House of Commons

Defence Committee

# The Government's proposals for a future security partnership with the European Union

## Sixth Report of Session 2017–19

HC 594

House of Commons

Defence Committee

# The Government's proposals for a future security partnership with the European Union

## Sixth Report of Session 2017–19

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

*Ordered by the House of Commons to be printed 5 June 2018*

**HC 594**
Published on 8 June 2018
by authority of the House of Commons

## The Defence Committee

The Defence Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Ministry of Defence and its associated public bodies.

### Current membership

Rt Hon Dr Julian Lewis MP (*Conservative, New Forest East*) (Chair)

Leo Docherty MP (*Conservative, Aldershot*)

Martin Docherty-Hughes MP (*Scottish National Party, West Dunbartonshire*)

Rt Hon Mr Mark Francois MP (*Conservative, Rayleigh and Wickford*)

Graham P Jones MP (*Labour, Hyndburn*)

Johnny Mercer MP (*Conservative, Plymouth, Moor View*)

Mrs Madeleine Moon MP (*Labour, Bridgend*)

Gavin Robinson MP (*Democratic Unionist Party, Belfast East*)

Ruth Smeeth MP (*Labour, Stoke-on-Trent North*)

Rt Hon John Spellar MP (*Labour, Warley*)

Phil Wilson MP (*Labour, Sedgefield*)

### Powers

The committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via www.parliament.uk.

### Publications

Committee reports are published on the Committee's website at www.parliament.uk/defcom and in print by Order of the House.

Evidence relating to this report is published on the inquiry page of the Committee's website.

### Committee staff

Mark Etherton (Clerk), Dr Adam Evans (Second Clerk), Martin Chong, David Nicholas, Eleanor Scarnell, and Ian Thomson (Committee Specialists), Sarah Williams (Senior Committee Assistant) and Arvind Gunnoo (Committee Assistant).

### Contacts

All correspondence should be addressed to the Clerk of the Defence Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5875; the Committee's email address is defcom@parliament.uk. Media inquiries should be addressed to Alex Paterson on 020 7219 1589.

# Contents

# Summary

The future security partnership between the UK and the EU is yet to be determined. In this report we examine the EU's plans for defence co-operation, the mechanisms being constructed to put co-operation into practice and how and where the UK Government plans to be engaged with them after Brexit. We have produced a timeline of the proposals and set out the intended shape of Permanent Structured Co-operation (PESCO), the European Defence Fund (EDF) and the Co-ordinated Annual Review on Defence (CARD).

We then consider a number of the Government's statements and publications which set out the UK's proposals. We conclude that the Government ought to provide more opportunity for Parliamentary scrutiny, including a debate on the floor of the House, before it enters in to any binding commitment. We have also highlighted a number of areas in which the Government ought to provide clarification including on the Common Security and Defence Programme (CSDP), PESCO, the EDF, and involvement with pan-European complex supply chains and research funding.

# 1 Introduction

1. The Government published its Brexit position paper 'Foreign policy, defence and development—a future partnership paper' in September 2017.[1] We decided to hold an inquiry in order to understand better the Government's proposals for a future security partnership between the UK and the EU. On 5 December 2017 we took evidence from Sophia Besch of the Centre for European Reform, Professor Gwythian Prins, Academic Board member of Veterans for Britain, and Peter, Lord Ricketts, former Ambassador to NATO and National Security Adviser. We held a ministerial evidence session with Rt Hon Earl Howe, Minister of State for Defence, and Nick Gurr, Director of International Security Policy at the Ministry of Defence on 6 February 2018. We have also received written evidence from Strategic Defence Initiatives UK, ADS and the Oxford Research Group.

2. This report is intended to bring together and summarise the Government's publications with the end of making the Government's proposals easier to understand and therefore inform the future debate that we feel is necessary. We are grateful to all who provided written or oral evidence, supplementing and clarifying the Government's papers. We are also grateful to Professor John Louth, RUSI, who acted as a Special Adviser to the inquiry.

1 Department for Exiting the European Union, Foreign policy, defence and development - a future partnership paper, September 2017

# 2 The EU's plans for defence co-operation

3. At the June 2016 European Council High Representative and Commission Vice-President (HR/VP) Federica Mogherini presented the EU Global Strategy.[2] The Strategy, which was published under the ownership of the HR/VP to avoid the need for unanimity, set out five broad areas for action:

- The Security of our Union (recommending boost to security and defence capabilities);
- State and Societal Resilience to our East and South;
- An Integrated Approach to Conflicts;
- Cooperative Regional Orders; and
- Global Governance for the 21st Century.

4. A final section described how this vision would be put into action. Actions would include:

- urgent Member State investment in security and defence capabilities;
- diplomatic action fully grounded in the Lisbon Treaty;
- implementation of the Sustainable Development Goals; and
- coherence across EU external policies, between member states and EU institutions, and between internal and external dimensions of policies.[3]

5. In November 2016, the Foreign Affairs Council endorsed the HR/VP's Implementation Plan on Security and Defence (SDIP), which proposed action in four specific areas:

- setting capability development priorities;
- deepening defence cooperation (otherwise known as the 'co-ordinated annual review on defence (CARD));
- adjusting structures, tools and financing; and
- "Permanent Structured Cooperation" (otherwise known as PESCO).[4]

6. Later that month, the European Commission presented the European Defence Action Plan (EDAP), a policy document which outlined three initiatives to ensure that the EU's industrial base was able to meet the EU member states' current and future security needs in regards of the development and procurement of defence technologies.[5] The three initiatives were:

2 A Global Strategy for the European Union's Foreign and Security Policy, June 2016
3 European Scrutiny Committee, Eleventh Report of Session 2016–17, Documents considered by the Committee on 14 September 2016, HC 71-ix, para 19.1–3
4 Implementation Plan on Security and Defence, November 2016
5 European Defence Action Plan, November 2016

- the European Defence Fund to finance research into defence technology and provide incentives for member states jointly to develop and purchase defence equipment;
- increasing access to finance for EU defence industry—including fostering investment by the European Investment Bank and the European Structural and Investment Funds in defensive or military technologies; and
- making the defence procurement market more open and efficient.

However, the European Defence Action Plan does not address the complexities of dual-use/multi-use technologies, extensive international supply chains, ownership of Intellectual Property or trading in Intellectual Property.

## Permanent Structured Co-operation (PESCO)

7. Permanent Structured Co-operation is intended to improve the EU's collective defence. PESCO was officially established at the December 2017 Council of Ministers with 25 EU Member states participating (Denmark, Malta and the UK did not opt in). As part of signing up to PESCO, those Member states committed to:

- increase their defence budgets regularly in order to meet the agreed objectives and move towards spending 20% of those budgets on capabilities and 2% on defence research and technology;
- increase joint and collaborative capability projects, including being signed up to at least one PESCO capability project;
- support and engage in the Co-ordinated Annual Review on Defence (CARD) and the Capability Development Programme; and
- provide substantial support to Common Security and Defence Policy (CSDP) operations and missions.

Collaborative projects under PESCO will be supported by the European Defence Fund (EDF). PESCO projects will get a higher rate of EDF financing than non-PESCO collaborative projects (30% of funding instead of the standard 20%).[6]

8. At its establishment, the 17 initial PESCO projects were also published. The UK Government has expressed a particular interest in engaging with the Dutch-led Military Mobility PESCO project,[7] presumably because this is likely to address concerns raised by NATO relating to mobility for reinforcement and manoeuvre. However, the final decision on the participation of third countries (non-EU member states) will be subject to separate legal arrangements which have yet to be established.[8]

6 European defence: where is it heading?, Briefing Paper Number 8216, House of Commons Library, 1 May 2018
7 HC Deb, 3 May 2018, Col. 5MC [Ministerial Corrections]
8 European Scrutiny Committee, Twenty-sixth Report of the Session 17–19, Documents considered by the Committee on 2 May 2018, HC 301-xxv, para 10.21

## European Defence Fund (EDF)

### *European Defence Research Programme ('Research Window')*

9. The European Defence Research Programme (EDRP)—previously known as the 'Research Window'—will finance research into defence technology directly from the EU budget in EU member states and Norway. Its endowment is expected to increase from a total of €90 million (£83 million) for a pilot project in the 2017–2020 period to around €500 million (£464 million) per annum after 2021. (There will still be a requirement for commercial funding as the technology matures).

### *European Defence Industrial Development Programme ('Capability Window')*

10. The European Defence Industrial Development Programme or EDIDP—previously known as the 'Capability Window'—will part-fund the "early stages of the development cycle" for new defence technologies. It would only be open to EU member states and have a budget projected to rise from a total of €500 million in 2019–2020 (to be diverted from other EU programmes) to around €1 billion (£928 million) per annum after 2021.

