



House of Commons
Foreign Affairs Committee

Sovereignty for sale: the FCDO's role in protecting strategic British assets

Third Report of Session 2021–22

*Report, together with formal minutes relating
to the report*

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The Foreign Affairs Committee

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Summary

Foreign investment is an essential contributor to the UK economy. However, acquisitions by foreign entities can serve as the first step towards moving strategically vital companies, assets and intellectual property abroad. This transfer of assets threatens to make us reliant on others for assets and services that are critical to our capacity for independent action and global influence, as well as undermining the UK economy and our national security. Our sovereignty should not be for sale.

The UK National Security and Investment (NSI) Act 2021 is intended to protect UK businesses and critical security interests. It is crucial that the Government gets the new investment screening regime right from the beginning—both to ensure that UK national security is protected and that we remain firmly open to valuable foreign investment.¹ The FCDO's global footprint has the reach to collect the important information required when considering the national security implications of foreign investments and ensuring a balance of perspectives within the newly-established Investment Security Unit (ISU). But the question remains: does it have the capability? This isn't simply a question of tasking but of bringing together many of the skills that now sit in the Department for International Trade. Properly directed, the FCDO also has an important role to play in facilitating coordination with like-minded countries on matters of investment screening. Given the significant geopolitical implications of foreign investment decisions, it is key that the FCDO contributes meaningfully to the ISU and the consequent outcomes of the review process for investments.

These decisions are, by necessity, based on judgments which must balance many aspects of the UK national interest, including the wider public good. We are concerned that the lack of robust Parliamentary scrutiny of the ISU provided for in the NSI Act leads Parliament to look at only the business aspect of the decision, potentially neglecting the Global Britain strategy. Now, more than ever, foreign investment is an important geopolitical issue with clear implications for the UK's foreign relations; yet this appears to have been overlooked in the arrangements for scrutiny. Following our close scrutiny of the NSI Act as it progressed through Parliament, we intend to continue to monitor its effectiveness. While we welcome the NSI Act as a vital step towards securing our sovereignty and protecting our businesses, failure to implement it effectively would have catastrophic effects for our global influence and security.

¹ Striking the balance: Protecting the UK's national security through foreign investment legislation – Government response to the Committee's sixth report. [HC1263](#).

1 Introduction

1. The UK has traditionally been recognised as an open and welcoming environment for foreign investors. Foreign direct investment (FDI) is vital for the UK's businesses and economy, but FDI is also a tool that is increasingly used by our competitors to pursue geopolitical objectives and gain strategic advantage over the UK and our allies. In recent years we have witnessed a number of the UK's most prized companies—the owners of sensitive intellectual property and potential further sources of innovation—being lost overseas to foreign-owned acquirers; a trend which the Government has not been able or willing to resist.² There are actors who may seek to exploit our openness, using predatory economic practices to gain leverage in critical sectors, potentially at great cost to our national security and resilience, economy and ability to innovate. The COVID-19 pandemic has further exposed the vulnerabilities of the UK's critical supply chains. Some foreign entities have sought to take advantage of struggling UK businesses in need of significant funding injections.

2. In this context, in April 2020, we launched an inquiry into the FCDO's role in blocking foreign asset stripping in the UK in order to understand what role the FCDO is, and should, be playing in identifying and mitigating the risks to the UK's security and broader interests from hostile foreign investments.

3. The genesis of this inquiry was the attempted board takeover of Imagination Technologies by Canyon Bridge in Spring 2020, which we brought to the attention of the Government.³ It is unfortunate that, as this inquiry closes, we are drawing attention to another takeover in the technology industry, that of Newport Wafer Fab.

4. Given that this inquiry grew out of the Imagination Technologies incident, it has naturally focused on the acquisition of technology firms. It is clear that other aspects of FDI can undermine national security; for example, the acquisition of property, critical national infrastructure (CNI), the use of debt as political leverage, or other forms of coercion via economic means. The national security risks associated with investment in technology companies are just one lens through which to examine this issue, but they are a vital one given the centrality of technology to the Government's ambitions for the UK's security, defence, development and foreign policy, as articulated in the Integrated Review of Security, Defence, Development and Foreign Policy (hereafter "the Integrated Review").⁴

5. In the context of the UK's recent departure from the European Union (EU) and the economic challenges posed by COVID-19, the Government has recognised the importance of attracting inward investment to support the UK's economic growth.⁵ This is evident, for example, through the recent establishment of the new Office for Investment and the centrality of FDI throughout the Integrated Review. The Integrated Review places attracting foreign investment in an "open and resilient economy" as a key

2 Will Hutton (BFA0024); Q111

3 [Correspondence to the Prime Minister on Imagination Technologies](#), dated 3 April 2020; [Correspondence from Foreign Secretary regarding Imagination Technologies Group](#), dated 30 April 2020.

4 [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), 16 March 2021

5 [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), 16 March 2021

priority for the UK's economic growth and global competitiveness.⁶ Inward investment is also highlighted as part of the Government's plan to maintain the UK's position "at the leading edge of science and technology", laying the foundations for long-term prosperity and competitiveness in the digital age.⁷

6. The acquisition of UK businesses by foreign-owned companies, considered a form of foreign investment, is recognised as making a valuable contribution to the UK's economy. However, in some cases such acquisitions are the first step towards taking UK assets out of the country, meaning that strategically important companies, assets, intellectual property and skills are lost overseas. This may harm the UK economy in the long-term.⁸ While the Government rightly aspires to attract inward investment, it is also vital to recognise the potential cost to our security and our prosperity. This is what the National Security and Investment (NSI) Act 2021 aims to do.

7. The long-awaited NSI Act is a welcome development that is intended to expand the Government's powers to identify and intervene in investments that may present national security concerns, while continuing to attract inward foreign investment to the UK.⁹ This Act is part of a wider set of actions the Government must take to ensure that the UK maintains access to strategic assets in the long term alongside, for example, attracting trusted investment through the recently-established Office for Investment.

6 The Integrated Review states that an important priority action for an open, resilient economy will be to "promote inward investment while minimising the potential risk to our national security". See: [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), p.52, 16 March 2021

7 [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), p.4, 16 March 2021

8 Speaking to the Defence sub-Committee on foreign involvement in the defence supply chain, Elisabeth Braw stated that: "We need foreign investments; that is what makes our economy tick, but that money is supposed to benefit us and individual companies, not a country that is engaging in strategic competition with us." See: Defence sub-committee, Foreign involvement in the Defence supply chain, [Q50](#)

9 The National Security and Investment Bill was introduced by the Government in November 2020, described as an improved tool for fighting state threats and strengthening UK security, while continuing to attract inward investment. The NSI Act received royal assent at the end of the last session of Parliament and is expected to come into force in September 2021. See: [Correspondence with the Secretary of State for BEIS on the Investment Security Unit's \(ISU\) handling of voluntary 'notifications'](#), dated 24 May 2021 and 07 May 2021; [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), 16 March 2021

Box 1: The National Security and Investment Act: Key facts

- The National Security and Investment Bill was introduced to Parliament on 11 November 2020.
- A new Investment Security Unit (ISU) will be responsible for assessing transactions for national security concerns. The ISU will sit within the Department for Business, Energy and Industrial Strategy (BEIS) and provide a single point of contact for businesses wishing to notify the government about transactions.
- The ISU will review transactions and coordinate cross-government activity to identify, assess and respond to national security risks arising from foreign direct investment—providing certainty for businesses that they will not be targeted and exploited by potentially hostile actors.
- Under the NSI Act, the government must be notified if an entity's stake or voting rights in one of the 17 sensitive sectors exceeds 25%.
- The BEIS Select Committee will be responsible for overseeing the work of the ISU. Sensitive information will be provided to the Committee Chair in private, on privy council terms.¹⁰

Source: Department for Business, Energy and Industrial Strategy and Department for International Trade, press release: [National security bolstered as Bill to protect against malicious investment graded Royal Assent](#), 29 April 2021.

8. In January 2021, we published an interim report, *Striking the balance: protecting national security through foreign investment legislation*,¹¹ which outlined our recommendations for how the NSI Bill might be improved to ensure that it is fit for purpose. Alongside this, we tabled an amendment outlining a list of factors that the Secretary of State would be required to take into consideration when assessing the national security risk of investments and to provide greater clarity over the meaning of “national security”. This amendment received cross party support as the Bill proceeded through the House¹² and, while it was not accepted at report stage, we appreciate the Government's engagement with us on this issue.

9. This report is the second and final report for this inquiry. It outlines our findings and recommends how the FCDO should contribute to the successful implementation of the National Security and Investment Act. With a regime designed to protect the UK's businesses and national security, there is no room for mistakes or teething issues. It is crucial that the Government gets the new investment screening regime right from the

10 [Correspondence with the Secretary of State for Business, Energy and Industrial Strategy on the role of the Foreign Affairs Committee in scrutinising the work of the Investment Security Unit \(ISU\)](#), dated 10 May 2021 and 28 April 2021

11 Sixth report of session 2019–2021, [Striking the balance: the FCDO's role in blocking foreign asset stripping in the UK](#), HC296, 19 January 2021

12 [Column 1483](#) ; [Columns 1004–1005](#) ; [Columns 1036–1041](#)

beginning—both to ensure that our national security is protected and that we remain firmly open to valuable foreign investment.¹³ This report intends to contribute to this objective.

10. During this inquiry, we took oral evidence from national security and technology experts, businesses, legal experts, investors and BEIS and FCDO Ministers over eight evidence sessions; We received 32 submissions of written evidence; we thank these contributors for their engagement. We also thank our Specialist Advisor, Nicole Kar, Head of UK Competition at Linklaters, for her expert advice throughout the course of this inquiry.

