel Drake)

56 [Q 95](#) (Leo Docherty MP)

57 [Q 92](#) (Leo Docherty MP)

58 [Q 92](#) (Daniel Drake)

59 *Ibid.*

Box 1: The future UK-EU relationship report. Recommendations on sanctions

We welcome the effective cooperation between the UK and EU in the imposition of sanctions against Russia. The overall sanctions regime must, however, be more robust. We believe, in particular, that closer cooperation between Western partners, including the UK and the EU, is needed on the implementation and enforcement of sanctions and the evaluation of their success or failure. We therefore welcome the announcement of a new G7 Enforcement Coordination Mechanism (Paragraph 118)

Complementary to the Enforcement Coordination Mechanism, we recommend that the UK and the EU should agree a Memorandum of Understanding around information sharing and cooperation on imposition, implementation and enforcement of sanctions as soon as possible, similar to the enhanced sanctions partnership agreement reached between the Government and the US Treasury. This need not be an elaborate mechanism but we believe that it would be beneficial to have some formal arrangements in place, which would help to ensure that momentum is maintained beyond the current phase of the war (Paragraph 119).

A careful calibration of international cooperation on sanctions policy, including a system for monitoring enforcement, would provide added value in relation to other current and future threats where sanctions can be a deterrent. We can be sure that the objects of UK and EU sanctions will be working hard to diminish their impact and only the closest cooperation over implementation will ensure their effectiveness (Paragraph 120).

Source: European Affairs Committee, *The future UK-EU relationship* (4th Report, Session 2022–23, HL Paper 184)

Implementation

57. It is difficult to make an authoritative assessment of the impact of sanctions on Russia. Some of our witnesses told us that the sanctions introduced so far have been effective. Mr Sikorski noted the drop in Russia's foreign income from the sale of its oil and gas, because it had been forced to sell it either via intermediaries, or to alternative markets, while offering discounts. He also believed that sanctions had been effective in restricting Russian access to chips required by them for missiles and other advanced military systems.⁶⁰ The EU Ambassador to the UK shared a similar assessment.⁶¹ However, some commentators have argued that the sanctions have not had the impact expected.⁶² Official estimates suggest that Russia's economy grew by around 3 per cent in 2023.⁶³
58. The Foreign Secretary told us that, according to FCDO estimates, without sanctions Russia would have had over \$400 billion more to fund its invasion

60 Q 17 (Radoslaw Sikorski)

61 Q 77 (HE Ambassador Pedro Serrano)

62 'Why Russia's economy is doing better than predicted', *Money Week* (14 January 2024): <https://moneyweek.com/economy/global-economy/why-russias-economy-is-doing-better-than-predicted> [accessed 23 January 2024]; L. Elliott, 'The west's tightening of Russian sanctions is a sign of failure', *The Guardian* (21 May 2023): <https://www.theguardian.com/business/2023/may/21/the-west-tightening-russian-sanctions-a-sign-of-failure> [accessed 23 January 2024]

63 'Putin says Russia's economic growth will exceed 3% in 2023', *Reuters* (17 November 2023): <https://www.reuters.com/world/europe/putin-says-russias-economic-growth-will-exceed-3-2023-2023-11-17/> [accessed 23 January 2024]

of Ukraine. He added, “We think that sanctions, if you take them all together, have been effective”. He noted that in December 2023 alone, 46 individuals and entities involved in circumvention of sanctions on dual use technologies had been sanctioned, including 11 in third countries—four in the UAE, three in China and one each in Belarus, Uzbekistan, Serbia and Turkey.⁶⁴

Circumvention

59. We nevertheless heard of ongoing challenges with circumvention of sanctions. According to Mr Keatinge “circumvention” was the “buzzword for the sanctions community in 2023”.⁶⁵ Dr Meister observed that Russia has de facto created an “architecture to circumvent sanctions and the secondary sanctions”, focusing on the sale of its natural resources and supply of technology for the military industrial complex.⁶⁶ Reports in the media have increasingly drawn attention to this issue.⁶⁷
60. One of the mechanisms used by Russia to circumvent sanctions deals with the sale of its natural resources, notably oil and gas. In September 2022, the Finance ministers of G7 countries agreed to cap the price of Russian oil and petroleum products, in a bid to undermine Russia’s ability to fund its actions in Ukraine.⁶⁸ On 5 December 2022 the cap was set at \$60 per barrel.⁶⁹
61. This mechanism, as Mr Whiley explained, allowed UK companies, otherwise prohibited from dealing in Russian oil and petroleum products, to deal in Russian oil as long as the price was below the set cap. We were told that the companies concerned included shippers, insurers, financiers, exporters and pilots.⁷⁰ However, the Russian authorities have facilitated circumvention by using fleets flying “flags of convenience” (flags of states with limited domestic regulation, enforcement capacity and few criteria for registration)⁷¹, rather than flags of the UK, EU Member States or the US. Legally, it is difficult to sanction such vessels. Mr Keatinge noted that a lesson we should learn from the case of evasion of oil sanctions is to continue to cooperate on “sanctions maintenance”—“[a]s the target shapeshifts, you need to track that”.⁷²
62. The Foreign Secretary told us that the Government wants to do “everything we can” to make sure that the cap is effective. He considered that it had “been an effective move and has definitely starved Russia of money, but we need to keep up the pressure of trying to make sure that, whenever they are using shadow fleets or what have you, we go after the shadow fleet, the money and the providers”.⁷³

64 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 15](#) (Lord Cameron of Chipping Norton)

65 [Q 49](#) (Tom Keatinge)

66 [Q 25](#) (Dr Stefan Meister)

67 ‘The shadowy network smuggling European microchips into Russia’, *Financial Times* (12 November 2023): <https://www.ft.com/content/e70467d7-9df2-4a8c-9d0f-ddc61062b745> [accessed 23 January 2024]; ‘The west’s Russia oil ban, one year on’, *Financial Times* (10 December 2023): <https://www.ft.com/content/69d83a44-1feb-4d6b-865d-9fb827b85578> [accessed 23 January 2024]

68 ‘Ukraine war: G7 agrees to impose price cap on Russian oil’, *BBC News* (2 September 2023): <https://www.bbc.co.uk/news/business-62770283> [accessed 24 January 2024]

69 ‘Ukraine war: G7 and allies approve cap on price of Russian oil’, *BBC News* (2 December 2022): <https://www.bbc.co.uk/news/world-europe-63840412> [accessed 24 January 2024]

70 [Q 49](#) (Neil Whiley)

71 For more on flags of convenience, see: [International Relations and Defence Committee, UNCLoS: the law of the sea in the 21st century](#) (2nd Report, Session 2021–22, HL Paper 159).

72 [Q 49](#) (Tom Keatinge)

73 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 17](#) (Lord Cameron of Chipping Norton)

63. Mr Drake added that the fact that Russia had found a way to circumvent the oil cap was a concern for the Government. He said that the response is twofold—first, identification of specific actors (for example, in the UAE) that are helping Russia to violate it, and sanctioning them. Secondly, taking steps to strengthen the price cap, working with the UK insurance industry. At the time of writing relevant measures are being negotiated at the G7 level.⁷⁴
64. When discussing mechanisms to address the challenge of sanctions circumvention more generally, witnesses mentioned the need for further coordination and for individual countries to improve the effectiveness of their sanctions implementation.
65. Mr Keatinge noted two examples of close international coordination that have been happening in response to sanctions evasion. First, regular joint visits of three sanctions envoys (UK, US, EU) to countries where evidence of sanctions evasion by Russia has been found, “to have conversations with them about ensuring that they understand what it is we are trying to achieve with the sanctions on Russia”. This had complemented coordination efforts through G7.⁷⁵
66. Mr Keatinge added an important caveat to criticism of implementation. He indicated that, before Russia’s invasion of Ukraine, many EU Member States did not have practical working experience of sanctions implementation. He told us that this had meant that their “capacity to deal with the deluge of sanctions that came forward after February 2022 was very low”. Mr Keatinge identified 2023 as the time when countries were trying to move from a “low” to a “higher” level of sanctions implementation.⁷⁶ Dr Meister emphasised that implementation is a responsibility of Member States, not of Brussels.⁷⁷ Mr Keatinge told us of a number of EU countries he had visited which had acknowledged and recognised the capability-building support on sanctions implementation provided by the United Kingdom.⁷⁸
67. Nathalie Loiseau MEP, Co-Chair of the UK-EU Parliamentary Partnership Assembly and former Minister of European Affairs of France, argued that “we are doing a good job” in fighting together against circumvention, as evidenced by the close cooperation between the EU Special Envoy David O’Sullivan and the director of the UK sanctions directorate, and their common trips to key third countries, including Kazakhstan and Kyrgyzstan.⁷⁹
68. The Minister for Europe told us that “cracking circumvention” was the key to improving the implementation of sanctions.⁸⁰ In addition to existing efforts to tackle it, the Government announced an additional £50 million as part of a new economic deterrence initiative.⁸¹ The Department for Business and Trade (DBT) has established an Office for Trade Sanctions Implementation, equivalent to the existing HM Treasury-based Office of Financial Sanctions

74 [Q 92](#) (Daniel Drake)

75 [Q 44](#) (Tom Keatinge)

76 *Ibid.*

77 [Q 25](#) (Dr Stefan Meister)

78 [Q 44](#) (Tom Keatinge)

79 [Q 16](#) (Nathalie Loiseau MEP)

80 [Q 94](#) (Leo Docherty MP)

81 Foreign Commonwealth and Development Office, ‘New fund announced to support UK’s national security priorities’, (13 March 2023): <https://www.gov.uk/government/news/new-fund-announced-to-support-uks-national-security-priorities> [accessed 23 January 2024]

Implementation. Mr Drake described this as “a significant scaling up of effort in DBT to implement and enforce trade sanctions”.⁸²

69. Mr Drake provided more details on the coordinated effort to respond to circumvention through third countries. The key allies, the UK, US, and EU, had identified a list of products related to technologies that Russia is trying to get hold of and which cannot be imported directly, thus relying on procurement via third countries. Envoys agreed to arrangements “with at least some of those countries” to impose controls on how such technologies travel through their territories. Mr Drake noted that some of those countries had indicated that they do not plan to set their own sanctions but are happy to cooperate on stopping the circumvention of international sanctions imposed on Russia. He reassured us that there had been “some positive progress with a number of the countries that we have been working with”.⁸³
70. Ms Loiseau also called for more scrutiny of the implementation of sanctions and cooperation between parliamentarians “on what we find out in order not to fool ourselves and be more effective”.⁸⁴

Role of the financial services sector

71. We heard that financial services companies are the critical actors when it comes to sanctions implementation; it is “in their DNA”, as Mr Keatinge put it.⁸⁵ Mr Whiley characterised their role as being “the gatekeeper” and “the last chance we have to stop a breach of sanctions”.⁸⁶ Mr Whiley did offer a caveat, noting that when looking at sanctions imposed on Russia, 80 per cent of them are trade-based, while only 10 per cent are financial. Nevertheless, “financial services are the oil in the machine that allows that trade to happen and continue”.⁸⁷
72. Mr Whiley noted that banks are not able to be effective on their own. He argued that actors involved in oil, gas, shipping and insurance all have to be part of the conversation, otherwise financial services will not have access to the specialist information necessary to make sanctions more robust.⁸⁸ Mr Keatinge gave the example of France, where the initial strategy was to rely entirely on banks to implement and enforce sanctions implementation on industry. Over time industry became engaged in the process as well.⁸⁹

Enforcement

73. Mr Keatinge expressed concern about the current state of sanctions enforcement: “frankly, I do not think enforcement exists in the sanctions dictionary in Europe right now”. Though “circumvention” might have been the buzzword for the sanctions community in 2023, he hoped that it would be replaced by “enforcement” in 2024:

“We have issued these sanctions, we are running out of ideas as to what to sanction next and we are perhaps running out of consensus to bring forward new packages, so let us make sure that the sanctions we have in

82 [Q94](#) (Daniel Drake)

83 *Ibid.*

84 [Q 16](#) (Nathalie Loiseau MEP)

85 [Q 49](#) (Tom Keatinge)

86 [Q 50](#) (Neil Whiley)

87 *Ibid.*

88 *Ibid.*

89 [Q 50](#) (Tom Keatinge)

place already are being properly implemented and, where they are not, that we are taking enforcement action”.⁹⁰

74. Other witnesses also highlighted challenges relating to enforcement of sanctions. Professor Szyszczak suggested that the US is “more robust” than both the UK and EU Member States in imposing fines for sanctions violations.⁹¹ Meanwhile, REDRESS characterised the UK’s efforts to enforce sanctions as “weak”.⁹²
75. Spotlight on Corruption said that efforts to investigate sanctions evasion had faced “serious setbacks”. In their assessment, the “problems exposed in these early enforcement efforts highlight the need for scrutiny of whether the new Combatting Kleptocracy Cell (CKC), established within the National Crime Agency, is delivering on robust enforcement of sanctions”.⁹³ They also expressed doubts about the effectiveness of the UK’s Office of Financial Sanctions Implementation (OFSI) as a sanctions enforcement actor, highlighting that only nine fines have been issued since it was established in 2016 and that none had yet been issued for breach of Russia sanctions regulations. Spotlight on Corruption questioned whether the measures that have been introduced are currently backed up by a credible threat of enforcement.⁹⁴ It recommended that the UK and partners should now prioritise coordination efforts on enforcement, including a greater emphasis on information- and intelligence-sharing, “particularly to track cross-border financial flows and clamp down on the use of sanctions-neutral third countries as a way to dodge sanctions”.⁹⁵
76. Ultimately, as noted by our witnesses, enforcement, like implementation, is primarily a matter for the individual nation states. In the case of the EU, while the EU institutions will “cheerlead and cajole” and the European Parliament has debated criminalisation of sanctions evasion, the responsibility ultimately falls on Member States.⁹⁶ In the case of the UK, responsibility falls on the Government.
77. **The UK’s expertise in developing and implementing sanctions regimes is an asset which should be used more actively to support the capabilities of other countries, both EU and non-EU. The aim of sharing the UK’s experience should be to ensure more effective implementation of sanctions by a wider range of countries. In its response to this report the Government should provide details of what support it is currently providing to other countries.**
78. **We are concerned about growing evidence that Russia has been able to circumvent sanctions through third states and uninsured shadow tanker fleets. We welcome the Government’s efforts to address this, in cooperation with our partners and allies, and in the current format of cooperation between envoys. Since the lifting of sanctions on Russia appears to be a distant prospect, circumvention will remain a**

90 [Q 49](#) (Tom Keatinge)

91 Written evidence from Professor Erika Szyszczak ([RIU0002](#))

92 Written evidence from REDRESS ([RIU0011](#))

93 The NCA’s Combatting Kleptocracy Cell, established in July 2022, plays a key role in the Agency’s response to economic crime. The unit focuses on investigations into corrupt elites and Politically Exposed Persons (PEPs) laundering their assets within the UK.

94 Written evidence from Spotlight on Corruption ([RIU0022](#))

95 *Ibid.*

96 [Q 49](#) (Tom Keatinge)

challenge requiring ongoing cooperation. We urge the Government, when replying to this report, to list the measures already taken in response to circumvention; and to set out their plans for more effective enforcement, including through closer and more effective cooperation with the EU and its Member States.

79. **It is disturbing that the weight of evidence we received suggests that the UK has not so far been as effective as it could be at enforcing the sanctions that have been introduced. We note in this regard REDRESS’s assessment of the UK’s performance as “weak” and Spotlight on Corruption’s evidence that investigation of sanctions evasion had experienced “serious setbacks”. Effective sanctions regimes must be enforced. We therefore ask the Government to address this concern in its response and to set out specific examples of robust action taken by the Government and its agencies to enforce UK sanctions regimes.**

Use of sanctioned assets for the reconstruction of Ukraine

80. It has been proposed that sanctioned Russian assets should be used to fund the future reconstruction of Ukraine. This has been advocated by the Ukrainian government and has strong support from some EU Member States, for example Poland. In September 2023 the US special representative for reconstruction was quoted as saying that sanctioned assets “ought to” be used to help fund the process.⁹⁷ However, other key stakeholders such as the European Central Bank and some experts have expressed caution about the legality and practicality of this proposal.
81. Some witnesses highlighted the legal complexity associated with the use of sanctioned assets in this way. Maya Lester KC noted the need for evidence of criminal conduct “in order to seize as opposed to freeze assets” and that there is an existing regime under the Proceeds of Crime Act (POCA) that could be used, “where that is warranted”. In her assessment, seizing assets without clear legal criteria would “raise obvious difficulties in rule of law terms”.⁹⁸ Mr Whiley added that the ownership and control criteria “cause a web of designations to reach out across the business environment, and not all of those frozen assets belong unconditionally to the designated person”. In this context it should be noted that the POCA regime is only about recoverable funds, not confiscation of all the frozen assets.⁹⁹ The EU Ambassador to the UK told us that the EU “want[s] to ensure that whatever we do is fully legally sound, because any measure taken that is not legally sound would probably be counterproductive”.¹⁰⁰
82. Mr Keatinge suggested that attention should be paid to frozen central bank assets, “because there is a much better return for Ukraine to be had by focusing there”.¹⁰¹ In October 2023 the President of the European

97 ‘Russian frozen assets “ought to” be used to rebuild Ukraine, says US special envoy’, *Financial Times*, (27 September 2023): <https://www.ft.com/content/ebf425de-87be-4612-8a94-a7a66fe8351a> [accessed 24 January 2024]

98 [Q 52](#) (Maya Lester)

99 *Ibid.*

100 [Q 78](#) (HE Ambassador Pedro Serrano)

101 [Q 52](#) (Tom Keatinge)

Commission said that the EU was working on such a proposal “to initially focus on the so-called windfall profits” from Russian Central Bank assets.¹⁰²

83. When asked about the feasibility of using sanctioned assets for the reconstruction of Ukraine, the Foreign Secretary told us that:

“ To answer the bigger question of whether it is time not just to freeze the assets and to spend some of the interest but to spend some of the assets, there is a legal route to doing this”.¹⁰³

84. The Minister for Europe stressed that “it is all about the legality”.¹⁰⁴ He said that the Government was looking at the possibility but that “if it was easy, we would have done it already”.

Off-ramp

85. Witnesses also discussed the potential to provide a so-called “off-ramp” for those currently on the sanctions register, if they meet certain conditions. Mr Keatinge drew our attention to a 2021 US Treasury sanctions strategy review that talked about “the importance of reversibility of sanctions”. He noted that the idea that sanctioned individuals could make voluntary contributions to the reconstruction of Ukraine “in exchange for some sanctions relief” was “floated by the Foreign Office” during the Ukraine Recovery Conference in London in June 2023. However, the idea had subsequently “not got anywhere”.¹⁰⁵

86. Mr Whiley noted that sanctions are a coercive measure, and their primary aim is to change behaviour. In the case of Russia sanctions, supporters of Ukraine had used a lot of “stick” but he did “not see any carrot for Russia to change its behaviour”. He argued that if change of behaviour is the goal of sanctions, then “you do need an off ramp”.¹⁰⁶

87. Ms Lester noted the words of Giles Thomson, the director of OFSI, about a possible new “voluntary route to seek removal from a sanctions list” in exchange for a “voluntary agreement” to release frozen assets in the UK to fund the reconstruction of Ukraine.¹⁰⁷ She also noted that the US has an off ramp mechanism—Task Force KleptoCapture, at the Department of Justice; “it will have discussions with designated people ... about creative possibilities for things people could do to be off-ramped”.¹⁰⁸

The sale of Chelsea FC and the case of Roman Abramovich

88. We asked the Government for an update on the proceeds from the sale of Chelsea FC by sanctioned Russian billionaire Roman Abramovich. At the time of the sale, Mr Abramovich pledged to donate the proceeds to a

102 EU vows to tax Russia’s immobilised assets for Ukraine reconstruction’, *Euronews*, (27 October 2023): <https://www.euronews.com/my-europe/2023/10/27/eu-vows-to-tax-russias-immobilised-assets-for-ukraine-reconstruction> [accessed 24 January 2024]

103 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), **Q 21** (Lord Cameron of Chipping Norton)

104 **Q 96** (Leo Docherty MP)

105 **Q 51** (Tom Keatinge)

106 **Q 51** (Neil Whiley)

107 **Q 51** (Maya Lester)

108 *Ibid.*

“charitable foundation” tasked with supporting the victims of the conflict in Ukraine.¹⁰⁹ However, this has not yet taken place.

89. REDRESS referred to this process in written evidence, arguing that, if arrangements for the donation can be finalised successfully, this may “demonstrate the feasibility” of a “voluntary donation mechanism” for sanctioned assets.¹¹⁰ However, it suggested that “the process has reached a stalemate, with neither the Government nor those tasked with creating the foundation taking responsibility to progress the matter”.
90. The Minister for Europe told us that the proceeds from the sale are frozen in a UK bank account and the Government “is going through the process of independent experts establishing a foundation to manage the money, and a licence application will need to be made to take that forward”.¹¹¹ When pressed on reasons for the delay, given agreement from the Charity Commission that such a fund can be set up, the Minister noted that there is a “disagreement” between the parties about who should benefit from the fund and where the monies should be spent. The Government is insisting that the funds have to be spent in Ukraine on Ukrainians.¹¹²
91. The Foreign Secretary confirmed that the Government is very keen that these funds should be spent specifically on humanitarian causes in Ukraine, “not on other causes linked to Ukraine or anything else”. He added that “there is an issue with that, which we need to see through”. He acknowledged that it may “take a bit of time, but emphasised that it was “important to get the right result”.¹¹³
92. **The Government should work closely with the EU and other partners to explore possible options to make use of sanctioned assets (or their proceeds) to support the reconstruction of Ukraine. However, any mechanism to make use of Russian assets must be consistent with international law and must not damage the international financial system. We noted that the Foreign Secretary suggested to us that there is a legal route to achieve that. The Government should outline what action it is taking on finding a legal route, including any discussions that it has had with the EU and other partners in its response to this report.**
93. **In contrast to the UK, the EU periodically reviews its individual sanctions regimes. This issue is linked to the creation of arrangements for sanctions to be lifted. In our view, the Government should consider introducing a process for periodic review of sanctions in force, which could provide a mechanism for the eventual removal of sanctions, in coordination with EU and other partners. We recommend that**

109 In his statement announcing the sale of Chelsea FC, Mr Abramovich noted that the charitable foundation, a beneficiary of the proceeds from the sale, “will be for the benefit of all victims of the war in Ukraine”, leading to concerns that the funds could be used in the Russia-controlled parts of Ukraine. The Government insists that the funds should go only to Ukrainians in Ukraine. See more: ‘Chelsea: Funds from Roman Abramovich sale earmarked for victims of Ukraine war remain frozen’, *BBC Sport*, (12 December 2023): <https://www.bbc.co.uk/sport/football/67698963> [accessed 24 January 2024] and Chelsea FC, ‘Statement from Roman Abramovich’, (2 March 2022): <https://www.chelseafc.com/en/news/article/statement-from-roman-abramovich> [accessed 24 January 2024]

110 Written evidence from REDRESS ([RIU0011](#))

111 [Q 97](#) (Leo Docherty MP)

112 *Ibid.*

113 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 21](#) (Lord Cameron of Chipping Norton)

the Government should in the meantime consult with the EU on the design of any “off-ramp” arrangement through which sanctioned entities could be removed from the sanctions list if certain conditions are met, such as providing support for reconstruction of Ukraine.

