



Select Committee on International Relations

Corrected oral evidence: NATO Summit 2018

Wednesday 18 April 2018

10.40 am

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Members present: Lord Howell of Guildford (The Chairman); Lord Balfe; Baroness Coussins; Lord Grocott; Lord Hannay of Chiswick; Baroness Helic; Baroness Hilton of Eggardon; Lord Jopling; Lord Purvis of Tweed; Lord Reid of Cardowan; Baroness Smith of Newnham; Lord Wood of Anfield.

One-off Evidence Session

Heard in Public

Questions 1 - 11

Witnesses

I: James Appathurai, Deputy Assistant Secretary General for Political Affairs, NATO.

II: Angus Lapsley, Director, Defence, International Security and Southeast Europe, Foreign and Commonwealth Office.

USE OF THE TRANSCRIPT

1. This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witness

James Appathurai.

Q1 **The Chairman:** Mr Appathurai, thank you for joining our Committee this morning. Just as a formality, I should explain that this is a fully recorded session. There will be a transcript afterwards, which will be available to you for any alterations you wish. I remind fellow members of the Committee that we should declare any interests when we ask questions about the issue.

The issue this morning is that this Committee is preparing a brief report to the House of Lords, pursuant to the forthcoming NATO summit at the beginning of July. We cannot cover the vast issues in full, but of course we want to raise some of the salient points that are likely to occur.

I will begin with some rather obvious salient points, and ask you to share your thoughts about the summit in July. What do you think the priorities are going to be? I start with a possible list. What about enhanced forward planning? Where has that got to? What about the European reassurance initiative of President Trump? How much will NATO react to criticism in *Foreign Affairs* this month that its decision-making is antiquated and baroque?

More generally, over time, the issue that clouds everything is where NATO stands in relation to Russia, which we want to deter from more hostile and aggressive activities, which seem to be increasing all the time. However, Russia is also an important part of the jigsaw of world security, and we need to work with it. There is a balancing act between engagement and deterrence that must preoccupy NATO very much indeed.

There are four thoughts, but you may have others to add.

James Appathurai: I thank all of you for the invitation. It is a great pleasure to be here. It is my first time in this building, so I am really very star struck.

Let me get straight to the questions that you have raised. I will talk a little about the summit and, I hope, weave in answers to the specifics that you have put on the table. We see five main themes for the summit. The first revolves exactly around what you have put your finger on—deterrence and defence. We have made a lot of progress since 2014. I will not run through all those elements, because my friends from the Foreign Office tell me that this is a very expert Committee, so I will not give all the history.

You are quite right that the essence of the last summit decisions was about enhanced presence in the Baltic states, in Poland and in the Black Sea, and putting troops up to the front. The main themes from the upcoming summit when it comes to deterrence and defence will evolve around readiness and reinforcement. In other words, how do you move forces quickly, and how many forces and what kinds of forces do you have to back up the forces that you put in the last summit more towards NATO's boundaries?

Decisions will be taken on reinforcement strategy, on a plan to facilitate the supreme allied commander's ability to move forces around NATO and on steps to ensure that we have the right kind and number of major naval combatants, air combatants and manoeuvrable battalions, and that they can move quickly.

Finally, there will be command structure changes. For example, for the first time in decades, NATO will put in place an Atlantic command and a command for movement and sustainment forces around Europe. Those are the main elements of the deterrence and defence track from the summit. Part of that will also relate to decision-making. There is an extensive amount of work going on within NATO—I have not read the *Foreign Affairs* article, but I am sure that it has listed it—to improve decision-making. In many cases, that means accelerating decision-making. We use the expression “to take decisions at the speed of relevance.”

One major change in international security has been the speed at which events take place. Because of what we call the hybrid nature of many conflicts, a lot of what happens is hidden or ambiguous, and you are suddenly presented with a decision that has to be taken very quickly. NATO's decision-making in the past, especially in the context of anything that might escalate to a nuclear conflict, of course had steps, procedures and off-ramps to prevent unnecessary escalation. We have to have a second look at that.

Another reason why we have to have a look at it is because of advances in technology, which is now moving towards artificial intelligence, where machine learning and machine activity takes place so quickly. We also have to look at how NATO takes decisions. So that will all be part of the deterrence and defence aspects.

This brings me to Russia, and then I will quickly outline for you the other main elements of the summit. You correctly described NATO's dual track, which on the one hand is deterrence and defence but is also dialogue with Russia. We recognise that a dialogue with Russia is essential, but it has to be a substantial dialogue and one that delivers results, one hopes for Russia but certainly for us.

On the one hand we have been strengthening our defence, but on the other we have been strengthening our outreach to Russia to try to have a regular dialogue on issues of common concern. We always put Ukraine on the table, because for us it is essential. We have worked very hard to have improved exchanges on transparency and risk reduction. In other words, as we have moved forces closer to them, as they have moved forces closer to us—and we did that in response, I want to stress; they went first and we had to respond—and they are exercising in our area, we feel that it is all the more important to have mechanisms in place to know what each other is doing and de-escalate if something goes wrong.