Report structure

11. This report sets out our recommendations for the FCDO's role in the UK's future investment screening process. **Chapter Two** examines how the FCDO can contribute to the Government's understanding of the national security risks of foreign investments. **Chapter Three** explores possible mechanisms for effective cross-Government cooperation on investment screening that facilitate sufficient FCDO input. **Chapter Four** outlines our findings on the opportunities for collaboration with other Governments on matters of foreign investment and national security. **Chapter Five** highlights the importance of transparency and Parliamentary oversight of Government decisions on foreign investment under the new regime.

13 Sixth report of session 2019–2021, [Striking the balance: the FCDO's role in blocking foreign asset stripping in the UK](#), HC296, 19 January 2021

2 FCDO's role in understanding national security risk

Technology sovereignty is fast becoming the defining issue of the century.¹⁴ —Dr Hermann Hauser, co-founder of ARM.

12. It is becoming increasingly apparent that hostile foreign involvement poses a risk to the UK's sovereignty, freedom of action, competitive advantage and critical intellectual property (IP).¹⁵ More broadly, ensuring the UK's domestic sovereign capability in strategically important fields is crucially important and will become more so in the coming years.¹⁶

13. During this inquiry, we have explored how well-placed the FCDO is to contribute to the Government's understanding of the strategic, diplomatic and national security implications of foreign investments. We identified two broad (and often overlapping) categories of national security risk associated with foreign investment in the UK:

- a) Investment from a hostile foreign-owned entity that may seek to use its investments to increase their influence within critical sectors of our economy, gain access to sensitive intellectual property, or otherwise undermine the UK's security or other interests;¹⁷ and
- b) Foreign investment in an asset, technology or sector that is strategically important to the UK, and the loss of UK control into foreign ownership may have implications for the UK's technology sovereignty¹⁸ or security of supply in critical areas.¹⁹

14. This chapter outlines our recommendations for how the FCDO should contribute to the Government's identification and understanding of risk, primarily by: enhancing understanding of the strategic intent of, and other relevant country-specific information on, foreign-owned entities; and contributing to the continuous monitoring of global investment patterns and the technology landscape. These two possible FCDO contributions to the process are explored in further detail in the following sub-sections.

Horizon scanning and continuous monitoring

15. In recent years, several UK companies have been lost to overseas buyers; the technologies produced by these companies have subsequently been found to be of great

14 Dr Hermann Hauser ([BFA0018](#))

15 Defence sub-committee on foreign involvement in the Defence supply chain, [Q50](#)

16 [Column 163](#)

17 For the purpose of this report, actions to "undermine" the UK's national security interests through foreign investment might include: denying the UK control over the development and use of important assets; commercial espionage; forced transfer of sensitive intellectual property (IP), technology or other assets; and the use of coercive measures (for example through debt) or significant influence within a company to fulfil the geopolitical aims of the country of ownership.

18 [Column 997](#)

19 In a letter to us, ARM co-founder Dr Hermann Hauser outlined three questions that we in the UK must ask ourselves when it comes to technology sovereignty: 1. Do we have the critical technology in our nation; (2) If not, do we have several suppliers from different stable reliable countries (3) If still not, do we have unfettered guaranteed long-term (at least 5 years) access to monopoly or oligopoly suppliers from a single country (often US or China)? See: Dr Hauser ([BFA 0018](#))

strategic importance. One prominent example raised repeatedly by witnesses throughout our inquiry was the sale of semiconductor firm ARM (described as the “crown jewel” of UK technology)²⁰ to Japanese-owned Softbank in 2016; in 2020, US company Nvidia proposed to acquire the company. Concerns have been raised about the implications of the purchase for the company itself, as well as for the UK’s wider technological base (see Box 1). Another notable case is the purchase of DeepMind by Google in 2014. We acknowledge that this was overall a successful investment for the UK, as Google drove the company’s growth and built a successful ecosystem around it in London.²¹ However, in light of the critical importance of AI technology to the security, prosperity and global influence of nation-states, examining this transaction through a 2021 lens does lead us to question what the loss of a promising AI firm overseas means for the UK’s future strategic dependencies,²² and whether the deal should have warranted greater scrutiny by Government.

16. Both of these case studies highlight the need not just to scrutinise certain individual deals, but for Government to keep an eye on larger trends in foreign acquisitions. Future-proofing the NSI regime will require detailed knowledge of the global technology landscape and understanding of the types of assets that are not only important now, but are likely to become so in the future. As former National Cyber Security Centre (NCSC) CEO, Ciaran Martin, observed,

one of the challenges in terms of the regime that we have for foreign direct investment is that, for understandable reasons, it is geared towards existing companies—even in technology.²³

20 BBC News, [Arm: the jewel in the crown of British technology](#), 18 July 20216

21 [Q284](#)

22 The UK’s growing supply chain dependency on China, including in areas critical to national security such as rare earth materials, has come to the fore since the start of the COVID-19 pandemic. This highlights the need for increased vigilance in screening foreign involvement in sectors of national importance. For example, a 2020 Henry Jackson Society report found that the UK is strategically dependent on China for many medical goods, as well as goods with important industrial applications. The report also raised concerns about the leverage wielded by the CCP in areas such as rare earth materials; in the event of armed conflict, such dependence on materials critical to our militaries would make our country critically vulnerable See: James Rogers, Dr Andrew Foxall, Matthew Henderson, Sam Armstrong, [Breaking the China Supply Chain: How the Five Eyes can decouple from strategic dependency](#), Henry Jackson Society, May 2020, P.27 & P.45.

23 [Q156](#)

Box 2: Acquisition of ARM by Nvidia

ARM is a UK-based semiconductor firm whose technology is at the heart of most smartphones and smart devices worldwide and licences its technology to companies including Apple, Samsung and Huawei.²⁴ In 2016, ARM was sold to Japanese company Softbank. While measures were put in place to reduce any negative consequences for the UK such as job losses when Softbank purchased the company, this sale ultimately reduced the UK Government's control over the future ownership of a company that was an important national asset.²⁵

In 2020, it was announced that US-owned graphics chip specialist Nvidia had made an offer to acquire ARM for £29.5 billion.²⁶ This planned sale has raised concerns that Nvidia's ownership of Arm will limit its role as an independent chip designer.²⁷ From a national security perspective, others pointed to the potential loss of critical IP²⁸ and the reduced UK freedom of choice in a key strategic technology.²⁹

In written correspondence, ARM co-founder, Dr Hermann Hauser, told us that he had opposed the original sale of ARM to Softbank; not because he doubted the good intentions of the latter but because, "once ARM is foreign owned Britain will find it much harder to preserve ARM's independence which is the essence of its value to the country."³⁰ Other critics called the original sale a "seismic event" that would have been blocked in other jurisdictions. The UK Government chose not to use the existing legal powers under the Enterprise Act to even review the deal at the time.³¹

In April 2021, Secretary of State for DCMS, Oliver Dowden, announced that the Government had issued an intervention notice and the Competition and Markets Authority (CMA) will examine the proposed sale to Nvidia on national security grounds.³² It has until 30 July 2021 to report its findings.³³

Identifying non-notified transactions of concern

17. On Friday 9 April 2021, the Government tabled an amendment to the NSI Bill that raised the minimum shareholding or voting rights threshold of the mandatory notification scheme from 15 percent to 25 percent.³⁴ This means that any UK company considering an investment that would provide a foreign entity with less than 25 percent ownership of the UK company or asset is not legally obliged to notify the Government of the transaction.³⁵ We appreciate the rationale for this decision as it will reduce the

24 <https://www.bbc.co.uk/news/business-56804007>

25 <https://www.argusmedia.com/news/2156242-semiconductor-qa-next-generation-materials>; Jeffrey Henderson (8/09)

26 <https://www.bbc.co.uk/news/business-56804007>

27 <https://www.argusmedia.com/news/2156242-semiconductor-qa-next-generation-materials>

28 Jeffrey Henderson (8/09)

29 Evidence received by the Public Bill Committee for the National Security Investment Bill, 24 November 2020, [Column 78](#)

30 [BFA0018](#)

31 Argus Media, [Semiconductor Q&A: Next generation materials](#), 3 November 2020

32 [Letter from Oliver Dowden to Darren Jones](#), Dated 22 April 2021

33 BBC News, [UK government intervenes in Nvidia takeover of chip designer Arm](#), 19 April 2021

34 HL Deb, 9 March 2021, [Col 596GC-597GC](#); HL Deb, 15 April 2021, [Col 1461](#)

35 Ian Williams, [Who can take on China in the tech arms race?](#) The Spectator, 17 April 2021

number of notifications received by the ISU (which experts have suggested will far exceed the Government's predicted figure of 1000–1830 per annum)³⁶ and thus reduce the risk of the ISU becoming overwhelmed. However, this will also sharply reduce the number of deals facing scrutiny.³⁷ The Government is still permitted to intervene in a transaction that falls below this threshold if it has reasonable grounds to suspect that there may be implications for UK national security and certain other criteria like the acquisition of “material influence” are met. However, by raising the threshold for mandatory notification by 10 percent, this amendment increases the possibility of such transactions being missed by the Government. This risk increases the importance of careful proactive monitoring of the UK's investment landscape to identify trigger events “that might not necessarily appear on the Government's radar through monitoring of traditional databases and repositories.”³⁸ Witnesses observed that the FCDO is well-placed to assist in this monitoring, though we question whether its existing focus reflects that; the FCDO is yet to demonstrate political leadership on this. As it can draw upon its consular activities and intelligence gathered from overseas posts, as well as its investment and trade activities it is best placed to collect such information but is yet to be tasked to do so.³⁹

18. We have identified a number of individual case studies that point to concerning holes in the NSI Act, further increasing the imperative for multi-agency involvement in the scanning and identification process. These case studies are detailed in the box below.