94. **We find it incomprehensible that the Government have not yet resolved the problems around the promised use of frozen assets from Chelsea FC’s sale to support Ukraine. The unfulfilled promise made by Mr Abramovich at the time of the sale of Chelsea FC reflects poorly on him and the Government for not pushing for a more binding commitment. We urge the Government to use all available legal levers to solve this impasse rapidly so that Ukraine can receive much needed, promised, and long overdue relief. All of the funds should be spent in territories controlled by the Ukrainian government.**

The future of sanctions coordination

95. We asked our witnesses whether there were lessons to be learned from recent experience for future coordination between the UK and EU on sanctions policy in respect of other states. In response Baroness Ashton, drawing on her experience of the sanctions process in relation to Iran, suggested that over time sanctions regimes in both the UK and the EU “have got better” as a result of “learning” done between countries and between organisations”. Sir Julian King told the Committee that G7 work on sanctions had also been “evolving” as a result of the Ukraine crisis, suggesting that this was now providing a “very interesting framework” for western cooperation.¹¹⁴
96. Ms Loiseau argued that western allies “have to make sure that the sharing of information and joint efforts for enforcement and the fight against circumvention continue not only when it is Russia or Belarus but every time we decide sanctions, because we basically have the same objectives and it only strengthens our case if we are ready to work together”.¹¹⁵ She indicated that at present the UK, the EU and other actors were “learning by doing”, given the unprecedented nature of the sanctions against Russia and Belarus. She concluded by arguing that a “permanent framework of cooperation on sanctions is necessary”.¹¹⁶ Ms Demarais (European Council on Foreign Relations) shared these sentiments and suggested that the UK and France remained the only two European countries that have the “intelligence capability to track individuals and groups engaged in illicit behaviours or sanctions evasion”. In her assessment, joint designations would “boost the effectiveness of sanctions”. However, she noted that France may be less enthusiastic than some countries about greater cooperation with the UK, since it has taken on a leading role within the EU process in the absence of the UK.¹¹⁷
97. Mr Bond and Dr Scazzieri suggested that in future crises the respective objectives of the UK and the EU on sanctions may not be as closely aligned. They recommended that the UK and the EU should “lay down the foundations” for a relationship built on “mutual trust” now, and then “nurture it until the next crisis”.¹¹⁸ Similarly, Spotlight on Corruption

114 [Q 6](#) (Baroness Ashton) and [Q 6](#) (Sir Julian King)

115 [Q 17](#) (Nathalie Loiseau MEP)

116 *Ibid.*

117 Written evidence from Agathe Demarais ([RUI0003](#))

118 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

argued that the sanctions against Russia and Belarus have “demonstrated how close coordination between the UK, EU and other partners has the potential to enhance the impact and effectiveness of sanctions”. In its view these lessons should be carried over to other regimes, including the Global Anti-Corruption sanctions regime.¹¹⁹

98. Mr Sikorski proposed that the US-EU Trade and Technology Council could be expanded to include other like-minded democracies, including the UK, and expressed hope that it could “do the job CoCom [Coordinating Committee for Multilateral Export Controls] did during the Cold War in denying bad actors some of the advantages of the free world” (see Box 2).

Box 2: Coordinating Committee for Multilateral Export Controls

The Coordinating Committee for Multilateral Export Controls (CoCom), established in 1949, was an informal multilateral organisation through which the United States together with 16 other countries, coordinated national controls over the export of strategic materials and technology to the Soviet bloc.

The countries involved were Australia, Belgium, Canada, Denmark, France, West Germany, Greece, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Spain, Turkey and the United Kingdom.

Representatives of all 17 countries engaged in three kinds of activities: the development of lists of technologies and products to be embargoed, controlled, or monitored; weekly consultations on exceptions to these lists; and consultation on enforcement of imposed policies. The lists included all military equipment; atomic energy (including sources of fissionable materials, nuclear reactors, and their components); and an industrial and commercial list.

CoCom ceased to function on 31 March 1994.¹²⁰

99. Georgina Wright, Resident Senior Fellow and Deputy Director for International Studies at Institut Montaigne, noted that the EU is currently thinking about two aspects of sanctions. First, how to respond to sanctions evasion. Second, what impact sanctions have on the EU and its Member States. Based on that assessment, it would decide how sanctions can be improved. She urged the UK Government to consider engaging with the EU on these deliberations, “to try to be part of that thinking about how to talk about sanctions evasion and the future sanctions that we may wish to impose on Russia”.¹²¹
100. Mr Sikorski told us that it would be “wonderful if we could coordinate our actions against tax havens”, noting that it is “estimated that \$50 trillion is hidden away in tax havens”. He stressed that this would require “common action” from the UK and EU but was an area where he would “expect British leadership”, given the UK’s status as a financial centre and its experience in these matters.¹²²
101. Mr Keatinge highlighted the need for the UK to “build alliances” on sanctions, “because we are a middle power”. He emphasised that the UK can “contribute to the sanctions ambitions of others” and that it should “[k]eep doing that” and “not think it is just something worth doing in the context

119 Written evidence from Spotlight on Corruption ([RIU0022](#))

120 Library of Congress, *Technology and East-West Trade* (November 1979): <https://www.princeton.edu/~ota/disk3/1979/7918/7918.PDF> [accessed 24 January 2024]

121 [Q 25](#) (Georgina Wright)

122 [Q 16,17](#) (Radosław Sikorski)

of war in Europe”.¹²³ He noted that one of the lessons learned from the sanctions imposed on Russia is that “the UN Security Council is broken”. Global sanctions are unlikely in the near future. He therefore suggested that alliances are the only way forward. He stressed that the UK’s big lever is the strength of its financial services sector, which means it “can contribute to the sanctions ambitions of others”.¹²⁴

102. Sanctions are, as noted by Mr Whiley, “a team sport”. All industries should be engaged “to ensure that we have the right people at the right table for the right conversation”, because industries have the required expertise, “and, if we can replicate that internationally as a group of allied nations, we will have a much bigger impact on whoever the target is”.¹²⁵
103. The Government’s view is that it does “not currently consider it necessary to establish additional structures with the EU on sanctions”.¹²⁶ The Foreign Secretary told us that, as far as he could see, existing arrangements set up on an “ad hoc” basis in response to the Russian invasion of Ukraine are “working very well”.¹²⁷ In its written evidence to us the Government stated that arrangements will be kept under review. It also indicated that engagement with the US and EU extends to other sanctions regimes beyond Russia and Belarus.¹²⁸
104. **The evidence that we have considered, including from the Foreign Secretary, suggests that the arrangements for cooperation between the UK, the EU and other allies on sanctions that have been established over the past two years have been effective in responding to the crisis in Ukraine.**
105. **Looking beyond the current crisis to the longer-term, we consider that the objective should be to ensure that lessons learned from this intensive phase of international cooperation on sanctions are retained and applied in other contexts, including where there may not be the same level of unity among Western countries. To achieve that, we see value in a regular working arrangement between the UK and the EU on sanctions policy, covering other regimes as well as Russia and Belarus. There are different ways in which this could be achieved. It need not be an elaborate mechanism and could build on the working practices established over the past two years. One option, which we have recommended previously, would be for the Government to seek to agree a memorandum of understanding with the EU on sanctions cooperation.**
106. **Although the Cold War-era Coordinating Committee for Multilateral Export Controls cannot simply be replicated in current circumstances, it established a precedent for an efficient and effective cooperation mechanism that operated successfully for almost 45 years. We ask the Government to set out its view in response to this report on how best to achieve the objective of sustaining cooperation between the UK, EU, US and other like-minded democracies in implementation and enforcement of sanctions regimes in future.**

123 [Q 52](#) (Tom Keatinge)

124 [Q 54](#) (Tom Keatinge)

125 [Q 54](#) (Neil Whiley)

126 Written evidence from the Foreign, Commonwealth and Development Office ([RUI0012](#))

127 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 14](#) (Lord Cameron of Chipping Norton)

128 Written evidence from the Foreign, Commonwealth and Development Office ([RUI0012](#))

CHAPTER 3: THE UK-EU DEFENCE RELATIONSHIP

107. Russia's invasion of Ukraine has reignited discussions about the UK-EU defence relationship, an area which is not covered by the Trade and Cooperation Agreement. This chapter builds on recommendations contained in our report, *The future UK-EU relationship*, published in April 2023 (see Box 3). It provides a more detailed analysis of developments relevant to the UK-EU defence relationship since the Russian invasion on 24 February 2022, taking into account, at the time of the publication of this report, over 23 months of war.

Box 3: The future UK-EU relationship report. Recommendations on UK-EU defence cooperation

We welcome the Government's decision to join the Permanent Structured Cooperation (PESCO, see Box 5) Military Mobility project, which represents a change from its previous position on PESCO and is an example of a more pragmatic approach towards cooperation with the EU. We agree with the Minister for Europe that the Government should continue to consider seeking third-country participation in other PESCO projects on a case-by-case basis, where this is in the UK's interests. (Paragraph 138)

We believe that it is important for the UK to be actively involved in what one of our witnesses called a "European defence industrial ecosystem" and to ensure that UK interests are protected. The Government should therefore closely monitor the development of the European Defence Fund. We ask the Government to provide its current assessment of the implications of the EDF for the UK in its response to this report. (Paragraph 139)

We call on the Government to seek to put in place an administrative agreement with the European Defence Agency, similar to those agreed with other third countries, including the US, Norway, Switzerland, Serbia and Ukraine. (Paragraph 140)

We welcome the 2023 EU-NATO Joint Declaration and agree with its assessment that the European Union can play a complementary role in a NATO-led European security environment. In its response to this report we ask the Government to set out how it envisages giving practical effect to the statement, in paragraph 13 of the Joint Declaration, that "we encourage the fullest possible involvement of the NATO Allies that are not members of the EU in its initiatives". (Paragraph 141)

Source: European Affairs Committee, *The future UK-EU relationship* (4th Report, Session 2022–23, HL Paper 184)

Scale of military support to Ukraine

Overall EU support

108. According to European Commission data published in November 2023, the overall scale of EU (and Member State) support to Ukraine amounted to over €67 billion in military, financial, humanitarian and emergency assistance (€84 billion when adding support provided to Ukrainian refugees),¹²⁹ including around €21 billion of bilateral military support provided by EU Member

¹²⁹ European Commission, Factsheet, *EU solidarity with Ukraine* (22 November 2023): https://ec.europa.eu/commission/presscorner/detail/en/FS_22_3862 [accessed 24 January 2024]

States.¹³⁰ Additionally, the EU has proposed a €50 billion ‘Ukraine facility’ for 2023–27.¹³¹

European Peace Facility

109. We heard that the “real difference” in terms of the EU’s military support for Ukraine, compared to how the EU had responded to previous crises, was the packages of military support financed by the European Peace Facility (EPF).¹³² The EPF, dubbed by senior Polish politician Radosław Sikorski as the EU’s “wonderfully named defence budget”, is the funding mechanism allowing for specific military assistance including weapons (€5.6 billion to date). The use of this mechanism marked the first time that a country at war received lethal support from the EU collectively. It was established in March 2021 (see Box 4) and, according to Mr Sikorski, “would never have been created if Britain were still a member of the EU”.¹³³

Box 4: European Peace Facility

The European Peace Facility (EPF) was established in March 2021 with the aim of providing finance “to Common Foreign and Security Policy actions with military and defence implications that will enhance the Union’s ability to prevent conflicts, build peace, and strengthen international security”. The overall budget of the EPF in the 2021–2027 EU biannual financial framework is currently set at €12 billion. The initial financial ceiling of €5.692 billion has progressively increased by €2.287 (on 12 December 2022), €7.979 billion (on 13 March 2023) and €4.061 billion (on 26 June 2023).

The EPF consists of two pillars, military operations (cost of military CSDP missions and operations) and assistance measures (military aspects of Peace Support Operations). “The strategic orientation and political steer for operations and assistance measures to be funded under the EPF is provided by the Political and Security Committee (PSC) on the basis of the strategic priorities set by the European Council and the Council.”¹³⁴

110. Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak, researchers associated with UK in a Changing Europe, suggested to us that the provision of lethal support would “not have been previously considered as feasible” by the EU.¹³⁵ This was characterised by Professor Szyzszak

130 Congressional Research Service, *Russia’s War Against Ukraine: European Union Responses and U.S.-EU Relations* (20 November 2023): <https://crsreports.congress.gov/product/pdf/IN/IN11897> [accessed 23 January 2024]

131 The Ukraine Facility is a new instrument proposed by the European Commission, “to provide predictable financial support for Ukraine over the 2024–27 period”. It is organised around three pillars, financial support in the form of grants and loans; a specific Ukraine Investment Framework; and technical assistance and other supporting measures, including “mobilisation of expertise on reforms, support to municipalities, civil society” and bilateral support forms usually available under the Instrument for Pre-Accession (IPA) to pre-accession countries. See more: European Commission, ‘Questions and Answers: A new Ukraine Facility’ (20 June 2023), https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_3353 [accessed 23 January 2024].

132 [Q 13](#) (Nathalie Loiseau MEP)

133 [Q 14](#) (Radosław Sikorski)

134 European Commission, ‘European Peace Facility’: https://fpi.ec.europa.eu/what-we-do/european-peace-facility_en [accessed 23 January 2024]

135 Written evidence from Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak ([RUI0004](#))

(University of Sussex) as a “major change in policy”.¹³⁶ Several other submissions referred to the EU as having “broken taboos” in this area.¹³⁷

111. Disbursement of funds under the EPF requires the agreement of all Member States. While this has been achieved on seven occasions to date, the distribution of a proposed eighth support package has been delayed due to use of a veto by Hungary.¹³⁸ This may be one reason why countries may wish to continue to provide military assistance on a bilateral or small-group level, rather than relying solely on EU mechanisms (see paragraph 119 on bilateral cooperation).¹³⁹ Nevertheless, as noted by Professor Alexander Mattelaer, Associate Professor in International Security at the Brussels School of Governance, the EPF has helped EU Member States to address the “delicate balancing act” of the need to provide continued support for Ukraine with the need to rebuild their own force structures.¹⁴⁰ Nathalie Loiseau MEP highlighted an important aspect of the EPF, especially from the perspective of the UK defence industry—the EPF mechanism does not include any geographical conditions on whether the military equipment sent using the EPF should be manufactured in the European Union.¹⁴¹
112. We heard mixed views on whether the use of mechanisms such as the EPF by the EU was likely to be extended to other contexts. Dr Benjamin Martill (University of Edinburgh) predicted that there would be “further movement in this direction in the future, both in response to future geopolitical crises and as the policies enacted after February 2022 further crystallise and develop”.¹⁴² Similarly, Professor Mattelaer considered that “all the trend lines that we can detect from developments in recent years are new and can be extended far into the future”.¹⁴³ However, Ian Bond and Dr Luigi Scazzieri of the Centre on European Reform suggested that the EU’s ability to respond as it did to the Ukraine crisis had relied on “the circumstantial alignments of member-states’ interests”.¹⁴⁴ Isabella Antinozzi, Research Analyst at the Royal United Services Institute, similarly felt that “key enablers” of the EU response to the Russian invasion of Ukraine, namely “unequivocal” US support and “moral clarity about right and wrong”, may not present themselves in the same way in future.¹⁴⁵

A spectrum of support for Ukraine among EU Member States

113. Speaking in November 2023, Professor Mattelaer told us that overall military support for Ukraine “has been incremental in its build-up and it originated unevenly across the European continent”. In his assessment, this was closely tied to different considerations of how the possible escalation of the conflict should be managed in individual Member States.¹⁴⁶ The difference in the scale of support between EU countries was also dependent on the degree to which Member States perceived the situation in Ukraine as having direct

136 Written evidence from Professor Erika Szyszczak ([RUI0002](#))

137 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#)), Isabella Antinozzi ([RUI0014](#)) and Dr Benjamin Martill ([RUI0018](#))

138 [Q 13](#) (Nathalie Loiseau MEP)

139 [Q 58](#) (Dr Luigi Scazzieri)

140 [Q 55](#) (Professor Alexander Mattelaer)

141 [Q 18](#) (Nathalie Loiseau MEP)

142 Written evidence from Dr Benjamin Martill ([RUI0018](#))

143 [Q 56](#) (Professor Alexander Mattelaer)

144 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

145 Written evidence from Isabella Antinozzi ([RUI0014](#))

146 [Q 55](#) (Professor Alexander Mattelaer)

consequences for their security. All countries also had to consider their domestic political constraints and strategic cultures, which differed (at least at the beginning of the war).¹⁴⁷

114. An incremental change in the behaviour of EU Member States closely followed the increasing support for Ukraine. Professor Whitman noted the fast pace to changes of strategic cultures, “in particular, moving from a position of discomfort when it came to supplying arms, particularly arms of lethality—think of Sweden for example—through to Germany and Poland, which were in a very different place when it comes to ambitions for their own defence”.¹⁴⁸ While noting a “small number of stand-outs in their response”, such as Hungary, even countries “more comfortable” with provision of non-lethal support (such as Austria, Cyprus and Ireland) “have moved quite a lot”.¹⁴⁹
115. While some of the EU Member States were gradually changing their approach to how Ukraine should be supported, Professor Whitman mentioned others, including the signatories of the Tallinn Pledge,¹⁵⁰ who wanted to increase the pace of support even further, suggesting that the EU “is not a big enough forum for them and that they want to do more with a state like the UK”.¹⁵¹

Support provided by the United Kingdom

116. As of 23 January 2024, the United Kingdom had committed a total of £7.1 billion in military assistance to Ukraine (£2.3 billion in 2021/22 and 2022/23, and £2.5 billion in 2023/24). The UK has additionally provided substantial economic and humanitarian assistance to Ukraine.¹⁵² The then Secretary of State for Defence, the Rt Hon Ben Wallace MP, noted in a statement to the House of Commons on 20 July 2023 that between April 2022 and March 2023, the UK was second only to the United States in terms of international support provided to Ukraine.¹⁵³
117. The role of the UK, as noted by Dr Scazzieri, was also very important in “normalising the provision of certain weapons systems early on”, for example in convincing others of the need to provide Ukraine with tanks.¹⁵⁴ Professor Whitman agreed with this assessment, adding that “the UK’s role has been

147 [Q 55](#) (Dr Luigi Scazzieri, Professor Alexander Mattelaer)

148 [Q 55](#) (Richard G Whitman)

149 *Ibid.*

150 A joint statement signed by nine countries, the United Kingdom, Estonia, Lithuania, Latvia, Poland, Denmark, the Czech Republic, the Netherlands and Slovakia, committing to “collectively pursuing delivery of an unprecedented set of donations including main battle tanks, heavy artillery, air defence, ammunition and infantry fighting vehicles to Ukraine”. See more: HM Government, *Joint Statement - The Tallinn Pledge* (19 January 2023, updated 2 February 2023): <https://www.gov.uk/government/news/joint-statement-the-tallinn-pledge> [Accessed 23 January 2024]

151 [Q 55](#) (Richard G Whitman)

152 House of Commons Library, *Military assistance to Ukraine since the Russian invasion*, Research Briefing, [CBP-9477](#), October 2023

153 HC Deb, 20 July 2023, [col 83WS](#). Setting out an unambiguous ranking of countries regarding the military assistance they have provided or are still providing is challenging and can vary significantly, depending on the available data. In the House of Commons Library’s assessment, some rankings include multi-year financial commitments, where support has been ringfenced but has not yet been spent. In other cases military assistance is also often discussed in conjunction with humanitarian and economic aid. See House of Commons Library, *Military assistance to Ukraine since the Russian invasion*, [Research Briefing CBP-9477](#), October 2023

154 [Q 55](#) (Dr Luigi Scazzieri)

to push out the boundaries of what is possible and to provide some leadership in allowing a debate to be had about particular weapons systems”.¹⁵⁵

UK-EU coordination

118. Overall, our witnesses agreed that UK-EU coordination on the diplomatic level “has worked reasonably well”, serving “as a reminder of shared and common interests and as a rediscovery of muscle memory”.¹⁵⁶ In particular, our witnesses mentioned UK-EU engagement within the framework of the G7 and in the US-led Ukraine Defense Contact Group (commonly referred to as the “Ramstein group”, following an international conference held at the Ramstein Air Base in Germany on 26 April 2022), which meets on a monthly basis.¹⁵⁷
119. Yet witnesses indicated that most military assistance for Ukraine is discussed on a bilateral basis or through small ad hoc groups. Dr Scazzieri told us that countries had achieved the most effective coordination through coalitions such as those formed to deliver single weapons systems (for example, Leopard tanks) and the air defence partnership between the UK, the US, Denmark and the Netherlands.¹⁵⁸ We heard that larger groups have “proven more unwieldy”, in part due to the requirement of consensus for disbursements from the EPF (see paragraphs 109–112).¹⁵⁹
120. Professor Whitman told us that “frankly there is no direct UK-EU interface on defence”.¹⁶⁰ Cooperation exists in terms of coordination between training missions for Ukrainian soldiers, the EU-led EU Military Assistance Mission¹⁶¹ and the UK-led Interflex¹⁶², but not in other areas where “there could have been a very good and useful partnership”, for example, on the EU-led Act in Support of Ammunition Production (ASAP), an attempt to reinforce the EU industrial defence capacities and to accelerate the delivery of ammunition to Ukraine.¹⁶³ More broadly, Professor Whitman observed that the war came “a bit too early” for EU cooperation with third partners, as it had not had time to consider how to translate its ambitions in this area, set out in the *Strategic Compass*, into reality.¹⁶⁴
121. Several witnesses considered that there is room for more coordination between the UK and the EU. The question, as noted by Dr Scazzieri, is to what extent the coordination in response to the invasion of Ukraine is a

155 [Q 55](#) (Professor Richard G Whitman)

156 [Q 57](#) (Professor Richard G Whitman)

157 ‘At defence talks in Germany, U.S. says world galvanized against Russia’s invasion’, (26 April 2022), *Reuters*: <https://www.reuters.com/world/us-hosts-ukraine-talks-germany-war-enters-critical-phase-2022-04-25/> [accessed 23 January 2024]

158 [Q 57](#) (Dr Luigi Scazzieri)

159 *Ibid.*

160 [Q 57](#) (Professor Richard G Whitman)

161 The EU Military Assistance Mission in support of Ukraine (EUMAM Ukraine) led by (so far) 24 EU Member States, offering training for Ukrainian armed forces. See more: European External Action Service, ‘EU Military Assistance Mission in support of Ukraine’, https://www.eeas.europa.eu/eumam-ukraine_en?s=410260 [accessed 23 January 2024].

162 UK armed forces training programme for Ukrainian soldiers. See more: Ministry of Defence, ‘30,000 Ukrainian recruits trained in largest UK military training effort since Second World War’, (10 November 2023): <https://www.gov.uk/government/news/30000-ukrainian-recruits-trained-in-largest-uk-military-training-effort-since-second-world-war> [accessed 23 January 2024].

163 [Q 57](#) (Professor Richard G Whitman). See also: European Commission, *Act in Support of Ammunition Production (ASAP)* (23 October 2023): https://defence-industry-space.ec.europa.eu/eu-defence-industry/act-support-ammunition-production-asap_en [accessed 23 January 2024]

164 [Q 57](#) (Professor Richard G Whitman)

consequence of an alignment of interests in this specific case, and to what extent it is reflective of a “broader and deeper kind of coordination”.¹⁶⁵

122. Professor Mattelear told us that there are lessons to be learned from cooperation within the Ramstein group, showing that European countries may be willing to provide military support, but that help is also contingent on what the US is doing; therefore, he added, “we can only speculate on what the coordination challenge would look like were there to be a change in US policy”. But in his assessment, the coordination between the UK and the EU, in particular on financial support for Ukraine, “is arguably more important than the military support coordination challenge”.¹⁶⁶

The challenge of sustainability of support

123. Witnesses highlighted that the sustainability of resourcing for Ukraine will be one of the major challenges in the future. One expert told us, “we have not yet got the machinery in place to ensure that Ukraine has clarity as to what sort of resources will flow over the next few years”.¹⁶⁷ Professor Mattelaer was concerned that Ukraine’s allies “may be lagging behind Russia’s ongoing efforts to prepare and provide for the long war that is probably ahead of us”.¹⁶⁸
124. Witnesses also expressed concerns about the possible impact of the US presidential election in 2024 on the scale of support for Ukraine. Professor Mattelaer said that should the election lead to a “dramatic change of US policy”, there will be an urgent challenge of coordinating and providing support to Ukraine. In his view, it is “wise for European states to think of contingency plans to help to address such a prospect”.¹⁶⁹ This is discussed further in Chapter 5.
125. **We welcome the leadership shown by the United Kingdom as the second largest supplier of military support for Ukraine, after the United States, and the encouragement this has provided to other European countries to supply. The Government should continue to work with its European partners and allies in providing military aid to Ukraine for as long as it takes to reverse Russian aggression.**
126. **Cooperation between the UK, the EU, the US and other international partners, including European members of NATO, on military support for Ukraine has been more effective than previous experience would have suggested. We are however concerned about the challenges of sustaining current levels of support in the medium and longer term, given its ad hoc nature so far. It is of utmost importance that the Government works with its allies to ensure continued supply of sufficient military support for Ukraine. Close UK-EU cooperation would be of particular importance in the case of a change of policy by a future US administration.**

The EU defence industrial ecosystem

127. The EU has re-evaluated its defence policy and approach to resilience over the past two years. The *Strategic Compass* published in March 2022 (see Box

165 [Q 57](#) (Dr Luigi Scazzieri)

166 [Q 57](#) (Professor Alexander Mattelaer)

167 [Q 55](#) (Professor Richard G Whitman); see also [Q 55](#) (Dr Luigi Scazzieri, Professor Alexander Mattelaer).

