

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

European Committee A

## EU DEFENCE: PERMANENT STRUCTURED CO-OPERATION

*Thursday 26 April 2018*

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**The Committee consisted of the following Members:***Chair:* MR PETER BONE

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| † Ali, Rushanara ( <i>Bethnal Green and Bow</i> ) (Lab)    | † Lewer, Andrew ( <i>Northampton South</i> ) (Con)                 |
| † David, Wayne ( <i>Caerphilly</i> ) (Lab)                 | McDonald, Stewart Malcolm ( <i>Glasgow South</i> ) (SNP)           |
| † Debbonaire, Thangam ( <i>Bristol West</i> ) (Lab)        | † Morton, Wendy ( <i>Aldridge-Brownhills</i> ) (Con)               |
| † Docherty, Leo ( <i>Aldershot</i> ) (Con)                 | † Streeting, Wes ( <i>Ilford North</i> ) (Lab)                     |
| † Francois, Mr Mark ( <i>Rayleigh and Wickford</i> ) (Con) | † Syms, Sir Robert ( <i>Poole</i> ) (Con)                          |
| † Fysh, Mr Marcus ( <i>Yeovil</i> ) (Con)                  | † Trevelyan, Mrs Anne-Marie ( <i>Berwick-upon-Tweed</i> )<br>(Con) |
| † Green, Kate ( <i>Stretford and Urmston</i> ) (Lab)       |  |
| † Hair, Kirstene ( <i>Angus</i> ) (Con)                    | Gail Bartlett, <i>Committee Clerk</i>                              |
| † Jones, Darren ( <i>Bristol North West</i> ) (Lab)        |  |
| Jones, Graham P. ( <i>Hyndburn</i> ) (Lab)                 |  |
| † Lancaster, Mark ( <i>Minister for the Armed Forces</i> ) | † <b>attended the Committee</b>                                    |

## European Committee A

*Thursday 26 April 2018*

[MR PETER BONE *in the Chair*]

### EU Defence: Permanent Structured Co-operation

11.30 am

**The Chair:** Before we begin, I will outline the procedure in a European Committee. First, a member of the European Scrutiny Committee may make a statement, for no more than five minutes, on that Committee's decision to refer the documents for debate. The Minister will then make a statement for up to 10 minutes. Members of this Committee may not make interventions during either statement. Questions to the Minister will follow. The total time for the Minister's statement and the subsequent question-and-answer session is up to one hour. The Minister will then move the motion and a debate will take place. We must conclude our proceedings by 2 pm. Does a member of the European Scrutiny Committee wish to make a statement?

**Mr Marcus Fysh (Yeovil) (Con):** It is a pleasure to serve under your chairmanship, Mr Bone, and to introduce the debate. As my right hon. Friend the Prime Minister has repeatedly said, our exit from the European Union does not have to change the UK's commitment to the defence and security of the European continent. We will still have advanced military capabilities, and NATO membership remains a crucial element of our foreign policy. However, Brexit will necessarily have an impact on the way we approach defence co-operation with the EU27. We are leaving the EU's common foreign and security policy and, with it, the European Defence Agency and other EU structures aimed at a more coherent approach to defence by the EU's member states.

The most significant development in defence co-operation among EU countries has been the recent launch of permanent structured co-operation. PESCO is a voluntary mechanism under which 25 member states have agreed to make mutual commitments to increase their defence spending and improve their military capabilities through 17 different projects. Those commitments, which have political force but are not legally binding, range from facilitating transport of troops and matériel across national borders to training centres for military personnel. The list of projects will be updated each year in November and may even include major joint armaments acquisitions in the future.

The EU is also in the process of establishing a European defence fund. Financed by the EU budget, it will fund research and development in respect of military technology and provide a favourable co-financing rate for PESCO projects with an industrial component.

The UK, alongside Malta and Denmark, has not joined PESCO. However, the European Scrutiny Committee considered the launch of PESCO to be of major political importance, as it is an important step in the development of the EU's post-Brexit approach to defence matters.

Moreover, the Government have been clear that they want to be able to participate, at their own request, in specific PESCO projects where they consider that a particular workstream would benefit the UK or its defence industry. Notable in that regard is an initial project to facilitate military mobility within the EU by removing customs barriers and improving dual-use transport infrastructure. Decisions on the arrangements for third-country participation in PESCO and on the restrictions on European defence fund funding for British companies after Brexit are expected by the end of this year.

The other EU development that we are here to consider is the establishment of a new military planning and conduct capability unit. The MPCC, established last June, created centralised command of the EU's existing and future non-executive—that is, advisory—military missions for the first time. The MPCC will be the permanent out-of-area command and control structure at military strategic level for such missions. It will be responsible for the operational planning and conduct of non-executive missions, including the building up, launching, sustaining and recovery of EU forces. At present, the MPCC oversees only EU training missions in Somalia, the Central African Republic and Mali; they employ a small number of UK secondees. The MPCC, which the Government could have vetoed but did not, is under the control of the Political and Security Committee, on which only EU member states are represented.

The European Scrutiny Committee has recently published a number of reports on these developments in EU defence co-operation. Given the impact that unified EU-level defence structures such as PESCO and the MPCC could have for UK foreign policy priorities, including the primary role of NATO, we believe that they deserve wider consideration by the House. PESCO could be seen as a first step towards the common European defence foreseen by the Lisbon treaty. Similarly, the MPCC could be extended to executive EU military operations at a later stage and it is possible that it could even form the basis for a future EU operational headquarters. The implications of such a development would deserve very careful consideration.