Box 3: Identified loopholes in the NSI Act

The Aquind Interconnector

Aquind Electronics, owned by Ukrainian-born Alexander Temerko, is seeking permission to construct a power cable under the English Channel to connect the UK and French power grids.⁴⁰ This 1.2bn energy cable and communications fibre project will supply 5 percent of the UK's electricity.⁴¹

This project, if it goes ahead, certainly offers benefits to the UK's energy supplies. Indeed, the potential increase in the UK's “security of [energy] supply” is a key reason why this project has so far appeared to receive support from the Government.⁴² However, given the overseas connections of this company, and given the critical role that this project would have in the UK's energy infrastructure, we believe potential national security risks should be assessed and taken into consideration by the ISU prior to final Government approval. Despite the fact that this transaction is occurring in a critical UK sector and with the involvement of overseas companies, it does not currently fall within the remit of the NSI regime as “entities and assets must already exist to be covered by the NSI regime.”⁴³ Deals that involve the development of new assets, such as an electricity cable in this case, do not qualify.

36 [Q281](#); BT Group ([BFA0026](#)); Evidence received by the Public Bill Committee for the National Security Investment Bill, 24 November 2020, [Column 33–34](#); British Venture Capital Association ([BFA0027](#))

37 Ian Williams, [Who can take on China in the tech arms race?](#) The Spectator, 17 April 2021

38 [Q300](#)

39 [Q310](#); [Q303](#); [Q315](#)

40 [Aquind Interconnector](#), Aquind; BBC News, [French authorities reject UK-France cross-Channel cable work](#), 26 January 2021, [Ofgem](#), [A joint consultation on Aquind's exemption request](#),

41 Aquind, [Consultation homepage](#)

42 Aquind, [Internal Minutes of Appeal Hearing](#), 26 September 2018

43 [National Security and Investment Act 2021](#)

Instead, the deal is being considered under UK planning law; therefore, while the BEIS Secretary of State will have the ultimate say in this matter, this deal will be examined through a planning lens rather than a national security one.⁴⁴

Bradwell B

Bradwell B is a proposed nuclear power station at Bradwell-on-Sea in Essex.⁴⁵ The Bradwell B project entails constructing a new UK Hualong Pressurized Reactor 1000 at Bradwell in Essex. General Nuclear Systems Ltd (GNS) is the project owner of this project; GNS is a joint venture between Chinese state-owned China General Nuclear Power Group (CGN) and French/UK-owned EDF.⁴⁶ Bradwell B is currently at the pre-application stage and Government approval has been delayed by the COVID-19 pandemic and uncertainty about Government nuclear subsidies.⁴⁷

As long-term industrial partners, CGN and EDF are currently developing two other nuclear plants: Sizewell C in Suffolk and Hinkley Point C in Somerset.⁴⁸ Put together, these three projects currently comprise the entirety of the UK's Civil Nuclear New Build Segment.⁴⁹ However unlike these two projects, in which EDF is the majority shareholder, CGN is the majority shareholder and entity responsible for Bradford B;⁵⁰ CGN has a 66.5% share in the project and EDF has a 33.5% share.⁵¹ Hinkley Point C and Sizewell C will both employ EDF's EPR reactor, but Bradwell would use technology owned by CGN.⁵²

The UK has relied on foreign expertise to modernise its nuclear energy capabilities and, with the departure of Japanese-owned companies Hitachi⁵³ and Toshiba⁵⁴ from nuclear new-build projects in the UK makes us even more dependent on China in this space.

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- 44 The Times, [Kwasi Kwarteng voiced support for Channel power link after Tory donor's lobbying](#), 8 April 2021
- 45 Felix Todd, [What is Bradwell B? Upcoming nuclear power station by CGN and EDF Energy](#) NS Energy, 18 May 2020
- 46 Competition and Markets Authority (CMA), [Anticipated acquisition by Jacobs U.K. Limited of Wood Nuclear Limited, its subsidiary and certain affiliated companies Decision on relevant merger situation and substantial lessening of competition](#)
- 47 Environment Analyst, [Industry fears nuclear dominoes are falling](#)
- 48 Felix Todd, [What is Bradwell B? Upcoming nuclear power station by CGN and EDF Energy](#) NS Energy, 18 May 2020
- 49 Competition and Markets Authority (CMA), [Anticipated acquisition by Jacobs U.K. Limited of Wood Nuclear Limited, its subsidiary and certain affiliated companies Decision on relevant merger situation and substantial lessening of competition](#)
- 50 Competition and Markets Authority (CMA), [Anticipated acquisition by Jacobs U.K. Limited of Wood Nuclear Limited, its subsidiary and certain affiliated companies Decision on relevant merger situation and substantial lessening of competition](#)
- 51 Competition and Markets Authority (CMA), [Anticipated acquisition by Jacobs U.K. Limited of Wood Nuclear Limited, its subsidiary and certain affiliated companies Decision on relevant merger situation and substantial lessening of competition](#)
- 52 Nuclear Engineering International, [The development clock is ticking on Bradwell B](#), 29 April 2021
- 53 Hitachi announced that it was ending its business operations on a planned nuclear power plant construction project ("Horizon project") in September 2020. See: Hitachi, [Hitachi UK end nuclear power stations](#), 16 September 2020
- 54 Toshiba announced that it was withdrawing from its nuclear power plant construction project in Cumbria in November 2018. See: World Nuclear News, [Toshiba decides to scrap NuGens Moorside project](#), 18 November 2018

Newport Wafer Fab

Newport Wafer Fab (NWF) is one of the UK's largest microchip manufacturing companies. The firm specialises in the fabrication of high-end silicon semiconductor chips and in manufacturing silicon chips for power conversion.

NWF is part of the South Wales Compound Semiconductor Catapult and Cluster, which has received significant financial support from both the National and Welsh Governments, such as UKRI funding in February 2021 to support the development of advanced components for long-range electric vehicles.⁵⁵

On 8 March 2021, Chinese-owned semiconductor company Nexperia installed two of its directors on the board of NWF.⁵⁶ It placed two of its directors on NWF's board following a "contract dispute". The nature of this contract dispute is not known at the time of publication. We were concerned that this move was a precursor to a stealth takeover, with worrying echoes of the attempted board takeover of Imagination Technologies by Canyon Bridge in 2020, which was subsequently abandoned after we brought the case to the Government's attention.⁵⁷ However BEIS declined to intervene in this transaction. In May 2021 we wrote to the Secretary of State for BEIS to request that he explain the rationale for this decision. In his response, Rt Hon Kwasi Kwarteng MP stated that it is for the Welsh Government to decide on matters of economic development.⁵⁸ As national security is not a devolved matter, and given the sensitive nature of the assets involved in this deal, we were not convinced by this argument and expressed this concern in a follow-up letter to the Secretary of State. The response we received stated that "the overwhelming majority of investments in the UK's economy raise no national security concerns, and that mergers and takeovers are primarily commercial matters for the parties involved." The Government had assessed that NWF is one of these cases and does not raise any security concerns.

At the G7 summit in June 2021, the UK signed the Carbis Bay G7 communique, which includes the commitment that the UK, alongside its G7 partners, will take active steps to improve the resilience of global supply chains in critical sectors. These sectors include semiconductor chips, such as those manufactured by NWF. On 5 July 2021, Nexperia announced that it had acquired 100% of NWF, for a reported sum of £63 million. Prior to the formal announcement, a Government spokesperson informed CNBC that the Government were aware of the planned takeover but did not consider it appropriate to intervene.⁵⁹

As stated in the recently-published Government plan for Wales, "The UK leads the world in the design and manufacturing of compound semiconductor wafers".⁶⁰ This same report acknowledges that this cluster "will be crucial in helping the UK to fulfil its technology potential."⁶¹

55 Jo Barnes, [Newport firms develop parts for longer-range electric vehicles](#), South Wales Argus, 8 February 2021

56 Companies House, [Appointment of Mr Stefan Tilger as a director on 8 March 2021](#), 16 March 2021; Companies House, [Appointment of Mr Charles Smit as a director on 8 March 2021](#), 15 March 2021.

57 [Correspondence from Foreign Secretary regarding Imagination Technologies Group](#), dated 30/04/2020

58 [Correspondence with the Secretary of State for BEIS on Newport Wafer Fab and the National Security and Investment Act](#), dated 28/05/2021 and 20/05/2021

59 Sam Shead, [Nexperia confirms acquisition of Newport Wafer Fab](#), CNBC, 5 July 2021

60 Office of the Secretary of State for Wales, [UK Government's Plan for Wales](#), 27 May 2021

61 Office of the Secretary of State for Wales, [UK Government's Plan for Wales](#), 27 May 2021

19. Permitting—or at least failing to examine—hostile takeovers of these companies by those linked with foreign governments who have an explicit strategy of force technology transfer appears to be short-sighted and risks undermining the UK's security and long-term prosperity and global influence, out of preference for short-term commercial gain or a desire to avoid inconvenience. The case studies outlined in Box 3 not only highlight remaining loopholes in the NSI Act but also suggest a degree of complacency on the part of the Government. It is concerning that the Aquind deal is not covered by the NSI Act and, as far as we are aware, is not being subject to any scrutiny through a national security lens. Failure to conduct due diligence in cases such as this could put our country at risk. Similarly, the Integrated Review's recognition of China as “the biggest state-based threat to the UK's economic security”⁶² appears to be at odds with plans for deeper Chinese involvement in UK critical infrastructure through the Bradwell B nuclear plant. The prospect of a significant part of the UK's nuclear energy infrastructure being built by a potentially hostile power—and of these sensitive operations being almost entirely reliant on Chinese-owned technology—is concerning and warrants close examination.