168 [Q 55](#) (Professor Alexander Mattelaer)

169 [Q 57](#) (Professor Alexander Mattelaer)

8, Chapter 5) said that the EU “urgently need[s] to take more responsibility for its own security”.¹⁷⁰ Specific proposals intended to support this ambition included the establishment of an EU Rapid Deployment Capacity to be able to deploy up to 5,000 troops in response to crises, a substantial increase in overall defence expenditure and an ambition to “maximise coherence” between various existing EU defence initiatives (see Box 5), such as Permanent Structured Cooperation (PESCO), the European Defence Fund and the European Defence Agency.

128. Witnesses noted the pace of change in the EU’s thinking about its defence industry base. The “skyrocketing” demand for defence procurement and emergence of financial incentives to cooperate through the European Defence Fund (EDF) have led the European defence industrial landscape into a period of major change. It has also led to tension between the need to address current capability gaps, and long-term ambitions to strengthen European defence capability, including its technological and industrial bases.¹⁷¹
129. Since the outbreak of the war, the European Commission has adopted a particular focus on seeking to increase EU defence industrial production capacity and cooperation between Member States. The Member States have agreed two major Regulations to that end: the Regulation establishing the European Defence Industrial Reinforcement through Common Procurement Act (EDIRPA) in 2022,¹⁷² and the Regulation establishing the Act in Support of Ammunition Production (ASAP) in 2023 (see Box 5).¹⁷³ These new mechanisms were designed to supplement the existing EU defence ecosystem, encompassing the European Defence Agency, the European Defence Fund and PESCO.

Box 5: EU defence initiatives

Permanent Structured Cooperation

The EU’s Permanent Structured Cooperation (PESCO) was established under the Common Security and Defence Policy (CSDP) in 2017. This builds on previous EU defence integration initiatives. PESCO is envisaged as “a framework and a structured process to gradually deepen defence cooperation to deliver the required capabilities to ... undertake the most demanding missions and thereby provide an improved security to EU citizens”. 26 of the 27 Member States of the EU participate (Malta is the exception). There are currently 60 PESCO projects being developed, covering areas such as training, land, maritime, air and cyber.

Third countries can be invited to participate in PESCO projects if they meet conditions such as sharing “the values on which the EU is founded”, having a political dialogue with the EU that covers defence and security aspects, and providing “substantial added value to a project, for example technical expertise or additional capabilities”. There is a multi-stage process for third-party acceptance into a PESCO project, beginning with a request to participate and

170 European Union, *A Strategic Compass for Security and Defence* (March 2022): https://www.eeas.europa.eu/sites/default/files/documents/strategic_compass_en3_web.pdf [accessed 23 January 2024]

171 Q 60 (Professor Alexander Mattelaer)

172 Proposal for a Regulation of the European Parliament and of the Council on establishing the European defence industry Reinforcement through common Procurement Act [COM\(2022\) 349 final](#)

173 Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) [OJ L 185/7](#), 24 July 2023

ultimately concluding with a Decision of the Council of the EU as to whether participation meets all necessary conditions. The Political Declaration published alongside the Withdrawal Agreement in 2019 stated that the UK would “consider” participation in PESCO projects “where invited to participate on an exceptional basis by the Council of the European Union”.

In our report on the future UK-EU relationship, we recommended that the Government should “continue to consider seeking third-country participation in other PESCO projects on a case-by-case basis, where this is in the UK’s interests”. In its response, the Government said that it “continues to monitor and evaluate PESCO projects”.

European Defence Fund

The European Defence Fund (EDF) was established in 2017.¹⁷⁴ According to the European Commission, this “financially support[s] consortia of companies from different member states undertaking cooperative defence research and development of defence products and technologies”.¹⁷⁵ €8 billion has been allocated to this fund in the 2021–2027 budget cycle.¹⁷⁶ Nevertheless, as of 2020, joint procurement represented only 11% of the total defence armament acquisition of EU Member States.¹⁷⁷

Full third-party involvement in the European Defence Fund is open only to members of the European Economic Area (EEA). Entities in other third countries can participate in collaborative projects but cannot be funded through the scheme. The Political Declaration published alongside the Withdrawal Agreement in 2019 stated that the UK and the EU would “consider” participation of UK entities in collaborative projects supported by the European Defence Fund, to “the extent possible under the conditions of Union law”.¹⁷⁸ There are not currently any examples of this sort of arrangement.

European Defence Agency

The European Defence Agency was established in 2004 and now supports all EU Member States in developing their military resources.¹⁷⁹ It promotes collaboration, launches new initiatives and works to improve defence capabilities. It also “helps Member States that are willing to do so to develop joint defence capabilities” and “is a key facilitator in developing the capabilities that underpin the EU’s Common Security and Defence Policy (CSDP)”.¹⁸⁰

174 Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092, [OJ L170/149](#) 12 May 2021

175 European Commission, ‘European Defence Fund’: https://ec.europa.eu/info/funding-tenders/find-funding/eu-funding-programmes/european-defence-fund_en#impact-and-performance [accessed 23 January 2024]

176 European Commission, ‘European Defence Fund: EU to invest €832 million in 41 ambitious defence industrial projects’, (26 June 2023): https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3481 [accessed 23 January 2024]

177 Bastian Giegrich and Ester Sabatino, ‘The (Sorry) State of EU Defense Cooperation’, *Carnegie Europe* (6 October 2022): <https://carnegieeurope.eu/strategieurope/88104> [accessed 23 January 2024]

178 HM Government, *Political Declaration setting out the framework for the future relationship between the European Union and the United Kingdom* (19 October 2019), para 102: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/840656/Political_Declaration_setting_out_the_framework_for_the_future_relationship_between_the_European_Union_and_the_United_Kingdom.pdf [accessed 25 April 2023]

179 Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency (recast). [OJ L266/55](#), 13 October 1995. Denmark joined the EDA in March 2023.

180 European Union, ‘European Defence Agency’: https://european-union.europa.eu/institutions-law-budget/institutions-and-bodies/institutions-and-bodies-profiles/eda_en [accessed 23 January 2024]

The EDA has concluded bilateral “administrative arrangements” with selected third country organisations and five third country partners—Norway, Serbia, Switzerland, Ukraine and the United States. The EDA’s website describes this as a “prerequisite to for third parties to take part in EDF projects and programmes”.¹⁸¹ The arrangement with the United States was signed on 26 April 2023. The purpose of this arrangement is described as being to “provide a framework for the Participants to exchange information and explore collaborative activities falling within the scope of the EDA’s mission, with a view to obtaining mutually beneficial output and results”.¹⁸² It does not include any specific commitments to participate in or contribute to EU defence industrial projects.

EDIRPA and ASAP

The Regulation establishing the European Defence Industry Reinforcement Through Common Procurement Act (EDIRPA), voted into law on 12 September 2023, aims to incentivise EU Member States to jointly produce weapons, with the goals of interoperability and economies of scale for the defence industry in the EU. Although it may be “far too early to evaluate [its] effectiveness”, it has received broad political support in the European Parliament (530 votes in favour; 66 votes against).¹⁸³

The Regulation establishing the Act in Support of Ammunition Production (ASAP), approved by the European Parliament on 1 June 2023, is a Regulation that aims at stimulating the development of EU Member States’ arms industries, in particular to restock their arsenals and to ramp up the production of ammunition, missiles and their components. ASAP provides reimbursement of “up to 35% of the eligible costs of an eligible action related to the production capacities of relevant defence products, and up to 40% of the eligible costs of an eligible action related to the production capacities of components and raw materials insofar as they are intended or used wholly for the production of relevant defence products”. The total budget was set at €500 million.¹⁸⁴ In November 2023, the German Minister for Defence indicated, that the goal of providing Ukraine with one million shells by March 2024 will not be met. Around 300,000 shells were sent by mid-November 2023.¹⁸⁵ While European governments tended to blame the defence industry for the delays, the European munition manufacturers stated that not enough time was given to fulfil orders for Ukraine, and their work was further impacted by replenishing ammunition stocks of its domestic customers.¹⁸⁶

130. While it may be too early to be able to properly assess many of the EU’s initiatives, in Dr Scazzieri’s assessment the EU now has in place an “ecosystem for defence research development and procurement”.¹⁸⁷ While the outcomes of this “ecosystem” may currently be somewhat underwhelming and some

181 European Defence Agency, “Third parties”: <https://eda.europa.eu/who-we-are/third-parties> [accessed 23 January 2024]

182 European Defence Agency, *Administrative Arrangement between the European Union and the Department of Defense of the United States of America*: <https://eda.europa.eu/docs/default-source/documents/signed-aa-eda-us-dod-2023-04-26.pdf> [accessed 23 January 2024]

183 **Q 60** (Professor Alexander Mattelaer)

184 Regulation (EU) 2023/1525 of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) **OJ L 185/7**, 24 July 2023

185 “Europe can’t keep its promise to Ukraine, defense chief admits”, Politico (15 November 2023): <https://www.politico.eu/article/arms-makers-cant-drop-exports-to-meet-ukraine-ammo-target-says-defense-agency-chief/> [accessed 23 January 2024]

186 “Industry group rejects EU blame in missed ammo target for Ukraine”, Defense News (17 November 2023): <https://www.defensenews.com/global/europe/2023/11/17/industry-group-rejects-eu-blame-in-missed-ammo-target-for-ukraine/> [accessed 23 January 2024]

187 **Q 60** (Dr Luigi Scazzieri)

of the plans proved to be too ambitious (e.g., inability to provide one million shells to Ukraine by 2024—see Box 5)—the procurement side is still “under development” and ASAP and EDIRPA are relatively small in scale—“they are in place and established precedents that will be followed”.¹⁸⁸

131. Despite these new initiatives, and although the outbreak of the war in the assessment of our witnesses had a significant impact on the EU defence policy, we heard that overall the “the broader landscape of EU defence policy is a bit of a mixed picture”.¹⁸⁹ Witnesses identified the tension between the long timescales needed to develop new and cutting-edge military capabilities through investment in defence research and development and the “the urgency of the present situation”.¹⁹⁰
132. Mr Sikorski expressed frustration that “40-something programmes that were supposed to create defence capabilities and are financed by the European Defence Agency have not produced anything of value yet”.¹⁹¹ Dr Stefan Meister (German Council on Foreign Relations) told the Committee that despite these initiatives EU Member States have “not ordered a lot of weapons and ammunition and production has not really started”.¹⁹² Ms Wright similarly suggested that “we are very far from the EU improving its defence industrial posture”,¹⁹³ while Professor Whitman noted the lack of progress with initiatives such as the Crisis Response Operation Core (CROC).¹⁹⁴
133. Professor Mattelaer offered a more optimistic overview. He suggested that if you “zoom out and take a slightly longer time horizon into account” there had been a “dramatic increase in research technology and research and development budgets, both at the EU level through the EDF and at the national level”. He described this as “the biggest shift that we have seen”, with the caveat that it “stretches long-term into the future, so it is only early days”.¹⁹⁵
134. Some of the experts that we heard from proposed that the UK should consider participation in additional EU defence industrial projects. Mr Bond and Dr Scazzieri suggested that this would minimise the risk of “exclusion” from European initiatives, which they considered to be a possibility since the money that has been made available is a “significant inducement for European firms to work more with each other in research, development and procurement, excluding outsiders”.¹⁹⁶
135. Ms Antinozzi argued that cooperation “for [the] sake of cooperation” has rarely been successful but that there were opportunities to cooperate further, in particular within those institutions and frameworks that are less

188 *Ibid.*

189 Q 56 (Professor Richard G Whitman)

190 Q 56 (Professor Alexander Mattelaer)

191 Q 19 (Radosław Sikorski)

192 Q 26 (Dr Stefan Meister)

193 Q 26 (Georgina Wright)

194 Q 56 (Professor Richard G Whitman). EUFOR Crisis Response Operation Core (EUFOR CROC) is a PESCO-funded project aimed at facilitating force-generation for expeditionary operations. It joins together Cyprus, France, Germany, Italy and Spain. See more: Sven Biscop, Egmont Institute, *Putting the Core at the Centre. The Crisis Response Operation Core (CROC) and the Future of PESCO* (December 2019): <https://www.egmontinstitute.be/app/uploads/2019/11/SPB119.pdf> [accessed 23 January 2024].

195 Q 60 (Professor Alexander Mattelaer)

196 Written evidence from Ian Bond and Dr Luigi Scazzieri (RUI0005)

underpinned by a “pay as you play” rationale.¹⁹⁷ She identified possibilities for UK engagement with the European Defence Agency (EDA), EPF and additional PESCO projects. Addressing concerns raised by Ministers, she argued that the UK should recognise that EU defence initiatives are “designed to contribute to transatlantic burden-sharing” and not envisaged as competing with NATO.

Permanent Structured Cooperation (PESCO)

136. The Permanent Structured Cooperation (PESCO) initiative (see Box 5) has been slow to get up and running. Professor Whitman noted that only two out of 62 projects under the PESCO umbrella have been delivered fully, with a caveat that some of those projects are long-term, “so I might be being unfair”.¹⁹⁸
137. In November 2022 the UK reached an agreement with the EU to participate in the ‘Military Mobility’ project under PESCO, which “aims to enable the unhindered movement of military personnel and assets within the borders of the EU” by “avoiding long bureaucratic procedures to move through or over EU member states, be it via rail, road, air or sea”.¹⁹⁹ However, this agreement is not yet in force. Professor Whitman, Dr Grogan and Ms Wachowiak suggested to us that this may be due to an objection from Spain.²⁰⁰ The Minister for Europe confirmed this in his evidence for this inquiry. He added that the Government is negotiating the administrative arrangement “that would govern our membership of the mobility project” and remains open to finding a resolution.²⁰¹
138. Ms Antinozzi argued that, of all of the EU’s defence industrial initiatives, PESCO “provides the best framework for the UK to cherry pick the level of integration of the project, the number of partners and the type of activities”. She recommended that the UK might explore involvement in capability development projects, in part as a way to “test the boundaries of third country involvement” and see how rules are interpreted in practice.²⁰²
139. However, Professor Whitman, Dr Grogan and Ms Wachowiak were more sceptical about the UK joining additional PESCO projects. They suggested that the low involvement of third countries (non-EU states) at present means that the UK may wish to consider a “more general coordinated arrangement of the EU’s partner third countries”, by teaming up, for example, with other countries participating in PESCO projects on a “project specific administrative arrangement”, such as Norway, or Canada.²⁰³ Regardless of the Government’s decision on future engagement with PESCO, Professor Whitman told us that while the UK’s proposed association to the ‘Military Mobility’ project does not require an administrative arrangement with the

197 Written evidence from Isabella Antinozzi ([RUI0014](#))

198 [Q 60](#) (Professor Richard G Whitman)

199 Permanent Structured Cooperation (PESCO), ‘Military Mobility’: <https://www.pesco.europa.eu/project/military-mobility> [accessed 23 January 2024]

200 Written evidence from Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak ([RUI0004](#))

201 [Q 99](#) (Leo Docherty MP)

202 Written evidence from Isabella Antinozzi ([RUI0014](#))

203 Written evidence from Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak ([RUI0004](#))

EDA, such an arrangement might become necessary should the Government decide to be involved in other PESCO projects.²⁰⁴

140. **We are concerned at the delay of over a year to the UK’s proposed participation in the PESCO Military Mobility project, which we previously identified as representative of a more pragmatic approach towards defence cooperation with the EU. We ask the Government, in its response to this report, to provide an explanation for the delay and the steps being taken to overcome it.**
141. **In line with previous conclusions by this Committee, we recommend that the UK should consider seeking third-country participation in additional PESCO projects, including capability development projects, where this would be in the UK’s interests. Russia’s invasion of Ukraine has inevitably increased the EU’s ambitions for PESCO which, in turn, will have had an impact on the factors that the Government weighs when considering UK participation. We therefore ask the Government to provide us with its latest evaluation of the many PESCO projects currently envisaged by the EU and whether it considers participation in any of them to be in the UK’s interests.**

European Defence Fund

142. The European Defence Fund’s budget (€8 billion over a seven-year period) provides incentives for companies to participate in collaborative projects, as noted by Dr Scazzieri, “because ultimately it is free money for them to secure”, which in the longer term may have “its intended structuring effect on the European defence industry” because collaboration started on one project may lead to a spill-over to other initiatives, encouraging companies to continue (successful) cooperation.²⁰⁵

Third-country participation

143. In its response to the Committee’s report on the future UK-EU relationship, the Government welcomed the efforts of the EU and Member States to strengthen their defence industrial base. However, it expressed concern that EU defence capability development and joint procurement initiatives “do not allow for meaningful participation by non-EU NATO Allies” and called for Member States to instigate a review of third-country participation terms.²⁰⁶ In its written submission to this inquiry, the FCDO restated its concerns about these rules, which it described as “typically more restrictive than rules for comparable collaborative projects through NATO and other multilateral bodies”. In the Government’s view, these rules “inevitably curtail the opportunity for the UK to work with European partners on some European collaborative programmes to our greater general benefit”.²⁰⁷
144. In its evidence to this inquiry, the FCDO suggested that the implications for UK defence procurement would be “limited in the short term” since EU Member States continue, for the time being, to undertake most defence procurement outside of EU structures. Nevertheless, it anticipated that

204 Q 63 (Professor Richard G Whitman)

205 Q 60 (Dr Luigi Scazzieri)

206 Foreign, Commonwealth and Development Office, ‘Government response to the European Affairs Committee report on the future UK-EU relationship’, 28 June 2023, <http://committees.parliament.uk/publications/40685/documents/198331/default>

207 Written evidence from the Foreign, Commonwealth and Development Office (RUI0012)

Member States might pursue solutions through EU structures to a greater extent in the future.²⁰⁸

145. Professor Whitman noted that “the broader question for the UK is whether the EU wants the UK to engage”.²⁰⁹ Professor Anand Menon (UK in a Changing Europe) shared similar observations, telling us that he found it “very striking” that although the EU is happy to talk about cooperation with the UK, “it is adamant about excluding third countries” from the EDF.²¹⁰
146. The set-up of the EDF in particular is, in Professor Whitman’s assessment, “very hostile to third-country participation”.²¹¹ He told us that Article 5 of the EDF Regulation, dealing with non-EU states’ participation in the fund, in practice “only really allows” for Norway’s participation due to its membership of the European Economic Area.²¹²
147. Professor Whitman explained that EDF restrictions include the requirement to have the executive management structure in the EU, not being subject to control by a non-associated third country (or an entity from such country), and limitations on intellectual property transfer rights (not possible outside the EU at the moment).²¹³
148. The issue of the EU’s third-country participation terms was picked up by several other witnesses. Mr Bond and Dr Scazzieri indicated that the EU’s approach is premised on the notion that “EU taxpayer funding should benefit EU firms”.²¹⁴ Professor Whitman, Dr Grogan and Ms Wachowiak suggested that this had been “driven by French arguments concerning the need for autonomy and to privilege the development of EU capacities”.²¹⁵ Similarly, Dr Martill highlighted that there is “politics” associated with third-country involvement, since individual Member States may seek to promote their own defence interests and therefore “hedge against” demands from third countries.²¹⁶
149. Professor Whitman argued that the terms are “too restrictive as currently configured, if the intention is to build out rather than build in” and currently framed in a way that would “make it very difficult for the UK to participate”.²¹⁷

208 *Ibid.*

209 [Q 60](#) (Professor Richard G Whitman)

210 [Q 34](#) (Professor Anand Menon)

211 [Q 61](#) (Professor Richard G Whitman)

212 [Q 61](#) (Professor Richard G Whitman). Article 5 of the EDF Regulation says that “The Fund shall be open to the participation of members of the European Free Trade Association which are members of the EEA, in accordance with the conditions laid down in the Agreement on the European Economic Area (associated countries)”. While Norway is the only EEA country with a major defence industry it also has to “pay for the privilege” of participating in the fund (around 2.33% or about €30 million). According to the Norwegian government, the country contributes to the EU annual budgets of the programmes it chooses to participate in; “the contributions of Norway and the other EEA Efta states are usually calculated according to the proportionality factor as defined in the EEA Agreement. The proportionality factor for each of the EEA Efta states is based on the relative size of their GDP compared to the total GDP of all 27 EU member states. For 2022, the proportionality factor for Norway has been calculated to be 2.33%”. See more: The Government of Norway, ‘Norway’s financial contribution’ (2 February 2022): <https://www.regjeringen.no/en/topics/european-policy/Norways-relations-with-Europe/financil-contribution/id684932/> [accessed 23 January 2024]

213 [Q 61](#) (Professor Richard G Whitman)

214 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

215 Written evidence from Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak ([RUI0004](#))

216 Written evidence from Dr Benjamin Martill ([RUI0018](#))

217 [Q 61](#) (Professor Richard G Whitman)

150. However, Professor Mattelaer noted that “derogations from the general rule are possible on a case-by-case basis if certain conditions are met, pertaining to security of supply, security of information and the protection of intellectual property rights”.²¹⁸ Such cases would have to be assessed by the European Commission, and approved by Member States, “but, at least theoretically, it is possible to make exceptions to the rules”.²¹⁹
151. Ms Antinozzi noted that the viability of engagement with many EU defence initiatives is determined by the level of integration with the Single Market. Nevertheless, in her assessment “the ball is largely in the UK’s court” when it comes to exploring the precise “modalities” of UK-EU engagement, since the EU’s willingness to explore this will depend on the UK’s willingness “to commit itself to cooperation in the first place”. She saw potential for some flexibility to be exercised by the EU once it had a more established defence relationship with the UK.²²⁰
152. Several of the evidence submissions that we considered argued that the EU would benefit from greater UK involvement in its new initiatives. Dr Martill said that any European defence effort would be “lessened without UK participation and engagement”.²²¹ Meanwhile, Ms Antinozzi suggested that UK participation “matters to the EU” because of its historical security commitment to the region and status as one of Europe’s “two major military powers”, along with France.²²²
153. Sir Julian King, a former European Commissioner for the Security Union, argued that the UK should seek to persuade the EU that it is not a “normal third country” on defence issues, noting that the UK’s continued importance in European defence has become clearer since the Russian invasion of Ukraine.²²³
154. James Rogers, Director of Research at the Council on Geostrategy, told us that some of the third-party participation rules were envisaged when the UK was still a member of the EU, “in no small extent, to protect our own defence industrial base, or at least to protect those countries that we were going to be potentially working with”.²²⁴ He argued that this “perhaps needs to be reinvestigated for large, potent military powers such as the UK, and arguably the US, Canada and others beside”. Dr Meister said that for him the current arrangements make “no sense” as if “you are all together in NATO and NATO is the main security actor in Europe, you need to cooperate with the countries that are in NATO”.²²⁵ Professor Whitman similarly felt that “having a structure that allows Norway to participate but not other European states is probably not the right set-up”.²²⁶
155. Ms Loiseau suggested that the UK and the EU should be “more creative in the way we work together on defence”, while also indicating that greater UK

218 [Q 62](#) (Professor Alexander Mattelaer)

219 *Ibid.*

220 Written evidence from Isabella Antinozzi ([RUI0014](#))

221 Written evidence from Dr Benjamin Martill ([RUI0018](#))

222 Written evidence from Isabella Antinozzi ([RUI0014](#))

223 [Q 7](#) (Sir Julian King)

224 [Q 27](#) (James Rogers)

225 [Q 27](#) (Dr Stefan Meister)

226 [Q 60](#) (Professor Richard G Whitman)

involvement in EU programmes would require British money to be “brought into the programme”.²²⁷