As regards the future of the common security and defence policy more generally, the UK's withdrawal from the EU means that the Government will soon lose the institutional representation that allows it to influence and—where necessary—block the strategic direction of EU defence policy. Nevertheless, the Government will clearly retain a strong interest in the EU's activities in this area. That is shown by not only the Government's interest in participating in PESCO but in their offer to make ad hoc contributions to specific EU military missions after Brexit, the participation by the UK defence industry in projects that will be funded from the EU's new defence fund, and the importance of continued UK access to the military applications of the Galileo satellite navigation project.

The EU27 have repeatedly recognised the need for continued co-operation on security matters, given the UK's substantial military capability, and negotiations on a new treaty on security co-operation are likely to start soon—

**The Chair:** Order. That is a very good point for me to interrupt the hon. Gentleman, who has run over time. I call the Minister to make the opening statement.

11.36 am

**The Minister for the Armed Forces (Mark Lancaster):**

It is a pleasure to serve under your chairmanship, Mr Bone. With up to an hour available for this part of our proceedings, I sense I will not run over time.

The Government welcome the debate and the keen interest shown in European security matters by the Committee. In particular, we value the Committee's expertise in shedding light on the future security direction of the EU, not least through its most recent report. The Committee has noted that, as the UK negotiates its withdrawal as a member state, the EU is creating further military and bureaucratic structures in defence and security; I will address those structures in detail later. However, our overall approach is clear. In Munich, the Prime Minister said that our security at home is best advanced through global co-operation, and working with institutions that support that co-operation, including the EU.

Europe remains our continent; Europe's security is our security. The challenge is finding the best way to work together through a deep and special partnership, not only retaining the co-operation that we have had to date but developing it to meet future needs. To that end, we have three priorities. First, we must work together to tackle shared threats. Those threats are pressing; they respect neither borders nor the niceties of administrative negotiations. Last month's terrorist incident in Carcassonne reminded us once more of the horrors of extremism and the nerve agent attack on the streets of Salisbury showed a renewed determination by aggressor states, like Russia, to violate international norms.

European nations face not only escalating threats but threats that are connected in sinister fashion, so it is in our mutual interest to work together with the EU and others across all areas, including intelligence-sharing, counter-terrorism and on operations. Right now, more than 4,000 UK personnel are deployed on 21 operations in 25 countries across the world. Many are involved in operations that support the EU's common security and defence policy. Operation Atalanta is successfully combating piracy off the coast of Somalia and Operation Sophia is tackling people-smuggling and illegal migration in the Mediterranean. There are also EU operations in Moldova, Georgia, Ukraine, Kosovo, Gaza and, of course, Africa. The training missions in Somalia, which I visited the week before last, in Mali and in the Central African Republic are cited in the motion that we will be debating. They complement the work that the UK is already undertaking in Africa, training 22,000 people to fight Boko Haram in Nigeria, combating human trafficking in Ethiopia, Eritrea and Kenya, and supporting France in combating extremism in the Sahel.

In a 21st-century world of increasingly complex threats, we need to continue to work closely with partners and allies. That is why, as the Committee's report notes, the Government is seeking a close relationship between the UK and CSDP after we leave the EU. It is positive that the EU has expressed a desire to establish that new relationship as soon as possible. A partnership that respects both the decision-making autonomy of the European Union and the sovereignty of the United Kingdom is fully achievable.

We need not only to strengthen our operational output, but to improve our capabilities. Our long and successful history of technological collaboration with European

partners must not stall. It is a massive stimulus to Europe's competitiveness and capability, and supports tens of thousands of jobs across the continent. We are working together on a range of complex weapons projects, from A400M to Meteor through to Typhoon. Typhoon is a good example of European co-operation, a partnership between the UK, Germany, Italy and Spain that sustains 100,000 skilled jobs across Europe and has generated £15 billion in exports outside the EU.

Moreover, the UK brings a huge amount to the table: extensive operational experience, high-end capabilities, competitive industry and a large defence market that is one of the most open and competitive in the world. As well as having the largest defence budget in Europe, the UK spends 40% of the continent's total defence research and development expenditure. Greater co-operation can put the UK and European defence industry in the best place to compete in the global market.

To make progress with that collaboration, we must keep open the option of working together in the European Defence Agency and through the European defence fund, but existing models of EU collaboration with third countries in the defence field are not designed to deal with a relationship of the depth we have and wish to maintain. We continue to explore options for how to develop joint capabilities. Such capabilities must, of course, fully complement other co-operative programmes, particularly those in NATO.

That brings me to my third priority, which is to ensure that whatever we agree with our European partners is in full alignment with NATO. Of the EU's member states, 22 are also members of NATO, the most powerful alliance of modern times, which remains the cornerstone of UK and Euro-Atlantic defence and security. In recent times we have redoubled our efforts on behalf of the alliance. We are defending our eastern European allies in Estonia and Poland, policing Black sea skies and leading maritime missions across the globe. Yet, as we head toward the NATO summit in July, we must keep up the pressure on other EU member states to keep investing in NATO, and keep pressing for its structures to be streamlined so they can deploy forces quickly. In particular, each institution has tools that can complement the other, and we want to see them doing more together, be that on cyber-capabilities or on counter-terrorism. We believe the best way to encourage and deliver EU-NATO cooperation is to continue to engage fully in its development, both as a proactive NATO ally and while we remain an EU member state. That is why the Government welcome the addition of military mobility as an area of NATO-EU co-operation last December, and the European Defence Agency's recent roadmap recommendations for the way forward.