20. We acknowledge that we are not party to all of the information that has informed the Government's decision not to intervene in changes to the board composition of Newport Wafer Fab. However, the revelation that NWF has now been acquired by this same Chinese-owned entity confirms our fears that the changes to the company's board composition was only the first step towards a full takeover.

Conclusion

21. **The takeover of Newport Wafer Fab by Nexperia represents the sale of one of the UK's prized assets to a strategic competitor, at a time when global chip shortages means that the products manufactured by NWF are of vital national importance. Failure to conduct a detailed assessment of this transaction under the NSI Act would indicate that the Government continues to hold an unrealistically optimistic understanding of the Chinese government's intentions and is prioritising short-term commercial interests over the long-term security of our country. The case of NWF may yet serve to demonstrate that, despite the stated intentions of the NSI Bill, the Government has not yet learned the lessons of previous years.**

22. *We recommend that the Government calls in the acquisition of Newport Wafer Fab by Nexperia for review and imposes appropriate mitigating measures, as a matter of urgency.*

Understanding the future strategic importance of assets

23. Protecting the UK's security and its businesses from hostile investments will require more than just a surface-level understanding of acquisitions and investment patterns. As highlighted by RUSI Associate Elisabeth Braw, a narrow focus on these developments (where information is typically easily accessed) may be dangerous.⁶³ Hostile entities may seek to use other means for gaining access to strategically important technologies that

62 [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), 16 March 2021

63 Defence sub-committee on Foreign Involvement in the Defence Supply Chain, [Q62](#)

circumvent, or at least may be overlooked by, the new NSI regime. For example, venture capital (VC) funding, where entities invest in start-ups at a very early stage in their development, is extremely difficult to track. Elisabeth Braw stated that

Innovation starts in early stage start-ups and that is where you can snap up the best ideas and you do not have to wait until the companies are a few years old to acquire them. If you get that knowledge early on, the home country still has it, but you can speed ahead and use it for your own purposes.⁶⁴

24. Future-proofing the NSI regime will necessitate the continuous monitoring of technology developments overseas to identify technologies of strategic importance. The economist Will Hutton suggested that the Catapult Network is an important source of information in this regard and should be consulted in any proposed takeover.⁶⁵ In terms of overseas information-gathering, the Science and Innovation Network (SIN) also has a valuable role to play. FCDO support would increase the Government's institutional capacity to effectively implement the NSI Act, by contributing to this continuous intelligence function by monitoring developments overseas to identify technologies of strategic importance. This monitoring should not only cover private companies, but also universities and other research institutions. Witnesses suggested, however, that there is still work to be done to improve the FCDO's skills and expertise in understanding the strategic implications of new technologies. Founder of podcast *Exponential View* and technology commentator, Azeem Azhar, suggested that we need to work out where the "common sense about the digital world" is being developed in FCDO, noting that

"I am not sure they necessarily have that muscle running that looks at the intersection between technology innovation and its commercialisation, and how it changes cultural behaviour, which is where a lot of our risks from technology currently exist."⁶⁶

25. Improving the FCDO's capabilities in this regard will be essential not only for supporting the Government's understanding of the implication of new investments at the point of initial transaction, but also for understanding the implications of developments after; a transaction that may have appeared benign may later prove to have security implications, for example due to the increased strategic importance of the target company or assets in question, or incremental changes within the company that may not be caught by the NSI regime but nevertheless afford hostile actors greater influence within a company.

26. We are concerned about the Government's ability to monitor and manage foreign investments over time. The ISU is responsible for screening foreign investments at the point of the initial transaction. However, there is no legal provision for follow-up; the NSI Act has not established a mechanism for continuous monitoring of companies once the investment has taken place. The legislation does not allow for post-acquisition reviews unless a buy moves through the trigger levels requiring mandatory notification (for example, by increasing their share of ownership from over 25 percent to 50 percent). Cases such as that of ARM highlight the risk that, once a UK company is sold to even a benign foreign investor with mitigating measures put in place, this ultimately reduces the Government's ability to intervene if the company is then sold on to another entity in a

64 Defence sub-committee on Foreign Involvement in the Defence Supply Chain, [Q62](#)

65 Will Hutton ([BFA0024](#))

66 [Q220](#)

transaction that may not be in the UK's best interests. The case of Newport Wafer Fab (see Box 3) also suggests that there is currently limited Government appetite for intervening in the event of changes to the composition of boards, which may give rise to undue influence by hostile foreign entities, including in sectors critical to UK security and sovereignty. Without accounting for these risks, the new screening regime will be very easy for foreign entities to circumvent.

Conclusion

27. It is vital that there is continuous monitoring of the investment and technology landscapes to catch non-notified transactions, as well as monitoring for changes to board compositions or ownership models, which may not serve the UK's security interests, after the initial transaction has taken place with Government intervention if necessary. This should be additional to the notification regime established by the NSI Act and will require regular feed-in from multiple departments, including the FCDO, building on the tech ambassador we recommended in our report on the Integrated Review, Brave new Britain.

28. Ongoing monitoring of the global technology landscape by the FCDO should inform any future changes, as needed, to (a) the sectors subject to mandatory notification under the National Security and Investment Bill, and (b) the factors to be taken into consideration by the BEIS Secretary of State when assessing transactions, as set out in the Statement of Policy Intent. We recommend that the annual report outlines how this information has been taken into account in the Secretary of State's decisions.

29. For the FCDO to add value to the NSI regime, it will be important that the Department has the necessary skills, expertise and structures to effectively support the ISU. If the Government continues to behave in the same ways and rely on the same skills base as it has previously, it will continue to see the same results—or worse, given our changing security environment.

30. *The FCDO should demonstrate leadership on the foreign relations aspects of foreign investment decisions. Supporting the ISU's work in this area is a key responsibility of the FCDO. It will be vital that the Department has the right expertise both at overseas Posts and in London to fulfil this responsibility, including through ongoing monitoring of the global investment landscape. We recommend that the Government outlines how it intends to achieve this in its response to this report.*

Understanding the strategic intent of foreign-owned entities

31. The NSI Act is geography and actor-agnostic; the decision to call in transactions will not be done on the basis of flag alone. There are no countries restricted from investing in UK companies under the Act, nor is there any current green list of friendly countries who would be permitted to undergo less rigorous scrutiny.⁶⁷ We understand the rationale for such an approach. The evidence we have received supports the importance of a case-by-case approach to assessing foreign transactions as it would not be possible to decide with absolute certainty that an investment can be trusted simply because it originates from a

67 [National Security and Investment Act 2021](#)

friendly state.⁶⁸ This is all the more imperative given the security implications of losing strategically important assets overseas, including to friendly countries (see paragraph 11). This is not a binary issue; the country of ownership is only part of the answer.⁶⁹ As one witness noted, “If we choose our technology supplier on the basis of flag, we will not necessarily end up with a well-run, resilient network.”⁷⁰ Undoubtedly, however, various factors relating to the country of origin are crucial to understand when assessing the security implications of any given transaction.

32. Understanding the long-term strategic ambitions of the UK’s competitors, and the different means by which they may use investments in UK companies to achieve these, will be vital in order to understand how foreign activities in certain UK sectors can feed into broader state strategies, including activities that may appear benign or insignificant. This includes, for example, patterns of very small minority investments by one company (or companies with shared foreign ownership) across a strategically important UK sector. Such patterns can be observed, for example, across the UK’s AI and semiconductor industries, where companies with reported links with the CCP often hold 0.5–1% stakes in these companies.⁷¹ While large and very public investments are, for the most part, likely to be called in and examined for possible security risks under the new regime, the same will not necessarily be true of small or medium-size investments, particularly those in “less obviously critical” sectors.⁷² Such transactions, or small investments in important assets, are more likely to fall under the Government’s radar.⁷³

33. Witnesses suggested that potentially concerning transactions that perhaps merit significant attention rarely make their way into public debate.⁷⁴ Dr Ashley Lenihan from the London School of Economics referred to the example of Huawei’s investments in the UK’s ICT and technology sector, which she described as “very small stakes... seed money... [and] acquisitions of incredibly small companies.”⁷⁵ This pattern of investment has received very little public attention in the UK. This suggests a need for further reflection on what a non-controlling investment of concern might look like, and what risks these could present, in order to avoid overlooking important transactions, particularly investments from the UK’s strategic competitors.⁷⁶ These issues highlight the need for “redundancy” in the monitoring process; in other words, continuous monitoring of the investment landscape and involvement by multiple organisations with different sets of expertise and knowledge who are able to identify issues that may be missed by other teams.⁷⁷

34. As well as understanding strategic intent, the FCDO has an important role to play in improving the Government’s understanding of the commercial and cultural environment of other countries, as well as relationships between commercial entities and foreign governments. The FCDO’s overseas networks should make it well-placed to contribute this knowledge and the Department should be seeking to developing its capabilities in this vital area. As Martin Thorley warned in written evidence,

68 [Q309](#)

69 [Q309](#)

70 [Q320](#)

71 [Vision Semantics \(BFA0010\)](#); [Graphcore \(BFA0009\)](#)

72 [Simon Vitting \(BFA 0030\)](#)

73 [Simon Vitting \(BFA 0030\)](#)

74 [Q310](#)

75 [Q310](#)