156. When looking at the potential disadvantages of the UK’s limited engagement with the EDF, Dr Scazzieri told us of potential risks of a commercial (less business cooperation in Europe) and military (less European defence collaboration) nature. Although the UK increasingly looks towards other global partners (such as Australia, Japan or the US), “co-operation with European countries remains very important, partly because it takes place among equals—unlike, say, co-operation with the US—so it is much easier to go about things like technology sharing”.²²⁸
157. Professor Menon offered a somewhat different view. Urging a broader perspective, he stressed that the EDF is a relatively small fund, which “pales into insignificance compared to US defence spending”.²²⁹ Assuming that it “grows into something serious” and the UK finds it difficult to get involved, it may then become problematic for the UK. For now, he considered the challenge to be in the somewhat “protectionist interpretation of the notion of strategic autonomy by some Member States”.²³⁰
158. The Minister for Europe told us that the Government has made the point to the EU that “hypothetical barriers should not be put up to the hypothetical participation of the UK or any other third country in EU defence programmes or projects”. Nevertheless, he considered that bilateral cooperation is “the most meaningful form” of defence industrial cooperation between the individual EU Member States and the UK.²³¹ In this context he referred to the Global Combat Air Programme (GCAP) project led by the United Kingdom, Italy and Japan, which he described as a “very good example of collaboration with one EU member state and a non-EU member state, both nations with a tremendously potent track record of aviation and military aircraft production”.²³²
159. **Given that the EU’s intention seems to be to expand the use of the European Defence Fund for defence procurement, it is a matter of regret that the current rules are a major obstacle to third-country participation, even when UK-EU strategic objectives are so closely aligned. Protectionism is not the way to build an efficient defence industry.**
160. **While we welcome bilateral and minilateral defence initiatives involving the UK and European partners, such as the Global Combat Air Programme, in our view the Government should also reinforce its efforts to engage with procurement projects linked to the European Defence Fund. We urge the Government to press the case with the EU for changes to third-party rules that would facilitate greater UK engagement. We ask the Government to provide us with an update on the steps that it has taken to address this issue in its response to this report.**

227 [Q 18](#) (Nathalie Loiseau)

228 [Q 60](#) (Dr Luigi Scazzieri)

229 [Q 36](#) (Professor Anand Menon)

230 *Ibid.*

231 [Q 99](#) (Leo Docherty MP)

232 [Q 113](#) (Leo Docherty MP)

European Defence Agency

161. Baroness Ashton of Upholland told us that when she was the head of the European Defence Agency (EDA) (created in 2004 to foster Member State collaboration on defence—see Box 5), her view was that so much could have been done in terms of collaboration between countries without “taking away” their sovereignty over decisions related to the defence dimension. Over the years there had been gradual change, led by the European Commission and then picked up by the defence industry.²³³
162. One of the priorities for Baroness Ashton was to ensure that all of the defence work done under the umbrella of the EDA, such as on improvised explosive devices, research and development, or on helicopter training, was “relevant and recognised to be of benefit to NATO as well”. However, at the time the UK as an EU Member State did not want to see an increased budget for the EDA, to ensure that “there was no accidental or deliberate way in which Europe started to be a competitor to NATO”.²³⁴
163. Still, Dr Scazzieri reflected that “perhaps the EDA in some ways has, until recently, disappointed in not fulfilling its original function as an EU procurement agency”. This perception, however, started to change over the last two years, for example through the development of the joint ammunition procurement programme through the EPF.²³⁵
164. In April 2023 this Committee recommended that the Government should reach an administrative arrangement with the EDA, similar to existing arrangements that the EDA has with other third countries, including the United States of America and Norway.²³⁶ However, the Government said that it was “not currently pursuing” this in its response to our report.²³⁷
165. In written evidence Professor Whitman, Dr Grogan and Ms Wachowiak argued that an agreement with the EDA had become a “precondition” for association with some EU defence industrial initiatives and that the UK was out of line with other third countries such as the US, Norway and Ukraine in not having this.²³⁸
166. In his oral evidence Professor Whitman added that he “did not think there are any costs” to an agreement with the EDA, which he saw as an “important signalling device” that “does not bind or compel any third country to join any agency undertakings except by mutual agreement”.²³⁹ Professor Mattelaer noted that the US Department of Defense’s administrative arrangement with the EDA enables consultation on issues such as defence standardisation and supply chain management.²⁴⁰ Professor Whitman and his colleagues felt that a similar arrangement may have “benefits for the UK in entering a

233 [Q 7](#) (Baroness Ashton of Upholland)

234 [Q 8](#) (Baroness Ashton of Upholland)

235 [Q 63](#) (Dr Luigi Scazzieri)

236 European Affairs Committee, *The future UK-EU relationship* (4th Report, Session 2022–23, HL Paper 184), para 140.

237 Foreign, Commonwealth and Development Office, ‘Government response to the European Affairs Committee report on the future UK-EU relationship’, 28 June 2023, <http://committees.parliament.uk/publications/40685/documents/198331/default>

238 Written evidence from Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak ([RUI0004](#))

239 [Q 63](#) (Professor Richard G. Whitman)

240 [Q 64](#) (Professor Alexander Mattelaer)

consultative relationship that would facilitate dialogue with an increasingly important organisational component of EU defence policy”.²⁴¹

167. Professor Mattelaer argued that an agreement with the EDA would mean that “the UK would be more in the loop on EU defence-related issues, while EU member states that are keen to collaborate with the UK would be able to channel those conversations into that forum”.²⁴² Mr Bond and Dr Scazzieri described such an arrangement as “relatively low-hanging fruit” that could “build trust and pave the way for involvements in EU initiatives in which the EDA is involved”. Both nevertheless noted that a financial contribution would be required if UK companies are to benefit from EU initiatives.²⁴³ Meanwhile, Ms Antinozzi characterised an administrative arrangement with the EDA as a “licence to unlock ad-hoc, project-based cooperation” but caveated this by saying that it would not be an “unrestricted entry ticket to the EU defence theme park”.²⁴⁴
168. Professor Mattelaer considered that an administrative arrangement with the EDA is “not a panacea”—defence R&D initiatives and programmes are primarily driven by the European Commission, in close consultation with Member States in the EDA Programme Committee. The UK would not be able to join that Committee, so the only way to engage would be through bilateral frameworks.²⁴⁵ However, the R&D defence budgets are gradually increasing. Professor Mattelaer suggested that the UK may wish to pursue collaboration in bilateral or minilateral formats with EU Member States.²⁴⁶
169. The EU Ambassador to the UK told us that an administrative arrangement would “signal intent of and interest in greater engagement in the defence industry with the European Union”. However, he stressed that it was “up to the UK Government to decide whether they consider this to be in their interests or not”.²⁴⁷
170. The Foreign Secretary indicated that the Government remained reluctant to consider a closer relationship with the EDA. He told us that the UK was “not particularly keen on it when we were in the EU, and so I am not fully inclined to fall in love with it after we have left”.²⁴⁸ He suggested that “as a third country, if you work with it, there are all sorts of, as I understand it, IP and other restrictions that you would be disadvantaged by”. Pressed on why the US had wanted an administrative arrangement with the EDA if it imposed such constraints, he said that he was “not sure that, if you asked them whether it is the best bit of their defence co-operation, they would argue that it is”.
171. Following a series of questions about the Government’s position on a potential administrative arrangement with the EDA, the Minister for Europe told us that:

241 Written evidence from Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak ([RUI0004](#))

242 [Q 64](#) (Professor Alexander Mattelaer)

243 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

244 Written evidence from Isabella Antiozzi ([RIU0014](#))

245 [Q 64](#) (Professor Alexander Matteleaer)

246 *Ibid.*

247 [Q 81](#) (HE Ambassador Pedro Serrano)

248 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 34](#) (Lord Cameron of Chipping Norton)

“Whether or not the European Defence Agency is the answer to all those manifold cultural and military questions, I know not, but, as I said, we are philosophically open to a discussion about it, while noting that, historically, the most effective procurement and delivery of military effect tends to be done by smaller groups of nations rather than large ones”.²⁴⁹

172. **We welcome the UK’s ongoing collaboration on defence matters with EU Member States, individually and severally. Based on the evidence that we have considered we believe that, on balance, there would be benefits to the UK seeking to complement existing collaboration through an administrative arrangement with the European Defence Agency, similar to those reached between the EDA and other third countries such as Norway and the United State of America. Such an agreement would not impede existing cooperation, and would impose few obligations on the UK. But it could be a useful step towards wider cooperation with the EU on defence, based on the principle of reciprocity.**

The UK and EU-NATO cooperation

173. Professor Mattelaer argued that there had been a substantial shift in EU defence policy and capability, including clarifying divisions between NATO and the EU on defence,

“with the former providing the deterrence foundation and the framework for operationalising common defence and the latter enabling the rebirth of the defence industrial base in Europe as well as the pooling of financial firepower that is necessary to support Ukraine over the long haul”.²⁵⁰

174. The joint EU-NATO communiqué issued following the NATO Heads of State and Government Summit in July 2023 in Vilnius stated that “for the strategic partnership between NATO and the EU, non-EU Allies’ fullest involvement in EU defence efforts is essential” and called for “mutual steps, representing tangible progress, in this area to support a strengthened strategic partnership”.²⁵¹
175. The language regarding the “fullest involvement” of non-EU allies in EU defence initiatives was described as “aspirational” by Mr Bond and Dr Scazzieri. They considered that, at present, the UK can do little to change third-party participation rules and thereby give effect to this commitment.²⁵² In oral evidence, Dr Scazzieri explained that the “discussion on the current instruments has been settled rather painfully and after a lot of negotiation between member states, with some positive results, as far as the involvement of third countries can go compared to the original proposals”.²⁵³
176. Nevertheless, Professor Whitman, Dr Grogan and Ms Wachowiak suggested that the UK had a strong interest in the terms of the NATO-EU Strategic Partnership being “more clearly defined and based on non-detriment to the non-EU members of the Alliance”. They identified a dilemma for the UK in reconciling its “long-standing interest in enhanced defence capabilities for

249 [Q 100](#) (Leo Docherty MP)

250 [Q 56](#) (Professor Alexander Matteleaer)

251 [Q 64](#) (Dr Luigi Scazzieri)

252 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

253 [Q 64](#) (Dr Luigi Scazzieri)

European states as the basis for strengthening NATO” with what they saw as the “prospective increasing role for the EU in securing the necessary defence industrial policy for their facilitation”. They also noted that increasing EU defence industrial capacity would become particularly relevant in the event that the US were to decrease its commitment to NATO.²⁵⁴

177. Some witnesses suggested that enhanced UK-EU cooperation on defence, including some of the possible areas of cooperation discussed elsewhere in this chapter, could help with translating the aspiration language of the NATO-EU declaration to reality, especially given the UK’s prominent role in NATO.²⁵⁵ Dr Scazzieri told us that the “EU would probably say that it has done what it can and that the next steps are on the UK”.²⁵⁶ We heard that more efficient use of bilateral and minilateral agreements with selected EU Member States may also be beneficial to NATO-EU cooperation.²⁵⁷
178. Professor Whitman suggested greater use could be made of existing mechanisms, such as joint meetings of the North Atlantic Council and the Political and Security Committee, which “have not been able to meet for some time”, due to differences between Greece and Turkey on Cyprus. He added that this “is a space in which the UK is a bit of an honest broker”, with an interest in all parties working together.²⁵⁸
179. The FCDO welcomed the EU’s commitment to cooperate with NATO, suggesting that this will be particularly important when “supporting resilience, reform and reconstruction in Ukraine”.²⁵⁹
180. It reported that the Government has discussed with the EU “how we can enhance NATO-EU cooperation and strengthen Europe’s defence industrial base for our mutual benefit”. It expressed the Government’s view that it is crucial that EU defence initiatives “do not create barriers to defence cooperation between European allies”, adding that competing initiatives “risk higher prices and less capable solutions that ultimately weakens European defence”. It indicated that it was particularly concerned about “possible supply chain competition between European allies, particularly on munitions, due to increased demand for finite sub-components and capabilities”.
181. **NATO remains the leading organisation for defending Europe and setting standards to facilitate military interoperability between European allies. The UK should take advantage of its prominent role in NATO to take the lead on a plan to give operational effect to the call in the EU-NATO Joint Declaration for the “fullest involvement of non-EU NATO allies in the strategic partnership between the EU and NATO”. This plan could potentially include proposing revisions to the terms on which NATO members participate in EU-based defence initiatives.**

254 Written evidence from Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak ([RUI0004](#))

255 [Q 64](#) (Dr Luigi Scazzieri, Professor Alexander Mattelaer)

256 [Q 64](#) (Dr Luigi Scazzieri)

257 [Q 64](#) (Professor Alexander Mattelaer)

258 [Q 64](#) (Professor Richard G Whitman)

259 Written evidence from the Foreign, Commonwealth and Development Office ([RUI0012](#))

CHAPTER 4: RECONSTRUCTION OF UKRAINE

182. It has been recognised since the early stages of Russia’s full-scale invasion that a substantial international effort will be required to support the recovery and reconstruction of Ukraine, regardless of the ultimate outcome of the conflict.
183. The reconstruction programme will need to be vast in scale and scope. A joint assessment by the World Bank, the Government of Ukraine, the European Commission and the United Nations published in March 2023 estimated the total cost of reconstruction and recovery at US \$411 billion.²⁶⁰ This includes damage to infrastructure and to the environment, as well as economic and social losses resulting from the conflict.²⁶¹ This figure will inevitably have increased further over the past year.
184. In October 2022 the German Federal Chancellor, Olaf Scholz, and the President of the European Commission, Ursula von der Leyen, wrote that “[a]lthough we should always be careful when making historical comparisons, what is at stake here is nothing less than the creation of a new Marshall plan for the 21st century”.²⁶² They suggested that the task would “take generations” and should “start now”.
185. In its written submission to the Committee the Foreign, Commonwealth and Development Office described Ukraine’s reconstruction needs as “immense”.²⁶³ It suggested that reconstruction would require “unprecedented collaboration between governments, the private sector and international institutions”.
186. Orysia Lutsevych, Head of the Ukraine Forum at Chatham House, told us that reconstruction would be the “economic project of the century”.²⁶⁴ Meanwhile, the Tony Blair Institute for Global Change predicted that the reconstruction effort in Ukraine would ultimately be the single biggest since the aftermath of World War II.²⁶⁵
187. Radosław Sikorski, who was an MEP at the time he gave evidence before returning to the post of Minister of Foreign Affairs of Poland in December 2023, offered a somewhat different perspective. He acknowledged that international assistance would be “very useful” for Ukraine while the conflict is ongoing.²⁶⁶ However, based on his experience of regular visits, he told us that Ukraine was “not as destroyed as it looks on the telly” and that “in 80% of its territory, the state works”. He suggested that in the longer-term Ukraine “will not be a victim country that needs outside assistance for rebuilding”. He emphasised the strengths of Ukraine’s economy, including

260 World Bank, ‘Updated Ukraine Recovery and Reconstruction Needs Assessment’, (23 March 2023): <https://www.worldbank.org/en/news/press-release/2023/03/23/updated-ukraine-recovery-and-reconstruction-needs-assessment> [accessed 23 January 2024]

261 For discussion of issues relating to environmental damage see written evidence from Dr Suwita Hani Randhawa (RUI0006).

262 Chancellor Olaf Scholz and President Ursula von der Leyen, ‘A Marshall Plan for Ukraine: G7 Presidency and European Commission to invite experts to a conference on the reconstruction of the war-torn country’, European Commission (25 October 2022): https://ec.europa.eu/commission/presscorner/detail/en/AC_22_6385 [accessed 23 January 2024]

263 Written evidence from the Foreign, Commonwealth and Development Office (RUI0012)

264 Q 65 (Orysia Lutsevych)

265 Written evidence from the Tony Blair Institute for Global Change (RUI0007)

266 Q 20 (Radosław Sikorski)

in energy, agriculture and IT, and predicted that “once the fighting stops, it will be boom time”.²⁶⁷

188. Several witnesses proposed that reconstruction should begin now, even while the conflict is still ongoing. Ms Lutsevych emphasised that “[a] lot of cities have already been liberated from Russian occupation, and it is difficult for people there to rebuild their lives”.²⁶⁸ Meanwhile, Mark Bowman, Vice President for Policy and Partnerships at the European Bank for Reconstruction and Development, noted that “the economy is functioning relatively normally in the west of the country, and there is the potential for investment even now”.²⁶⁹ Dr Stefan Meister (German Council on Foreign Relations) suggested that “we cannot wait until after the war” for reconstruction as the conflict was likely to be “long”.²⁷⁰ However, James Rogers (Council on Geostrategy) was a dissenting voice on this. In his view it was “too soon to be talking about reconstruction just yet” as there was still a “huge challenge in helping Ukraine to prevail ultimately”.²⁷¹
189. Baroness Ashton argued that “you can never start early enough in thinking about the end of a conflict and what happens next”.²⁷² She emphasised the importance of cooperation between the UK and the EU during this process, adding that Ukraine “needs us to get co-ordinated rather than expect it to co-ordinate us, which is too often what happens in times of crisis”. She considered it important for the UK to ensure that what it is offering forms part of a “broader programme” brought forward by the international community.²⁷³
190. The need for close cooperation on reconstruction was also emphasised by other witnesses. Mr Bowman described this as “absolutely critical”.²⁷⁴ He told us that there should be a “single reform plan, obviously owned by the Ukrainian authorities, which is ambitious, realistic and properly sequenced”, to ensure that “donors, international institutions and the Ukrainian authorities are all pushing in the same direction”. Natalie Jaresko, a former Finance Minister of Ukraine, argued that international cooperation would be particularly valuable in bringing together plans announced by individual donors, since “different donors are thinking about things with different timeframes”.²⁷⁵ Ms Lutsevych agreed on the importance of coordination, identifying this as the “keystone of success”.²⁷⁶
191. **The reconstruction of Ukraine will be a colossal undertaking, regardless of the ultimate outcome of the conflict. Although Ukraine’s economy has underlying strengths and considerable future potential, the extent of the damage Russia’s full-scale invasion has inflicted on Ukraine means that a huge programme of international assistance will be required over an extended period of time.**

267 [Q 20](#) (Radosław Sikorski)

268 [Q 65](#) (Orysia Lutsevych)

269 [Q 69](#) (Mark Bowman)

270 [Q 28](#) (Dr Stefan Meister)

271 [Q 28](#) (James Rogers)

272 [Q 10](#) (Baroness Ashton of Upholland)

273 *Ibid.*

274 [Q 66](#) (Mark Bowman)

275 [Q 66](#) (Natalie Jaresko)

276 [Q 66](#) (Orysia Lutsevych)

192. **Reconstruction cannot wait until the war has finished. Much of Ukraine is in urgent need of international support for rebuilding. There is also potential to promote investment into parts of Ukraine that have been less impacted by the conflict.**
193. **It is imperative that governments and international organisations, including the UK and the EU, cooperate closely throughout the reconstruction process. This will prevent duplication and ensure that all international partners are working on the basis of a coherent programme that best meets Ukraine’s needs.**

Existing initiatives

194. An institutional structure has already been established over the past two years to provide for international coordination on reconstruction of Ukraine, building on arrangements that existed prior to Russia’s full-scale invasion.
195. In June 2022 the inaugural Ukraine Recovery Conference (URC) (see Box 6) took place in Switzerland, at which heads of government and representatives of international organisations agreed the “Lugano Declaration” setting out principles for reconstruction.

Box 6: Ukraine Recovery Conference

The Ukraine Recovery Conference (URC) is an annual international event focused on recovery, reconstruction and reform in Ukraine. It builds on a previous annual “Ukraine Reform Conference” that was held from 2017 until 2021.

The first URC following Russia’s full-scale invasion was held in Lugano, Switzerland in June 2022. Participants, including the UK and the EU, over 40 heads of state and government, and representatives of international organisations, agreed the “Lugano Declaration”.²⁷⁷ This included commitments to “supporting Ukraine throughout its path from early to long-term recovery”; “linking this to Ukraine’s European perspective and EU candidate country status”; and “establishment of an effective coordination platform between the Government of Ukraine and all its bilateral as well as multilateral partners, organizations and international financial institutions for the preparation and implementation of Ukraine’s Recovery and Development Plan”.

The second URC was held in London in June 2023. At this event the President of the European Commission, Ursula von der Leyen, announced plans for a new multi-year facility of up to €50 billion to support recovery, reconstruction and modernisation of Ukraine.²⁷⁸ The UK Prime Minister, the Rt Hon Rishi Sunak MP, also announced a new commitment to support Ukraine’s economy

277 Ukraine Recovery Conference, ‘Outcome Document of the Ukraine Recovery Conference URC2022 “Lugano Declaration”, (5 July 2022): https://uploads-ssl.webflow.com/621f88db25fbf24758792dd8/62c68e41bd53305e8d214994_URC2022%20Lugano%20Declaration.pdf [accessed 23 January 2024]

278 Ukraine Recovery Conference, ‘Co-Chairs Statement by the Governments of Ukraine and the United Kingdom’, (22 June 2023): https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1164887/Ukraine-Recovery-Conference-2023-co-chairs-statement.pdf [accessed 23 January 2024]

with loan guarantees worth \$3 billion for the next three years. The joint statement by the Co-Chairs issued following this meeting referred to a “private sector led recovery” and noted that “[n]early 500 global businesses from 42 countries worth more than \$5.2 trillion” had signed the Ukraine Business Compact, pledging support for recovery and reconstruction.

The next URC is due to take place in Berlin in June 2024.²⁷⁹

196. The second URC was hosted by the UK in June 2023. The President of the European Commission and the UK Prime Minister, as well as the United States of America, announced substantial new financial commitments to support reconstruction. Many international businesses also pledged support for reconstruction by signing the “Ukraine Business Compact”. Reflecting on this conference, Mr Bowman identified a “strong desire to invest in Ukraine”.²⁸⁰ However, he qualified this by noting that “for many companies it is a long way off and they are quite a long way from having specific plans”.
197. The Multi-Agency Donor Coordination Platform for Ukraine (MDCP) (see Box 7) has a specific mandate to “coordinate the support for Ukraine’s immediate financing needs and future economic recovery”. This organisation is based in Brussels and Kyiv, with the Brussels office hosted by the European Commission.

Box 7: Multi-Agency Donor Coordination Platform for Ukraine

The Multi-Agency Donor Coordination Platform for Ukraine (MDCP) was launched in January 2023, following a decision of G7 leaders.²⁸¹ Its role is described on its website as being to “coordinate economic assistance in line with Ukraine’s reform ambitions, in line with the conditions for financing and structural support of the major donors, and in line with its European path”.²⁸²

The MDCP’s steering committee contains high-level officials from Ukraine, the EU, G7 countries and international financial institutions. It is co-chaired by officials from Ukraine, the European Commission and the United States. It met regularly during 2023. Its secretariat is based in Brussels, hosted by the European Commission, and it also has an office in Kyiv. The UK has seconded an official to the body.

198. Witnesses generally welcomed the establishment of the MDCP. Mr Bowman suggested that it had an “important role in bringing together the key players, ensuring that gaps are filled and that there is no duplication in efforts, and that everyone is working towards the same plan”.²⁸³ Although it had been a “bit slow to get up and running”, he considered that it was now “finding its feet”. Ms Jaresko indicated that this body would be the primary institution for “policy on reforms, coordination, collaboration on financial contributions, advocacy for best practices, and monitoring and reporting the harmonising of the actual recovery process”.²⁸⁴

279 ‘Germany will host next Ukraine recovery conference in June 2024, official says’, *CNN* (20 September 2023): https://edition.cnn.com/europe/live-news/russia-ukraine-war-news-09-20-23/h_21cf2db0ab063d1753b78a2582043e2d [accessed 23 January 2024]

280 Q 69 (Mark Bowman)

281 Prime Minister’s Office ‘G7 Leaders’ Statement’, (12 December 2022): <https://www.gov.uk/government/news/g7-leaders-statement-12-december-2022> [accessed 23 January 2024]

282 Multi-Agency Donor Coordination Platform for Ukraine ‘About Us’: <https://coordinationplatformukraine.com/about/> [accessed 23 January 2024]

283 Q 66 (Mark Bowman)

284 Q 66 (Natalie Jaresko)

199. According to Dr Meister, the MDCP formed part of an “infrastructure” established by the EU that meant that reconstruction was “more or less coordinated in Brussels”.²⁸⁵ However, it was noted that the UK and EU were cooperating within the platform.²⁸⁶ Ms Jaresko suggested that the UK had an “important voice” through the Foreign, Commonwealth and Development Office’s representative, Thomas Drew.²⁸⁷
200. The MDCP was described as a “multilateral hub” for coordination on reconstruction by the Minister for Europe.²⁸⁸ The Foreign Secretary considered it to be a “very effective set of arrangements”.²⁸⁹ He also noted that the UK was working together with Ukraine and the EU on the “Ukraine Plan”, which sets out an agenda for reconstruction. In his assessment the UK was “plugged in at all the right levels”.
201. A more sceptical view on the institutional arrangements to support reconstruction was expressed by researchers from the Centre for Britain and Europe at the University of Surrey. These authors suggested that in the past processes such as that envisaged within the MDCP, whereby political actors make assessments of progress on reform and take decisions about transfers of funds based on these assessments, had failed to call out shortcomings in reform processes effectively and funds had consequently sometimes been lost to corruption.²⁹⁰ They called for the establishment of “new cooperation mechanisms”, including an institution that would monitor the use of funds and provide “binding” reform recommendations to Ukraine.
202. Other established international institutions are also expected to play an important role in the reconstruction process. Sir Julian King, a former European Commissioner for the Security Union, highlighted the roles of the World Bank, European Investment Bank and European Bank for Reconstruction and Development (EBRD), as well as the World Health Organisation and the International Telecommunication Union in specific sectors.²⁹¹ He stressed that these actors would need to coordinate and that the MDCP provided a forum for this. Witnesses also made reference to the role of the International Monetary Fund, which the Foreign Secretary said would have a “crucial role” that the UK would need to back up with “guarantees, loans and other economic support we are giving”.²⁹²
203. Mr Bowman highlighted the EBRD’s contribution to reconstruction, emphasising that it had “increased its investment” in Ukraine following the

285 [Q 28](#) (Dr Stefan Meister)

286 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#)) and the Tony Blair Institute for Global Change ([RUI0007](#))

287 [Q 66](#) (Natalie Jaresko)

288 [Q 109](#) (Leo Docherty MP)

289 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 18](#) (Lord Cameron of Chipping Norton)

290 Written evidence from Dr Laura Chappell, Professor Theofanis Exadaktylos, Professor Amelia Hadfield and Dr Michael Richter ([RUI0017](#))

291 [Q 10](#) (Sir Julian King)

292 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 19](#) (Lord Cameron of Chipping Norton)

outbreak of the conflict.²⁹³ He noted that the EBRD was headquartered in London, and had EU and G7 shareholders, which meant it was a “very good forum for international collaboration and co-operation and for the different players to get together and support Ukraine”.