That brings me back to the administrative structures we are considering today. After next March, the UK will no longer have veto rights or automatic representation at EU meetings. That is as it should be—a natural consequence of our taking back control of our own affairs. It is for the EU at 27 to decide what direction it wishes to take. PESCO has been driven forward as the centrepiece of the EU's global strategy since 2016 by our French, German, Italian and Spanish colleagues. The UK position has consistently been to welcome that initiative as long as it results in driving up defence investment in Europe and developing the capability Europe needs for its own security. Moreover, our position has always been that we want to see PESCO develop in

[Mark Lancaster]

a way that is fully coherent with NATO and open to third country participation where there is a clear value in doing so—including for the UK and our defence industry. The UK is leaving the EU and we will not be part of a more integrated EU defence structure in the future. None the less, for the reasons I have given, it is in the UK's national interest to continue to collaborate with our European partners. That may mean joining PESCO projects, not as a full member but as a third country.

The extent of our interest remains to be seen. PESCO is still very much in development. At present it is a political framework based on binding commitments that allows groups of participating member states to propose and pursue specific defence capability initiatives and projects. We have relatively little sense of whether PESCO will emerge as something substantial. For the moment, its focus is on capabilities, which makes sense, rather than operations, which would raise more complicated issues about its relationship to CSDP and, more widely, to NATO.

A Council decision on third state participation in PESCO is expected later this year. The UK will be fully involved in negotiations, and we will keep Parliament fully informed of developments. In doing so, we will remain fully alert to the risk of setting up EU structures that risk duplicating work that NATO is already doing. That is why we will continue to oppose the military planning and conduct capability becoming an operational headquarters in charge of executive—non-training—operations.

In conclusion, let me restate the key elements of the Government's approach to the CSDP. Until 29 March 2019, the UK will be an EU member state, and as such will remain a full participant in the EU's defence-related activities. Our task now is to find the best way to work together in the future. We believe that that will be easier if the EU does not create unnecessary duplication of NATO, and under no circumstances will the UK surrender the sovereignty of our armed forces. To reference the Prime Minister's Munich speech again, those who threaten our security would like nothing better than to see us putting debates about mechanisms and means ahead of practical and effective action to keep our people safe.

We want quickly to agree a deep and special relationship on defence and security issues that respects both the decision-making autonomy of the European Union and the sovereignty of the United Kingdom. The Government believe that that is fully achievable—a view shared by leaders from across the EU, who have expressed their confidence that the UK-EU partnership will strengthen NATO as well. That is enormously encouraging. Together we are opening up an historic opportunity to renew and refresh not only our historic partnership with Europe but our network of alliances and friendships across the world.

**The Chair:** We now have until 12.36 pm for questions. We will start with the shadow Minister's initial questions.

**Wayne David (Caerphilly) (Lab):** It is a pleasure to serve under your chairmanship, Mr Bone. My first question is essentially a procedural question. The European Scrutiny Committee has done us all a service by forwarding us its documents for deliberation. However, as I understand it, the Committee quite rightly said that the documents

are “politically important” and did not clear them for scrutiny, instead referring them to the Floor of the House. Does the Minister agree that these are such important subjects that, although we are having a discussion today, we should take this discussion forward and, before too long, have a real and meaningful debate on the Floor of the House on these important subjects?

This discussion is about the nature of the defence relationships that will be in place when we leave the European Union. Essentially, I want to extract from the Minister some clearer indications of what the Government hope to achieve in negotiations with our European partners during the all-important next few months.

We have had plenty of warm words from the Government on what the relationships should be with our European partners and the EU's developing military and defence architecture. For example, in the “Foreign policy, defence and development” document, the Government stated that the new relationship must go beyond any existing third-country arrangements with the EU and must be “unprecedented in its breadth, taking in cooperation on foreign policy, defence and security, and development”.

Those are indeed fine words, but other than a generalised statement of intent, what precisely are the Government's priorities in the negotiations over the next few months? What does it mean in practice?

We know that the Government quite rightly see NATO as at the centre of our defence relationships, but as the European Scrutiny Committee has said, although the UK has not been a part of PESCO, the Government have expressed a clear interest in safeguarding their ability to participate in projects of mutual benefit under the umbrella of PESCO. As a non-EU state, the UK will lose the ability to request participation in specific aspects of PESCO operations. Denmark and Malta will have that facility, but it will not be available to the UK. How do the Government intend to grapple with that situation? Clearly, it will be unsatisfactory, given the Government's objective.

Following on from that, the NATO Secretary-General, Jens Stoltenberg, has welcomed PESCO's launch and said that it will “strengthen European defence”. At the same time, he correctly emphasised the need for complementarity between the work of NATO and of the EU's developing defence architecture. If Britain is excluded from any form of participation in PESCO, and given Britain's important role in NATO, surely Brexit could pose a real difficulty for creating the complementarity that Jens Stoltenberg wishes to see.

The European Scrutiny Committee has rightly said that it will follow the negotiations on the new European defence industrial development programme—the EDIDP. Given that they will not begin until January 2019, will UK industry benefit in any way from the existing arrangements, or is it solely dependent on future negotiations?