76 [Q310](#)

77 [Q302](#); [Q310](#); [Q321](#); [Q324](#)

There is a risk of over-projection of liberal democratic values when assessing linkages in other territories... given the Chinese Communist Party's (CCP) "rule by law" (rather than "rule of law") governance within the PRC, PRC organisations (including companies) form part of a "latent network". Though many have a degree of autonomy in day-to-day affairs, they remain within the gravity of the CCP's influence and on matters the CCP considers important, they are subject to its will, either by legal means or otherwise.⁷⁸

35. The importance of a foreign department's contribution to a government's understanding of these factors cannot be understated. In order to obtain information about an entity's intentions and its relationships with other parties with potentially malicious intents, witnesses emphasised that it is crucial for the UK to have a presence, and a useful network of contacts within, the country of ownership and tasks representatives to collect the information relevant to the decision-making required.⁷⁹ Former National Security Adviser (NSA), Paddy McGuinness, told us that it is important to think of the FCDO as being "in a unique position" to inform the Government about what is happening in markets overseas and among enterprises overseas, and the ultimate intent of foreign entities which might have an effect on the UK.⁸⁰

36. Inadequate monitoring for relevant transactions below the mandatory notification threshold, coupled with incomplete understanding of how these smaller investments may fit into the foreign government's broader strategic objectives, risks creating vulnerabilities for the UK. Crucially, the Government will need to weigh up the economic benefits of investment from specific foreign-owned entities with the possible security implications. Detailed knowledge of the long-term ambitions of the acquiring state will be essential to achieving this; as the department with detailed knowledge of these matters, the FCDO should have a significant voice in these discussions and should develop its capabilities in this area accordingly.

Conclusion

37. We support the Government's decision to keep the NSI Act agnostic of geography or type of actor, so that investments are judged on a case-by-case rather than country-specific basis. The FCDO has a vital role to play in communicating to other parts of government its assessment of the broader strategic intent of foreign governments in their investment decisions, and this information should be a primary consideration when considering specific transactions. The FCDO should be responsible for advising BEIS on these matters and we intend to hold the Department to account for any failure to do so.

78 [Martin Thorley \(BFA 0029\)](#)

79 [Simon Vitting \(BFA 0030\)](#)

80 [Q316](#)

3 Cross-Government cooperation on investment screening

38. National security is the first duty of any government. We appreciate the rationale for the new ISU being located within BEIS; however, decisions on specific cases may require trade-offs between economic or commercial interests and national security concerns. As BEIS is also responsible for promoting inward investment, a degree of policy tension appears likely. A unit located within BEIS and overseen by the Secretary of State for Business risks giving priority to commercial considerations.⁸¹ The absence of a definition of “national security” within the Act leaves the term open to interpretation. The Government will need to avoid either falling into protectionist tendencies, at the expense of the UK’s prosperity, or being overly influenced by commercial considerations, at the expense of UK security interests.⁸² The promulgation of the NSI Act was said to be about national security first; however, a fundamental baseline of security is keeping the UK’s strategic assets secure so that the economy can flourish. As recognised in the Integrated Review, we cannot have prosperity without security.⁸³ An effective investment screening regime that strikes the balance between security and prosperity will need to be underpinned by collaboration across Government departments, including continuous feed-in by the FCDO into the ISU.⁸⁴

39. In the absence of a clear definition of national security, input from other departments, importantly the FCDO, was suggested as a means for keeping the new regime focused on mitigation measures that are appropriate to secure national security, rather than being driven too far in the direction of commercial interests or protectionism.⁸⁵ Speaking to the Committee, Ministers Paul Scully and James Cleverly described the “hub and spoke” model that will allow relevant departments to feed information in to the new ISU, meaning that staff within the ISU will have a “very, very close” working relationship with subject matter experts in other Government departments, including the FCDO.⁸⁶ Minister Cleverly informed us that where the Government’s decision about a specific transaction has an implication for the UK’s foreign relations, the FCDO’s national security directorate (described as “the team in the spoke” of the FCDO’s hub-and-spoke model) will “be involved” in the dissemination and international handling of the decision.⁸⁷

40. Ensuring that the Government has sufficient resources and appropriate institutional capacity in place to implement the new regime will be vital. In our interim report for this inquiry, *Striking the balance: protecting national security through foreign investment legislation*, we highlighted our concerns about the ISU’s capacity and capability to manage the high volume of notifications that it is expected to receive under the new NSI regime; and this does not include changes in the compositions of company boards and management structures, which are often precursors to takeovers. These concerns centre on the level of

81 Will Hutton ([BFA0024](#));

82 Column [239](#)

83 [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), 16 March 2021

84 [Q300](#); [Q316](#)

85 As Dr Lenihan suggested, “the FCDO is less likely to fall prey to protectionist arguments or concerns over job security, national champions or other issues that are not about essential security, so it can help that [screening] process to work.” See: [Q310](#)

86 [Q345](#)

87 [Q344](#)

resourcing that will be provided for, but also the level and depth of expertise across the range of complex issues that is required in order to have a complete understanding of the implications of a foreign investment decision. One measure that may alleviate the pressure on the ISU is sufficient input from departments with relevant expertise, and in support of this, the establishment of streamlined mechanisms for cross-departmental input into the investment screening process. Dr Ashley Lenihan recommended that a key element of ensuring that the ISU has sufficient organisational capacity will be

ensuring that there is a regularised and consistent feed-in mechanism from Departments across Government, including the FCDO, the MOD, the Home Office, the intelligence services and other relevant Ministries.⁸⁸

41. We asked the Minister whether FCDO staff would be placed in the new ISU. He responded that the unit will be comprised of BEIS staff, but that they will have a “very, very close” working relationship with relevant experts in other Departments. Within the FCDO, the Director of National Security and their team will be the primary point of contact for the ISU. Minister Cleverly reported that this team will be working very closely with the ISU to feed information into the decision-making process.⁸⁹

42. Minister Cleverly told us that “the staffing and the numbers of people (in the ISU) are still a work in progress”.⁹⁰ Minister Paul Scully emphasised that from day one that the Investment Security Group (ISG)⁹¹ will come under the ISU, meaning that experienced staff from the FCDO will feed directly into the Unit.⁹² We were pleased to receive the FCDO’s affirmations that the Department will feed into the NSI regime. However, we are not yet convinced of the FCDO’s meaningful input into the regime. We saw little evidence of FCDO involvement in the drafting of the NSI Bill, other than vague assurances from FCDO Ministers that the Department “has been involved”.⁹³ This concern is further supported by the exclusion of the Foreign Affairs Committee (FAC) from discussions regarding the future scrutiny of the ISU (see Chapter 5), indicating that the diplomatic and foreign relations aspects of this new regime are underplayed by the Government.

43. The new investment security regime represents an opportunity to put into practice the seamless cross-Government approach to UK security and foreign policy as set out in the Integrated Review. The evidence we have received in this inquiry consistently highlighted that an effective investment screening regime needs to be underpinned by collaboration across Government departments, including continuous feed-in by the FCDO into the ISU. Some experts have recommended a committee style approach involving a multi-agency review body⁹⁴ to centralise a variety of departmental perspectives. Such models are likely to result in a slower decision-making process and thus would involve a trade-off on the

88 [Q300](#)

89 [Q345](#)

90 [Q345](#)

91 The Investment Security Group (ISG) was the Government unit formerly responsible for advising the Government on the national security implications of foreign investments. Situated within the Cabinet Office, the ISG was chaired by the Deputy National Security Adviser. Covington, [Foreign Investment Reforms in the UK](#), 23 March 2018

92 [Q345](#)

93 [Q392](#)

94 One example of a committee-style approach to foreign investment screening is the Committee on Foreign Investment in the United States (CFIUS). As a multi-agency review body, CFIUS is comprised of nine cabinet-level Executive Branch agencies and offices, as well as several other non-voting offices with various national security responsibilities. See: the US Department of the Treasury, [The Committee on Foreign Investment in the United States](#).

speed and efficiency of the process.⁹⁵ We welcome the input of the FCDO into the ISU as described above; however, we question whether simply feeding information into the Unit, and therefore being several steps removed from the assessment process, will allow for sufficient incorporation of the FCDO perspective in the decision-making process. Integrating different departmental expertise and cultures into the assessment process may be more difficult when staff are not in the same room. When questioned on this, Minister Cleverly acknowledged that the model of having a liaison officer from the FCDO placed within the ISU “is a model that works well”.⁹⁶ We believe that the assessment process would benefit from the direct involvement of FCDO staff with relevant expertise within the ISU, ideally through secondments.

Conclusion

44. We recommend that 10 percent of Investment Security Unit staff should be secondees from FCDO, to ensure that FCDO expertise can be drawn upon on a day-to-day basis.

95 [Q355](#)

96 [Q345](#)

4 Cooperation with like-minded partners and allies

45. The new NSI regime will bring the UK up to speed with many of its friends and competitors. According to the former Chair of the Investment Security Group (ISG), a “critical interaction” that will determine the future effectiveness of the NSI regime will be “real and detailed coordination with allies”.⁹⁷ This was described as essential to the work of the ISG. The sharing of information with like-minded countries will be important if the Government is to make fully informed decisions about transactions, as well as being aware of changes to the national security landscape as it relates to foreign investments.