11. The Commission is expecting member states to match the "reference amount" of investment totalling €5 billion per annum in the medium-term, with €1.5 billion (less than a third) to come from the EU budget and the rest financed by national governments. The EDF will be overseen by a Coordination Board, which will consist of member states, the EU's High Representative, the European Defence Agency and the European Commission, as well as industry. Its purpose would be to "ensure consistency between the Research and the Capability Windows in light of broader priorities set in the defence field". Concerns have been raised by the UK Government that the Commission wants to set the EDF's funding priorities, with member states only able to block its plans on the basis of qualified majority voting.[9]

12. At present, the research part of the fund is already being implemented whilst the capability part is the subject of negotiations. In March, the UK Government told us that:

> The European Defence Industrial Development Programme (EDIDP) regulation, a key part of the EDF which will cover the 2019 and 2020 financial period, is currently progressing through the EU legislative process, with the Council and the EU Parliament recently adopting their first reading versions of the Regulation. Trilogue negotiations between the European Parliament, European Council and the European Commission commenced on 15 March, with the expectation that the final Regulation will be adopted by June 2018.
>
> The first discussion between Member States and the Commission on the potential framework for the EDF post 2020 (the next Multiannual Financial Framework), comprising successors to the EDIDP and the Preparatory Action on Defence research, was held on 6 March. The discussion was exploratory and high-level considering governance, financial instruments,

9 European Scrutiny Committee, First Report of Session 2017–19, Documents considered by the Committee on 13 November 2017, HC 301-i, Para 30.24

> Small and Medium Size Enterprise engagement and intellectual property rights (IPR). There will be further discussions over the coming months, with the Commission expected to formally publish a proposal before July 2018. After this, negotiations of the detail are expected to last approximately 12 to 18 months.
>
> The UK has set out that it would like to discuss options and models for future participation with the EU but the precise nature and terms of this cooperation is subject to negotiation.[10]

13. In May 2018, the European Commission published its proposed Multiannual Financial Framework for the years 2021–2027. That proposal allocated €13 billion to the European Defence Fund, €4.1 billion for research and €8.9 billion for capability development.[11]

## Coordinated Annual Review on Defence (CARD)

14. CARD is designed to ensure that individual national defence plans are coordinated at the EU level. A briefing produced by the European Union Institute for Security Studies (EUISS) states that:

> As the Council conclusions of 6 March 2017 make clear, CARD will not entail a one-size-fits-all approach to defence planning but provide 'a better overview at EU level of issues such as defence spending and national investment as well as defence research efforts'.[12]

As the 'CARD secretariat', the EDA will be expected to report to EU defence ministers every other year. CARD will be a voluntary—member state-driven—mechanism meaning that, for CARD to be successful, member states must be willing to share national defence plans with each other and the EU. The manner in which the investment priorities and forward plans of key commercial partners within the defence sector is to be assessed within CARD remains unclear.

10 Written evidence from the Ministry of Defence (DFP0006)

11 European Union External Action Service, EU budget 2021–2027 invests more and better in external action, security and defence, 2 May 2018

12 EU Institute for Security Studies, Issue Alert: The CARD on the EU defence table, April 2017

# 3 The proposed shape of the Government's engagement post-Brexit

## The future partnership paper

15. On 12 September 2017 the UK Government published 'Foreign policy, defence and development: a future partnership paper', a position paper on the future UK-EU partnership on foreign policy, defence and development. The paper stated that:

> The UK would like to offer a future relationship that is deeper than any current third country partnership and that reflects our shared interests, values and the importance of a strong and prosperous Europe. This future partnership should be unprecedented in its breadth, taking in cooperation on foreign policy, defence and security, and development, and in the degree of engagement that we envisage. … Given the shared threats and challenges we face, and the UK's deep commitment to European values, it is in the interests of both the UK and the EU to continue to work together to meet the challenges of the day. … The UK is therefore offering a deep and special partnership that will make available UK assets, capabilities and influence to the EU and European partners.[13]

16. The first 17 pages of the document set out the UK's past contribution to the EU in a range of fields which fall under the policy areas covered by the paper. The remaining five pages cover the future relationship between the UK and the EU. The paper argues that the UK and the EU should explore the option of using close consultation on foreign policy and security policy issues to agree joint positions, including potentially in the area of sanctions listings.[14] The paper suggests that on defence and security:

- The UK could support Common Security and Defence Policy (CSDP) operations and missions through contributing UK personnel, assets expertise and capabilities and even assist with the mandate development and operational planning;
- The UK will continue to push for greater NATO—EU co-operation including in co-ordination of analysis and response to crises, development of capabilities and promotion of stability and resilience;
- The UK could participate in both European Defence Agency and European Defence Fund projects; and
- The UK and EU should come to an arrangement on future co-operation on Space projects.[15]

13 Department for Exiting the European Union, Foreign policy, defence and development - a future partnership paper, September 2017, p18
14 Department for Exiting the European Union, Foreign policy, defence and development - a future partnership paper, September 2017, p18
15 Department for Exiting the European Union, Foreign policy, defence and development - a future partnership paper, September 2017, p19–20

17. In conclusion, the paper notes that in support of the proposed partnership the UK could also offer the EU:

- reciprocal exchange of foreign and security policy experts and military personnel;
- classified information exchange to support external action; and
- mutual provision of consular services in third countries where either EU member states or the UK lack a diplomatic presence, and continued co-location of diplomatic premises.[16]

## Subsequent announcements and public statements

18. On 6 February 2018, Rt Hon Earl Howe, Minister of State for Defence, and Nick Gurr, Director of International Security Policy at the Ministry of Defence, gave evidence to us on the future partnership paper. During the session, the Minister suggested that current models of relationships between the EU and non-EU member states were "inadequate", and set out the goals of the UK Government as meaningful discussion and consultation on foreign policy; co-ordination in areas where it is "more effective to work side-by-side than alone"; and co-operation on EU defence operations, defence industry, research and capability development.[17]

### *Common Security and Defence Policy (CSDP)*

19. In relation to CSDP operations and missions, the Minister noted that:

> on operations and missions there is only a limited degree of prior engagement that countries like Norway have with the planning process and the extent to which they are kept in the loop thereafter is also limited. So if the UK is going to achieve a position where we are able if we choose to take part in EU operations and missions and put our people's lives on the line in the process it is not unreasonable to expect that we should be allowed a greater degree of involvement along the way.[18]

20. He also told the Committee that the Government would like the EU to issue the UK with a standing invitation to contribute to CSDP operations and missions, to be exempt from the common costs for civilian missions and non-executive military operations and to have an agreement that enabled UK contributions to the EU force catalogue.[19] When asked whether the UK's entire force catalogue would be on offer to the EU for use in CSDP missions and operations, the Minister accepted there would be an opportunity cost which would have to be reconciled as assets committed to a CSDP operation or mission would no longer available to other missions.[20] However, he also noted that CSDP operations

16 Department for Exiting the European Union, Foreign policy, defence and development - a future partnership paper, September 2017, p22
17 Q63
18 Q64
19 Q111
20 Q107

and missions could be useful to UK foreign policy objectives, highlighting that in some cases EU-badged missions were considered to be acceptable in a way that NATO-badged missions were not.[21]

21. On 17 February 2018, the Prime Minister gave a speech to the Munich Security Conference in which she emphasised the importance of engaging in CSDP operations and missions, noting that:

> if the UK and EU's interests can best be furthered by the UK continuing to contributing to an EU operation or mission as we do now, then we should both be open to that.[22]

22. On 9 May the UK Government published a set of slides, described as a 'Framework for the UK-EU Security Partnership'. Those slides stated that the UK could engage through a number of mechanisms:

| | | |
|---|---|---|
| 1 | **Provision of forces and assets** | Continue to contribute to Common Security and Defence Policy ('CSDP') missions and operations on a case-by-case basis with UK personnel, expertise and assets. UK is open to future contributions to EU Battlegroups and could host Operational HQ where it is in our mutual interest. |
| 2 | **Strategic enablers** | Provide niche capability to support EU deployments, such as strategic airlift capability. |
| 3 | **Staff and expertise** | Provide embedded military and civilian expertise, in Brussels and to EU Missions and Headquarters overseas. |
| 4 | **Information sharing** | Exchange classified and sensitive information, leveraging the UK's extensive networks and capabilities, to support EU planning and situational awareness. |
| 5 | **Finance** | Contribute to mission-specific and common costs on a similar basis to other third countries, where it participates. |

21 Q68

22 PM speech at Munich Security Conference, 17 February 2018

23. The Framework suggests that the UK is seeking to have a sliding scale of engagement with the EU on CSDP operations and missions which would be "scalable and commensurate with the UK contribution to an operation or mission":

| | | |
|---|---|---|
| 1 | Planning and Liaison | UK expertise and liaison in the EU Military Staff and EEAS, and sharing of early planning documents, enabling UK input prior to the EU's decision to launch, and better understanding of what the UK might offer. |
| 2 | Force Generation and Sensing | Full involvement in force generation and calls for contributions. The UK could also make an ongoing contribution to the EU Force Catalogue, to help the EU better assess its capability requirements. |
| 3 | Political military dialogue | Regular political-military dialogue to allow close understanding of EU political objectives, and where the UK can add value (eg. use of the UK role through the UNSC or with other partners). |
| 4 | Engagement | Depending on UK role, participation could extend to invitations to UK-EU consultations. UK would participate in the Committee of the Contributors. |