On industry, can the Minister update us on what is happening about our future participation, or lack of it, in Galileo? There has been a lot of press reportage on that, and I am sure the Minister has seen the leader in today's *Times*. It is a very important issue and I would welcome some clarity on what the Government hope to achieve and how they will seek to achieve that. *The Times* also reports today that Airbus and the French company Dassault Aviation are seeking to co-operate on the development of the next generation of combat aircraft. I welcome the announcement of the Government's combat

air strategy, and I invite the Minister to speculate about what yesterday's announcement means for BAE Systems and what the Government will do to ensure that that kind of transnational co-operation will not be impeded by our leaving the European Union.

Much defence industrial co-operation happens through a framework of intergovernmental co-operation. Can the Minister indicate whether there will be an increase in the number of contracts issued under the Organisation for Joint Armament Co-operation—OCCAR? We have recently seen some controversy about the mechanised infantry vehicle being agreed under that arrangement. Are we likely to see an increase in the number of such arrangements under OCCAR?

My next question relates to the military planning and conduct capability unit—

**The Chair:** Order. I am sorry to interrupt.

**Mark Lancaster:** I feel slightly overwhelmed.

**The Chair:** I expect, Minister, that you will get inspiration shortly. It is fair enough to let the shadow Minister put his questions, and you can reply when you feel refreshed.

**Mark Lancaster:** I am used to taking one or two questions at a time.

**Wayne David:** I will get on to the really difficult ones after.

**The Chair:** Should the shadow Minister carry on now, Minister, or do you want to answer some of the questions?

**Mr Mark Francois (Rayleigh and Wickford) (Con):** On a point of order, Mr Bone. I used to serve on this Committee back in the day. I seem to remember that the format was that hon. Members asked one question at a time. Perhaps the world has moved on, but the hon. Member for Caerphilly might be better off asking his questions in more digestible packages, so he could get better answers.

**The Chair:** That probably is a point of order. The answer is that the shadow Minister is in order, because I have the discretion to take the whole series in one go. I thought that would be quicker for the Committee, but if we want to slow it down, I can add an extra half an hour for questions on to the end. If we would prefer to do it that way, and the Minister would like to respond to questions individually—

**Mark Lancaster:** No; I sense that the hon. Member for Caerphilly is coming to the end of his questions.

**The Chair:** I am not sure he is.

**Wayne David:** May I be helpful? I have asked a number of detailed questions and I have quite a few more detailed questions to ask. Might it be easier, and reflect the mood of the Committee, for the Minister to respond to the questions I have asked before I carry on?

**The Chair:** Yes; Minister, please respond if you would like to.

**Mark Lancaster:** I have limited capacity, as we all recognise, but I will do my best. The first question was whether this subject would be better taken on the Floor of the House. I simply defer to the Whips and say that it

is matter for the usual channels—I am sure they have noted the shadow Minister's desire, which will be discussed elsewhere.

In effect, the next question asked for the Government's vision. I recognise the hon. Gentleman wrote his questions before listening to my opening statement, but I think the opening statement pretty much outlined the Government's vision. I will summarise it by saying that we would like a unique third-country partnership, enabling unprecedented levels of practical co-operation, to tackle common threats built on shared values and threats. As we move forward through what will be the negotiation period, we will begin to bottom-out some of that.

The first series of mini-questions revolved around PESCO. As I said in my opening statement, the UK did not join PESCO at a political level, but we are keen to collaborate at project level. We will negotiate that with the EU. We are particularly keen that we want that to develop in ways that are coherent in NATO. It is interesting to watch PESCO's evolution. Originally, it was intended by a small group of forward leaning European nations to have the ability to move projects forward quickly. It will be interesting to see whether the fact that almost everybody has now joined PESCO defeats the object, which was to allow a fast-moving organisation. We will watch that with interest.

<sup>1</sup>We are clear that PESCO should strengthen the relationship with NATO and promote an open and competitive European defence industry from which the UK will potentially benefit. As the hon. Gentleman knows, 17 projects have been proposed. We are particularly interested in the Dutch-led infrastructure project. By way of reassurance, shortly before Christmas I attended the northern group meeting in Helsinki. As Committee members know, the northern group is a group of like-minded nations, some of whom are EU members, some of whom are NATO members and some but not all of whom are members of both. There is a very healthy discussion about the Dutch-led proposals for infrastructure.

It is in the UK interest that we can move our military assets around Europe. That is a good example of where the UK would be keen to participate. It is in both our interest and NATO's interest. I am very pleased that the response at the latest council meeting of PESCO in March, where they reaffirmed those 17 projects, was that they were keen that there should be third-party contributions to individual projects. They are looking very carefully at how we and others could be involved. I find that promising—I am not concerned at this stage. We will look carefully at how we begin to move that forward.

The hon. Gentleman touched on the European Defence Agency. In general terms it is important to remember that during the transition period, we remain members of both the EDA and the EDF. We are keen to continue involvement. I was in Munich listening to the Prime Minister's speech when said clearly that she wanted the UK to maintain access to both the EDA and the EDF. Exactly what form that will take we will negotiate over the next six months. The Committee should be encouraged by the European Council's negotiating guidelines. They were very clear that:

“The EU stands ready to establish partnerships in areas unrelated to trade, in particular the fight against terrorism and international crime, as well as security, defence and foreign policy.”

[Mark Lancaster]

That is a clear statement of intent by the European Union that, as we move forward, it is keen for countries such as us to look carefully at how we can work together. We have a unique status: we will be the only third party to the EU that is a former member. I think there are still tremendous opportunities.