204. **We welcome the UK’s close involvement in planning for reconstruction up to this point, including hosting the successful Ukraine Recovery Conference in London in June 2023. The URC should continue to be an annual international event and we note that the next meeting will be in Berlin later this year. We therefore look forward to considering, in its response to this report, the Government’s ambitions and priorities for this event, including any additional spending commitments in relation to reconstruction of Ukraine and/or specific projects to which the UK is committed.**
205. **The London-based European Bank for Reconstruction and Development was set up to help Central and Eastern European countries from the former Soviet bloc to restructure and reform. It has the required expertise and experience necessary to support the reconstruction of Ukraine. It should be given a prominent role.**
206. **We welcome the establishment of the Multi-Donor Cooperation Platform for Ukraine, and that the UK has seconded an official to this body. The MDCP can be expected to perform a pivotal role as a forum for cooperation among supporters of reconstruction in Ukraine, including the UK and the EU. We urge the Government to remain closely involved in its work over the coming years. We ask the Government to commit to updating the Committee periodically on the work of the MDCP.**

The UK’s contribution to reconstruction

207. Several witnesses told us that the UK was well-placed to make a major contribution to reconstruction. Ms Lutsevych emphasised that the UK had a “very high reputation” and what she termed “amazing soft power” in Ukraine.²⁹⁴ She attributed this to the UK having been “there with the Ukrainian people from day one”. Ms Jaresko added that the UK “has a voice in Ukraine that is very credible” and went as far as to say that it was “uniquely positioned to help”.²⁹⁵
208. The UK’s expertise in private sector investment, given the location of the City of London, is expected to be especially valuable. Ms Lutsevych suggested that “[a]s a global financial centre, the UK is well positioned to reach out to the private sector and look at where public-private partnerships are possible”.²⁹⁶ Meanwhile, Mr Bowman noted that securing private sector donations had been a “big theme” of the URC in London and that the UK is an “important shareholder” in relevant international institutions, including

293 **Q 65** (Mark Bowman). The EBRD committed €3 billion of financing for reconstruction over 2022–23. Specific support includes emergency liquidity for railway and electricity companies. It announced a €4 billion capital increase that would enable it to double lending to Ukraine in December 2023. See European Bank for Reconstruction and Development, ‘The EBRD and the war on Ukraine’,: <https://www.ebrd.com/what-we-do/war-on-ukraine> [accessed 23 January 2024]; and ‘EBRD to double lending to Ukraine after agreeing €4bn capital increase’, *Financial Times*: <https://www.ft.com/content/aaa730a1-f90e-405b-a6bb-b3aeded699c8> [accessed 23 January 2024]

294 **Q 65** (Orysia Lutsevych)

295 **Q 65** (Natalie Jaresko)

296 **Q 65** (Orysia Lutsevych)

the EBRD.²⁹⁷ The Minister for Europe saw the URC as “a signpost that capital from the City of London and the UK could find opportunity in Ukraine”.²⁹⁸

209. Ms Jaresko highlighted work that the UK was already doing with the insurance industry, which has a key role to play in facilitating other private sector investment in Ukraine, in particular through providing war risk insurance. She told us that because of the UK’s “prominence” in this area, it was “able to bring the players together, engage with them and, in future, start to map out the types of public/private sector partnerships and public sector risk-mitigating programmes that can enable the mobilisation of private money”.²⁹⁹ Olaf Henricson-Bell, EU Director at the FCDO, referred to this as an area where the UK “brings something different” to the table.³⁰⁰
210. We also heard that the UK may be able to take on a leading role in supporting Ukraine in its efforts to tackle the longstanding issue of corruption. Ms Wright (Institut Montaigne) emphasised the importance of this, suggesting that concerns about corruption were holding back private sector investment into Ukraine (discussed further in paragraphs 223–232). She noted that the UK had “shown interest in leadership [on corruption] in the past” and that it was “something that the EU and other European countries would expect the UK to lead on right now, too”.³⁰¹ Ms Lutsevych argued that the UK could be a “champion” of the “integrity and inclusivity of the recovery process”, adding that it was important to ensure that Ukrainian civil society had a “stake” in the process so that it is “grounded in the needs of the people”.³⁰²
211. Mr Rogers suggested that the UK could “begin thinking about using additional areas of leverage in reconstruction”.³⁰³ He highlighted the Three Seas Initiative, which aims to improve north-south connectivity among countries in central and eastern Europe, and suggested that the UK “could become an associate, similarly to Germany and the United States”. He also identified the potential for expanding on existing trilateral initiatives involving Poland, Ukraine and the UK, which he considered to have shown that “Europe is not just the EU”.³⁰⁴
212. At a political level, Professor Menon identified an additional role for the UK in ensuring that, in the longer term, “Ukraine does not get forgotten or relegated down our priorities”.³⁰⁵ He noted that the UK had “played a crucial role in whipping up support for Ukraine in the early stages of the conflict” and suggested that it may need to do so again in the future if the focus of the EU and other allies on Ukraine diminishes over time.
213. **The UK has a strong reputation in Ukraine with expertise to offer in several sectors that will have an important role in reconstruction. The Government should take full advantage of this and aim to perform a leading role, working closely with the EU and other partners, in**

297 [Q 65](#) (Mark Bowman)

298 [Q 105](#) (Leo Docherty MP)

299 [Q 65](#) (Natalie Jaresko)

300 [Q 106](#) (Olaf Henricson-Bell)

301 [Q 28](#) (Georgina Wright)

302 [Q 65](#) (Orysia Lutsevych)

303 [Q 28](#) (James Rogers)

304 [Q 24](#) (James Rogers)

305 [Q 37](#) (Professor Anand Menon)

areas such as encouraging private sector investment and engaging with the insurance industry.

214. **The UK has been a strong and reliable supporter of Ukraine throughout the conflict. It is essential that the Government continues to prioritise support for Ukraine in the future, including after the fighting has ended. The Government should also continue to use all mechanisms available to it to encourage allies, including the EU and EU Member States, to remain focused on support for Ukraine.**

Reconstruction and Ukraine's EU candidate status

215. Reconstruction is expected to be linked closely to Ukraine's candidacy for EU membership.³⁰⁶ Ms Lutsevych explained that “for Ukrainian society, membership of the European Union is part of victory”.³⁰⁷ She referred to an opinion poll indicating that 89 per cent of Ukrainians supported EU membership and argued that this meant that “any political force, any President of Ukraine, will have to deliver on that “.
216. Dr Meister saw the EU's close involvement in establishing the machinery for international coordination on reconstruction, and the location of the MDCP in Brussels, as an indication that the reconstruction process would be “very much driven by the EU and EU integration, and increasingly by EU investment and budgetary support for Ukraine”.³⁰⁸ Dr Martill (University of Edinburgh) explained that the EU could “use its market power and the prospects of accession to shape policies and reforms within Ukraine”.³⁰⁹ Meanwhile, researchers from the Centre for Britain and Europe at the University of Surrey highlighted “significant overlap between the benchmarks of reconstruction and EU accession”, particularly in areas such as anti-corruption and the rule of law.³¹⁰ In this context Mr Bowman described the accession process as a “powerful anchor for the whole reform process”.³¹¹
217. Nathalie Loiseau MEP suggested that the EU's approach to reconstruction was “specific because Ukraine is a candidate country” and that in this context it is “quite normal that support comes with reforms and making sure that we push Ukraine on the European path”.³¹² She acknowledged that Ukraine's EU ambitions were “not necessarily high on the British agenda”, although she was “pretty certain that the reform priorities set by the European Commission for Ukraine—the fight against corruption and oligarchs—fit with British priorities”.
218. In light of the inter-relationship between reconstruction and Ukraine's aspirations to EU membership, some of those that we heard from recommended that the UK should offer support for Ukraine's candidacy. Baroness Ashton, a former EU High Representative for Foreign Affairs and Security Policy, argued that the UK should be “wholly supportive” because

306 EU candidate status was granted to Ukraine on 23 June 2022, and the European Council agreed to open accession talks on 14 December 2023.

307 [Q 72](#) (Orysia Lutsevych)

308 [Q 28](#) (Dr Stefan Meister)

309 Written evidence from Dr Benjamin Martill ([RUI0018](#))

310 Written evidence from Dr Laura Chappell, Professor Theofanis Exadaktylos, Professor Amelia Hadfield and Dr Michael Richter ([RUI0017](#))

311 [Q 72](#) (Mark Bowman)

312 [Q 20](#) (Nathalie Loiseau MEP)

EU membership “provides the best opportunity and the best way for the country to develop and grow in the way it always planned”.³¹³ In a similar vein, Mr Bond and Dr Scazzieri of the Centre for European Reform considered EU accession to be “the most promising way to stabilise Ukraine during and after the conflict, ensuring good governance and economic reforms”.³¹⁴ They suggested that the UK should offer its support in a “nuanced” way, for instance through “bilateral initiatives that seek to promote economic reform and good governance in Ukraine”.

219. Researchers from the Centre for Britain and Europe at the University of Surrey also proposed that the UK should “support Ukraine’s aspirations” in relation to EU membership.³¹⁵ However, in their submission they argued that the UK should be prepared to “publicly nudge” the EU and Ukraine to “deliver on the concrete promises made” with respect to reconstruction and the EU accession process.
220. The Foreign Secretary emphasised that the UK is a strong supporter of “Ukraine wanting to anchor itself in the Euro-Atlantic alliance”.³¹⁶ He added that although EU enlargement is a “matter for the EU”, “we note what Ukraine wants, and we want Ukraine to succeed in its aims and goals”. He told us that the UK’s role was to “help Ukraine in all the ways that we can” to help it achieve its ambitions.
221. **Reconstruction will be closely linked to Ukraine’s candidacy for EU membership. The drive to meet the criteria for EU membership is likely to serve as a lever for reforms to Ukraine’s economy and public institutions.**
222. **The Government should therefore work closely with the EU and Ukraine to ensure that assistance provided to Kyiv serves the shared objective of bringing Ukraine into western institutions. This should include providing support for Ukraine in implementation of the reforms needed to meet EU accession criteria.**

The challenge of corruption

223. Several witnesses indicated that the ongoing prevalence of corruption in Ukraine could serve as a disincentive to providing support for reconstruction.³¹⁷ Mr Bowman described this as a “critical issue for stimulating private investment and for the EU, the UK, the US and donor countries to justify the resources to their taxpayers”.³¹⁸
224. We heard that insufficient coordination between donors may increase the likelihood that funds are not used for their intended purpose. Ms Loiseau told us that “often, EU institutions and the member states are fooled by third countries’ authorities, which are very good at playing one off against the other”.³¹⁹ She said that in these cases the money usually “does not go for reconstruction and it does not go for development; it goes into the pockets

313 [Q 10](#) (Baroness Ashton of Upholland)

314 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

315 Written evidence from Dr Laura Chappell, Professor Theofanis Exadaktylos, Professor Amelia Hadfield and Dr Michael Richter ([RUI0017](#))

316 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 22](#) (Lord Cameron of Chipping Norton)

317 [Q 28](#) (Georgina Wright)

318 [Q 70](#) (Mark Bowman)

319 [Q 20](#) (Nathalie Loiseau MEP)

of people who play one off against the other”. Similar concerns were raised by researchers from the Centre for Britain and Europe at the University of Surrey, who suggested that “large-scale in-flows of funds for reconstruction will be an attractive target for less well-intentioned actors”. They noted that “lax regulation in the UK and its overseas territories” had previously played a role in “facilitating money-laundering from the former Soviet Union” and called on the UK to work closely with the EU and other partners to “ensure that money intended for projects in Ukraine does not end up here”.³²⁰ However, Mr Bowman did not see “much danger of competition or overlap” between donors, since Ukraine’s “needs are very great, and all the different institutions have different functions and roles”.³²¹

225. Ms Jaresko said that it would be necessary to provide “factual proofs” to investors that “the environment has changed on the corruption front” compared to the period before Russia’s full-scale invasion, when the private sector had not been “terribly active” in investing in Ukraine.³²² Ms Lutsevych agreed, telling us that if the rule of law was not adhered to, this would “destabilise Ukraine post the war and even during the war, which would be very risky”.³²³ Ms Dennison suggested that it was “crucial that in the early stages of reconstruction we do not see scandals emerging about corruption in the way funds are used”.³²⁴
226. Ms Lutsevych emphasised that “Ukrainians themselves demand the uprooting of corruption”.³²⁵ She told us that “the veterans who are coming back home, the volunteers who are supporting the front line, cannot stand a single act of corruption”. Mr Sikorski also identified considerable domestic pressure to address corruption. In his experience the public authorities in Ukraine were aware that corruption is “the biggest threat not only to their image but to the willingness of democracies to help them”.³²⁶
227. Witnesses noted that some steps are already being taken to tackle corruption. Ms Lutsevych reported that in 2022 the High Anti-Corruption Court of Ukraine had “issued 33 guilty verdicts and transferred more than 1.2 billion Ukrainian hryvnia, the equivalent of £27 million, to the Ukrainian budget on corruption charges”.³²⁷ In Mr Sikorski’s view, reports of the arrests of Supreme Court judges on bribery charges are “good news” as it means that “[a]t last, they are being arrested”.³²⁸
228. Drawing on her experience as Minister of Finance in Ukraine from 2014–16, Ms Jaresko highlighted government initiatives to improve transparency, move towards more localised governance arrangements, end reliance on strategic Russian assets and establish anti-corruption entities. In light of this, she felt that businesses with concerns about corruption were “relying on memories of pre 2014” and that there should now be an effort to start working on “informing the business sector better of all the changes have occurred”.³²⁹

320 Written evidence from Dr Laura Chappell, Professor Theofanis Exadaktylos, Professor Amelia Hadfield and Dr Michael Richter ([RUI0017](#))

321 [Q 67](#) (Mark Bowman)

322 [Q 69](#) (Natalie Jaresko)

323 [Q 70](#) (Orysia Lutsevych)

324 [Q 39](#) (Susi Dennison)

325 [Q 70](#) (Orysia Lutsevych)

326 [Q 20](#) (Radosław Sikorski)

327 [Q 70](#) (Orysia Lutsevych)

328 [Q 20](#) (Radosław Sikorski)

329 [Q 70](#) (Natalie Jaresko)

229. Mr Bowman added a note of caution to the discussion about measures to tackle corruption. He told us that “there is a risk of badly designed policies leading to a kind of paralysis in the system” if government officials are “worried that, for unjustified reasons, anti-corruption agencies will crack down on them”.³³⁰
230. The Minister for Europe indicated that the Government was “alive” to the risk of funds being lost to corruption, but that there are “institutional and liaison mechanisms in place to ensure that that money is not wasted or embezzled”.³³¹ He highlighted existing work in this area that the Government was supporting, including support for the establishment of Ukraine’s anti-corruption bureau and the UK Good Governance Fund, a “£38 million, three-year technical assistance programme that supports good governance, economic resilience and growth”.³³² The Foreign Secretary told us that a “lot of progress is being made”, noting that several anti-corruption measures were based on ideas originally proposed by the UK.
231. **The Government should take a leading role with the EU and other international partners to support Ukraine in its efforts to tackle corruption and strengthen its public institutions. Effective action in this area will be vital to creating an environment in which both public and private sector donors have confidence to invest in Ukraine and provide support for reconstruction.**
232. **Close coordination between the UK, EU and other allies on reconstruction, as we have recommended elsewhere in this Chapter, will contribute to minimising the risk that reconstruction funds are lost to corruption.**

Lessons from the Western Balkans

233. We asked some of our witnesses whether any lessons could be learned from previous experiences of post-war reconstruction, in particular in the Western Balkans, where progress has not always been smooth.
234. Ms Jaresko identified five relevant insights: that “you cannot have a successful recovery and reconstruction without security”; the need for “long-term commitment of the donors”; the importance of “local ownership” of the process; the role of transparency and accountability in creating an environment in which the private sector will be willing to make donations; and that there should be a “holistic approach”, addressing “not only the physical but the economic and political reconstruction, as well as the social dimension”.³³³
235. Mr Bowman acknowledged that the experience of reconstruction in the Western Balkans had been a “mixed picture”.³³⁴ He suggested that one factor was that “the EU accession process, which had the potential to be transformative, stopped being transformative because people stopped believing that it would happen”.

330 [Q 70](#) (Mark Bowman)

331 [Q 108](#) (Leo Docherty MP)

332 [Q 106](#) (Leo Docherty MP)

333 [Q 68](#) (Natalie Jaresko)

334 [Q 68](#) (Mark Bowman)

236. Dr Denisa Kostovicova and Dr Luke Cooper, respectively Associate Professor of Global Politics and Associated Professorial Research Fellow at LSE, suggested that in Ukraine, as in the Western Balkans, problems arising specifically from the war would exacerbate challenges related to the post-Communist transition.³³⁵ They noted that most indicators of political and economic progress in the Western Balkans suggest “regressive trends” in recent years. In their assessment, “multiplying policy instruments” had “neither increased the chances of success nor accelerated reform processes required for progress on the path to EU membership”.
237. One problem identified by Dr Kostovicova and Dr Cooper was that wartime relationships between political, economic and military elites had become “entrenched in the post-war period”, undermining the development of democracy. To avoid this, they suggested that “investment in rebuilding of infrastructure needs to spread the benefits of reconstruction equally rather than promote distinct market players and their monopolies”. They also highlighted a risk that Ukraine may “prematurely adopt economic liberalisation measures” that are unsuited to what will, in the short-to-medium term, remain a “wartime economy”.
238. **Recent post-war reconstruction efforts in Europe, notably in the Western Balkans, have a mixed record in terms of achieving their longer-term objectives. The UK, the EU and other participants in the reconstruction of Ukraine should reflect on what lessons can be learned from this experience, including the effectiveness of mechanisms intended to incentivise reforms. We ask the Government to provide us with its assessment of lessons that can be learned from previous experience in supporting post-war reconstruction and how these can be applied to Ukraine in response to this report.**

Security and reconstruction

239. The prospects for reconstruction in Ukraine will ultimately be determined to a large extent by the security situation. Ms Jaresko said that this was “fundamental” as “you cannot have a successful recovery and reconstruction without security”.³³⁶ Similarly, Ms Lutsevych argued that “if we want the private sector to go, it is important that we have a strong security cushion for Ukraine”.³³⁷ Without this, she feared that investors may hold back from providing donations.
240. Witnesses emphasised the role of the UK in providing the necessary military assistance to Ukraine to facilitate reconstruction. For example, Ms Jaresko noted that the UK provides “critical support” for the “intelligence, surveillance and reconnaissance operation” for the “Black Sea corridor” trade route.³³⁸ She explained that this “opens up exports in steel and iron ore that are not really profitable or realisable through rail or trucking, so it is critical”. Ms Lutsevych similarly told us that the UK’s naval capabilities could “help to develop Ukraine’s ability to protect its naval routes on the Black Sea so that food and other goods can flow to the international markets”.³³⁹

335 Written evidence from Dr Denisa Kostovicova and Dr Luke Cooper ([RUI0021](#))

336 [Q 68](#) (Natalie Jaresko)

337 [Q 69](#) Orysia Lutsevych)

338 [Q 65](#) (Natalie Jaresko)

339 [Q 65](#) (Orysia Lutsevych)

241. Witnesses generally considered that NATO was the critical actor in terms of providing Ukraine with long-term security. Dr Meister told us that interim NATO security guarantees would provide a “security framework for reconstruction”.³⁴⁰ Ms Lutsevych similarly indicated that it would be important to put in place security arrangements that would serve as a “transition decision while the war goes on”.³⁴¹ However, she saw NATO membership as the “permanent solution” that would “allow the private sector to come” to Ukraine.
242. Mr Rogers expected that the UK would be “instrumental” in providing security guarantees and that these could “provide the breathing space for Ukraine to prepare to become an EU member and then to become one under the protection of the UK and another group of member states of NATO or through some other format”.³⁴²
243. The EU Ambassador to the UK indicated that EU membership would provide additional security guarantees on top of those that may be offered by other allies.³⁴³ However, other witnesses expressed scepticism about the value of security guarantees from the EU. For example, Mr Bond and Dr Scazzieri suggested that the fact that the Finland and Sweden had decided to seek NATO membership implied that EU security guarantees on their own were “not particularly credible”.³⁴⁴
244. The Minister for Europe stressed that the UK’s defence relationship with Ukraine would remain “hugely important” in the future. He identified the need for Ukraine to “put their military on a world-class footing in a very sustainable way, in a way that requires more domestic defence industry”. He considered that the UK would be among the nations that would “have a critical role in that”.³⁴⁵
245. The Foreign Secretary told us that the Government was doing “everything that we can to help Ukraine in its ambitions to join NATO”, including providing support for reform of the defence sector.³⁴⁶ He added that where the UK was “in an organisation and can help them join, we are absolutely all in and doing what we can”.
246. In January 2024 the UK and Ukraine concluded an Agreement on Security Cooperation, containing provisions aimed at “coordinating and strengthening joint efforts to support Ukraine’s accession to NATO”.³⁴⁷ This included UK commitments to “provision of comprehensive assistance to Ukraine for the protection and the restoration of its territorial integrity”, “prevention and active deterrence of, and counter-measures against, any military escalation and/or a new aggression by the Russian Federation” and “support for Ukraine’s future integration into Euro-Atlantic institutions”.

340 Q 28 (Dr Stefan Meister)

341 Q 69 (Orysia Lutsevych)

342 Q 30 (James Rogers)

343 Q 82 (HE Ambassador Pedro Serrano)

344 Written evidence from Ian Bond and Dr Luigi Scazzieri (RUI0005)

345 Q 105 (Leo Docherty MP)

346 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), Q 22 (Lord Cameron of Chipping Norton)

347 UK Government and Government of Ukraine, *Agreement on Security Co-operation* (12 January 2024): https://assets.publishing.service.gov.uk/media/65a14a6ae96df50014f845d2/UK-Ukraine_Agreement_on_Security_Co-operation.pdf [accessed 23 January 2024]

247. **The UK has an important role to play in providing the naval support to Ukraine necessary to facilitate trade through the Black Sea corridor. The Government should continue to prioritise this as it will be essential to facilitating Ukraine's economic recovery in the short-to-medium term.**
248. **Reconstruction cannot be successful in the long-term unless investors feel confident about Ukraine's long-term security. We therefore welcome the UK-Ukraine Agreement on Security Co-operation that was concluded in January 2024. Security guarantees will be most credible if they are provided by NATO. The Government should set out in its response to this Report its policy on providing interim security guarantees for Ukraine.**

CHAPTER 5: LONG-TERM IMPLICATIONS FOR THE UK-EU FOREIGN POLICY AND SECURITY RELATIONSHIP

249. Russia’s full-scale invasion of Ukraine was a profound shock to the European foreign policy and security landscape, upending many of the assumptions held by policymakers over previous decades.
250. In the period since the outbreak of the conflict the UK, the EU and many EU Member States individually have re-evaluated their foreign policy priorities and approaches to resilience. There is every reason to believe that these developments will have far-reaching long-term implications for European security and for relations between the UK and the EU, extending beyond issues directly related to the ongoing conflict.
251. In 2024 there will be an election to the European Parliament, a new European Commission will be appointed, a General Election is expected in the UK and a presidential election will take place in the United States of America. These all have the potential to lead to further changes in how the EU and UK conduct their respective foreign policies. The conflict and instability in the Middle East since the Hamas attack on Israel on 7 October 2023 may also have implications for the UK-EU foreign policy and security relationship.