24. This was then expanded upon with the publication of a technical note on 24 May which stated that that consultation and co-operation could include:

> a. Regular dialogue as per consultation and cooperation on CFSP, including through ad-hoc meetings with the PSC and EU Military Committee (EUMC) in informal sessions;
>
> b. Ad-hoc meetings with the Foreign Affairs Council (Defence) in informal sessions or attending sessions of informal Councils;
>
> c. Through EU Military Staff (EUMS) and INTCEN liaison we could do joint and shared horizon scanning and analysis;
>
> d. Exchange of information on possible UK contributions to the EU force catalogue;
>
> e. Following political consultation between the EU and UK, and subject to appropriate decisions by the EU, the EU could share crisis management planning documents (including Political Framework for Crisis Approach, Crisis Management Concept, Military Strategic Options, Initiating Military Directive, Concept of Operation, Operational Plan, Rules of Engagement) with the UK in order for the UK to contribute to force sensing, analysis of strategic or military options, and eventually to offer to contribute to an operation or mission if so invited by the EU after its decision to establish a mission or operation;
>
> f. Through liaison and secondments to the EEAS and EUMS the UK could provide expertise, facilitate information sharing, and enable cooperation–where appropriate and beneficial to both sides–in the development and operational planning stages;

g. Possibility for the UK and EU to cooperate on diplomatic support for crisis management operations (UNSC authorisations, Status of Forces Agreements, continue to provide diplomatic support to the effective functioning of EU missions and operations in third countries etc.);

h. Where the UK contributes to a mission/operation, and in proportion to the size/significance/nature of its contribution:

i. UK participation in the Operational Headquarters;

ii. Ad hoc consultations with the FAC/FAC(D)/PSC/EUMC in informal session;

iii. UK participation in the Committee of Contributors;

iv. UK participation in force generation conferences and/or calls for contributions at the appropriate moment.[23]

25. There has been a history of third country participation in CSDP, with 45 non-EU countries contributing troops to various CSDP missions and operations, either through a participation agreement for a specific mission or operation or through a Framework Participation Agreement (FPA) which allows a country to participate in any mission or operation if invited to do so by the EU. The EU has signed eighteen Framework Participation Agreements (FPAs) with third countries that contribute to CSDP operations and missions, including Norway, Canada, Turkey and the US. None of those has the sort of decision-making ability described by the UK Government as its preferred model, with third countries becoming involved at a later stage of planning (where they tend to fill gaps), requiring them to accept the EU's timelines and procedures.[24]

26. We discussed the UK and CSDP with witnesses. Lord Ricketts told us that CSDP "has developed as capable of running these smaller civil military missions around the world, but never into a serious defence player" which "makes a modest contribution towards the UK's defence and security interest, but only that".[25] Sophia Besch told the Committee that CSDP was not at the heart of the UK's strategic thinking and priorities but that the UK did have an interest in influencing the strategic and regional priorities in the debate on European Security. She suggested that the limited number of troops that the UK had provided to EU missions and operations had influenced the debate in Europe around whether the UK was a valuable part of CSDP although she stressed that the few troops that the UK had sent were invariably of very high quality.

27. Furthermore, the UK's "strategic thinking, the outstanding diplomatic service and the well-connected embassies are the contributions that the UK makes to European security".[26] She argued that this was significant as the UK included provisions within the Future Partnership paper which would allow the EU to benefit from these.[27] However, on the suggestion in the same paper of the UK being involved in operational planning and

23 Department for Exiting the European Union, Technical Note: Consultation and Cooperation on External Security. 24 May 2018

24 Clingendael Institute, The Implications of Brexit for European Defence Cooperation, October 2017

25 Q2

26 Q4

27 Department for Exiting the European Union, Foreign policy, defence and development - a future partnership paper, September 2017, p22

mandate development for CSDP, Sophia Besch emphasised that the proposals made were unlike any current relationship between the EU and a non-member.[28] She also warned that the 'Norway model' in CSDP missions—trading numbers of troops for influence—requires Norway to "align with pretty much all the political decisions that the EU makes on defence".[29]

28. Lord Ricketts thought that the UK's experience, and assistance in the development, of these structures put it in a different category to countries such as Canada or Norway.[30] He also pointed to the Nice Implementation Text (which he had helped draft in 2002) which created rights for non-EU NATO members in regards to participation in CSDP operations and missions:

> it sets out rights to participate before decisions are taken and afterwards in the committee of contributors, and so on. I think that the UK should be looking to fully exercise those rights when it chooses to participate in future CSDP missions, which I hope and believe that it will from time to time, though not necessarily every one.[31]

29. In written evidence, the Oxford Research Group expressed the concern that although the UK force catalogue was the most comprehensive in Europe, it was already overstretched covering existing commitments. The suggestion made was that a significant change would be needed with a reprioritisation of the UK's defence structure to focus simultaneously on collective territorial defence under NATO and on CSDP missions in the Western Balkans, Mediterranean and Africa.[32] Professor Prins told the Committee that he believed that the UK ought to prosecute bilateral relationships with national governments in Europe, pointing to current defence relations with the Netherlands, France, the Scandinavian countries and the Baltic States. He suggested that the Czech Republic and Poland would engage with the UK bilaterally or through NATO which they saw as a more powerful vehicle.[33] However, all three witnesses agreed that the UK's stated intention to support individual CSDP operations was relatively uncontroversial.[34]

## *PESCO*

30. On PESCO, the Minister, Earl Howe, told us that it was intended to be a way of driving up defence investment in Europe and developing capabilities necessary for European security. He therefore thought that it was right that the UK was keeping its options open as to whether it might wish to sign up to individual PESCO projects.[35] Nick Gurr, Director of International Security Policy at the Ministry of Defence, told the Committee that the UK had worked hard to "ensure that PESCO projects remain open to third parties, because there may well be some projects that we do want to participate in as a third party,"[36] a statement which was reiterated in the 'Framework for the UK-EU Security Partnership'.[37] The Minister for Armed Forces, Rt Hon Mark Lancaster TD VR MP, has since announced

28 Q19
29 Q52, also see Q50
30 Q55
31 Q50
32 Written evidence from Oxford Research Group (DFP0005)
33 Q15
34 Q21;23
35 Q70; 79
36 Q82
37 Department for Exiting the European Union, Framework for the UK-EU Security Partnership, May 2018, Slide 37

that the UK Government is "particularly interested in the Dutch-led military mobility infrastructure project".[38] The Dutch Government have given the following overview of the project:

> This project will support Member States' commitment to simplify and standardise cross-border military transport procedures. It aims to enhance the speed of movement of military forces across Europe. It aims to guarantee the unhindered movement of military personnel and assets within the borders of the EU.
>
> This entails avoiding long bureaucratic procedures to move through or over EU Member States, be it via rail, road, air or sea. The project should help to reduce barriers such as legal hurdles to cross-border movement, lingering bureaucratic requirements (such as passport checks at some border crossings) and infrastructure problems, like roads and bridges that cannot accommodate large military vehicles.[39]

31. The European Scrutiny Committee recently concluded that the Government's interest in the Military Mobility project had "unclear policy and financial implications for the UK".[40] In our 5 December 2017 evidence session, there was a difference of opinion amongst our witnesses as to both the nature and the benefits of PESCO. Professor Prins raised concerns that PESCO would potentially bind in and constrain the national decision-making ability of those states which had signed up to it.[41] He was also concerned by statements made by the European Commission President which suggested that PESCO was an extension of EU sovereignty into defence matters.[42] Sophia Besch did not believe this to be the case, describing the commitments made by the nations which had subscribed to PESCO as both open-ended and without an agreed level of ambition. She also argued that there was little accountability for those that did not fulfil them since a Qualified Majority Vote would be needed to eject them.[43] However, she accepted that that was the current version

38 HC Deb, 3 May 2018, Col. 5MC [Ministerial Corrections]

39 European Council, Overview of Permanent Structured Cooperation (PESCO) first collaborative PESCO projects, March 2018

40 European Scrutiny Committee, Twenty-sixth Report of the Session 17–19, Documents considered by the Committee on 2 May 2018, HC 301-xxv, para 10.9

41 Q5

42 In answer to Q17, Professor Prins referenced a speech that Mr Juncker gave in Prague in June 2017. The relevant excerpt of the speech is "The European Union already has the legal means at its disposal to move away from the current patchwork of bilateral and multilateral military cooperation to more efficient forms of defence integration. I am talking about permanent structured cooperation—the Sleeping Beauty of the Lisbon Treaty. Article 42 of the Treaty makes it possible for a group of like-minded Member States to take European defence to the next level. I have said it before and I will say it again: I think the time to make use of this possibility is now. It is time to wake the Sleeping Beauty up. But at the end of the day, it is not the Commission that will build a common defence. The Commission is putting everything it has on the table. We have explained how our policies can help fight hybrid threats. We are using our development policy to build up the security of partner countries. We have proposed a Defence Fund which commits the EU budget in an unprecedented way. And we have produced a detailed reflection paper with different options for how the European Union at 27 might develop by 2025 in the area of defence. But it will always—always—come down to a question of ambition and political will of the Member States. … Just last month, the Member States unanimously decided to establish the first Military Planning and Conduct Capability to take over command of EU training missions. This is a first step towards a more robust capability. In two weeks, the European Council will meet. My colleagues and friends in the European Council understand the importance of this debate. They know how much the debate on the future of Europe's defence is tied to the debate about the future of Europe." [http://europa.eu/rapid/press-release_SPEECH-17–1581_en.htm]