On Galileo, our preference is to remain part of the programme, but we reject the EU position that once we leave there will be security implications for the UK. Following discussions with European colleagues, it is clear that there is not a universal view across Europe that the UK should be excluded from the programme. It is clear to me that our not being part of it would add enormous cost and delay to the project, which would not be in the interest of our European allies. We continue to negotiate the position, but if we get to a point where it is clear that we will not have some of the security benefits of being part of the programme, we shall look to do other things. We are not at that point. From my discussions with European colleagues, I think we still have a strong negotiating position, and we shall see what happens over the next few months.

Equally, we continue to consult ADS Group and other industry bodies. As the hon. Gentleman will have heard me say in my speech, the UK contributes more than 40% of the European R&D budget. I get slightly frustrated in sittings of European Committees when we discuss things as if the UK is in an incredibly weak bargaining position. We are a major contributor to European defence in both budgetary and physical terms.

It is interesting that, once we leave the EU, when it comes to enhanced forward presence, it will be a UK-led battlegroup delivering European security in Estonia. It will be a US battlegroup—also a non-EU member—delivering the enhanced forward presence in Poland, with the contribution of a squadron of Light Dragoons. We should not underplay how it is in the European interest for us to continue to be a part of many of the programmes in question, particularly when it comes to industry. We need only look at the success of Meteor, Typhoon and A400 to realise that it is in everyone's interest that we continue to participate. I am not the pessimist that so many people seem to be when we discuss such things. I am forever an optimist and remain convinced that, at the end of the process and after our departure, we shall achieve our vision of a unique third-party status in working with the European Union.

I have done my best to answer a long list of initial questions.

**The Chair:** Shadow Minister, you were just getting going.

**Wayne David:** I thank the Minister for his responses. It is heartening to hear a positive approach to the negotiations rather than the tub-thumping that is occasionally heard from other Ministers in negotiations, or the idea that Britain can divorce itself and have no positive relationship with our European partners. I suspect that that is what some Conservative Eurosceptics want. I am encouraged by his rational, positive approach. He is right to say that a new, positive relationship between us and our former European partners is in everyone's best interest. We need to recognise that, and I am glad that the Minister apparently does.

I want to pursue a point he made about Galileo. It is important and is a major employer in this country. We led the way in developing the technology. I am concerned because, from what I have been told, it appears that the European Commission was under the impression that the British Government did not feel that strongly when clearly they do, and that they did not formally communicate at an early stage that they wanted participation to continue. Will the Minister comment on that observation and can he confirm that doing our own thing, as one might put it, would clearly be nowhere near as good as maintaining the co-operation in the Galileo programme that we all want and that is to everyone's benefit?

**The Chair:** This might be a good point for the Minister to respond, but Galileo is slightly outside the scope of what we should be talking about, so perhaps he can do so briefly.

**Mark Lancaster:** I am not going to comment on speculation—that is the second time the hon. Gentleman has invited me to do so—and nor do I automatically believe everything I read in the press. I was fairly clear about our aspirations for Galileo. We have made it clear that we would like to stay part of the programme but, to be absolutely clear, if the restrictions placed on UK participation mean that we do not get the benefit we need out of it, we will leave. I go back to my earlier optimism. The impact on other European nations of the UK leaving this programme is that it will slow the programme down significantly. Certain UK assets utilised by Galileo would obviously not be available if we left, so let us see what happens.

**The Chair:** We shall take Sir Robert Syms, for a change.

**Sir Robert Syms (Poole) (Con):** I listened carefully to the Minister's statement, which was extremely sensible and pragmatic. Our principle concern is as a strong supporter of NATO, but we are taking a pragmatic approach to working with our European partners to ensure that that work is complementary to, rather than competitive with, NATO. The Government's approach is sensible and is supported by NATO, and we should bless what the Government are doing and hope that we can work out further co-operation, particularly in the industrial area, where there may be future projects in which we want to participate.

**Mark Lancaster:** I am grateful for my hon. Friend's question. He effectively summarises the Government's position very well. We are being pragmatic but are equally optimistic. Without repeating myself, we believe that what UK industry has offered historically and continues to offer is of mutual benefit to our partners across Europe in delivering European security, but we have red lines. We are absolutely clear that, once we leave the EU, we will maintain sovereign control of our military assets, but there is a positive way forward.

**The Chair:** I call the shadow Minister.

**Wayne David:** Thank you. I was glad to have a moment to gather my breath.

**Mark Lancaster:** Lucky you.

**Wayne David:** Something the Minister touched on in his initial remarks was the military planning and conduct capability unit. It is important to emphasise that much

of the co-operation we are talking about is essentially intergovernmental. The common security and defence policy is pivotal to that. Last year, we saw the creation of the military planning unit, which centralises decision making within the CSDP apparatus for the European Union. The major initiative it has taken so far is with regard to military training missions in Africa, to which the Minister has referred.

When Britain leaves the European Union, it is possible that the MPCC's role could be expanded, which Britain has been against. Presumably, the Government would be somewhat concerned about that. Outside the European Union, will we be able to exercise any kind of influence, formally or informally, over its future work?