A more “geopolitical” EU?

252. Less than a month after the Russian invasion of Ukraine, the EU adopted a new security strategy, *A Strategic Compass for Security and Defence* (see Box 8).³⁴⁸ This referred to a “tectonic shift in European history” and asserted that the EU “needs to take a more active stance to protect its citizens, defend its interests, protect its values, and work with partners to provide security for a safer and more just world”. In the foreword, the EU High Representative for Foreign Affairs and Security Policy, Josep Borrell, wrote that the EU must “ensure that we turn the EU’s geopolitical awakening into a more permanent strategic posture”.

Box 8: The EU Strategic Compass for Security and Defence

Published in March 2022, building on the earlier *Global Strategy*, the *Strategic Compass* sets out the EU’s vision to “make Europe a security provider”. It is described as a “Member States-owned document now adopted by the Council” and it is stated in the foreword that by adopting it Member States “commit to implementing it”.

The document asserts that the EU needs “to take a more active stance to protect its citizens, defend its interests, protect its values, and work with partners to provide security for a safer and more just world”. It calls for the EU and EU Member States to “invest more in their security and defence to be a stronger political and security actor”. It also identifies a need for “more rapidity, robustness and flexibility in decision-making” and a move towards a “common strategic culture”, aiming to increase the EU’s credibility as a strategic actor.

348 European Union, *A Strategic Compass for Security and Defence* (March 2022): https://www.eeas.europa.eu/sites/default/files/documents/strategic_compass_en3_web.pdf [accessed 23 January 2024]

Specific proposals include the development of an EU Rapid Deployment Capacity; enhanced cooperation on countering foreign information manipulation and strengthening cyber resilience; and a substantial increase in defence expenditure. The Strategic Compass additionally calls for “further ambitious and concrete steps” to strengthen cooperation with NATO and pledges that security and defence issues will be included “more systematically” in political dialogues with third country partners. It states that the EU “remain[s] open to a broad and ambitious security and defence engagement with the United Kingdom”.

Source: European Union, *A Strategic Compass for Security and Defence* (March 2022): https://www.eeas.europa.eu/sites/default/files/documents/strategic_compass_en3_web.pdf [accessed 23 January 2024]

253. Notable policy shifts have also taken place in several Member States. There have been substantial rises in defence budgets, including in Germany. As part of the major changes in German national security policy announced by Chancellor Olaf Scholz in March 2023, in the immediate aftermath of Russia’s attack on Ukraine, the German Government published its first ever National Security Strategy in June 2023 and has committed to meet the NATO target to spend 2% of GDP on defence.³⁴⁹ Finland and Sweden applied for NATO membership following the outbreak of the conflict. Finland formally joined in April 2023 although Sweden’s application is still awaiting ratification by all NATO members.³⁵⁰ Meanwhile, Denmark ended its longstanding opt-out from EU defence and security initiatives following a referendum held in June 2022.
254. In March 2023 the UK Government published an updated foreign policy and security strategy, *Integrated Review Refresh 2023: Responding to a more contested and volatile world*.³⁵¹ This document updated the 2021 Integrated Review and in particular gave greater prominence to European security, describing the Euro-Atlantic region as a “core priority”.
255. Several of our witnesses considered that the shift in the EU’s approach to foreign policy was substantial. Nathalie Loiseau MEP referred to a “cultural revolution” evident in many aspects of the EU’s response, including the provision of military support to Ukraine on a scale that was “not possible to imagine before”.³⁵² Sir Julian King, formerly European Commissioner for the Security Union, similarly identified a “sea change in how the EU collectively works on both security and defence”.³⁵³ He noted that some of this predates the Russian invasion of Ukraine and that it is also motivated by “other geopolitical drivers, in particular tensions with and concerns about China”. Another former European Commissioner, Baroness Ashton, also considered that the EU had been “moving towards a bigger geopolitical role for much longer than the Ukraine crisis” but said that the conflict had “undoubtedly accelerated that”.³⁵⁴

349 Government of Germany, *Robust. Resilient. Sustainable. Integrated Security for Germany: National Security Strategy* (June 2023): <https://www.nationalesicherheitsstrategie.de/National-Security-Strategy-EN.pdf> [accessed 23 January 2024]

350 House of Commons Library, *NATO enlargement: Finland and Sweden*, [Research Briefing 9574](#), June 2023.

351 HM Government, *Integrated Review Refresh 2023: Responding to a more contested and volatile world*, CP 811 (March 2023): <https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world> [accessed 23 January 2024]

352 [Q 13](#) (Nathalie Loiseau MEP)

353 [Q 1](#) (Sir Julian King)

354 [Q 1](#) (Baroness Ashton of Upholland)

256. The EU Ambassador to the UK told us that the Russian invasion of Ukraine had “pushed forward the development that began way back in the early 2000s when we started to create a security and defence policy in which it was understood that, if we wanted to be effective in addressing security challenges, we had to have an holistic approach”.³⁵⁵ He said that the conflict in Ukraine had “further strengthened our conviction that we must pursue this”.
257. Looking beyond Ukraine, we heard that there had been a wider shift in the EU towards what one expert termed “economic statecraft” to protect against external shocks, involving the use of a combination of trade and foreign policy mechanisms, which had previously been more separate spheres within the EU.³⁵⁶ We were told that a “decade of crises” had encouraged greater “experimentation in new forms of decision-making and policy development”. Isabella Antinozzi (RUSI) characterised these shifts as a “securitisation” of EU policy, extending to areas such as energy, economic security and supply chain resilience.³⁵⁷ According to the Tony Blair Institute for Global Change, the result is that the UK has been left with a “more strategic, coordinated and active foreign policy and security actor on its doorstep”.³⁵⁸
258. However, some of the evidence that we received challenged the notion that there had been a substantial shift in EU policy. In the assessment of the Henry Jackson Society there is a “dissonance between the EU’s aspirations to be a geopolitical actor and its capacity”.³⁵⁹ On its analysis the EU “lacks a joint strategic assessment of threats” and has displayed an “inability to pool resources which has undermined its ability to procure weapons to advance its security”. It therefore concluded that the EU “does not seem ready to adopt a more assertive foreign policy”. In a similar vein, James Rogers (Council on Geostrategy) told us that there were “still some outstanding differences between some of the key member states about how to deal with both Ukraine and particularly Russia”.³⁶⁰ He argued that the EU was “still stuck, in many respects, in the world of the 1990s, not the world of the mid-2020s” and that addressing this would “require a significant shift in strategic culture over the coming years”.
259. Witnesses expressed mixed views as to the durability of any shift in the EU’s approach to foreign and security policy, and its applicability to other crises beyond Ukraine. Professor Anand Menon of UK in a Changing Europe considered that the EU had “performed well” in the face of the Russian invasion of Ukraine but that this was a “very easy case for the EU to have acted on”, given western unity and that it involved “direct and deliberate aggression on the border, essentially, of some member states”.³⁶¹ A similar argument was advanced by Dr Luigi Scazzieri (Centre for European Reform), who noted that the EU’s unity on Ukraine had not been replicated in its response to the crisis in Israel/Gaza.³⁶² Dr Stefan Meister (German Council on Foreign Relations) suggested that in relation to other conflicts in post-Soviet eastern Europe, for instance Nagorno-Karabakh, he did

355 [Q 73](#) (HE Ambassador Pedro Serrano)

356 Written evidence from Professor Erika Szyszczak ([RUI0002](#))

357 Written evidence from Isabella Antinozzi ([RUI0014](#))

358 Written evidence from the Tony Blair Institute for Global Change ([RUI0007](#))

359 Written evidence from the Henry Jackson Society ([RUI0009](#))

360 [Q 23](#) (James Rogers)

361 [Q 31](#) (Professor Anand Menon)

362 [Q 57](#) (Dr Luigi Scazzieri)

“not see a very geopolitical EU”.³⁶³ Other witnesses, for instance Baroness Ashton, Sir Julian King and Professor Alexander Mattelaer (Brussels School of Governance), expressed greater confidence that what they saw as the EU’s trajectory towards becoming a more geopolitical actor would continue beyond the current conflict.³⁶⁴ The EU Ambassador to the UK told us that “overall, we have been expressing common positions” in response to other crises, including that in Israel/Gaza.³⁶⁵

260. During the period that our inquiry was taking place there were some signs of emerging strains within the EU over aspects of its response to the conflict in Ukraine. Hungary has increasingly sought to obstruct additional EU financial support to Ukraine, including using its veto to prevent agreement at the European Council meeting in December 2023.³⁶⁶ Meanwhile, Slovakia withdrew its military support for Ukraine following the formation of a new government in October 2023.
261. Some of those that we heard from suggested that the long-term strategic challenges faced by the UK and the EU are broadly similar. For example, Ms Loiseau highlighted common interests in strengthening the European pillar of NATO, developing a maritime presence in the Indo-Pacific and addressing the causes of irregular migration to Europe.³⁶⁷ Meanwhile, Agathe Demarais (European Council on Foreign Relations) noted that both the UK and the EU believe that “managing China’s rise will be the greatest diplomatic, military and economic challenge” in the longer-term, but share “less hawkish” stances than the United States of America.³⁶⁸
262. In its written submission the FCDO stated that the Government “recognise[s] and support[s] the EU’s approach to tackling broader geopolitical challenges”.³⁶⁹ It added that “on China, we agree on the need to protect national security, align our approach with partners, and engage with China directly”. The Government is “supportive of a geopolitically active EU, as a close and likeminded partner and ally in an increasingly contested and volatile international space”.
263. **In response to the immediate threat to its security posed by the Russian invasion of Ukraine, the EU has made a concerted effort to take on a more “geopolitical” role, as envisaged in the *Strategic Compass* published in 2022.**
264. **It remains to be seen whether these developments represent a durable change in the EU’s geopolitical role. For example, the EU has not achieved a clear and united response to the conflict in Israel, Gaza and the wider Middle East, reflecting greater divisions between EU Member States than was the case in response to the Russian invasion of Ukraine.**

363 Q 23 (Dr Stefan Meister)

364 Q 10 (Baroness Ashton of Upholland; Sir Julian King) and Q 56 (Professor Alexander Mattelaer)

365 Q 86 (HE Ambassador Pedro Serrano)

366 Written evidence from Georgina Wright, Louise Chetcuti, Erica Morin and Cécilia Vidotto Labastie (RUI0023) and ‘Hungary blocks €50bn in EU aid for Hungary hours after membership talks approved’, *The Guardian* (15 December 2023): <https://www.theguardian.com/world/2023/dec/15/hungary-blocks-50bn-in-eu-aid-for-ukraine-hours-after-membership-talks-were-approved> [accessed 23 January 2024]

367 Q 15 (Nathalie Loiseau MEP)

368 Written evidence from Agathe Demarais (RUI0003)

369 Written evidence from the Foreign, Commonwealth and Development Office (RUI0012)

265. **Given the EU’s size and its geographical proximity to the UK, any change in the EU’s approach to foreign and security policy will be bound to have implications for UK national security. The Government should therefore continue to monitor closely the evolution of the EU’s external policies when considering British foreign and security policy.**
266. **The respective approaches of the UK and EU to long-term strategic challenges such as relations with China and developing the European pillar of NATO are broadly similar. We consider that there would be considerable mutual benefits to enhancing cooperation between the UK and EU on such issues.**

European strategic autonomy

267. The Russian invasion of Ukraine triggered a renewed debate within the EU about its ability to act autonomously, often referred to as “strategic autonomy”.
268. We heard that “strategic autonomy” had not been precisely defined by the EU.³⁷⁰ As Baroness Ashton told us, “depending on which room you are in and with which people, it means different things”.³⁷¹ She suggested that a debate “about how Europe is meant to operate as an entity in itself, in terms of its capacity to resolve issues that directly affect itself, how far it is beholden to external forces—the United States, for example—and how far it is able to determine a policy and strategy of its own” had been going on for a long time. This became especially prominent during the US presidency of Donald Trump from 2017–21, during which the priorities of the EU and US appeared increasingly to diverge.
269. Ms Loiseau saw strategic autonomy as being about “working with your allies every time you can—that is a very strong statement; every time you can, you should work with your allies—while working and acting autonomously every time you have to”.³⁷² She stressed that there may be circumstances where the EU has to act autonomously because its “priorities and concerns are not shared by allies”.
270. Mr Bond and Dr Scazzieri told us that the Russian invasion of Ukraine had served to “pause the more controversial elements” of the EU’s strategic autonomy agenda, while at the same time leading to a “doubling down on less controversial areas”.³⁷³ This was attributed to the international response to the conflict having demonstrated that NATO remains the cornerstone of European security, and that non-EU NATO allies such as the US and UK have an essential role.³⁷⁴ We heard that Member States in central and eastern Europe have particular concerns about the notion of European strategic autonomy in relation to defence and security.³⁷⁵ Radosław Sikorski, a former Minister of Foreign Affairs of Poland who returned to this post in December 2023, emphasised that “in this Ukrainian emergency, the United States has rallied round, has come through and has protected us from an aggressive

370 Written evidence from Dr Laura Chappell, Professor Theofanis Exadaktylos, Professor Amelia Hadfield and Dr Michael Richter ([RUI0017](#))

371 [Q 12](#) (Baroness Ashton of Upholland)

372 [Q 21](#) (Nathalie Loiseau MEP)

373 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

374 [Q 23](#) (James Rogers); [Q 29](#) (Dr Stefan Meister; Georgina Wright) and [Q 40](#) (Susi Dennison)

375 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

Russia”.³⁷⁶ He said that the alliance with the United States is “not something that central and eastern Europe would ever give up”.

271. Some witnesses expressed concern that any future reduction in US support would leave Europe more exposed. For example, Mr Sikorski told us that if “Joe Biden was not in the White House and the United States was engaged somewhere else, Ukraine might not have been as supported as it has been”.³⁷⁷ He saw this as an “argument for being better prepared in case we are not so lucky in future”. The Henry Jackson Society noted that the US’s “long-term strategic interests lie in the Indo-Pacific”, not in Europe.³⁷⁸ Professor Menon identified a scenario where, in the event of a change in the US presidency, Europeans might “have to look to themselves a lot more and work together a lot more closely”.³⁷⁹ Professor Mattelaer suggested to us that it would be “wise for European states to think of contingency plans to help to address such a prospect”.³⁸⁰ However, Dr Scazzieri feared that at present this possibility was “almost too difficult for many decision-makers to face”.³⁸¹
272. Several expert witnesses indicated that within the EU the emphasis of the strategic autonomy agenda had increasingly shifted away from the military dimension towards economic autonomy.³⁸² Ms Dennison highlighted the EU’s economic security strategy, published in spring 2023, which conveyed “a sense that, as Europeans, we also have to recognise that we operate in this world too, so we need a more sophisticated understanding, which will never be autarky in an economic sense but is the ability to manage our relationships in a more sophisticated way in that environment”.³⁸³ She considered “strategic interdependence” to be more accurate terminology than “strategic autonomy”. Professor Szyszczak (University of Sussex) indicated that this agenda now extended to “almost all policy areas”.³⁸⁴ The Spanish presidency of the Council of the EU in the second half of 2023 promoted what it termed “open strategic autonomy”.³⁸⁵ This places an emphasis on cooperation between the EU and allies and is focused primarily on economic challenges. In Professor Menon’s assessment, strategic autonomy has become a “very inward, slightly mercantilist construct aimed at prioritising European industries over all others”.³⁸⁶
273. Dr Benjamin Martill (University of Edinburgh) stressed that in discussions of strategic autonomy it is often European rather than EU autonomy that is the “aim of the game”.³⁸⁷ He saw this as especially true in the defence field, where autonomy in various areas is dependent on “co-optation of non-EU members like the UK, Norway and Turkey into any such designs”. Researchers from the Centre for Britain and Europe at the University of Surrey similarly noted that “the term European not EU strategic autonomy

376 Q 21 (Radosław Sikorski)

377 Q 13 (Radosław Sikorski)

378 Written evidence from the Henry Jackson Society (RUI0009)

379 Q 34 (Professor Anand Menon)

380 Q 57 (Professor Alexander Mattelaer)

381 Q 57 (Dr Luigi Scazzieri)

382 Q 29 (Georgina Wright)

383 Q 40 (Susi Dennison)

384 Written evidence from Professor Erika Szyszczak (RIU0002)

385 Spanish Presidency of the Council of the European Union, ‘Open Strategic Autonomy for a competitive and resilient EU’: <https://spanish-presidency.consilium.europa.eu/en/programme/open-strategic-autonomy-spanish-presidency-eu-council-resilient-eu2030/> [accessed 23 January 2024]

386 Q 40 (Professor Anand Menon)

387 Written evidence from Dr Benjamin Martill (RUI0018)

is usually used” and that, in this context, the “UK’s capabilities are of critical importance”.³⁸⁸ These authors added that on its own the EU currently “falls far short of being strategically autonomous”.

274. Sir Julian King told us that what he characterised as an EU agenda to “reinforce its self-sufficiency and reduce dependencies” posed “issues for all countries outside the EU in how they engage with the EU on those issues, including the UK”.³⁸⁹ Ms Loiseau felt that it was primarily for the UK Government to determine how far it wished to engage with this agenda. She told us that “either we speak in theory about European strategic autonomy including the UK or we speak in practice where the UK is interested”.³⁹⁰
275. The FCDO indicated that the Government is “supportive of the EU’s approach to secure Europe’s interests, weaken dependencies and de-risk relationships”.³⁹¹ However, in the area of defence it “continue[s] to encourage the EU to ensure this is done in coordination with NATO and is open to all European nations”.
276. **The EU’s strategic autonomy agenda is focused increasingly on economic security and resilience since the Russian invasion of Ukraine. The Government should monitor developments in EU policy in these areas closely and consider what contribution the UK might be able to make to strengthening the resilience of Europe as a whole.**
277. **Any future reduction in US support for Ukraine, and for wider European security, has the potential to leave Europe badly exposed. The EU, EU Member States and other European partners, including the UK, should ensure that they are prepared for a scenario in which they may need to take on a greater share of the burden, despite all the difficulties.**

EU enlargement

278. Enlargement has gained renewed prominence on the EU political agenda since the Russian invasion of Ukraine. Candidate status was granted to Ukraine and Moldova in June 2022. The European Council subsequently agreed to open membership negotiations with Ukraine and Moldova, and to grant candidate status to Georgia, in December 2023.³⁹² These developments have also given fresh impetus to the enlargement process in the Western Balkans.
279. Witnesses emphasised that the conflict in Ukraine had led to a change in the views of several key Member States on enlargement.³⁹³ We heard that there had been a particularly marked shift in the position of France which had “traditionally been very enlargement-sceptic” but had “changed its tune” from around May 2022 onwards.³⁹⁴

388 Written evidence from Dr Laura Chappell, Professor Theofanis Exadaktylos, Professor Amelia Hadfield and Dr Michael Richter ([RUI0017](#))

389 [Q 12](#) (Sir Julian King)

390 [Q 21](#) (Nathalie Loiseau)

391 Written evidence from the Foreign, Commonwealth and Development Office ([RUI0012](#))

392 European Council, ‘Conclusions: 14 and 15 December 2023’: <https://www.consilium.europa.eu/media/68967/europeanCouncilConclusions-14-15-12-2023-en.pdf> [accessed 23 January 2024]

393 Written evidence from Georgina Wright, Louise Chetcuti, Erica Morin and Cécilia Vidotto Labastie ([RUI0023](#))

394 [Q 30](#) (Georgina Wright)

280. Susi Dennison of the European Council on Foreign Relations noted that the “next wave of enlargement is being talked about and understood at an EU level as being a geopolitical enlargement, something that is being done on a clear interest basis by the EU”.³⁹⁵ As Baroness Ashton explained, Ukraine’s potential accession to the EU is seen as “not only about the safety and security of Ukraine but about the nature and character of Europe itself”.³⁹⁶ Ms Loiseau argued that it was to the EU’s “benefit that we get bigger in a world where isolationism is dangerous”.³⁹⁷ Meanwhile, Mr Sikorski suggested that Ukrainian membership would “rebalance Europe”, providing it with “two lungs in power relationships and in the weight of populations”.³⁹⁸
281. As was discussed in Chapter 4, there is overwhelming support for EU membership in Ukraine. Orysia Lutsevych of the Chatham House Ukraine Forum described the European Commission’s recommendation that accession negotiations be opened as an “important moment to celebrate”.³⁹⁹ She added that “Ukraine will be fully anchored, and its destiny is clear: it belongs in the European family of nations”. Natalie Jaresko, a former Finance Minister of Ukraine, similarly saw this as “extraordinarily good news”.⁴⁰⁰
282. Several witnesses anticipated that the enlargement process would in practice be a long one. Dr Meister suggested that Ukraine’s accession “will not be a high-speed integration and the benefits will not be coming so soon”.⁴⁰¹ Dr Kostovicova and Dr Cooper (LSE) explained that “Ukraine’s geographical size combined with the complexity of its internal economic development” would present “tremendous challenges for integration into the European single market”.⁴⁰² On this theme, Sir Julian King highlighted “quite big practical hurdles” to Ukraine’s accession, for example around agriculture, heavy industry, old nuclear plants and free movement of people.⁴⁰³ Nevertheless, he noted that there had been similar issues associated with the enlargement of the mid-2000s but that these had been overcome because there was “great political commitment” to making enlargement work. He felt that similar conditions had emerged following Russia’s invasion of Ukraine.
283. Some witnesses were sceptical that Ukraine would join the EU in the foreseeable future. Mr Rogers stressed the need to be “realistic”, saying that the “war must be won before Ukraine can join the EU, and even then there may be some outstanding territorial issues that would need to be overcome, which I think would prevent it becoming an EU country”.⁴⁰⁴ He noted that accession would require unanimous agreement among Member States and that “domestic politics” may prevent this. Professor Menon similarly told us that he was “quite sceptical about the prospects of enlargement anytime soon”, suggesting that there was a “paradox” that “the war will be behind us by definition when there is a serious debate about Ukrainian accession, and at that point political priorities will shift”.⁴⁰⁵

395 [Q 39](#) (Susi Dennison)

396 [Q 2](#) (Baroness Ashton of Upholland)

397 [Q 22](#) (Nathalie Loiseau)

398 [Q 22](#) (Radosław Sikorski)

399 [Q 72](#) (Orysia Lutsevych)

400 [Q 72](#) (Natalie Jaresko)

401 [Q 30](#) (Dr Stefan Meister)

402 Written evidence from Dr Denisa Kostovicova and Dr Luke Cooper ([RUI0021](#))

403 [Q 2](#) (Sir Julian King)

404 [Q 30](#) (James Rogers)

405 [Q 41](#) (Professor Anand Menon)

284. We heard that there were likely to be tensions between the EU objectives of enlargement to the EU's eastern neighbourhood and also to the Western Balkans. Andrew Duff, a former MEP, predicted that the EU was unlikely to fast-track Ukraine's membership as any perception that it was getting special treatment would be received negatively by Western Balkans candidate countries.⁴⁰⁶ A similar point was made by Dr Kostovicova and Dr Cooper, who noted that Ukraine and Moldova's "accelerated EU accession" had been greeted with a degree of "resentment" in the Western Balkans, which had experienced "two decades of being in the EU's waiting room".⁴⁰⁷ Baroness Ashton stressed that, in "thinking about a regional architecture for Europe", the EU should not forget about Moldova and Georgia.⁴⁰⁸ The EU Ambassador to the UK agreed that it would be "important for those dealing with the issue to ensure that it is not just about Ukraine but all candidates".⁴⁰⁹
285. Some of our witnesses raised the possibility of a phased integration process. Mr Bond and Dr Scazzieri envisaged that candidate countries may initially participate in some Council formats without full voting rights.⁴¹⁰ Dr Meister also anticipated that in the short-term there would not be "full-scale integration" of Ukraine into the EU, but that there "may be partial integration of Ukraine in some sectors".⁴¹¹ According to Georgina Wright (Institut Montaigne), "discussions of either a multi-speed Europe or different forms of membership" have been taking place within the EU.⁴¹²
286. The focus on enlargement has additionally prompted a debate within the EU about other institutional reforms, for instance to decision-making processes and to the EU budget. Dr Meister told us that the "EU itself will change, and the question will be how and when".⁴¹³ Mr Sikorski emphasised that an EU of potentially 35 Member States would "pose issues for constitutional order".⁴¹⁴ He gave the example of sanctions and asked whether the EU "wanted to be hostages of one country blocking". He also raised the issue of allocation of structural funds, noting that the fact that Ukraine is large and relatively poor would mean that some European regions that currently receive funds would no longer be eligible for these without reform. Ms Loiseau, meanwhile, referred to "ideas floated in the air of changing the way in which decisions are taken" but indicated that there were differences of view within the EU on this.⁴¹⁵ The EU Ambassador to the UK referred to proposals to move towards qualified majority voting in external affairs, but said that debates about reform would be "complex".⁴¹⁶ Mr Bond and Dr Scazzieri considered that institutional reform was not a "given", since some Member States oppose any shift away from unanimous decision-making.⁴¹⁷
287. Professor Menon emphasised to us that, as a non-member of the EU, the UK's ability to directly influence the enlargement process would be "very