43 Q6; 22; 48

of PESCO, which could change if there were the political will to do so.[44] Lord Ricketts felt that if PESCO were able to help European countries gain parliamentary authority and public support for increased defence spending and readiness, then there would be no cause for concern.[45]

### CARD

32. The European Defence Agency has launched a trial run of the Co-ordinated Annual Review of Defence (CARD), with which the UK has engaged. Nick Gurr told us that, in principle, CARD is trying to get EU member states to focus on their capability development in areas that will benefit both the European Union and NATO. He explained that the UK's primary motivation in engaging with CARD was to ensure that it did not duplicate or undermine the NATO Defence Planning Process.[46] Sophia Besch also highlighted concerns that CARD could duplicate bureaucratic processes if members had to submit their capability priorities and annual review to both NATO and the EU. She told us that several members, including Poland, had "flagged this up as being potentially problematic".[47] When we asked the Government whether it envisioned the UK engaging with CARD post-Brexit, we were told that future UK involvement in CARD "remains subject to negotiation".[48]

### European Defence Fund

33. On 6 February 2018, the Minister told us that since the European Defence Fund was still in the process of being formulated, the Government was keeping its options open as to whether it would engage with it as it considered that it could become the "instrument of choice for European nations in developing their capability".[49] Nick Gurr reiterated this, telling us that:

> On the European Defence Fund, in all of its various elements, as the Minister has said, there are aspects of it that interest us. There is scope there for considerably more funding to be made available to European industry. We have wanted to keep our option open as to whether we can participate in that. In terms of keeping our options open, again we have managed to insert language in some of the various protocols to ensure that the possibility of third-party participation in these things has not been closed down. That is not to mean that we will participate, but it means that we have still got the option at the moment. These things have not been closed on us.[50]

34. However, the Minister noted that discussions around the financial contribution that the UK would make in order to engage in the EDF had yet to take place. He did suggest that the Government was not necessarily willing to pay an 'annual subscription' given that it might not wish to participate in any projects. Instead, he suggested that the UK's preferred route was that "if we perceive that there is a project in which we wish to participate, we

44 Q7
45 Q10
46 Q83
47 Q22
48 Written evidence from the Ministry of Defence (DFP0007)
49 Q70
50 Q83

will pay in commensurately to that project on a pay and play basis".[51] The Minister also expressed concerns that the EDF could be driven by an "unspoken protectionist aspect" which would result in the UK (and its defence industry) being excluded from it.[52]

35. In Munich, later that month, the Prime Minister emphasised her belief that an "open and inclusive" approach to European capability development which enabled British defence industry to participate was in both the UK and EU's strategic security interests and confirmed that the UK was seeking to agree a future relationship with the European Defence Fund.[53] In April 2018, the Minister for Armed Forces, told Parliament that:

> When it comes to EDIDP projects, to be honest, the programme has not yet been established so it is difficult to speculate on exactly what it will entail. That is why we are particularly keen that we should have a flexible framework—so that if and when the UK wants to participate, we will have a mechanism for doing so.[54]

The May 2018 'Framework for the UK-EU security partnership' also confirmed that the UK was seeking to discuss models for participation of the UK and UK entities in the European Defence Research Programme and the European Defence Industrial Development Programme projects.[55] The technical note published on 24 May again stated that the UK Government intends to agree arrangements for participation in the Commission's European Defence Fund. It highlighted that for "for UK contributions to programmes to deliver mutual benefit, the UK would require access to both sensitive information and commercial opportunities".[56] The document suggested that a co-ordinated approach to European capability development between the UK and the EU could be achieved through:

> a. Regular strategic EU-UK dialogue on capability collaboration and industrial development;
>
> …
>
> e. Dialogue with DG Grow [European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs] and DG Move [European Commission Directorate-General for Mobility and Transport] on broader European defence industrial and capability priorities;
>
> f. UK attendance at the European Defence Research Programme (EDRP) and European Defence Industrial Development Programme (EDIDP) programme committee.[57]

The note suggests that technical aspects of UK participation in specific projects could then be addressed through dialogue with DG Grow to consider UK engagement in EDF projects. The UK note also suggests that where the UK contributes to a European Defence Fund (EDF) it should be able to participate in the relevant meetings.

51 Q73
52 Q94
53 PM speech at Munich Security Conference, 17 February 2018
54 European Committee, EU Defence: Permanent Structured Co-operation, 26 April 2018, Col. 20
55 Department for Exiting the European Union, Framework for the UK-EU Security Partnership, May 2018, Slide 37
56 Department for Exiting the European Union, Technical Note: Consultation and Cooperation on External Security. 24 May 2018
57 Department for Exiting the European Union, Technical Note: Consultation and Cooperation on External Security. 24 May 2018

36. The European Defence Fund was subject to much discussion in our evidence session on 5 December 2017. Sophia Besch suggested it would be in the UK's interest to stay closely aligned to the EU in defence industry, capability development and joint procurement, noting that:

> When you speak to UK defence firms, they say that customs, trade standards and free movement of people are irritations after Brexit but are manageable. Where they see a potential risk is in being left out of capability co-operation projects. European partners there have a similar outlook, similar track record and similar history. The UK works with European partners on existing capability programmes such as the Eurofighter.[58]

37. However, both Lord Ricketts and Professor Prins raised concerns about the EDF with Lord Ricketts highlighting what he saw as a "protectionist tinge" and suggesting the UK ought:

> to make sure it does not develop into something that excludes British defence industrial companies. I don't know what the mechanism would be for us to have some involvement in it—whether it would require us to contribute or what—but I think we need to keep that under careful review, because it could become a risk to defence industrial co-operation.[59]

He added:

> My worry about the EDF is that it could be used to influence companies in, say, France, Germany and Italy to work together to the exclusion of the UK defence industry. It would not be a level playing field; it would be tilted by EU money. I therefore think that ideas such as Sophia's of finding a way of being involved, maybe even by contributing in some way, may be in the UK's interest. That would avoid this becoming a non-level playing field of incentives for defence industrial co-operation. … That would be an option. Another option is just to let it happen and take the risk that it would encourage collaborations between European defence companies, by which I mean EU defence companies. I cannot judge how great a risk that is, but I have seen BAE and Dassault working together and I know from MBDA, which is of course a 50:50 UK and French company, and from Thales and other companies that co-operation is very effective between British and French companies. It would be a pity if that were influenced by this fund. That is my view.[60]

38. Professor Prins believed that the EDF would be a protectionist vehicle and suggested that engagement with the European Defence Fund would result in the UK working within something which was "deliberately structured to create a single market in defence". He argued that the UK would be better off if it engaged in a "simpler, more reliable and more transparent relationship, which does not have an underlying political agenda."[61] He suggested that collaboration on military matters ought to be on a case-by-case basis with national governments, rather than engaging in programmes under the aegis of the

58 Q23
59 Q32
60 Q32–3
61 Q32

EU, citing Denmark as the model to follow.[62] Both the Minister in evidence to us[63] and the Prime Minister in her Munich speech[64] highlighted the vital importance of bilateral relationships with European partners. However, both indicated this ought to be done alongside engagement with EU structures rather than as an alternative to it.

39. Sophia Besch agreed that the fund, when realised, could be formatted as a vehicle for EU protectionism which might mean that the UK would be barred from engaging with it.[65] However, she thought that even if the European Defence Fund were protectionist, the UK could still potentially benefit from association with it.[66]

### *European Defence Agency*

40. In her February 2018 speech at the Munich Security Conference, the Prime Minister expressed a desire for the UK to have a future relationship with the European Defence Agency.[67] The May 2018 'Framework for the UK-EU security partnership' slides expand on this, suggesting that the UK wishes to have an Administrative Arrangement with the European Defence Agency which could facilitate:

- A co-ordinated approach to European capability development and planning which might involve EU-UK consultation on capability development priorities and UK input in to the capability planning process;
- UK participation in EDA initiatives and projects; and
- A permanent UK liaison to the EDA allowing regular technical knowledge sharing.