46. Any effort to prevent certain entities from accessing UK assets or supply chains will be more effective if they are done in collaboration with others to set good practice. Cooperation with like-minded friends and allies should, ultimately, aim to synthesise our investment screening activities with theirs so that the Government is able to adapt and evolve the process to make it as streamlined and robust as possible for the majority of foreign investors, who present no risk to UK interests.⁹⁸ Harmonising the UK's approach with those who we trade with closely will support a welcoming investment environment whilst safeguarding UK businesses from the risks of malicious third-party investors, or preventing the loss of strategically important assets overseas. Our inquiry identified opportunities for the FCDO to make an important contribution to this information-sharing and synthesis.

47. Coordination with allies in areas of possible national competition will be a challenge for the ISU, as it was for the ISG that preceded it.⁹⁹ However it is vital to do so. “Real and detailed” coordination with allies was described by one witness as a “critical interaction” for the Government unit responsible for assessing the national security implications of foreign investments.¹⁰⁰ The sharing of information with like-minded countries will be important if the Government is to make fully informed decisions about transaction, as well as being aware of changes to the national security landscape as it relates to foreign investments.

48. It is important that those making investment decisions understand not only the national security risks arising from investments from UK competitors or those with clear malicious intent, but also those of friends and allies. Given the global nature of the investment landscape, as well as supply chain dependencies in critical sectors, the security risks arising from a specific transaction may not be confined to national borders. Where other countries identify a security risk within their own domestic supply chains, the UK Government will need timely knowledge of this development in order to inform its own investment decisions. As Michael Formosa argued to the Defence sub-committee on foreign involvement in the defence supply chain,

it is particularly important to understand not only the nature of foreign involvement in the UK's own supply chain, but that of its partners as well.¹⁰¹

97 [Q316](#)

98 [Q301](#)

99 [Q316](#)

100 [Q316](#)

101 [Q301](#)

49. This view was echoed by former Deputy National Security Adviser, Paddy McGuinness, who suggested that,

the use of the term “trusted supplier” in the technology space is not that helpful if suppliers from allied states are being undermined by, dare I say it, organs of the Russian state.¹⁰²

50. As the UK continues to seek new trade agreements post-Brexit, robust investment screening mechanisms are of utmost importance. Hostile foreign investment is a threat to the UK’s ability to collaborate; it is important that international partners are able to trust the integrity of UK supply chains.¹⁰³ Sufficient knowledge exchange will likewise enable us to trust theirs. Understanding the legal systems and the trade investment regimes in partner nations will be crucial in order to understand how they align with our own, and to identify any vulnerabilities they may present.

51. The FCDO’s Post-specific capabilities were highlighted in our inquiry as crucial to facilitating cooperation on investment screening, both by gathering on-the-ground intelligence and sharing this with the posts of other countries as appropriate, but also in improving the Government’s understanding of the complex value chains and trade and investment relationships of UK allies. As Michael Formosa suggested,

We need to understand the various entities with whom we are doing business... the Foreign Office’s footprint, perspective and experience in these countries can go a long way towards shedding light on these issues and more.¹⁰⁴

52. The UK Defence and Security Industrial Strategy, published in March 2021, states that “the UK is open to research, capability and industrial collaboration with trusted allies and partners, and we will support our industrial and technology base to work internationally whilst strengthening our protections against economic security risks and hostile investments in sensitive, defence and dual-use technology and capabilities that could harm national security.”¹⁰⁵ However, the accompanying Integrated Review effectively ignores the EU. It confirms that the Government views the UK’s foreign policy and security relationship with Europe through the lenses of NATO and bilateral relationships rather than with the EU as a collective body. In addition, the UK is not part of the new EU Screening Regulation cooperation mechanism¹⁰⁶ and so does not benefit from 27 additional eyes and ears as the EU Member States do through this form of intelligence cooperation. While the Integrated Review refers to “working with the EU where our interests coincide”,¹⁰⁷ neither the IR nor any of the Government’s statements around the NSI Act have addressed how the UK will influence the crucial regulation of

102 [Q320](#)

103 Defence sub-committee on Foreign Involvement in the Defence Supply Chain, [Q50](#)

104 [Q301](#)

105 HMG, [Defence and Security Industrial Strategy: a strategic approach to the UK’s defence and security industrial sectors](#), CP410, March 2021

106 The Regulation for an EU framework for screening of foreign direct investment became fully operational in all EU Member States on 11 October 2020. The new provides a cooperation mechanism between Member States and the European Commission to exchange information and raise concerns relating to specific investments on the basis of a “risk to security or public order”. It also encourages international cooperation on investment screening, including sharing of experience, best practices, and information on issues of common concern. European Commission, [EU foreign investment screening mechanism becomes fully operational](#), 9 October 2020.

107 [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), 16 March 2021

new and strategic technologies if it does not also align with the EU,¹⁰⁸ particularly in a contested geopolitical landscape dominated by the competing interests of the US and China.¹⁰⁹ This will make life difficult for both legislators and businesses as the EU is the trade authority chosen by our 27 partners. We are exploring this issue in further detail in our ongoing inquiry, *Technology and the future of UK foreign policy*.

53. In recent months, the UK's investment ties with organisations linked to the perpetuation of human rights abuses by authoritarian governments has become an increasingly important issue. The nefarious activities of regimes seeking to use their outward investments to gain access to critical assets, information or know-how for their own strategic gain is also an international concern. Imposing clear consequences for such state-linked entities by restricting their foreign investments is an important way that the Government can deter and defend against actors with malicious intent. Any particular consequence that is imposed on such an entity will be more effective if it is coordinated across different governments who share our values and interests; by limiting access to investment opportunities elsewhere, this increases the costs for the malicious actor in question.¹¹⁰ Speaking on the topic of scientific collaboration with Chinese military-linked organisations, Sophie Richardson, China Director at Human Rights Watch, suggested that

The more co-ordination there is in denying the business opportunities—investment opportunities or co-operation opportunities—the more effective it is going to be.¹¹¹

Such coordination might include the harmonisation of—or at minimum, sharing information on the findings of—due diligence requirements on companies.¹¹²

Conclusion

54. **Given the complex and transnational nature of the global investment landscape, the UK cannot operate alone on this matter. *The Government should cooperate on FDI screening with other countries with whom we share values and strategic objectives. We recommend that the FCDO seeks to play a leading role in bringing together countries and partners from overseas and in building alliances to make sure investment vehicles in one country aren't used as a Trojan horse in others.***

108 Investment screening is increasingly coordinated at the EU level, making bilateral cooperation on these matters more challenging for the UK. The EU framework for screening of FDI became fully operational on 11 October 2020. The framework provides a mechanism through which the European Commission and Member States can coordinate their activities on FDI screening. See: European Commission, [EU foreign investment screening mechanism becomes fully operational](#), 9 October 2020

109 Flint Global, [Will the UK's Integrated Review of foreign policy really make a difference?](#) 9 April 2021

110 [Q169](#)

111 [Q169](#)

112 [Q310](#); [Q312](#)

5 Transparency and reporting

55. In Chapter Three, we highlighted the importance of cross-departmental collaboration under the new NSI regime. The expertise from these departments will be needed to both help assess national security risk of specific transactions notified under the NSI regime, and to assist in the continuous monitoring for non-notified transactions that may otherwise be missed (see Chapter Two). Cross-departmental involvement in the ISU thus warrants cross-Committee scrutiny of the ISU's activities and decisions. However, the Government has only assigned the BEIS Committee formal oversight over the ISU;¹¹³ and only that Committee's Chair will be provided with the sensitive information underpinning ISU and Secretary of State decisions, on privy council terms.¹¹⁴

56. Evidence taken in this inquiry highlighted that UK has the opportunity to be a global leader in investment norms and practices. This will require appropriate transparency and predictability of Government decisions under the new regime.¹¹⁵ This is particularly important given the absence of a clear definition of "national security" in the Bill (see Chapter Three) which, as we highlighted in our interim report for this inquiry, risks allowing for interpretations of "national security" in the context of specific investments to be driven or influenced by political or economic considerations.¹¹⁶ Given the UK's continuously evolving security environment, we agree that it is important that the Government maintains an appropriate level of discretion in the way its powers of intervention are exercised. But there are significant potential pressures the Secretary of State may face, particularly in times of economic stress,¹¹⁷ or in times where those with strong protectionist views are very vocal in the debate. For this reason, it is important that Parliament is able to hold the Government to account over its decisions to ensure that it is upholding the UK's security and economic interests.

57. The Integrated Review affirms the Government's commitment to a "transparent and predictable regulatory environment in response to a more complex set of threats."¹¹⁸ It also articulates the Government's intention to improve cross-departmental cooperation on matters of national security and foreign policy, necessitating the use of sensitive inputs from across Whitehall.¹¹⁹ Given the sensitive nature of decisions relating to national security, this creates challenges when it comes to providing departmental select committees with access to the information required to effectively provide this oversight.

113 The Government has also acknowledged the interest of the Science and Technology (S&T) Committee in the work of the ISU, however the amount of information that the S&T will be afforded to undertake scrutiny is unclear. See: [Column 165](#); [Correspondence with the Secretary of State for Business, Energy and Industrial Strategy on the role of the Foreign Affairs Committee in scrutinising the work of the Investment Security Unit \(ISU\)](#), dated 10 May 2021 and 28 April 2021

114 [Correspondence with the Secretary of State for Business, Energy and Industrial Strategy on the role of the Foreign Affairs Committee in scrutinising the work of the Investment Security Unit \(ISU\)](#), dated 10 May 2021 and 28 April 2021; [Column 165](#)

115 BT Group ([BFA0026](#)); Evidence received by the Public Bill Committee for the National Security Investment Bill, 24 November 2020, [Column 64](#); [Q234](#); [Q242](#)

116 Striking the balance: Protecting the UK's national security through foreign investment legislation - Government response to the Committee's sixth report. [HC1263](#).