406 Written evidence from Andrew Duff ([RUI0001](#))

407 Written evidence from Dr Denisa Kostovicova and Dr Luke Cooper ([RUI0021](#))

408 [Q 12](#) (Baroness Ashton)

409 [Q 86](#) (HE Ambassador Pedro Serrano)

410 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

411 [Q 30](#) (Dr Stefan Meister)

412 [Q 30](#) (Georgina Wright)

413 [Q 30](#) (Dr Stefan Meister)

414 [Q 22](#) (Radosław Sikorski)

415 [Q 22](#) (Nathalie Loiseau MEP)

416 [Q 86](#) (HE Ambassador Pedro Serrano)

417 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

limited”.⁴¹⁸ Other witnesses suggested that the UK may still be able to offer some support to candidate countries. For example, Baroness Ashton indicated that UK ambassadors remain involved in “a lot of positive work going on to support the countries of the Western Balkans in their aspiration to be in the EU”.⁴¹⁹ She identified “opportunities to try to support the future of the European Union for countries where we can see the absolute positive reasons for them to be part of it”. Ms Loiseau also referred to UK-EU cooperation in relation to the Western Balkans, arguing that the UK and the EU “need to join our efforts to stabilise those countries and lead them towards a European path”.⁴²⁰

288. Some witnesses considered that potential institutional reforms within the EU could have implications for relations with the UK. Ms Wright suggested that it would be “very difficult for the UK Government to participate in those discussions because it chose to leave”, but argued that it should be “thinking quite seriously about how the EU is evolving and what opportunities this could provide for the UK as well”.⁴²¹ Mr Bond and Dr Scazzieri highlighted the possibility that a phased process of integration for accession states “could leave the EU more open to including the UK as a non-voting participant, for example in some meetings of the Foreign Affairs Council”.⁴²² The Tony Blair Institute for Global Change similarly noted that enlargement may “open up new opportunities for the UK to develop and deepen ties with the Union”.⁴²³ It recommended that the UK should “stay alive to these unfolding processes with the EU and the possibilities they may provide”.
289. Ukraine’s EU accession process could potentially have implications for the UK’s own relations with both Ukraine and the EU in the medium-to-longer term, as Ukraine seeks to integrate into the internal market. Were Ukraine ultimately to join the EU, its relations with the UK would then be governed by the TCA. The Minister for Europe told us that the Government is “alive to that prospect”.⁴²⁴ Mr Henricson-Bell added that there is “thinking ongoing” about this but said that the Government considers it important to not “lose sight of the immediate term, which is helping Ukraine to win this war”.⁴²⁵
290. As noted in Chapter 4, the Foreign Secretary told us that the Government strongly supports “Ukraine wanting to anchor itself in the Euro-Atlantic alliance”.⁴²⁶ The Minister for Europe similarly indicated that if, “through its own sovereign choice”, Ukraine were to embark on a journey towards EU membership that would allow it to be “prosperous, sovereign, liberated and a strong ally of the UK”, that would be “clearly a good thing”.⁴²⁷
291. **The UK is no longer a member of the EU and will have no direct influence on the next round of EU enlargement. But the EU’s overall objective in pursuing enlargement (greater stability and security in Europe) is clearly in the UK’s national interest as well. There is**

418 [Q 41](#) (Professor Anand Menon)

419 [Q 12](#) (Baroness Ashton of Upholland)

420 [Q 22](#) (Nathalie Loiseau MEP)

421 [Q 30](#) (Georgina Wright)

422 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#))

423 Written evidence from the Tony Blair Institute for Global Change ([RUI0007](#))

424 [Q 111](#) (Leo Docherty MP)

425 [Q 111](#) (Olaf Henricson-Bell)

426 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 22](#) (Lord Cameron of Chipping Norton)

427 [Q 110](#) (Leo Docherty MP)

therefore a strong case for using the UK’s experience and expertise in reform and capacity building to support candidate countries during the enlargement process. In Ukraine, that would fit naturally with the UK’s contribution to reconstruction and tackling corruption.

292. **Potential enlargement has prompted a renewed debate about institutional reform within the EU. Should such reform happen, it could present both opportunities and risks for UK-EU cooperation. The Government should monitor any developments closely and report to Parliament on their implications for UK-EU relations.**

The future UK-EU foreign policy and security relationship

293. In our report published in April 2023, *The future UK-EU relationship*, we concluded that there would be “considerable mutual benefit” to ad hoc engagement between the UK and the EU on foreign, defence and security policy being “complemented by some structured arrangements for ongoing interaction and cooperation, for example in response to new and emerging threats”.⁴²⁸ We therefore recommended that the UK should “approach the EU without further delay with the aim of establishing appropriate structured cooperation arrangements, as foreseen in the UK-EU Political Declaration of October 2019”.⁴²⁹
294. We were disappointed at the Government’s limited engagement with this recommendation in its response to the report. In a letter to the Committee in August 2023 the then Foreign Secretary, the Rt Hon James Cleverly MP, said that “both sides are focused on making sure our cooperation delivers, rather than on institutional changes in this area”.⁴³⁰
295. We took further evidence about whether there was a case for a more structured foreign policy and security relationship between the UK and the EU during the course of this inquiry. Several witnesses expressed support for this proposal. For example, Baroness Ashton thought that more structured cooperation would “ensure that the voice that we can have in those debates is as clear and as well listened to as possible”.⁴³¹ She noted that “in the context of security and defence matters, there is already a well-trodden path of agreements that can be made between the EU and third countries that enable them to participate and to be part of missions that operate all over the world”. Ms Loiseau argued that more structured cooperation in foreign policy and security was “our common interest” and cited a range of areas in which she considered that greater cooperation would be desirable, including EU defence missions.⁴³² Mr Sikorski proposed that the UK should become involved in what is currently the US-EU Trade and Technology Council, a body established in 2021 for US-EU cooperation on trade, economic and technology issues.⁴³³

428 European Affairs Committee, *The future UK-EU relationship* (4th Report, Session 2022–23, HL Paper 184), para 167

429 *Ibid.*, para 168

430 Letter from Rt Hon James Cleverly MP, Secretary of State for Foreign, Commonwealth and Development Affairs, to Lord Ricketts, Chair of the European Affairs Committee, 31 August 2023: <https://committees.parliament.uk/publications/41158/documents/202432/default/>

431 [Q 3](#) (Baroness Ashton of Upholland)

432 [Q 15](#) (Nathalie Loiseau MEP)

433 [Q 15](#) (Radosław Sikorski)

296. Sir Julian King considered that ad hoc cooperation in the context of the Ukraine crisis had been effective but saw the case for more structured arrangements as being to “future-proof your relationship and make sure the momentum is there when, hopefully, there are quieter times”.⁴³⁴ Ms Dennison, meanwhile, identified “a risk, from an EU perspective, that the incentive for that informal approach will go down over time because it risks diluting the co-operation within the EU” format.⁴³⁵ Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak (UK in a Changing Europe) suggested that a more structured security dialogue could create “more predictability and stability” in the UK-EU foreign policy and security relationship and that it could enable cooperation on longer-term challenges such as relations with China and economic security.⁴³⁶ Dr Martill similarly argued that more formal structures “even at a low level” would enable engagement on an agenda “beyond existing crises”.⁴³⁷
297. A more sceptical view on the benefits of more structured cooperation arrangements was expressed by Professor Menon. He felt that “not very much at all” would have been different if a structured cooperation framework had been included within the TCA.⁴³⁸ Referring to the experience of cooperation on Ukraine, he considered that the existing relationship “works pretty well in a time of crisis”. Pressed on whether a structured arrangement would be more beneficial in relation to other issues, he emphasised that “political leaders interact with their counterparts, particularly from the larger member states, in many fora where they can talk and co-ordinate on matters such as China”.
298. Although Mr Rogers thought that UK-EU cooperation should be “taken further where it is in the interests of both parties”, he considered that there was also a “great deal of opportunity” to build on “minilateral” relations between the UK and groups of EU Member States.⁴³⁹ He envisaged “creating islands of co-operation that will support the overall effort of the larger multinational structures, whether the EU or NATO”. The Henry Jackson Society also favoured developing minilateral relations, highlighting the E3 (France, Germany and the UK) as a “useful forum to influence EU foreign policy while not being bound by defence and security treaties with the EU”.⁴⁴⁰ However, some other evidence submissions noted that Member States were reluctant to develop relations with the UK outside EU frameworks for fear of alienating other EU members and that attempts by the UK to “bilateralise” relations with EU countries post-Brexit had only been “partly successful” to date.⁴⁴¹
299. The EU Ambassador told us that, compared to the UK, the EU has “more structured co-operation with other partners, which we consider useful”.⁴⁴² He suggested there would be “no objections” on the EU side to developing more structured arrangements with the UK, similar to those envisaged in

434 [Q 3](#) (Sir Julian King)

435 [Q 34](#) (Susi Dennison)

436 Written evidence from Professor Richard G. Whitman, Dr Joelle Grogan and Jannike Wachowiak ([RUI0004](#))

437 Written evidence from Dr Benjamin Martill ([RUI0018](#))

438 [Q 34](#) (Professor Anand Menon)

439 [Q 24](#) (James Rogers)

440 Written evidence from the Henry Jackson Society ([RUI0009](#))

441 Written evidence from Ian Bond and Dr Luigi Scazzieri ([RUI0005](#)) and Dr Benjamin Martill ([RUI0018](#))

442 [Q 75](#) (HE Ambassador Pedro Serrano)

the Political Declaration. Nevertheless, he noted that a “more normal battle rhythm has been established” recently at least in official-level contacts, for example meetings between the Permanent Under-Secretary of the Foreign, Commonwealth and Development Office and the Secretary-General of the European External Action Service, which are now being held twice per year.

300. The Foreign Secretary argued that when it comes to cooperation with the EU “what matters is what works” and that existing ad hoc cooperation had “worked very well”.⁴⁴³ He suggested that there were benefits to the “flexibility” of being able to put together different cooperation arrangements in response to specific situations, as had been the case following the Russian invasion of Ukraine. Regardless of institutional arrangements, he felt that the UK and EU were “natural partners” on issues such as relations with China, given the UK’s importance as an international actor in foreign policy and security.⁴⁴⁴ He did not think the UK was in the position of needing to go to the EU and ask, “Please can we join your China dialogue?”.
301. **We welcome the Foreign Secretary’s confirmation to us that the current ad hoc arrangements for cooperation with the EU on Ukraine have worked well. This reinforces the evidence we heard that the Russian invasion of Ukraine has created a new context for UK-EU engagement on foreign and security policy that was absent when the Trade and Cooperation Agreement was negotiated.**
302. **The nature and scope of the five-year review of the TCA remains unclear. Nevertheless, given the change in context, the Government and the EU should consider which of the informal arrangements (operating outside the structures of the TCA) established to facilitate the UK and EU’s response to the Russian invasion of Ukraine have been of particular benefit to both parties and merit being made permanent.**
303. **While acknowledging the Foreign Secretary’s point that flexibility can sometimes be an advantage in responding to specific situations, we continue to believe that there would be considerable value in more structured arrangements for forward-looking cooperation between the UK and the EU in relation to longer-term challenges such as policy towards China. This would build on the successful experience of reactive cooperation with the EU since the Russian invasion of Ukraine, and it would complement relations with individual Member States and groups of them. To facilitate this, the Government should approach the EU with a view to establishing more regular, forward-looking formats for cooperation on major foreign and security policy issues.**

443 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 2](#) (Lord Cameron of Chipping Norton)

444 Oral evidence taken before the European Affairs Committee on 14 December 2023 (Session 2023–24), [Q 4](#) (Lord Cameron of Chipping Norton)

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Introduction

1. In general terms we welcome and commend the responses to Russia's aggression by the Government and by the EU and its Member States. Insofar as our report includes recommendations for policy, these are designed to strengthen these responses and make them more effective. (Paragraph 16)

Cooperation on sanctions

2. Arrangements for cooperation between the UK, the EU and other partners on the imposition of sanctions since the Russian invasion of Ukraine have been effective overall. These should be considered as a model for pragmatic cooperation between the UK and the EU that could be replicated in other areas of the UK-EU relationship. (Paragraph 31)
3. We recognise that the UK's independent sanctions regime is still a work in progress, but it appears, on balance, to have been effective overall in the context of the sanctions introduced following the Russian invasion of Ukraine. Without the need for agreement on unanimity, the UK can be nimbler and swifter in imposing sanctions. (Paragraph 41)
4. Nevertheless, some witnesses expressed doubts about aspects of the UK's post-Brexit sanctions regime including a lack of detail in listing individuals but not the companies they control and questions about the efficacy of enforcement through the work conducted by the National Crime Agency and the Office of Financial Sanctions Implementation. We ask the Government to respond to these specific concerns in its response to this report, addressing in particular the robustness with which breaches of UK sanctions are investigated and enforced. (Paragraph 42)
5. We note that the current sanctions mechanism in the UK does not include a sanctions review mechanism akin to the EU's sanctions review system. We ask the Government to explain in its response to this report why that is the case and whether it is considering further changes to the current regime as it reviews how it functions in response to Russia's invasion of Ukraine. (Paragraph 43)
6. We have received evidence indicating that some minor differences between UK and EU sanctions regimes have been justified in the context of the sanctions introduced since the Russian invasion of Ukraine. We note that, as a country outside the EU, the UK has the freedom to align its sanctions policy with the US, which can sometimes be more hawkish on sanctions than the EU. (Paragraph 54)
7. Nevertheless, we received persuasive evidence that sanctions are most effective when imposed and enforced by as wide a coalition of countries as possible. Divergence between sanctions regimes results in gaps and loopholes, which weakens their overall effectiveness. This, in turn, reduces the impact that the imposition of sanctions seeks to achieve. We therefore call on the Government to work with its international partners to ensure that divergence on the imposition and enforcement of sanctions regimes is as limited as possible. We ask the Government to set out what steps it is taking to avoid the negative impact of divergence in its response to this report. (Paragraph 55)

8. The UK's expertise in developing and implementing sanctions regimes is an asset which should be used more actively to support the capabilities of other countries, both EU and non-EU. The aim of sharing the UK's experience should be to ensure more effective implementation of sanctions by a wider range of countries. In its response to this report the Government should provide details of what support it is currently providing to other countries. (Paragraph 77)
9. We are concerned about growing evidence that Russia has been able to circumvent sanctions through third states and uninsured shadow tanker fleets. We welcome the Government's efforts to address this, in cooperation with our partners and allies, and in the current format of cooperation between envoys. Since the lifting of sanctions on Russia appears to be a distant prospect, circumvention will remain a challenge requiring ongoing cooperation. We urge the Government, when replying to this report, to list the measures already taken in response to circumvention; and to set out their plans for more effective enforcement, including through closer and more effective cooperation with the EU and its Member States. (Paragraph 78)
10. It is disturbing that the weight of evidence we received suggests that the UK has not so far been as effective as it could be at enforcing the sanctions that have been introduced. We note in this regard REDRESS's assessment of the UK's performance as "weak" and Spotlight on Corruption's evidence that investigation of sanctions evasion had experienced "serious setbacks". Effective sanctions regimes must be enforced. We therefore ask the Government to address this concern in its response and to set out specific examples of robust action taken by the Government and its agencies to enforce UK sanctions regimes. (Paragraph 79)
11. The Government should work closely with the EU and other partners to explore possible options to make use of sanctioned assets (or their proceeds) to support the reconstruction of Ukraine. However, any mechanism to make use of Russian assets must be consistent with international law and must not damage the international financial system. We noted that the Foreign Secretary suggested to us that there is a legal route to achieve that. The Government should outline what action it is taking on finding a legal route, including any discussions that it has had with the EU and other partners in its response to this report. (Paragraph 92)
12. In contrast to the UK, the EU periodically reviews its individual sanctions regimes. This issue is linked to the creation of arrangements for sanctions to be lifted. In our view, the Government should consider introducing a process for periodic review of sanctions in force, which could provide a mechanism for the eventual removal of sanctions, in coordination with EU and other partners. We recommend that the Government should in the meantime consult with the EU on the design of any "off-ramp" arrangement through which sanctioned entities could be removed from the sanctions list if certain conditions are met, such as providing support for reconstruction of Ukraine. (Paragraph 93)
13. We find it incomprehensible that the Government have not yet resolved the problems around the promised use of frozen assets from Chelsea FC's sale to support Ukraine. The unfulfilled promise made by Mr Abramovich at the time of the sale of Chelsea FC reflects poorly on him and the Government for not pushing for a more binding commitment. We urge the Government

to use all available legal levers to solve this impasse rapidly so that Ukraine can receive much needed, promised, and long overdue relief. All of the funds should be spent in territories controlled by the Ukrainian government. (Paragraph 94)

14. The evidence that we have considered, including from the Foreign Secretary, suggests that the arrangements for cooperation between the UK, the EU and other allies on sanctions that have been established over the past two years have been effective in responding to the crisis in Ukraine. (Paragraph 104)
15. Looking beyond the current crisis to the longer-term, we consider that the objective should be to ensure that lessons learned from this intensive phase of international cooperation on sanctions are retained and applied in other contexts, including where there may not be the same level of unity among Western countries. To achieve that, we see value in a regular working arrangement between the UK and the EU on sanctions policy, covering other regimes as well as Russia and Belarus. There are different ways in which this could be achieved. It need not be an elaborate mechanism and could build on the working practices established over the past two years. One option, which we have recommended previously, would be for the Government to seek to agree a memorandum of understanding with the EU on sanctions cooperation. (Paragraph 105)
16. Although the Cold War-era Coordinating Committee for Multilateral Export Controls cannot simply be replicated in current circumstances, it established a precedent for an efficient and effective cooperation mechanism that operated successfully for almost 45 years. We ask the Government to set out its view in response to this report on how best to achieve the objective of sustaining cooperation between the UK, EU, US and other like-minded democracies in implementation and enforcement of sanctions regimes in future. (Paragraph 106)

The UK-EU defence relationship

17. We welcome the leadership shown by the United Kingdom as the second largest supplier of military support for Ukraine, after the United States, and the encouragement this has provided to other European countries to supply. The Government should continue to work with its European partners and allies in providing military aid to Ukraine for as long as it takes to reverse Russian aggression. (Paragraph 125)
18. Cooperation between the UK, the EU, the US and other international partners, including European members of NATO, on military support for Ukraine has been more effective than previous experience would have suggested. We are however concerned about the challenges of sustaining current levels of support in the medium and longer term, given its ad hoc nature so far. It is of utmost importance that the Government works with its allies to ensure continued supply of sufficient military support for Ukraine. Close UK-EU cooperation would be of particular importance in the case of a change of policy by a future US administration. (Paragraph 126)
19. We are concerned at the delay of over a year to the UK's proposed participation in the PESCO Military Mobility project, which we previously identified as representative of a more pragmatic approach towards defence cooperation with the EU. We ask the Government, in its response to this

report, to provide an explanation for the delay and the steps being taken to overcome it. (Paragraph 140)

20. In line with previous conclusions by this Committee, we recommend that the UK should consider seeking third-country participation in additional PESCO projects, including capability development projects, where this would be in the UK's interests. Russia's invasion of Ukraine has inevitably increased the EU's ambitions for PESCO which, in turn, will have had an impact on the factors that the Government weighs when considering UK participation. We therefore ask the Government to provide us with its latest evaluation of the many PESCO projects currently envisaged by the EU and whether it considers participation in any of them to be in the UK's interests. (Paragraph 141)
21. Given that the EU's intention seems to be to expand the use of the European Defence Fund for defence procurement, it is a matter of regret that the current rules are a major obstacle to third-country participation, even when UK-EU strategic objectives are so closely aligned. Protectionism is not the way to build an efficient defence industry. (Paragraph 159)
22. While we welcome bilateral and minilateral defence initiatives involving the UK and European partners, such as the Global Combat Air Programme, in our view the Government should also reinforce its efforts to engage with procurement projects linked to the European Defence Fund. We urge the Government to press the case with the EU for changes to third-party rules that would facilitate greater UK engagement. We ask the Government to provide us with an update on the steps that it has taken to address this issue in its response to this report. (Paragraph 160)
23. We welcome the UK's ongoing collaboration on defence matters with EU Member States, individually and severally. Based on the evidence that we have considered we believe that, on balance, there would be benefits to the UK seeking to complement existing collaboration through an administrative arrangement with the European Defence Agency, similar to those reached between the EDA and other third countries such as Norway and the United State of America. Such an agreement would not impede existing cooperation, and would impose few obligations on the UK. But it could be a useful step towards wider cooperation with the EU on defence, based on the principle of reciprocity. (Paragraph 172)
24. NATO remains the leading organisation for defending Europe and setting standards to facilitate military interoperability between European allies. The UK should take advantage of its prominent role in NATO to take the lead on a plan to give operational effect to the call in the EU-NATO Joint Declaration for the "fullest involvement of non-EU NATO allies in the strategic partnership between the EU and NATO". This plan could potentially include proposing revisions to the terms on which NATO members participate in EU-based defence initiatives. (Paragraph 181)

Reconstruction of Ukraine

25. The reconstruction of Ukraine will be a colossal undertaking, regardless of the ultimate outcome of the conflict. Although Ukraine's economy has underlying strengths and considerable future potential, the extent of the damage Russia's full-scale invasion has inflicted on Ukraine means that a

huge programme of international assistance will be required over an extended period of time. (Paragraph 191)

26. Reconstruction cannot wait until the war has finished. Much of Ukraine is in urgent need of international support for rebuilding. There is also potential to promote investment into parts of Ukraine that have been less impacted by the conflict. (Paragraph 192)
27. It is imperative that governments and international organisations, including the UK and the EU, cooperate closely throughout the reconstruction process. This will prevent duplication and ensure that all international partners are working on the basis of a coherent programme that best meets Ukraine's needs. (Paragraph 193)
28. We welcome the UK's close involvement in planning for reconstruction up to this point, including hosting the successful Ukraine Recovery Conference in London in June 2023. The URC should continue to be an annual international event and we note that the next meeting will be in Berlin later this year. We therefore look forward to considering, in its response to this report, the Government's ambitions and priorities for this event, including any additional spending commitments in relation to reconstruction of Ukraine and/or specific projects to which the UK is committed. (Paragraph 204)
29. The London-based European Bank for Reconstruction and Development was set up to help Central and Eastern European countries from the former Soviet bloc to restructure and reform. It has the required expertise and experience necessary to support the reconstruction of Ukraine. It should be given a prominent role. (Paragraph 205)
30. We welcome the establishment of the Multi-Donor Cooperation Platform for Ukraine, and that the UK has seconded an official to this body. The MDCP can be expected to perform a pivotal role as a forum for cooperation among supporters of reconstruction in Ukraine, including the UK and the EU. We urge the Government to remain closely involved in its work over the coming years. We ask the Government to commit to updating the Committee periodically on the work of the MDCP. (Paragraph 206)
31. The UK has a strong reputation in Ukraine with expertise to offer in several sectors that will have an important role in reconstruction. The Government should take full advantage of this and aim to perform a leading role, working closely with the EU and other partners, in areas such as encouraging private sector investment and engaging with the insurance industry. (Paragraph 213)
32. The UK has been a strong and reliable supporter of Ukraine throughout the conflict. It is essential that the Government continues to prioritise support for Ukraine in the future, including after the fighting has ended. The Government should also continue to use all mechanisms available to it to encourage allies, including the EU and EU Member States, to remain focused on support for Ukraine. (Paragraph 214)
33. Reconstruction will be closely linked to Ukraine's candidacy for EU membership. The drive to meet the criteria for EU membership is likely to serve as a lever for reforms to Ukraine's economy and public institutions. (Paragraph 221)
34. The Government should therefore work closely with the EU and Ukraine to ensure that assistance provided to Kyiv serves the shared objective of

bringing Ukraine into western institutions. This should include providing support for Ukraine in implementation of the reforms needed to meet EU accession criteria. (Paragraph 222)