**Mark Lancaster:** There is no direct comparison between the MPCC and NATO. It is not an operational headquarters. On scale, just to start, the established posts of the co-ordination cell for the three training missions number 35 posts, of which I understand currently just 12 are filled. With 12 posts filled, that does not have the feel to me of an organisation that is challenging NATO for operational control of EU missions. There are already five nationally-led operational missions. Once we leave the EU, it is not for us to dictate to our European partners how they wish to see this go forward, but given that only 12 of 35 posts have been filled by our EU colleagues, I do not sense that there is a massive drive to move it forward.<sup>1</sup>

**Wayne David:** I thank the Minister for that response but, looking to the future, things may happen if Britain is not there at the table.

My final question relates to the Government's decision not to be the framework nation for the EU battle group in the second half of 2019. Initially, the Government were keen to provide the framework for this battle group, but then we had a statement from Michel Barnier, who is in charge of the EU negotiations for the Commission. One of our senior military chiefs indicated that "the offer of a battlegroup in the period immediately following our exit strikes us as an unnecessary complication."

Does the Minister wish to comment on this "unnecessary complication", and confirm that Britain will not participate in the EU battle group in the second half of 2019? I am concerned about that, and would welcome any reassurances the Minister can give.

**Mark Lancaster:** I can certainly confirm that it is our intention not to lead this battle group in the second half of 2019, which is after the point of our departure from the European Union. That is a perfectly pragmatic decision from military planning, because it can take some time with most countries' rosters to prepare the appropriate battle group and be ready. An early announcement from us has simply enabled our European partners to fill that.

Equally, we must remember that we are currently involved in several EU missions, and the EU has made it clear that, after 29 March, the UK will no longer command any of those missions. That is their decision, not ours. It has an impact, for example, on Operation Atalanta, which is currently operating out of Northwood. We stand ready to ensure continuity and to do our bit until 29 March, but it is an issue for the EU. I am assured that it will take 40 weeks to move that headquarters, so the EU now has, by my own calculation, a matter of

weeks to decide who will take over if we are stop running that headquarters on 29 March. Such decisions, however, are being made, effectively, by the EU.

**Mr Fysh:** I have a question for the Minister about the military mobility project, and what it means in practical terms. My understanding is that one of the key adjuncts to the project is having an adequate arrangement on customs and regulatory matters for the movement of assets. Will the Minister say a little more about which regulations and customs procedures are relevant in that context?

**Mark Lancaster:** I am sure I will be able to go into the detail of those regulations in my wind-up speech after the debate. On the military imperative, obviously we are members of NATO, but when it comes to land force reinforcement capability, that infrastructure across Europe is incredibly important. During the cold war, it was a highly honed system. I remember as a Royal Engineer every bridge in Germany having a clear military weight limit on it. It is about trying to re-establish that communication network to ensure that, if we have to reinforce militarily across Europe, that system is in place. The regulatory framework is slightly above my pay grade, but I hope to be able to give clarity on it shortly.

**Darren Jones (Bristol North West) (Lab):** It is a pleasure to serve under your chairmanship, Mr Bone. The Minister will be pleased to know that I have only two short questions, specifically about the role of getting access for British industry to the European defence industrial development programme. I welcome the Minister's response to us on the European Scrutiny Committee, when it was made clear that the European Commission's view was that only those companies with either a majority of EU citizens or an EU domination would be able to get access and that we do seek access to procurement of defence equipment. Could the Minister help the Committee to understand the Government's position on two points on the industrial strategy negotiations with Europe?

First, after the issue with GKN Melrose—many of my constituents work at GKN Melrose, for example, making wing components for the A400M military aircraft—has that given our friends in Europe confidence in our commitment to long-term procurement of defence capabilities in the UK in order to get access to the EDIDP after Brexit, or does he feel that that has weakened our position?

Secondly, on the customs union and specifically the components produced before aircraft or helicopters are made, many of my constituents make wing components, landing gears, engines and missiles in north Bristol. All the companies rely on the ability to move components into and out of Europe because we do not build, for example, F-35 fighter jets or Chinook helicopters entirely here in the UK. Does he feel that the Government's position on not retaining membership of the customs union strengthens or weakens our position in our negotiations to maintain access and therefore get procurement contracts under the EDIDP?

**Mark Lancaster:** I am grateful to the hon. Gentleman, and in many ways he highlights some of the challenges that need to be addressed through negotiation. That is precisely why we are going through the negotiation

1. [Official Report, 3 May 2018, Vol. 640 c. 6MC.]

[Mark Lancaster]

period, but I go back to my starting point, which is that I believe there is a genuine will and acceptance that it is in everybody's collective interest to continue the relationship we have had broadly in collaboration with our European partners. That is the very nature of how we worked before.

Where I do find some encouragement from both the EDA and the EDF is that there is an acceptance in the whole basis of those institutions that only by working collaboratively—I have already said twice that we are the biggest contributor to R&D in Europe—can we get the best when it comes to aligning our interests on European security. I remain confident that the issues that the hon. Gentleman raises will be resolved as we move forward.

**Mr Fysh:** On the point about helicopters, is the Minister aware that my constituency has an input into both of the Government's desired streams when it comes to co-operation with the European Union? We have just seen Army Air Corps Wildcats deployed in Estonia from RNAS Yeovilton. One of the first projects in this new European defence funding world is an unmanned vehicle co-ordination project. Leonardo in Italy is involved in the co-ordination of the software around that, and the factory in Yeovil for Leonardo is very much involved in the units that might be able to be used in that in future. Does he think that that is an example of how we might work with our European friends?