The UK Government notes that in order for UK contributions to programmes to deliver mutual benefit, the UK would require access to both sensitive information and commercial opportunities.[68] The technical note published 24 May expanded upon this, suggesting that the UK's proposed bespoke Administrative Agreement would include:

> c. Ad-hoc invitations to the EDA Ministerial Steering Boards;
>
> d. Ad-hoc UK attendance at EDA National Armaments Directors, Research & Technology, Policy and Capability Directors Steering Boards and Point of Contact meetings;

The note suggests that technical aspects of UK participation in specific projects could then be addressed through Director/Chief Executive dialogue with the EDA to consider UK participation in future projects, programmes and activities, including the possibility of re-establishing a 'Consultative Committee' with third countries; participation in the relevant meetings where the UK contributes to an EDA project or initiative; and seconded national experts and/or UK liaison officers in the EDA and Commission.[69]

62 Q50
63 Q115
64 PM speech at Munich Security Conference, 17 February 2018
65 Q33
66 Q57
67 PM speech at Munich Security Conference, 17 February 2018
68 Department for Exiting the European Union, Framework for the UK-EU Security Partnership, May 2018, Slide 36
69 Department for Exiting the European Union, Technical Note: Consultation and Cooperation on External Security. 24 May 2018

41. The EDA has previously signed Administrative Arrangements with Norway, Switzerland, the Republic of Serbia and Ukraine enabling them to participate in EDA's projects and programmes.[70] In evidence on 5 December 2017, Professor Prins told us that an Administrative Arrangement would not necessarily result in having influence at the Agency, citing Norway as proof.[71] However, written evidence from ADS, the trade association for the UK Defence industry, suggested that the UK Government ought to seek to negotiate an 'Associate Plus' membership of the EDA which is more substantial than the current Administrative Arrangements with other states. ADS highlighted its belief that:

> Going forward, the EDA will provide an important institutional structure within which the UK can seek to exert its influence on defence and security matters. Since 22 EDA members are also NATO members, continued membership of the EDA will be yet another means of ensuring continued coordination and collaboration with our primary defence alliance. The potential impact of losing participation following Brexit could see a loss of influence over EU defence priorities and activities, both through the EDA and more generally.[72]

42. We deal with the questions arising from the points above in Chapter 5.

70 Written evidence from ADS (DFP0004)
71 Q50
72 Written evidence from ADS (DFP0004)

# 4 Other issues

## Support for UK defence industry post-Brexit

### *Support for pan-European complex supply chains*

43. In its evidence, ADS noted that the decision to leave the European Union has caused "a significant amount of uncertainty throughout industry about what type of future relationship the UK will have with the EU post-2019".[73] The Oxford Research Group also submitted written evidence which questioned the impact of the post-Brexit trade deal on the ability of UK defence industry to collaborate with European partners:

> Considering that the Eurofighter project involved 400 companies across Europe, a post-Brexit trade arrangement that impacts UK access to European supply chains poses serious implications for the UK Government's aspirations.[74]

They suggest that the collaboration of France and Germany on a sixth-generation manned fighter is an indicator of closer alignment between EU member states on the role of future platforms and their resulting capability requirements, which could damage UK interests.[75]

44. When we asked the Minister about the impact of the UK leaving the single market and the customs union, he acknowledged that there were concerns in the UK defence industry.[76] He told us that there were still issues which needed to be worked out:

> My understanding is that equipment or goods that have a military end use are exempt from tariffs anyway and will continue to be exempt post Brexit. From that point of view, the supply chain in the defence industrial arena has nothing to worry about. However, the concern relates to non-tariff barriers, and the bureaucracy that would accompany an exit from the customs union every time a piece of equipment crossed the border. That will need to be thought through as we go forward.[77]

45. However, he did not believe that this would affect the ability of UK defence industry to work collaboratively with European partners.[78] In the Framework slides published in May 2018, the Government suggested that:

> Because of the integration of the European Defence Technological and Industrial Base and the capabilities the UK offers, the UK and EU should ensure that the security partnership supports the effective operation of UK and EU defence companies, does not disrupt complex supply chains and does not disadvantage leading companies with EU-UK ownership.[79]

73 Written evidence from ADS (DFP0004)
74 Written evidence from Oxford Research Group (DFP0005)
75 Written evidence from Oxford Research Group (DFP0005)
76 Q99
77 Q97
78 Q96
79 Department for Exiting the European Union, Framework for the UK-EU Security Partnership, May 2018, Slide 37

### *Research funding*

46. ADS also raised concerns about the provision of research and development funding that UK industry currently receives from the EU.[80] This was an area where the Minister was robust in his support for industry, telling us that:

> Defence research expenditure funded by the Government is not going to dry up—quite the reverse. Our policy as a Government is to maintain a thriving defence research sector. I cannot answer by saying that we would match pound for pound the money lost from central EU coffers, but the importance of defence research will not in any way be diminished by our exit from the EU. … The budget for UK defence research is one of the elements of our current budget planning in the MoD. We had a discussion about that only yesterday on the Defence Board, where it was made very clear to us how fantastic a research sector we have.[81]

## Ability of Parliamentarians to hold the Government to account on the future of the UK-EU security partnership

47. Despite the work carried out by UK Government, UK Parliament, the European Commission[82] and the European Parliament,[83] there is no agreement yet on what the future UK-EU defence and security partnership is likely to look like or any indication of discussions or progress towards that objective. The European Scrutiny Committee recently criticised the Government for its failure to provide clarity on the policy and financial implications of its proposals:

> The Government has not published a draft legal text to operationalise its ambition for an "unprecedented" new foreign policy partnership with the EU, meaning that we cannot say with any certainty what the policy, legal and financial implications for the UK would be if it wanted to maintain close involvement in the EU's foreign policy structures when it ceases to be a Member State.
>
> …
>
> The Government has not provided any detail about the size and scope of the financial contribution it would be willing to make to preserve access to specific EU funding programmes after the end of the post-Brexit financial settlement as currently agreed (which will keep the UK as a participant in EU spending programmes until 31 December 2020). The Government has told us with respect to continued UK involvement in the EU's Framework Programme for Research after Brexit that "all of the necessary arrangements are in place for 31 December 2020. We are confident that the UK will be

80 Written evidence from ADS (DFP0004)

81 Q101–2

82 Speech by Michel Barnier at the EU Institute for Security Studies conference, Internal EU27 preparatory discussions on the framework for the future relationship: "Security, Defence and Foreign Policy" January 2018; European Commission, The future of the EU Foreign, Security and Defence Policy post Brexit, May 2018; Slide on the EU/UK Possible Framework for the Future Partnership Discussions, May 2018

83 European Parliament, Motion for a resolution to wind up the debate on the framework of the future EU-UK relationship pursuant to Rule 123(2) of the Rules of Procedure on the framework of the future EU-UK relationship, March 2018

> ready". We presume the same ambition applies to agreements for other programmes in which the UK wishes to participate after the post-Brexit transitional arrangement ends, such as the European Defence Fund.[84]

Similarly, without an indication of how the Government wants to proceed with its future customs arrangements with the EU, we find that the impact on defence industrial collaboration is difficult to ascertain.

48. Furthermore there are questions about the ability of Parliament to scrutinise Government decisions on these matters. Currently, formal Parliamentary scrutiny of EU decisions is through the European Scrutiny Committee (ESC) which examines papers deposited by the Government. The ESC has, on a number of occasions, expressed dissatisfaction with the Government's engagement on scrutiny of decisions relating to Defence. In September 2015, the Committee concluded that:

> The previous Committee's experience, prior to and after the 2013 December "Defence" European Council, is not encouraging; its final Report on the EU Comprehensive Approach catalogues the previous Government's prevaricating over the timing and location of debates on key documents leading up to DEC 13—one of which (the Defence Implementation Road Map) still remains to be debated. It also catalogues the previous Government's lack of commitment to the depositing of documents that frame the policy debate, thereby continuing to frustrate the Committee's long-standing endeavours to improve "upstream" scrutiny of CSDP, so that it is not presented with policy and legislative faits accomplis.
>
> Regrettably, this continues to be the case. For no good reason, this Annual Report[85] has been adopted prior to being submitted for scrutiny; since it is essentially a record of past activity, we see no way in which this override was unavoidable, and regard the Minister's explanation as pro forma.[86]

The Committee recommended that the relevant documents should be debated on the floor of the House.[87] Later that year, the Committee returned to its recommendations on that annual report, noting that the debate had been held five months later, not on the floor of the House but rather in European Committee.[88]

49. The EU Global Strategy was deposited by the Government on 29 June 2016—the day after the European Council had welcomed the document in its conclusions—thereby not allowing it to be scrutinised by the Parliament in advance of the meeting (known as a 'scrutiny override').[89] In its March 2017 examination of the Implementation Plan on Security and Defence the ESC concluded that one of the general Brexit debates being

84 European Scrutiny Committee, Twenty-sixth Report of the Session 17–19, Documents considered by the Committee on 2 May 2018, HC 301-xxv, para 10.5–8

85 The 2014 Draft Annual report from the High Representative of the European Union for Foreign Affairs and Security Policy which had been submitted for scrutiny after it had been agreed.