117 Ian Williams, [Who can take on China in the tech arms race?](#) The Spectator, 17 April 2021

118 [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), 16 March 2021

119 [Global Britain in a competitive age: the integrated review of UK security, defence, development and foreign policy](#), 16 March 2021

58. As the ISU is situated within BEIS, we acknowledge that the BEIS Committee is the appropriate committee to lead on scrutiny. However, due to the nature of this new investment regime, much of the information underpinning the Government's decisions will be highly sensitive. At present, the Intelligence and Security Committee (ISC) is the only body with ability to access information classified as Top Secret. The Government successfully argued against an amendment to the NSI Bill that would have provided the ISC with oversight powers on the ISU alongside the BEIS Committee.¹²⁰ We are concerned about the limitations of a scrutiny process that only includes one perspective of this multi-faceted issue. The Government has also rejected our request to be involved in the scrutiny process, despite the clear foreign policy and geopolitical consequences of decisions that will be made under the new regime. The Government's failure to recognise the important role that other select committees should play in holding the ISU is concerning. In particular, this raises the following two issues:

- a) **Access to information.** Not even the BEIS Committee, as the sole formal scrutiny body, will have access to all the information relating to the ISU's activities. The Chair will be limited in what they are able to do with the information they receive during private briefings. This will have the effect of essentially stifling robust Parliamentary scrutiny of a Government unit whose work is critical to our country's security and prosperity.
- b) **Insufficient balance of perspectives and expertise.** The BEIS Committee is, naturally, comprised of Members and staff with business expertise, but additional knowledge of national security and foreign relations will be required to analyse the impact of Government decisions on these aspects of the UK's interests.

59. Without adequate Parliamentary oversight, there is a risk that the new regime may leave the Secretary of State vulnerable to pressure from those seeking to prioritise short-term commercial interests over the UK's long-term national security interests.¹²¹ In April 2021, we wrote to the Secretary of State for BEIS, Kwasi Kwarteng, to highlight our concerns about the limited oversight of the ISU and to request that we receive relevant information to allow us to scrutinise the work of the Unit where it falls within our remit.¹²² We requested that we be given the information necessary to be able to scrutinise the work of the ISU, to ensure the aims of Parliament are fulfilled.¹²³ However, the response to our letter made it clear that the Government will not accept our request for a formal oversight role of the new regime, arguing that

inquiries or formal oversight by other committees risks giving only a partial view of the work undertaken, and duplicating or diverting effort from the effective operation of the regime.¹²⁴

120 [Column 153](#)

121 [Martin Thorley \(BFA0029\); Q297 \(Mr Shaw\); Q146](#)

122 [Correspondence with the Secretary of State for Business, Energy and Industrial Strategy on the role of the Foreign Affairs Committee in scrutinising the work of the Investment Scrutiny Unit \(ISU\)](#), dated 10 May 2021 and 28 April 2021

123 [Correspondence with the Secretary of State for Business, Energy and Industrial Strategy on the role of the Foreign Affairs Committee in scrutinising the work of the Investment Scrutiny Unit \(ISU\)](#), dated 10 May 2021 and 28 April 2021

124 [Correspondence with the Secretary of State for Business, Energy and Industrial Strategy on the role of the Foreign Affairs Committee in scrutinising the work of the Investment Scrutiny Unit \(ISU\)](#), dated 10 May 2021 and 28 April 2021

60. The Secretary of State concluded that having one oversight body of the ISU is thus the most effective option. We reject the claim that multi-committee scrutiny would provide only a partial view of the ISU's work. Quite the opposite: bringing in select committees with diverse knowledge and expertise would facilitate more balanced and comprehensive oversight. We acknowledge that involvement by multiple committees would increase the workload for the Government, which seems to be the implication in the Secretary of State's letter; however, this should not be a barrier to robust Parliamentary scrutiny.

61. The decision of the Government to place the ISU within BEIS, thus shifting national security and investment responsibilities away from the ISG in the Cabinet Office; and to offer scrutiny only to the BEIS and (in a limited sense) the Science and Technology Committees¹²⁵ within the Commons suggests that the Government sees this new regime primarily as a prosperity issue, rather than a national security issue. Improving the Government's scrutiny plans for the new regime would help to rectify the balance between these policy priorities.

62. Effective oversight of the NSI Act should entail:

- a) Involvement of all select committees whose remit is relevant to the work of the ISU; and
- b) Access to the information that these Committees require to fulfil this scrutiny role.

63. The challenge of select committee scrutiny of Government activities involving sensitive information speaks to a wider issue that we expect will become more prominent as the Government continues to implement the fused approach to security that it outlined in the Integrated Review. Robust scrutiny of the ISU's activities and decisions under the NSI regime, involving a variety of expertise, would help to ensure that the UK's national security interests are being protected. An interim solution could be to extend the private briefings received by the BEIS Committee Chair to other relevant committee chairs.

Conclusion

64. **With cross-Government working comes a need for cross-committee scrutiny. If the Government is to succeed in achieving an "integrated" approach to UK security and foreign policy as set out in the Integrated Review, Government departments must be held to account by all committees with the relevant remit and expertise. In the case of the Investment Security Unit, this would ensure that scrutiny of Government decisions is not only conducted by select committees with a primarily pro-business lens, but would provide a more balanced and nuanced assessment of its decisions.**

65. **We acknowledge the Secretary of State's concern about the workload entailed by involvement of multiple committees in scrutinising the ISU but would argue that this should not be a barrier to effective scrutiny. FAC's important contribution to UK national security and foreign investment was recognised in the Government response**

125 [Columns 165–166; Correspondence with the Secretary of State for Business, Energy and Industrial Strategy on the role of the Foreign Affairs Committee in scrutinising the work of the Investment Scrutiny Unit \(ISU\)](#), dated 10 May 2021 and 28 April 2021

to our report in February 2021. Following our scrutiny of the National Security and Investment Bill, it is our intention to monitor its effectiveness. This requires the Government to furnish us with the necessary information.

66. We recommend that the Chairs of the Foreign Affairs Committee, Intelligence and Security Committee and Science and Technology Committees are also provided with private briefings on the activities of the ISU on Privy Council terms, to ensure that Government decisions are scrutinised from all angles relevant to the UK's interests. These briefings should be held bi-annually as a minimum.

Conclusions and recommendations

FCDO's role in understanding national security risk

1. The takeover of Newport Wafer Fab by Nexperia represents the sale of one of the UK's prized assets to a strategic competitor, at a time when global chip shortages means that the products manufactured by NWF are of vital national importance. Failure to conduct a detailed assessment of this transaction under the NSI Act would indicate that the Government continues to hold an unrealistically optimistic understanding of the Chinese government's intentions and is prioritising short-term commercial interests over the long-term security of our country. The case of NWF may yet serve to demonstrate that, despite the stated intentions of the NSI Bill, the Government has not yet learned the lessons of previous years. (Paragraph 21)
2. *We recommend that the Government calls in the acquisition of Newport Wafer Fab by Nexperia for review and imposes appropriate mitigating measures, as a matter of urgency.* (Paragraph 22)
3. It is vital that there is continuous monitoring of the investment and technology landscapes to catch non-notified transactions, as well as monitoring for changes to board compositions or ownership models, which may not serve the UK's security interests, after the initial transaction has taken place with Government intervention if necessary. This should be additional to the notification regime established by the NSI Act and will require regular feed-in from multiple departments, including the FCDO, building on the tech ambassador we recommended in our report on the Integrated Review, Brave new Britain (Paragraph 27)
4. Ongoing monitoring of the global technology landscape by the FCDO should inform any future changes, as needed, to (a) the sectors subject to mandatory notification under the National Security and Investment Bill, and (b) the factors to be taken into consideration by the BEIS Secretary of State when assessing transactions, as set out in the Statement of Policy Intent. We recommend that the annual report outlines how this information has been taken into account in the Secretary of State's decisions. (Paragraph 28)
5. For the FCDO to add value to the NSI regime, it will be important that the Department has the necessary skills, expertise and structures to effectively support the ISU. If the Government continues to behave in the same ways and rely on the same skills base as it has previously, it will continue to see the same results—or worse, given our changing security environment. (Paragraph 29)
6. *The FCDO should demonstrate leadership on the foreign relations aspects of foreign investment decisions. Supporting the ISU's work in this area is a key responsibility of the FCDO. It will be vital that the Department has the right expertise both at overseas Posts and in London to fulfil this responsibility, including through ongoing monitoring of the global investment landscape. We recommend that the Government outlines how it intends to achieve this in its response to this report.* (Paragraph 30)
7. We support the Government's decision to keep the NSI Act agnostic of geography or type of actor, so that investments are judged on a case-by case rather than country-

specific basis. The FCDO has a vital role to play in communicating to other parts of government its assessment of the broader strategic intent of foreign governments in their investment decisions, and this information should be a primary consideration when considering specific transactions. The FCDO should be responsible for advising BEIS on these matters and we intend to hold the Department to account for any failure to do so. (Paragraph 37)

Cross-Government cooperation on investment screening

8. *We recommend that 10 percent of Investment Security Unit staff should be secondees from FCDO, to ensure that FCDO expertise can be drawn upon on a day-to-day basis.* (Paragraph 44)

Cooperation with like-minded partners and allies

9. Given the complex and transnational nature of the global investment landscape, the UK cannot operate alone on this matter. *The Government should cooperate on FDI screening with other countries with whom we share values and strategic objectives. We recommend that the FCDO seeks to play a leading role in bringing together countries and partners from overseas and in building alliances to make sure investment vehicles in one country aren't used as a Trojan horse in others.* (Paragraph 54)