**Mark Lancaster:** Potentially, yes.

**Darren Jones:** A small supplemental; I do not want the Committee to think I was dishonest in my statement about having two questions.

Further to the Minister's answer to my question, he surely recognises that many of the businesses that produce components are having to make decisions today about how to deal with the customs union issue. They have to consider, for example, asking supply chain businesses to stockpile components in order for their just-in-time manufacturing to occur, and they have to consider the movement of people into or out of the European Union and perhaps moving manufacturing locations. Does he also recognise, therefore, their exasperation at his answer and the answer of his Government that everything is subject to negotiation and will all be fine? Perhaps he can enlighten the Committee as to when we might get some clarity on the detail so that we do not lose jobs and investment before it is too late.

**Mark Lancaster:** Negotiations on many of these issues will literally start towards the end of the year—the hon. Gentleman recognises that—because of the framework that was imposed by the EU. Equally, that is why I welcome the implementation period running all the way up until the end of 2020 when we continue to be a member of the European defence fund and the EDA. That has effectively bought time so that the negotiations can be settled and give a degree of certainty.

**The Chair:** If no more Members wish to ask questions, we will move on to the debate on the motion.

*Motion made, and Question proposed,*

That the Committee takes note of Council Decision 2017/971 of 8 June 2017 determining the planning and conduct arrangements for EU non-executive military CSDP missions and amending

Decisions 2010/96/CFSP on a European Union military mission to contribute to the training of Somali security forces, 2013/34/CFSP on a European Union military mission to contribute to the training of the Malian armed forces, and (CFSP) 2016/610 on a European Union CSDP military training mission in the Central African Republic; further takes note of European Union Documents No. 14866/17 Council Decision establishing Permanent Structured Cooperation (PESCO) and determining the list of participating Member States; further takes note of Council Recommendation of 6 March 2018 concerning a roadmap for the implementation of PESCO and Council Decision (CFSP) 2018/340 of 6 March 2018 establishing the list of projects to be developed under PESCO; and agrees with the Government's conclusion that PESCO must be designed in way that strengthens the relationship with NATO and promotes an open and competitive European defence industry.

12.19 pm

**Wayne David:** This has been an important exchange of views. In general, I agree 100% with the comments of my hon. Friend the Member for Bristol North West. Yesterday, I had a meeting with ADS Group, which represents the defence industry, and it is desperately and genuinely concerned about the uncertainty at the moment, particularly about the customs union. I simply ask the Minister to register how important that is for the sector.

There is nothing more important than the security of this country, which depends on our having a strong relationship with our NATO allies. It also depends on us having a strong relationship with our European neighbours. That relationship needs to continue, albeit in a redefined way, when we leave the European Union. The idea that Britain can somehow prosper and be safe in splendid isolation in the modern world is a dangerous myth.

We should not lose our sovereignty, but we must recognise that to protect it, we must be prepared to pool it to secure collective security. International co-operation with our European partners is not only desirable, but essential. It is necessary to achieve that through NATO and through a new and positive relationship with European member states. That co-operation manifests itself in the growing co-operation between our armed forces, which must continue. It is important that it also continues to manifest itself in research and development, as hon. Members have said, and in our armament and procurement strategies.

Our relationship with the United States is obviously important, but I sometimes feel that this country is becoming increasingly over-dependent on it for our military equipment. Some 2,747 joint light tactical vehicles, 9 maritime patrol aircraft and 50 Apache helicopters are all from America. The Government are also buying up to 138 F-35 aircraft from the United States.

The reality of Britain in the modern world is that we cannot kid ourselves that we can meet all our military needs by ourselves and by developing our own industrial capacity. We have to co-operate, but if we are serious about preserving and enhancing our sovereign capability, we have to co-operate with other European countries too. Good examples of that have already been provided, namely the Typhoon aircraft and the Airbus A400M aircraft.

I am pleased that the European Scrutiny Committee initiated the debate, but I hope that it is merely the start of a vital discussion that we, as Members of this House, must have—not just in Committee, but on the Floor of the House. Our future relationship with our European

partners must be positive and mutually beneficial. I believe it can be, but that requires the Government to have a clear strategy to achieve that goal.

12.23 pm

**Mr Francois:** It is a pleasure to serve under your chairmanship, Mr Bone, not least because I believe you have had a passing interest in European matters in the past—

**The Chair:** Order. When I am sitting here, I have no views on anything.

**Mr Francois:** That is a first.

Alongside my hon. Friend the Member for Aldershot, I serve on the Defence Committee. Before Easter, we took evidence from a number of witnesses, including Earl Howe, the Minister of State for Defence, on initiatives relating to further European integration on defence. I speak today in a personal capacity, and I will speak only briefly, so my remarks do not necessarily represent the views of the full Committee, not least because we have not yet released our report on that subject, although it is not far away.

The 2009 Lisbon treaty, which I remember debating on behalf of my party in the House, created the legal framework for permanent structured co-operation—PESCO—which permits closer co-operation on defence issues among EU member states. In December, 25 EU countries, with the exception of Denmark, Malta and the United Kingdom, formally launched PESCO. As part of the new arrangements, EU member states agreed to create a new military planning and combat capability—MPCC—to be used initially for non-executive common security and defence policy missions. Historically, the United Kingdom has been opposed to any type of Euro headquarters that might act as a rival to the NATO command structure reporting to the Supreme Allied Commander Europe—SACEUR. However, the Minister has been able to reassure us that the MPCC is of a relatively small and modest scale, and that, at least as it is currently configured and empowered, it is therefore unlikely to represent a serious challenge to SACEUR's command centre. The Minister has reassured the Committee very well there.