86 European Scrutiny Committee, Third Report of session 2015–16, Documents considered by the Committee on 9 September 2015, HC 342-iii, para 6.15–6

87 European Scrutiny Committee, Third Report of session 2015–16, Documents considered by the Committee on 9 September 2015, HC 342-iii, para 6.20

88 European Scrutiny Committee, Twenty fourth Report of Session 2015–16, Documents considered by the Committee on 24 February 2016, HC 342-xxii, para 14.13i

89 European Scrutiny Committee, Ninth Report of Session 2016–17, Documents considered on 20 July 2016, HC 71-vii, para 7.19

scheduled by the Government ought to be focused on foreign and security policy so that the implications of EU decisions on defence co-operation could be examined by the House.[90] According to a Library briefing note, the only debate relating to these issues was the Queen's Speech debate on Brexit and Foreign Affairs, which did not focus on the UK-EU foreign policy, security and defence partnership.[91]

50. Last year's General Election meant that the decision on the Military Planning and Conduct Capability (MPCC) of June 2017 was not subject to Parliamentary scrutiny. In December 2017, the European Scrutiny Committee reported that Government's decision to support PESCO was subject to 'scrutiny override'. In its report it examined both the MPCC and PESCO, drawing the attention of the documents to the Defence Committee and recommending that:

> these Council Decisions be debated on the Floor of the House. That debate should, ideally, cover the launch of PESCO and the MPCC; the broader possibilities for UK-EU cooperation on defence matters after Brexit; and the implications of PESCO and the European Defence Fund for international defence structures outside of the EU framework, in particular NATO.[92]

51. Despite our recommendation to the Minister when he gave evidence to us that such a debate should indeed take place on the floor of the House,[93] the debate was once again scheduled to take place in a European Committee on 26 April 2018. We note that during that debate, the ESC's suggestion that such a debate should have taken place on the Floor of the House was supported by both the shadow Minister and a Government backbencher who is also a member of this Committee.[94] Furthermore, on 17 May 2018, the Minister of State, Department for Exiting the European Union, Lord Callanan, told the House of Lords that it was "important that we have a full debate about these [UK-EU Security Partnership] matters".[95]

## The role of NATO

52. In its September 2017 position paper 'Foreign policy, defence and development: a future partnership paper' NATO was referenced 32 times. However, in its more recent publications — the 'Framework for the UK-EU Security Partnership' published on 9 May 2018 and the 'Technical Note: Consultation and Cooperation on External Security', published on 24 May 2018, NATO was mentioned only once in each.

53. On 29 May, we received a reply from the Secretary of State for Exiting the European Union to questions we had asked about how the Government intended to reconcile the NATO-EU relationship and the UK's role in it. Rt Hon David Davis MP told us that:

> As a permanent member of the UN Security Council, a leading contributor to NATO and the US' closest partner, we have never defined our approach

90 European Scrutiny Committee, Twenty Fourth Report of Session 2016–17, Documents considered on 14 December 2016, HC 71-xxii, para 9.7

91 Brexit debates: June 2016 - December 2017, Briefing Paper CBP-8131, House of Commons Library, December 2017; HC Deb, 26 June 2017, Col. 377

92 European Scrutiny Committee, Seventh Report of Session 2017–19, Documents considered by the Committee on 19 December 2017, HC 301-vii, para 1.13

93 Q122–3

94 European Committee, EU Defence: Permanent Structured Co-operation, 26 April 2018, Col. 8; 16

95 HL Deb, 17 May 2018, Col. 766

> to external security primarily through our membership of the EU. … The UK has a legitimate interest in the evolution of CSDP, its role alongside NATO and in effective EU-NATO cooperation before and after we leave. Greater EU-NATO Cooperation is something the UK has championed for over a decade now, and has never been a lone voice. A good example of the UK's support for this cooperation is Operation ALTHEA [in Bosnia and Herzegovina], which is an important operation for the UK, not least because it is the only one to benefit from the Berlin Plus arrangements. The objectives of this and other EU Operations will remain important to the UK after we leave the EU.[96]

It is clear from evidence we have taken during both this inquiry and our inquiry into UK, US and NATO defence relations,[97] that any decisions made by the UK in relation to the UK-EU Future Defence Partnership after Brexit may have the potential to affect (positively or negatively) UK-US relations, UK-NATO relations and indeed NATO-EU relations.

54. We deal with the questions arising from the points above in Chapter 5.

96 Letter to Chairman from Rt Hon David Davis MP, dated 29 May 2018

97 The indispensable ally? US, NATO and UK Defence relations inquiry

# 5 Conclusions

55. **On the basis of the Government position as set out in the preceding chapters, we conclude and recommend that the Government answer each of the following sixteen questions in detail:**

## Timing and Nature of the Future Partnership

i) **Is it the Government's intention to enter into Future Partnership with the European Union's Defence institutions (a) before the UK leaves the EU in March 2019; (b) before the UK's future economic relationship with the EU has been agreed; or (c) while the Implementation phase of the UK's departure from the EU is still underway? What assessment has the Government made of the potential (i) advantages and (ii) disadvantages of each of these timings?**

ii) **In what respects will the proposed Future Partnership with the European Union's Defence institutions, if achieved as envisaged, differ from the UK's current Defence relationship with the EU or from the continuing participation in those institutions by the remaining members of the EU?**

## CSDP

iii) **Will the Government make a commitment not to deploy UK troops as part of any CSDP operation or mission unless it has been fully consulted—from the time at which the decision to participate has been taken by the UK and agreed by the EU—about the operation's or mission's objectives, the military plans and their execution?**

iv) **Is it the Government's intention to participate in CSDP operations or missions (a) only on a case-by-case basis, and (b) only after a decision taken by the United Kingdom autonomously?**

v) **In which EU exercises over the next 5 years has the UK made a commitment to take part?**

vi) **Have UK personnel or equipment been withdrawn or reduced after previously being committed to any EU exercises in the last 2 years?**

## PESCO

vii) **Is it the Government's intention to participate in any future PESCO projects (a) only on a case-by-case basis, and (b) only after a decision taken by the United Kingdom autonomously?**

viii) **What would be the policy, financial, broader resources and legal implications of the UK taking part in the Dutch-led military mobility PESCO project; what are the outcomes expected to be; and when is it expected to conclude?**

## The European Defence Fund

ix) **If third countries are allowed to engage with the European Defence Fund, will the Government do so only on a "pay and play" basis, or would it be willing to pay an annual subscription?**

x) **With which other EU Defence or other institutions, if any, would the UK have to be associated, if it participated in the European Defence Fund?**

xi) **What discussions, if any, has the Government had to date with UK defence industry about the potential participation in the European Defence Fund?**

## Support for pan-European complex supply chains and research funding

xii) **What model is the Government proposing to ensure that the Future Defence Partnership supports the effective co-operation of UK and EU defence companies; does not disrupt complex supply chains; and does not disadvantage leading companies with EU-UK ownership?**

xiii) **If European nations developed a proposal for collaboration on major defence projects (such as a sixth-generation fighter), on what basis would the Government decide whether or not to take part? Would the potential involvement of the European Defence Fund and the European Defence Agency make the proposition more, or less, attractive?**

## The EU and NATO

xiv) **For what reason is NATO barely referred to in the two most recent documents, namely the 'Framework for the UK-EU Security Partnership' and the 'Technical Note: Consultation and Cooperation on External Security', published on the proposed Future Defence Partnership between the UK and the EU after Brexit?**

xv) **What role does the Government intend to play in the relationship between the EU and NATO, with special reference to any moves to (a) create integrated EU armed forces, and (b) issue security guarantees to non-NATO countries?**

## Parliamentary scrutiny

xvi) **The Government should make a commitment to holding a debate on the floor of the House before agreeing any binding document on a future EU-UK defence and security partnership. Will the Government additionally commit to holding this debate in Government time before the UK leaves the EU in March 2019?**

# Annex A: A brief history of European defence co-operation measures

## The European Defence Community

In 1950 France proposed the creation of the 'European Defence Community' (EDC). This was to consist of a European Army of the countries linked under the European Coal and Steel Community (ECSC),[98] with a single command and common equipment, placed under a supranational control which would also be responsible for funding decisions. The then French Prime Minister René Plevin proposed:

> integrated units at the lowest possible level, a European Minister of Defence, common funding mechanisms, compatibility under the NATO unified Command system, and an invitation to the United Kingdom and other European states to join.[99]

Negotiations began in 1951 with all of the ECSC countries, bar the Netherlands, acting as full participants. Before the treaty establishing the European Defence Community was signed in 1952, the Netherlands, originally holding observer status (alongside Denmark, Portugal and the UK), became a full participant. The treaty was intended to last 50 years and set out the EDC as a supranational organisation with common institutions, armed forces and budget, which would work with NATO, Britain and the US. The EDC was to be governed by a board of nine commissioners which would take instructions from a council of EDC representatives from member states (in which voting was to be proportional to the contribution of a member state's military contribution to the EDC). The structure of the EDC services was to be multinational in terms of logistics and general staffs but national within operational military units.[100]

In 1954 the French Assemblée nationale suspended debate on the treaty and thus failed to ratify it. The EDC was thought to impose too high a cost on the national sovereignty of member states, and concerns were raised over:

> the lack of clear material gains in security commitments or defense resources (especially given the non-participation of the United Kingdom and the United States), and the lack of sufficiently broad or durable coalition of powerful actors to support the EDC treaty through its ratification.[101]

## The Western European Union

In 1948 the UK, France, the Netherlands, Belgium and Luxembourg signed the Brussels Treaty which guaranteed a permanent defence relationship between their governments. Following the French decision to reject the EDC, the signatories of the Brussels Treaty agreed to invite Italy and Germany to join them and in October 1954, the modified Brussels Treaty was signed, establishing the Western European Union. In addition to a Council and an Assembly, significant agencies included:

98 France, West Germany, Italy, Belgium, Luxembourg, and the Netherlands
99 Seth A. Johnston, How NATO Adapts: Strategy and Organization in the Atlantic Alliance Since 1950, p53–4
100 Ibid, p.54–5
101 Ibid, p.78

- Western European Armaments Agency
- Western European Armaments Group[102]
- Institute for Security Studies[103]
- Satellite Centre[104]

The Western European Union relied on NATO to provide military structures and responses to any armed attack but the WEU allowed the 'European Pillar' to engage on defence matters outside the European Community (before the UK's accession in 1973) and NATO's integrated military structure (which France withdrew from between 1965 and 2009).[105] The 1984 Rome Declaration, made by the Foreign and Defence Ministers of the member states of the WEU at a session to mark the 30th anniversary of the modified Brussels Treaty, was generally perceived as a 're-activation' of the WEU as it re-affirmed that the WEU Council could (as originally set out in the modified Brussels Treaty) consider the implications for Europe of crises in other regions of the world. Portugal and Spain became members in 1990 and Greece in 1995. The WEU had Associate Members (Czech Republic, Hungary, Iceland, Norway, Poland and Turkey), Observers (Austria, Denmark, Finland, Ireland and Sweden) and Associate Partners (Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia).[106] In 1992 the Petersberg Declaration stated that the WEU would engage in humanitarian and rescue tasks, peacekeeping, and crisis management tasks, including peacemaking ('Petersberg Tasks').[107] By 1999, most of its activities had been transferred to the EU and the decision was taken in March 2010 to disband the WEU, with effect from June 2011.[108]

## The Maastricht Treaty

In the decades leading up to the Maastricht Treaty in 1992, foreign ministers of European Community countries steadily increased their co-operation on international issues through 'European Political Co-operation'. This involved regular meetings of foreign ministers to coordinate positions on international problems and agree common actions. Later agreements provided for the convening of emergency meetings at the request of three foreign ministers. The Maastricht Treaty in 1992 replaced the European Political Co-operation mechanism with the Common Foreign and Security Policy (CFSP) which set as a goal 'the implementation of a common foreign and security policy including the eventual framing of a common defence policy, which might in time lead to a common defence'.[109] However, member states stopped short of a commitment to a common European Force Structure or coherent pan-European singular doctrine.

102 Functions of both the WEAA and the WEAG were later subsumed by the European Defence Agency
103 Now the European Institute for Security Studies
104 Now SatCen – the European Satellite Centre
105 Egmont – The Royal Institute for International Relations, Death of an institution: The end for Western European Union, a future for European defence?, May 2011
106 http://www.weu.int/
107 LSE European Foreign Policy Unit, Chronology: The Evolution of a Common EU Foreign, Security and Defence Policy, January 2017
108 Egmont – The Royal Institute for International Relations, Death of an institution: The end for Western European Union, a future for European defence?, May 2011
109 Article B, Maastricht Treaty

The Treaty established a council of foreign ministers and allowed them to decide common positions and joint actions, implemented through qualified majority voting. It also allowed the European Commission to initiate proposals and fund CFSP actions.[110] In 1997 CFSP was reformed through the Amsterdam Treaty, incorporating the WEU's 'Petersberg Tasks' into the EU and creating the post of High Representative for CFSP. The Amsterdam Treaty also referred to the possibility of a 'common defence, should the European Council so decide'.[111]

## The Lisbon Treaty

In 2007 the Lisbon Treaty incorporated a number of CFSP elements from earlier treaties but also extended the range of EU defence and security co-operation. The amendments were intended, among other things, to create a greater coherence between the intergovernmental structure relating to CFSP (the European Council and the Council of Ministers) and the supranational structure relating to 'external relations' such as trade, foreign aid and EU enlargement.[112] The Treaty of Lisbon included provisions which:

- created a permanent President of the European Council in order to address the lack of continuity in CFSP caused by the six-month rotating system;
- created the role of the High Representative for Foreign Affairs and Security Policy, combining three previous roles played by the High Representative for CFSP, the foreign minister of the rotating EU Presidency, and the Commissioner for External Relations. The High Representative was directed to chair the Council of Ministers both in its 'Foreign Affairs Council' configuration and also in its Defence Ministers configuration. The new post also had the title Vice-President of the European Commission, demonstrating the bridging role between the European Council, Council of Ministers and the European Commission played by the High Representative. The High Representative was also appointed head of the European Defence Agency;
- created the European External Action Service (EEAS), which was envisioned as a diplomatic service that would support the High Representative in co-ordinating and implementing CFSP. The EEAS was also intended as an institutional merger with a third of its staff coming from the European Commission, a third from the secretariat of the Council of Ministers and a third seconded from the national diplomatic services of the member states;
- expanded the 'Petersberg Tasks' which define the parameters of the Common Security and Defence Policy (CSDP) role in crisis management missions to include "joint disarmament operations, humanitarian and rescue tasks, military advice and assistance tasks, conflict prevention and peace-keeping tasks, tasks of combat forces in crisis management, including peace-making and post-conflict stabilisation. All these tasks may contribute to the fight against terrorism, including by supporting third countries in combating terrorism in their territories";[113]

110 LSE European Foreign Policy Unit, Chronology: The Evolution of a Common EU Foreign, Security and Defence Policy, January 2017
111 European Union External Action Service, Shaping of a Common Security and Defence Policy, July 2016
112 Congressional Research Service, The European Union: Foreign and Security Policy, April 2013
113 Article 28B, Treaty of Lisbon

- established the concept of Permanent Structured Co-operation (PESCO) which was intended to act as a mechanism allowing EU member states to enter into binding commitments in the area of defence, co-ordinated by the EDA and using EU institutions, instruments and budgets to develop joint defence capabilities and increase member state defence capacity;
- established the flexibility mechanism of allowing a group of member states (a minimum of two) to implement CFSP/CSDP tasks on behalf of the EU. Any tasks would have to be unanimously agreed by member states and would be under the political control of the Political and Security Committee but the planning and control of the operation would be carried out by the member states entrusted with implementing the tasks;
- extended the concept of 'enhanced co-operation' to CFSP;[114]
- introduced the mutual assistance and solidarity clauses. The mutual assistance clause obliged member states to provide aid and assistance should a member state be the victim of armed aggression (notwithstanding the 'specific character of the security and defence policy of certain member states'). The solidarity clause required joint action in solidarity if a member state were the object of a terrorist attack, or the victim of a natural or man-made disaster;
- stipulated that the European Defence Agency (EDA) would contribute to a regular assessment of the contributions of member states, providing assistance in the development of Capability objectives and evaluation of whether those objectives have been met (This has generated a series of Permanent Monitoring and Analysis Assessments, published by the EDA, focussed on national capabilities and capacities and emerging pan-EU cooperation programmes);
- called for the definition of a European capabilities and armaments policy; and
- extended the use of Qualified Majority Voting (QMV) under certain conditions. In relation to CSDP, QMV is provided for use in relation to the European Defence Agency and PESCO.[115]

The Treaty of Lisbon also renamed what had previously been referred to as European Security and Defence Policy as the Common Security and Defence Policy (CSDP).

## European Council December 2013

In December 2013, the European Council focused on defence. The European Commission produced a communication[116] in the lead up to the summit which was amended by heads of state and government during the Council meeting as a number of member states

114 Enhanced co-operation was a mechanism to allow a minimum of nine member states to proceed on an area of co-operation within an area of the EU's shared competence should there be a block to the EU proceeding as a whole

115 European Commission Directorate-General for External Policies, The Lisbon Treaty's provisions on CFSP/CSDP, October 2015

State of implementation, October 2015; European Union External Action Service, Shaping of a Common Security and Defence Policy, July 2016; Congressional Research Service, The European Union: Foreign and Security Policy, April 2013

116 European Commission, Towards a more competitive and efficient defence and security sector, July 2013

(in particular the UK) were concerned that it imposed a supranational element on an inter-governmental area. The then Prime Minister, David Cameron, cited the section on 'Development of capabilities',[117] which included the proposal that:

> The Commission will work with the EEAS on a joint assessment of dual-use capability needs for EU security and defence policies. On the basis of this assessment, it will come up with a proposal for which capability needs, if any, could best be fulfilled by assets directly purchased, owned and operated by the Union.[118]

The European Council conclusions related to defence contain references to capability development which highlight that capabilities were both owned and operated by member states.[119] During the summit, decisions were made on the following defence issues:

### *Increasing the effectiveness, visibility and impact of CSDP.*

The Council:

- emphasised the need to improve the EU rapid response capabilities and the system of financing EU missions and operations;
- called for an EU Cyber Defence Policy Framework; an EU Maritime Security Strategy; increased synergies between CSDP and other areas to tackle horizontal issues (such as illegal migration, organised crime and terrorism); progress in developing CSDP support for third states and regions to improve border management; further strengthening co-operation in tackling energy security challenges; and
- invited the High Representative to assess the impact of changes in the global environment.