Transparency and reporting

10. With cross-Government working comes a need for cross-committee scrutiny. If the Government is to succeed in achieving an “integrated” approach to UK security and foreign policy as set out in the Integrated Review, Government departments must be held to account by all committees with the relevant remit and expertise. In the case of the Investment Security Unit, this would ensure that scrutiny of Government decisions is not only conducted by select committees with a primarily pro-business lens, but would provide a more balanced and nuanced assessment of its decisions. (Paragraph 64)
11. We acknowledge the Secretary of State's concern about the workload entailed by involvement of multiple committees in scrutinising the ISU but would argue that this should not be a barrier to effective scrutiny. FAC's important contribution to UK national security and foreign investment was recognised in the Government response to our report in February 2021. Following our scrutiny of the National Security and Investment Bill, it is our intention to monitor its effectiveness. This requires the Government to furnish us with the necessary information. (Paragraph 65)
12. *We recommend that the Chairs of the Foreign Affairs Committee, Intelligence and Security Committee and Science and Technology Committees are also provided with private briefings on the activities of the ISU on Privy Council terms, to ensure that Government decisions are scrutinised from all angles relevant to the UK's interests. These briefings should be held bi-annually as a minimum.* (Paragraph 66)

Formal minutes

Tuesday 6 July 2021

Members present:

Tom Tugendhat, in the Chair

Chris Bryant

Henry Smith

Alicia Kearns

Royston Smith

Stewart Malcolm McDonald

Graham Stringer

Bob Seely

Draft Report (*Sovereignty for sale: the FCDO's role in protecting strategic British assets*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 66 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Third Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available (Standing Order No. 134).

[Adjourned till Tuesday 13 July at 1.45pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Tuesday 5 May 2020

Sir Hossein Yassaie, Former CEO, Imagination Technologies; **Dr Ron Black**, Former CEO, Imagination Technologies; **John Rayfield**, Chief Technical Officer, Imagination Technologies; **Ray Bingham**, Acting CEO, Co-Founder and Partner, Canyon Bridge, Imagination Technologies

[Q1–109](#)

Tuesday 8 September 2020

Elisabeth Braw, Senior Research Fellow, Modern Deterrence Project, Royal United Services Institute (RUSI); **Professor Jeffrey Henderson**, Professor Emeritus of International Development, University of Bristol

[Q110–133](#)

Chris Cummings, Chief Executive Officer, The Investment Association; **John Fingleton**, Founder & Chief Executive, Fingleton

[Q134–152](#)

Tuesday 13 October 2020

Ciaran Martin, Professor of Practice in the Management of Public Organisations, Blavatnik School of Government, University of Oxford; **Professor Deeph Chana**, Co-Director, Institute for Security Science and Technology, Imperial College London

[Q153–170](#)

Matthew Rous, Chief Executive, China-Britain Business Council; **Ting Zhang**, Founder and Chief Executive Officer, Crayfish.io

[Q171–188](#)

Tuesday 3 November 2020

Professor Nick Jennings, Former UK Chief Scientific Advisor for National Security; current Vice-Provost for Research and Enterprise, Imperial College London; **Grace Cassy**, Founder and CEO of CyLon

[Q189–210](#)

Professor Shaowei He, Associate Professor in International Business, University of Northampton; **Azeem Azhar**, Founder, Exponential View

[Q211–226](#)

Tuesday 24 November 2020

Roger Barker, Director of Policy and Corporate Governance, Institute of Directors; **Andy Sellars**, Strategic Development Director, Compound Semiconductor Catapult

[Q227–242](#)

Veronica Roberts, Partner, Herbert Smith Freehills; **Roger Barron**, Partner, Paul Hastings

[Q243–260](#)

Tuesday 1 December 2020

Christopher Mackmurdo, Former Head of National Security Research, Foreign and Commonwealth Office, Founder, Legatus; **Sophia Gaston**, Director, British Foreign Policy Group

[Q261–278](#)

Russ Shaw, Founder, Global Tech Advocates & Tech London Advocates; **Hazel Moore**, Chair and Co-Founder, FirstCapital [Q279–298](#)

Tuesday 23 February 2021

Dr Ashley Lenihan, Fellow, London School of Economics Centre for International Studies; **Michael Formosa**, Managing Partner, Renaissance Strategic Advisors [Q299–313](#)

Paddy McGuinness, Former Deputy National Security Adviser, for Intelligence, Security and Resilience, Senior Advisor, Brunswick [Q314–324](#)

Tuesday 23 March 2021

Paul Scully MP; **Rt Hon James Cleverly MP**; **Jacqui Ward**, Director for National Security and International, Department for Business, Energy and Industrial Strategy; **Sarah Mackintosh**, Deputy Director for National Security and Investment, Department of Business, Energy and Industrial Strategy; **Chris Rampling**, Director of National Security, Foreign, Commonwealth and Development Office [Q325–379](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

BFA numbers are generated by the evidence processing system and so may not be complete.

- 1 Arm Ltd ([BFA0017](#))
- 2 BT Group ([BFA0026](#))
- 3 Bath, Professor Vivienne (Professor of Chinese and International Business Law, University of Sydney) ([BFA0031](#))
- 4 British Private Equity & Venture Capital Association ([BFA0027](#))
- 5 British Private Equity and Venture Capital Association (BVCA) ([BFA0021](#))
- 6 Centre for Competition ([BFA0014](#))
- 7 Department of Business, Energy and Industrial Strategy ([BFA0022](#))
- 8 Foreign and Commonwealth Office ([BFA0006](#))
- 9 Graphcore ([BFA0009](#))
- 10 Hankin, Professor Chris (Professor of Computing Science, Imperial College London) ([BFA0012](#))
- 11 Hauser, Dr Hermann ([BFA0018](#))
- 12 He, Dr Shaowei (Associate Professor, University of Northampton) ([BFA0020](#))
- 13 Herbert Smith Freehills LLP ([BFA0015](#))
- 14 Hutton, Mr Will (Co-Chair, The Purposeful Company (also associate University of Oxford and LSE)) ([BFA0024](#))
- 15 Invest Europe ([BFA0028](#))
- 16 Knoerich, Dr Jan (Senior Lecturer in the Economy of China, King's College London) ([BFA0016](#))
- 17 Lai, Dr Keyan (Lecturer in International Human Resource Management, University of Edinburgh Business School) ([BFA0032](#))
- 18 Lenihan, Dr Ashley Thomas ([BFA0004](#))
- 19 Mackmurdo, Dr Christopher (Director, Legatus) ([BFA0025](#))
- 20 Merley, Mr Steven ([BFA0007](#))
- 21 Nicole, Dr Denis A ([BFA0005](#))
- 22 Parker, Celia (King's College London) ([BFA0023](#))
- 23 Photonics Leadership Group ([BFA0013](#))
- 24 Richardson, John (Imagination Technologies Group) ([BFA0002](#))
- 25 LSE IDEAS Global Strategies Project / LSE Economic Diplomacy Commission ([BFA0001](#))
- 26 The Investment Association ([BFA0008](#))
- 27 Thorley, Martin (University of Exeter) ([BFA0029](#))
- 28 Vision Semantics ([BFA0010](#))
- 29 Vitting, Simon (SOAS, University of London) ([BFA0030](#))
- 30 U.S. Department of the Treasury ([BFA0019](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee's website.

Session 2021–22

Number	Title	Reference
1st	In the room: the UK's role in multilateral diplomacy	HC 199
2nd	Never Again: The UK's Responsibility to Act on Atrocities in Xinjiang and Beyond	HC 198
1st Special Report	A climate for ambition: Diplomatic preparations for COP26: Government Response to the Committee's Seventh Report of Session 2019–21	HC 440

Session 2019–21

Number	Title	Reference
1st Report	Viral Immunity—The FCO's role in building a coalition against COVID-19	HC 239
2nd Report	Merging success: Bringing together the FCO and DFID	HC 525
3rd Report	Flying Home: The FCO's consular response to the COVID-19 pandemic	HC 643
4th Report	A brave new Britain? The future of the UK's international policy	HC 380
5th Report	No prosperity without justice: the UK's relationship with Iran	HC 415
6th Report	Striking the balance: Protecting national security through foreign investment legislation	HC 296
7th Report	A climate for ambition: Diplomatic preparations for COP26	HC 202
1st Special Report	A cautious embrace: defending democracy in an age of autocracies: Government Response to the Committee's Second Report of Session 2019	HC 116
2nd Special Report	"Media freedom is under attack": FCO's defence of an endangered liberty: Government Response to the Committee's Twenty First Report of Session 2017–19	HC 269
3rd Special Report	Viral Immunity—The FCO's role in building a coalition against COVID-19: Government Response to the Committee's First Report	HC 449
4th Special Report	Global Britain and South America: Government Response to Committee's Twentieth Report of Session 2017–19	HC 669

Number	Title	Reference
5th Special Report	Responding to irregular migration: A diplomatic route: Government Response to Committee's First Report of Session 2019	HC 670
6th Special Report	Merging success: Bringing together the FCO and DFID: Government Response to Committee's Second Report	HC 809
7th Special Report	Flying Home: The FCO's consular response to the COVID-19 pandemic: Government Response to the Committee's Third Report	HC 859
8th Special Report	A brave new Britain? The future of the UK's international policy: Government Response to the Committee's Fourth Report	HC 1088
9th Special Report	No prosperity without justice: the UK's relationship with Iran: Government Response to Committee's Fifth Report	HC 1253
10th Special Report	Striking the balance: Protecting national security through foreign investment legislation: Government Response to the Committee's Sixth Report	HC 1263