The EU nations also resolved to create a list of 17 projects that will allow for greater European co-operation under PESCO. They cover a variety of subjects, including a European medical command, a deployable military disaster relief capability package, an armoured infantry fighting vehicle and indirect fire support—sometimes referred to as Euro artillery. Included on that list is a project relating to military mobility, which aims to speed up the transfer of military assets across the European Union, particularly at a time of crisis. I understand that the UK has sought especially to have some involvement in that project, which I think the Minister told us is Dutch-led.

This topic was of particular concern to the previous SACEUR, General Ben Hodges, who is on the record as having said that he believes the European Union has an important role to play in improving the fluidity of the movement of troops, including NATO troops, on the European mainland. Does the Minister wish to proffer anything further to the Committee about that project, as it is the one that the UK has specifically asked to open into?

As the UK will be leaving the European Union in 2019, I understand that we will be participating in PESCO and projects such as the mobility project as a third country. I further understand that the EU is likely to finalise its guidelines on third-party participation in PESCO and related projects by the end of this year. The Minister touched on that in his opening speech, but is there anything further he can say about how those guidelines are evolving? On what basis will the UK be permitted to co-operate in the future?

Under the auspices of PESCO, there are also plans to establish a European defence fund, which will allow for investment in common European procurement programmes; and, as previously mentioned, a European defence industrial development programme, which could involve the co-financing and joint development of defence projects by up to 30%. Again, I understand that it may be possible for the UK defence industry to participate in such programmes on a case-by-case basis. Can the Minister say anything more on that subject today? Might he venture some thoughts on any such future procurement programmes in which the UK might want to be involved but is not involved in at the moment?

I note the Minister's optimism about Galileo. We may yet be successful, but we have to accept the possibility that we may not. If that unfortunately turns out to be the situation, I would like some reassurance from the Minister that we will seek to recoup the United Kingdom's extremely meaningful investment in the Galileo project. In short, if they will not let us play, we want our money back.

As my hon. Friend the Member for Yeovil rightly pointed out, the European Scrutiny Committee described PESCO as an important political development, and I believe it has twice recommended that the issue be debated on the Floor of the House. The Minister said it is a matter for the usual channels, but as we have representatives of the usual channels with us this afternoon, may I take this opportunity to convey my view, as a member of the Defence Committee, that the European Scrutiny Committee is quite right? It would be appropriate to debate this matter on the Floor of the House, perhaps some time in the autumn, in the run-up to the finalisation of the guidelines on how the United Kingdom is intended to participate. In simple terms, we might have some more meat on the bones by then—no pun intended, Mr Bone—so that would seem a suitable time to allow a debate in the House.

The Opposition spokesman referred a couple of times to the risk of a lack of influence. I understand his point, but I seem to recall that before the referendum, it was often suggested that if we left the European Union we would lack influence and would be isolated and without friends or allies. I suggest that the response to the Salisbury incident, when our allies in the United States, across the European Union and indeed in Commonwealth stood shoulder to shoulder with us and expelled well over 100 Russian diplomats in response to that outrage, rather gives the lie to the suggestion that by leaving the EU we will be friendless.

**Wayne David:** Will the right hon. Gentleman give way on that point?

**Mr Francois:** Yes.

**The Chair:** Order. I let the right hon. Gentleman get away with that, but Salisbury seems quite a long way from this very specific debate. Perhaps he might want to move away from that subject.

**Mr Francois:** I will follow your guidance explicitly, Mr Bone.

In summary, PESCO represents an initiative by European Union members to collaborate more closely on defence. To take the Minister's optimistic approach, if this initiative were to lead to an increase in European defence spending in NATO, surely it would be a welcome one. However, it is very important that these developments do not evolve into a rival organisation to NATO, which has done so much to keep the peace in Europe for more than 70 years.

12.32 pm

**Mark Lancaster:** We have had a wide-ranging and, I hope, informative debate. I thank hon. Members for their ongoing engagement. *[Interruption.]* Oh look! Let there be light. I have shed some light on this debate.

**Wayne David:** The Minister spoke and it is now light.

**Mark Lancaster:** I am not sure how *Hansard* will deal with that.

I thank hon. Members for their ongoing engagement with these important issues. I hope that these points of information and clarification have been helpful to the Committee. Perhaps they have not been as helpful as some hon. Members would have hoped, but I can only go back to the implementation period, which I hope offers a degree of certainty and protection for their constituents.

I have probably covered most of the points raised, but I will add a couple of comments on military mobility. The UK has been supportive of military mobility initiatives, because we recognise the need to resolve common impediments that restrict our ability to deploy forces rapidly. There are various work strands across both the EU and NATO that are looking at this. Specifically on regulations, the EDA's roadmap on military mobility looks at the legal, customs and military requirements and cross-border permissions. We have been actively involved in the development of the EDA's roadmap and regularly attend those workshops. We are supportive of the efforts to try to simplify and standardise the legal and customs issues.

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.

I hope I have made clear that Brexit does not affect the strength of our commitments to the defence of our continent and to humanitarian good across the world. I conclude by restating the commitment to keep the Committee abreast of developments in these issues. When I review *Hansard*, if there are any questions that I have failed to address, I will endeavour to write to hon. Members.

*Question put and agreed to.*

12.35 pm

*Committee rose.*