35. The Government should take a leading role with the EU and other international partners to support Ukraine in its efforts to tackle corruption and strengthen its public institutions. Effective action in this area will be vital to creating an environment in which both public and private sector donors have confidence to invest in Ukraine and provide support for reconstruction. (Paragraph 231)
36. Close coordination between the UK, EU and other allies on reconstruction, as we have recommended elsewhere in this Chapter, will contribute to minimising the risk that reconstruction funds are lost to corruption. (Paragraph 232)
37. Recent post-war reconstruction efforts in Europe, notably in the Western Balkans, have a mixed record in terms of achieving their longer-term objectives. The UK, the EU and other participants in the reconstruction of Ukraine should reflect on what lessons can be learned from this experience, including the effectiveness of mechanisms intended to incentivise reforms. We ask the Government to provide us with its assessment of lessons that can be learned from previous experience in supporting post-war reconstruction and how these can be applied to Ukraine in response to this report. (Paragraph 238)
38. The UK has an important role to play in providing the naval support to Ukraine necessary to facilitate trade through the Black Sea corridor. The Government should continue to prioritise this as it will be essential to facilitating Ukraine's economic recovery in the short-to-medium term. (Paragraph 247)
39. Reconstruction cannot be successful in the long-term unless investors feel confident about Ukraine's long-term security. We therefore welcome the UK-Ukraine Agreement on Security Co-operation that was concluded in January 2024. Security guarantees will be most credible if they are provided by NATO. The Government should set out in its response to this Report its policy on providing interim security guarantees for Ukraine. (Paragraph 248)

Long-term implications for the UK-EU foreign policy and security relationship

40. In response to the immediate threat to its security posed by the Russian invasion of Ukraine, the EU has made a concerted effort to take on a more "geopolitical" role, as envisaged in the Strategic Compass published in 2022. (Paragraph 263)
41. It remains to be seen whether these developments represent a durable change in the EU's geopolitical role. For example, the EU has not achieved a clear and united response to the conflict in Israel, Gaza and the wider Middle East, reflecting greater divisions between EU Member States than was the case in response to the Russian invasion of Ukraine. (Paragraph 264)
42. Given the EU's size and its geographical proximity to the UK, any change in the EU's approach to foreign and security policy will be bound to have implications for UK national security. The Government should therefore

continue to monitor closely the evolution of the EU's external policies when considering British foreign and security policy. (Paragraph 265)

43. The respective approaches of the UK and EU to long-term strategic challenges such as relations with China and developing the European pillar of NATO are broadly similar. We consider that there would be considerable mutual benefits to enhancing cooperation between the UK and EU on such issues. (Paragraph 266)
44. The EU's strategic autonomy agenda is focused increasingly on economic security and resilience since the Russian invasion of Ukraine. The Government should monitor developments in EU policy in these areas closely and consider what contribution the UK might be able to make to strengthening the resilience of Europe as a whole. (Paragraph 276)
45. Any future reduction in US support for Ukraine, and for wider European security, has the potential to leave Europe badly exposed. The EU, EU Member States and other European partners, including the UK, should ensure that they are prepared for a scenario in which they may need to take on a greater share of the burden, despite all the difficulties. (Paragraph 277)
46. The UK is no longer a member of the EU and will have no direct influence on the next round of EU enlargement. But the EU's overall objective in pursuing enlargement (greater stability and security in Europe) is clearly in the UK's national interest as well. There is therefore a strong case for using the UK's experience and expertise in reform and capacity building to support candidate countries during the enlargement process. In Ukraine, that would fit naturally with the UK's contribution to reconstruction and tackling corruption. (Paragraph 291)
47. Potential enlargement has prompted a renewed debate about institutional reform within the EU. Should such reform happen, it could present both opportunities and risks for UK-EU cooperation. The Government should monitor any developments closely and report to Parliament on their implications for UK-EU relations. (Paragraph 292)
48. We welcome the Foreign Secretary's confirmation to us that the current ad hoc arrangements for cooperation with the EU on Ukraine have worked well. This reinforces the evidence we heard that the Russian invasion of Ukraine has created a new context for UK-EU engagement on foreign and security policy that was absent when the Trade and Cooperation Agreement was negotiated. (Paragraph 301)
49. The nature and scope of the five-year review of the TCA remains unclear. Nevertheless, given the change in context, the Government and the EU should consider which of the informal arrangements (operating outside the structures of the TCA) established to facilitate the UK and EU's response to the Russian invasion of Ukraine have been of particular benefit to both parties and merit being made permanent. (Paragraph 302)
50. While acknowledging the Foreign Secretary's point that flexibility can sometimes be an advantage in responding to specific situations, we continue to believe that there would be considerable value in more structured arrangements for forward-looking cooperation between the UK and the EU in relation to longer-term challenges such as policy towards China. This would build on the successful experience of reactive cooperation with

the EU since the Russian invasion of Ukraine, and it would complement relations with individual Member States and groups of them. To facilitate this, the Government should approach the EU with a view to establishing more regular, forward-looking formats for cooperation on major foreign and security policy issues. (Paragraph 303)

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

Members

Lord Adonis
 Baroness Anelay of St Johns
 Baroness Blackstone
 Lord Hannay of Chiswick
 Lord Jay of Ewelme
 Lord Lamont of Lerwick
 Lord Liddle
 Baroness Ludford
 Baroness Nicholson of Winterbourne
 Lord Ricketts (Chair)
 Baroness Scott of Needham Market
 Viscount Trenchard
 Lord Wood of Anfield

Declarations of interest

Lord Adonis
No relevant interests declared

Baroness Anelay of St Johns
Member, European Leadership Network

Baroness Blackstone
No relevant interests declared

Lord Hannay of Chiswick
Chair, European and International Analysts Group
Member, European Leadership Network
Advisory Board, Centre for European Reform

Lord Jay of Ewelme
Chair, European Policy Forum Advisory Council
Member, European and International Analysts Group

Lord Lamont of Lerwick
Member, Advisory Board OMFIF
Director, European Opportunities Investment Trust
Official Monetary Financial Institutions Forum

Lord Liddle
No relevant interests declared

Baroness Ludford
No relevant interests declared

Baroness Nicholson of Winterbourne
No relevant interests declared

Lord Ricketts (Chair)
Non-executive Director, Group Engie
Non-executive Director, Getlink Group (operator of the Channel Tunnel and of Eurotunnel train services)
Chairman, Franco-British Council Vice Chairman, Royal United Services Institute

Baroness Scott of Needham Market
No relevant interests declared

Viscount Trenchard

Chairman and Director, Epic Investment Funds PCC Limited

Lord Wood of Anfield

No relevant interests declared

APPENDIX 2: LIST OF WITNESSES

Evidence is published online at <https://committees.parliament.uk/work/7878/implications-of-russias-invasion-of-ukraine-for-ukeu-relations/publications/> and available for inspection at the Parliamentary Archives (020 7219 3074).

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Those witnesses marked with ** gave both oral and written evidence. Those marked with * gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

Oral evidence in chronological order

- | | | |
|----|--|---------------------------------|
| * | Sir Julian King KCVO CMG, former European Commissioner for the Security Union and former UK Ambassador to France and Ireland | <u>QQ 1–12</u> |
| * | The Rt Hon Baroness Ashton of Upholland LG GCMG, former First Vice-President of the European Commission and High Representative of the Union for Foreign Affairs and Security Policy | |
| * | Nathalie Loiseau MEP, Co-Chair of the UK-EU Parliamentary Partnership Assembly and former Minister for European Affairs of France | <u>QQ 13–22</u> |
| * | Radosław Sikorski, Minister of Foreign Affairs of Poland*** | |
| ** | Georgina Wright, Resident Senior Fellow and Deputy Director for International Studies, Institut Montaigne | <u>QQ 23–30</u> |
| * | Dr Stefan Meister, Head of Center for Order and Governance in Eastern Europe, Russia and Central Asia, German Council on Foreign Relations | |
| * | James Rogers, Co-founder and Director of Research, Council on Geostrategy | |
| * | Anand Menon, Professor of European Politics and Foreign Affairs, King’s College London and Director, UK in a Changing Europe | <u>QQ 31–41</u> |
| * | Susi Dennison, Senior Policy Fellow, European Council on Foreign Relations | |
| * | Tom Keatinge, Director, Centre for Financial Crime and Security Studies, Royal United Services Institute (RUSI) | <u>QQ 42–54</u> |
| * | Maya Lester KC, Brick Court Chambers | |
| * | Neil Whiley, Director, Sanctions and Export Controls, UK Finance | |
| ** | Dr Luigi Scazzieri, Senior Research Fellow, Centre for European Reform | <u>QQ 55–64</u> |

- * Alexander Mattelaer, Associate Professor in International Security, Brussels School of Governance and Senior Research Fellow, Egmont—The Royal Institute for International Affairs
- ** Richard G. Whitman, Professor of Politics and International Relations, University of Kent
- * Orysia Lutsevych, Deputy Director, Russia and Eurasia Programme and Head of Ukraine Forum, Chatham House [QQ 65–72](#)
- * Mark Bowman, Vice-President for Policy and Partnerships, European Bank for Reconstruction and Development
- * Natalie Jaresko, EY-Parthenon Managing Director, Turnaround Restructuring and Strategy, Ernst & Young LLP, and former Minister of Finance of Ukraine
- ** HE Pedro Serrano, EU Ambassador to the United Kingdom [QQ 73–86](#)
- ** Leo Docherty MP, Minister for Europe, Foreign, Commonwealth and Development Office [QQ 87–114](#)
- ** Olaf Henricson-Bell, EU Director, Foreign, Commonwealth and Development Office
- ** Daniel Drake, Deputy Director, Sanctions, Foreign, Commonwealth and Development Office

Alphabetical list of all witnesses

- Isabella Antinozzi, Research Analyst, Royal United Services Institute (RUSI) [RUI0014](#)
- * The Rt Hon Baroness Ashton of Upholland LG GCMG, former First Vice-President of the European Commission and High Representative of the Union for Foreign Affairs and Security Policy ([QQ 1–12](#))
- Ian Bond, Deputy Director, Centre for European Reform [RUI0005](#)
- * Mark Bowman, Vice-President for Policy and Partnerships, European Bank for Reconstruction and Development ([QQ 65–72](#))
- Dr Laura Chappell, Lecturer in European Politics, University of Surrey [RUI0017](#)
- Louise Chetcuti, Project Officer, United States and Transatlantic Affairs, Institut Montaigne [RUI0023](#)
- Dr Luke Cooper, Associate Professorial Research Fellow in International Relations and Director, PeaceRep Ukraine Programme, London School of Economics [RUI0021](#)

- * Susi Dennison, Senior Policy Fellow, European Council on Foreign Relations ([QQ 31-41](#))
- Agathe Demarais, Senior Fellow, European Council on Foreign Relations [RUI0003](#)
- ** Leo Docherty MP, Minister for Europe, Foreign, Commonwealth and Development Office ([QQ 87-114](#)) [RUI0012](#)
- ** Daniel Drake, Deputy Director, Sanctions, Foreign, Commonwealth and Development Office [RUI0012](#)
- Andrew Duff, Senior Fellow, European Policy Centre and former MEP [RUI0001](#)
- Theofanis Exadaktylos, Professor in European Politics, University of Surrey [RUI0017](#)
- Forward Strategy Ltd. [RUI0019](#)
- Dr Joelle Grogan, Head of Research, UK in a Changing Europe [RUI0004](#)
- Amelia Hadfield, Dean, International, and Head of Department of Politics, University of Surrey [RUI0017](#)
- ** Olaf Henricson-Bell, EU Director, Foreign, Commonwealth and Development Office ([QQ 87-114](#)) [RUI0012](#)
- Henry Jackson Society [RUI0009](#)
- * Natalie Jaresko, EY-Parthenon Managing Director, Turnaround Restructuring and Strategy, Ernst & Young LLP, and former Minister of Finance of Ukraine ([QQ 65-72](#))
- * Tom Keatinge, Director, Centre for Financial Crime and Security Studies, Royal United Services Institute (RUSI) ([QQ 42-54](#))
- * Sir Julian King KCVO CMG, former European Commissioner for the Security Union and former UK Ambassador to France and Ireland ([QQ 1-12](#))
- Dr Denisa Kostovicova, Associate Professor of Global Politics and Director, LSEE, London School of Economics and Political Science [RUI0021](#)
- Cécilia Vidotto Labastie, former Project Manager, European Union, Institut Montaigne [RUI0023](#)
- Dr Kateryna Latysh, MSCA4Ukraine Postdoctoral Fellow, Yaroslav Mudryi National Law University and Vilnius University [RUI0010](#)
- * Maya Lester KC, Brick Court Chambers ([QQ 42-54](#))
- * Nathalie Loiseau MEP, Co-Chair of the UK-EU Parliamentary Partnership Assembly and former Minister for European Affairs of France ([QQ 13-22](#))

- * Orysia Lutsevych, Deputy Director, Russia and Eurasia Programme and Head of Ukraine Forum, Chatham House ([QQ 65–72](#))
- Dr Benjamin Martill, Senior Lecturer in Politics and International Relations, University of Edinburgh [RUI0018](#)
- * Alexander Mattelaer, Associate Professor in International Security, Brussels School of Governance and Senior Research Fellow, Egmont—The Royal Institute for International Affairs ([QQ 55–64](#))
- * Dr Stefan Meister, Head of Center for Order and Governance in Eastern Europe, Russia and Central Asia, German Council on Foreign Relations ([QQ 23–30](#))
- * Anand Menon, Professor of European Politics and Foreign Affairs, King’s College London and Director, UK in a Changing Europe ([QQ 31–41](#))
- Enora Morin, Research Assistant, Europe Program, Institut Montaigne [RUI0023](#)
- Ilya Ponomarev, Congress of People’s Deputies [RUI0020](#)
- Dr Suwita Hani Randhawa, Senior Lecturer in Politics and International Relations, University of the West of England [RUI0006](#)
- REDRESS [RUI0011](#)
- Dr Michael Richter, Postdoctoral Research Fellow and Lecturer, University of Surrey [RUI0017](#)
- * James Rogers, Co-founder and Director of Research, Council on Geostrategy ([QQ 23–30](#))
- Save the Children UK [RUI0008](#)
- ** Dr Luigi Scazzieri, Senior Research Fellow, Centre for European Reform ([QQ 55–64](#)) [RUI0005](#)
- ** HE Pedro Serrano, EU Ambassador to the United Kingdom ([QQ 73–86](#)) [RUI0024](#)
- * Radosław Sikorski MEP, former Minister of Foreign Affairs of Poland*** ([QQ 13–22](#))
- Spotlight on Corruption [RUI0022](#)
- Dr Stepan Stepanenko, Humboldt Foundation Postdoctoral Fellow, Zentrum für Baltische und Skandinavische Archäologie [RUI0015](#)
- Erika Szyszczak, Professor Emerita and Fellow, UK Trade Policy Observatory, University of Sussex [RUI0002](#)
- Tony Blair Institute for Global Change [RUI0007](#)
- Jannike Wachowiak, Researcher, UK in a Changing Europe [RUI0004](#)

- ** Richard G. Whitman, Professor of Politics and International Relations, University of Kent ([QQ 55–64](#)) [RUI0004](#)
- ** Georgina Wright, Resident Senior Fellow and Deputy Director for International Studies, Institut Montaigne ([QQ 23–30](#)) [RUI0023](#)
- * Neil Whiley, Director, Sanctions and Export Controls, UK Finance ([QQ 42–54](#))

*** Radosław Sikorski was an MEP when he gave evidence on 19 September 2023. He was subsequently re-appointed as Minister of Foreign Affairs of Poland on 13 December 2023.

APPENDIX 3: CALL FOR EVIDENCE

The House of Lords European Affairs Committee, chaired by Lord Ricketts, has launched an inquiry into the implications for the UK of the EU's foreign and security policy response to the Russian invasion of Ukraine. The inquiry will look beyond immediate crisis management towards the handling of longer-term issues. Its starting point is that the outbreak of a major conflict on the European continent in February 2022 has led to developments in the EU's approach to external affairs which are likely to have important consequences for the UK-EU relationship in the future.

The inquiry will focus, in particular, on the following themes:

- The EU's overall foreign and security policy response.
- UK-EU cooperation on sanctions, including enforcement and effectiveness.
- The EU's developing defence policy and approach to resilience.
- Future reconstruction of Ukraine.
- The EU's wider positioning on foreign policy and future priorities, in particular the prospect of future EU enlargement.

The Committee invites interested individuals and organisations to submit written evidence to this inquiry by 10 November 2023. Public evidence sessions are expected to take place between September and November, and the Committee aims to report to the House by January 2024.

Background

On 24 February 2022, Russia invaded Ukraine. The EU and individual EU Member States, as well as the UK and other partners, immediately condemned the invasion and have since been providing support to Ukraine in a variety of ways. This has included delivery of military equipment and training of the Ukrainian armed forces, as well as economic and humanitarian support.

The EU has cooperated with other partners, including the UK, US and other members of the G7, on the imposition of sanctions against Russia, Belarus and individuals from those countries. Although UK-EU coordination on the imposition of sanctions has largely been viewed as a success, witnesses to the Committee's previous inquiry into the future UK-EU relationship raised concerns about the effectiveness of the sanctions and of the enforcement regime.

Developments since the Russian invasion have prompted the EU to re-evaluate its defence policy and approach to resilience. In March 2022 the EU adopted its first equivalent of a national security strategy, the Strategic Compass. In the foreword to this document the EU High Representative for Foreign Affairs and Security Policy, Josep Borrell, wrote that the EU must "ensure that we turn the EU's geopolitical awakening into a more permanent strategic posture".

The context of the Ukraine conflict has also led to intensified cooperation between the EU and NATO. The communiqué issued following the NATO Heads of State and Government summit in July 2023 referred to the EU as a "unique and essential partner for NATO". This also stated that for "the strategic partnership between NATO and the EU, non-EU Allies' fullest involvement in EU defence

efforts is essential” and looked forward to “mutual steps, representing tangible progress, in this area to support a strengthened strategic partnership”.

The EU and the UK can both be expected to be major contributors to the post-war reconstruction of Ukraine. This is likely to involve considerable financial support over an extended period of time. During her keynote address at the Ukraine Recovery Conference, held in London on 21 June 2023 the President of the European Commission, Ursula von der Leyen, said that the EU had a “special responsibility” given Ukraine’s aspirations to join the EU. At this event the Prime Minister announced a new commitment to support Ukraine’s economy with loan guarantees worth £3 billion for the next three years.

The Russian invasion of Ukraine may also have implications for the EU’s wider positioning on foreign policy and future priorities. Experts have identified a more “geopolitical” EU that is more assertive in its role as a foreign policy and security actor than was historically the case. This is also the case for individual EU Member States. One example is the publication of Germany’s first National Security Strategy in June 2023. There has been renewed debate within the EU about its ability to act autonomously, often referred to as ‘strategic autonomy’.

Since 2022 the EU has also taken a more proactive approach to integrating countries of the Eastern Partnership, in particular Moldova but also Georgia. Any future enlargement may have long-term implications for the EU’s priorities and internal organisation which will be relevant to the UK’s national security interests.

The UK-EU Trade and Cooperation Agreement does not cover external affairs. The Committee has previously concluded that there would be “considerable mutual benefit” to “some structured arrangements for ongoing interaction and cooperation” on foreign, defence and security policy. This inquiry will enable the Committee to return to this issue in greater detail in the context of the EU’s evolving approach to its future role in the world.

Questions

1. How would you assess the EU’s overall foreign and security policy response to the Russian invasion of Ukraine?
 - (a) To what extent does the EU’s response represent a departure from its previous approach to foreign and security policy? Is this likely to be a durable shift?
 - (b) How would you assess the overall state of cooperation between the EU, UK and other partners in relation to Ukraine? Is there a need for cooperation between the EU and the UK to be increased further? If so, in what way?
 - (c) What implications, if any, does the EU’s response to the Russian invasion of Ukraine have for the UK-EU relationship in foreign, defence and security policy?
2. How would you assess coordination and cooperation between the EU, the UK and other partners on the imposition, implementation and enforcement of sanctions against Russia, Belarus and individuals from those countries since the Russian invasion of Ukraine?
 - (a) Witnesses to the Committee’s previous inquiry into the future UK-EU relationship raised some concerns about the effectiveness and enforcement of the sanctions that have been imposed. Do you agree

- with this? If so, how should this be addressed by the EU, UK, US and other partners?
- (b) Is there a need for greater coordination and cooperation between the EU and the UK on sanctions? If so, in what ways should this be developed?
 - (c) Are there any lessons to be learned for future coordination between the EU and UK on sanctions policy in respect of other states?
3. What implications, if any, do developments in the EU's defence policy and approach to resilience since the Russian invasion of Ukraine have for the UK?
- (a) Is there a need for greater coordination and cooperation between the EU and the UK on defence policy? If so, what sorts of cooperation should be prioritised?
 - (b) What implications, if any, do EU initiatives to increase its weapons production capacity have for UK defence procurement? Should the UK engage with these initiatives? If so, in what ways?
 - (c) The communiqué issued following the NATO Heads of State and Government summit in July 2023 stated that for “the strategic partnership between NATO and the EU, non-EU Allies’ fullest involvement in EU defence efforts is essential” and looked forward to “mutual steps, representing tangible progress, in this area to support a strengthened strategic partnership”. As a non-EU Member of NATO what steps, if any, should the UK take to give effect to this?
4. What do you anticipate as being the respective roles of the EU, the individual EU Member States and the UK in the post-war reconstruction of Ukraine?
- (a) To what extent should the EU, the individual EU Member States and the UK coordinate their policies in relation to reconstruction? Will this require new cooperation mechanisms to be developed?
 - (b) As a non-member of the EU, what approach should the UK take to Ukraine's candidacy for EU membership? What implications does this have for the wider reconstruction process?
5. Some experts have identified a more “geopolitical” EU that is more assertive in its role as a foreign policy and security actor following the Russian invasion of Ukraine. Do you agree with this assessment? If so, what implications does it have for the UK?
- (a) In what specific ways has the Russian invasion of Ukraine changed the EU's wider approach to external affairs?
 - (b) What is your understanding of the concept of EU strategic autonomy and how it has evolved since the Russian invasion of Ukraine? What relevance does this have to the UK's relationship with the EU?
 - (c) What implications might possible future developments in the EU, for instance enlargement to include current candidate countries in the Western Balkans and Eastern Partnership, have for the EU's approach to external affairs? What impact would these developments have on UK-EU relations?

- (d) How do you envisage the EU's approach to foreign and security policy developing in the longer-term, beyond the end of the current conflict?
6. The UK-EU Trade and Cooperation Agreement does not cover external affairs. In light of developments since the Russian invasion of Ukraine, should the UK and the EU develop more structured arrangements for cooperation in these areas? If so, what form should these take?
- (a) In your assessment, would the EU welcome developing its relations with the UK in this area? If so, on what terms?
 - (b) Can the E3 format (UK, France and Germany), established during negotiations relating to Iran, be extended to cover wider policy coordination on foreign affairs and security? What impact does the UK's status outside of the EU have on its ability to participate in forums of this sort?

APPENDIX 4: GLOSSARY

ASAP	Act in Support of Ammunition Production
CKC	Combatting Kleptocracy Cell
CoCom	Coordinating Committee for Multilateral Export Controls
CROC	Crisis Response Operation Core
CSDP	Common Security and Defence Policy
DBT	Department for Business and Trade
EBRD	European Bank for Reconstruction and Development
EDA	European Defence Agency
EDF	European Defence Fund
EDIRPA	European Defence Industrial Reinforcement through Common Procurement Act
EEA	European Economic Area
EPF	European Peace Facility
FCDO	Foreign, Commonwealth and Development Office
GCAP	Global Combat Air Programme
HMT	HM Treasury
LSE	London School of Economics and Political Science
MDCP	Multi-Agency Donor Coordination Platform for Ukraine
OFSI	Office of Financial Sanctions Implementation
PESCO	Permanent Structured Cooperation
POCA	Proceeds of Crime Act
PSC	Political and Security Committee
RUSI	Royal United Services Institute
TCA	Trade and Cooperation Agreement
URC	Ukraine Recovery Conference