### *Enhancing the development of capabilities.*

The Council:

- welcomed EDA-supported projects delivering key capabilities and addressing critical shortfalls on development of RPAS, Air-to-Air refuelling, Satellite Communications, and Cyber;
- invited the High Representative to put forward a policy framework to foster more systematic and long-term co-operation in defence planning;
- welcomed existing co-operative models (such as the European Air Transport Command);
- welcomed the progress in cooperation through the EDA's Code of Conduct on Pooling and Sharing; and

117 Prime Minister's press conference at European Council, 20 December 2013
118 European Commission, Towards a more competitive and efficient defence and security sector, July 2013
119 European Council, Conclusions, December 2013

- called for the enhanced development of civilian capabilities and full implementation of Civilian Capability Development Plan.

### *Strengthening Europe's Defence Industry.*

The Council:

- stressed the need to develop further the necessary skills identified as essential to the future of the European defence industry;
- noted the intention of the Commission, in co-operation with the High Representative and the EDA to develop a road map for the implementation of the Commission communication 'Towards a more competitive and efficient defence and security sector';
- stressed the importance of the implementation and application of the two 2009 EU directives on defence;
- invited member states to increase investment in co-operative research programmes, welcomed the Commission's intention to evaluate how research under the Horizon 2020[120] R&T support programme could benefit security and defence industrial capabilities and invited the Commission and EDA to work with member states to develop proposals on stimulating dual use research including a Preparatory Action on CSDP-related research to explore the potential of a European research programme, which could cover both security and defence;
- requested that the Commission and EDA report to Council by mid-2014 on a roadmap for the development of defence industrial standards, and, with member states, on options for lowering the costs of military certification;
- underlined the importance of cross-border market access for SMEs and welcomed the Commission proposals to promote greater access of SMEs to defence and security markets; and
- welcomed the EDA's adoption of an enhanced Framework Arrangement on Security of Supply called for the development of a roadmap on a comprehensive EU-wide Security of Supply regime.

In its conclusions, the European Council announced that it would return to this issue at the June 2015 summit. At that 2015 summit, the High Representative was tasked with producing a new Foreign and Security Strategy (which became the EU Global Strategy). The Council conclusions also agreed that the Council would "keep security and defence policy regularly on its agenda".[121]

120 Horizon 2020 is the EU framework research and innovation programme for the multi-annual financial framework 2014–2020. It is a fund of almost €80 billion which supports European research projects.

121 European Council, Conclusions, June 2015

# Annex B: List of UK military relations with EU member states

| Country | Types of arrangements entered into by HMG and country (i.e. MoU, Treaty etc) | Number of UK Defence staff based in the country (excluding NATO HQ and installations) | Number of UK Defence staff based at NATO HQ and installations in the country | Number of UK |
|---|---|---|---|---|
| Austria | Defence Contacts & Co-operation | <5 | - | - |
| Belgium | | 30 | 255 | - |
| Bulgaria | Agreement for Cooperation between the Ministry of Defence of the Republic of Bulgaria and the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland | <5 | <5 | - |
| Croatia | Memorandum of Understanding between The Ministry of Defence of the Republic of Croatia and The Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland on the Enhancement of Bilateral, Defence and Security Cooperation | <5 | - | - |
| Cyprus | Bilateral Defence Co-operation Programme (first signed in 2016 and renewed annually) | <5 | - | - |
| Czech Republic | Memorandum of Understanding between the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland and the Ministry of Defence of the Czech Republic concerning the establishment of a British Military Advisory Training Team for Central and Eastern Europe | <25 | <5 | * |
| Denmark | 2012 MOU on the Enhancement of Bilateral Defence and Security Co-operation | <5 | - | - |

| | | | | |
|---|---|---|---|---|
| Estonia | 1998 MOU on Programme of Bilateral Military Contacts | <5 | <5 | - |
| Finland | Framework Arrangement for British-Finnish Defence Co-operation | <5 | - | - |
| France | Chequers Declaration 1995.<br><br>UK-France Treaty on mutual protection of classified information 2008<br><br>Lancaster House Treaty 2010<br><br>Teutates (Joint Nuclear Testing Facility) Treaty 2010<br><br>Biennial Summit Road Maps (Brize Norton 2014, Amiens 2016, Sandhurst 2018) | 60 | 10 | - |
| Germany | Agreement concerning the Mutual Protection of Protectively Marked Information<br><br>Joint Vision Statement - Pending | 50 | 140 | - |
| Greece | | <5 | <5 | - |
| Hungary | | 0 | - | - |
| Italy | Cooperation in the field of Defence Materiel | <5 | 165 | - |
| Ireland | MOU for Defence Co-operation–19 Jan 2015<br><br>Action Plan for Defence Co-operation | 15 | - | - |
| Latvia | Enhancement of bilateral defence and security co-operation | <5 | <5 | - |
| Lithuania | Cooperation in the Field of Defence and Military Relations | <5 | <5 | - |
| Luxembourg | | 0 | - | - |
| Malta | | 0 | - | - |
| The Netherlands | Joint Vision Statement–17 June 2017 | 20 | 115 | - |
| Poland | 2017 Defence Co-operation Treaty | <5 | <5 | - |

| | | | | |
|---|---|---|---|---|
| Portugal | Memorandum of Understanding–Defence Co-operation | <5 | 15 | - |
| Romania | Joint Declaration on Defence Relations | <5 | <5 | - |
| Slovakia | Defence Material Co-operation | 0 | - | - |
| Slovenia | Defence Contacts and Co-operation | 0 | - | - |
| Spain | Defence Materiel Co-operation | 5 | 15 | - |
| Sweden | Statement of Intent<br><br>Programme of Defence Cooperation | <5 | - | - |

# Formal minutes

## Tuesday 5 June 2018

Members present:

Rt Hon Dr Julian Lewis, in the Chair

| | |
|---|---|
| Leo Docherty | Mrs Madeleine Moon |
| Martin Docherty-Hughes | Gavin Robinson |
| Rt Hon Mr Mark Francois | Ruth Smeeth |
| Graham P Jones | Rt Hon John Spellar |
| Johnny Mercer | Phil Wilson |

Draft Report (*The Government's proposals for a future security partnership with the European Union*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 55 read and agreed to.

Annexes agreed to.

Summary agreed to.

*Resolved*, That the Report be the Sixth 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, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 12 June at 10.45am

# Witnesses

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

| Tuesday 5 December 2017 | *Question number* |
|---|---|
| **Sophia Besch,** Centre for European Reform, **Professor Gwythian Prins,** Academic Board member of Veterans for Britain, and **Lord Peter Ricketts GCMG GCVO,** former Ambassador to NATO and National Security Adviser | Q1–61 |

| Tuesday 6 February 2018 | |
|---|---|
| **Nick Gurr,** Director of International Security Policy, Ministry of Defence and **Rt Hon Earl Howe,** Minister of State for Defence | Q62–123 |

# Published written evidence

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

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

1 ADS (DFP0004)

2 Ministry of Defence (DFP0006)

3 Ministry of Defence (DFP0007)

4 Oxford Research Group (DFP0005)

5 Professor Gwythian Prins (DFP0001)

6 Professor Gwythian Prins (DFP0003)

7 Strategic Defence Initiatives UK (DFP0002)

# 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 2017–19

| | | |
|---|---|---|
| First Report | Gambling on 'Efficiency': Defence Acquisition and Procurement | HC 431 |
| Second Report | Unclear for take-off? F-35 Procurement | HC 326 |
| Third Report | Sunset for the Royal Marines? The Royal Marines and UK amphibious capability | HC 622 |
| Fourth Report | Rash or Rational? North Korea and the threat it poses | HC 327 |
| Fifth Report | Lost in Translation? Afghan Interpreters and Other Locally Employed Civilians | HC 572 |
| First Special Report | SDSR 2015 and the Army | HC 311 |
| Second Special Report | Armed Forces Covenant Annual Report 2016 | HC 310 |
| Third Special Report | Investigations into fatalities in Northern Ireland involving British military personnel: Government Response to the Committee's Seventh Report of Session 2016–17 | HC 549 |
| Fourth Special Report | Gambling on 'Efficiency': Defence Acquisition and Procurement: Government Response to the Committee's First Report | HC 846 |
| Fifth Special Report | Unclear for take-off? F-35 Procurement: Responses to the Committee's Second Report | HC 845 |
| Sixth Special Report | Sunset for the Royal Marines? The Royal Marines and UK amphibious capability: Government Response to the Committee's Third Report | HC 1044 |