Now the allies also want a discussion with Russia about its hybrid tactics, and the UK is certainly not invulnerable to that. In fact, it has been very active within NATO in bringing to the attention of the allies to activities in

which Russia is engaging. The most obvious one unfortunately took place here most recently, but in general the UK has been very active on this. So we are trying to have a dialogue with Russia on this, too. I have to say that it has not been particularly substantial, but we keep trying, despite what you hear from the Russian leadership: that NATO is not trying. Actually, it is always us that puts the discussion on the table.

Should I go through the other elements of the agenda?

The Chairman: We are going to follow up with a number of questions on, for instance, the money that you will need for your reinforcements and the organisation of your decision-making, as well as the particular issues that Lord Hannay wanted to cover. We might go into those questions now. Lord Hannay, would you like to start on your concern?

Lord Hannay of Chiswick: You would like me to go into NATO's response to Russia?

The Chairman: No, we are talking about the priorities for the summit.

Q2 **Lord Hannay of Chiswick:** The priorities. Yes, sorry. There is one that you did not mention at all, which seems of increasing concern, which was the relationship between Greece and Turkey, two NATO allies. In the past, it has often been very bad, but it has gone through periods of remission. It seems to be in a period of mounting tension at the moment, with both sides uttering fairly intemperate threats to each other—and, of course, the serious problem about air and sea space, which invariably is the kind of blue touch paper to such crises.

Do you see any role for NATO in trying to calm that down a bit? In the past, NATO has operated some quite effective deconfliction arrangements, which have enabled the interface to be a little less dangerous than it might otherwise be. Do you see any role for this at this meeting or in the margins of the meeting? Does NATO have a role for that?

The Chairman: While we are on Turkey, here is a country that is fighting the Kurds, which many NATO countries are supporting, so one NATO ally appears to be attacking the resources of another NATO ally. Is Turkey's situation going to be rather a high priority at this summit?

James Appathurai: Thank you for these questions. They are very important ones.

On Greece and Turkey, we all share your concern that there has been an increase in tension and in the rhetoric between the two countries. But you are also quite right that over time this has gone up and down. In my experience—and I have been at NATO a long time now—the NATO framework has been absolutely essential in preventing those two countries from going to war, over and over again frankly. Had they not both been in NATO since they have been in NATO, I fear that we would have had a different outcome.

Over time, as you rightly pointed out, there has been increased military activity around specific islands and disputes over who owns what. In my experience, the NATO Secretary-General, always behind the scenes, has spoken to the respective leaderships and helped to calm things down. The NATO framework itself, including the way in which we conduct exercises has helped to calm those tensions. I do not want to talk about the current situation in public, but I can assure you the Secretary-General is well aware of it and has regular bilateral discussion with leaders.

I add only that what does not often get seen is that the NATO framework has also helped Greece and Turkey together to address the migrant crisis. The EU operations were, by definition, the EU ends at Greek territory, which was creating a division between Greece and Turkey in addressing a challenge across the Aegean. As many of you have seen, I am sure, it is a tiny little strip of sea, and you can see from one country to the other. But having this political line between these two countries was not helpful to addressing this situation. Having the NATO framework allowed us to deploy forces there, which Turkey could of course then feel itself part of, and helped to defuse this challenge and, frankly, control what was a political crisis for Europe as well. So I think that the NATO framework is helping and, I hope, will continue to.

In a larger sense, we were just discussing the complicated role and relationship that Turkey has with some allies, but the bottom line for us in NATO is that, within NATO, Turkey's relations with all allies are excellent. I am not saying that for political reasons or because there is a camera rolling. They are consistent, solid and friendly, and the tensions that are seen in other frameworks are not there. It is a very valuable contribution to international relations that in this place and this framework the co-operation is very solid.

Of course, all allies have small issues with each other, but Turkey receives a substantial amount of support from NATO for its own defence in the context of Syria, and contributes very much to what NATO is doing in other areas. So NATO is a safe place for Turkey's relations to other allies, and that is something that we want to continue.

The Chairman: That is sort of reassuring. Lord Jopling wants to pick up on your organisational decision-making aspects.

Lord Jopling: You mentioned that there were five priorities for the summit, and I do not think that you got round all of them. Would one of them have been the internal management of NATO as an organisation?

James Appathurai: Absolutely, one of them would have been that. We call it institutional adaptation, or Alliance modernisation—whichever slogan you want. In essence, there are three tracks to that. One is the new command structure. Two of the main flagship elements are the new Atlantic command and the new European logistics command. I would add that we are adding a cyber defence operation centre into the command structure, which is all the more important these days, for reasons we know.

The second track is a functional review of the headquarters—to look at what NATO is required to do and see whether it is fit for purpose. I say fit for purpose because the UK uses that expression and the UK has for years been leading the modernisation of NATO's headquarters and common-funded equipment acquisitions, so it is a UK term that has become a NATO term.

The third element that I wanted to mention was the better governance of the way in which we acquire equipment, which could be more efficient. I think that every country—my own country is the same—feels that that could be improved on.

To come to where I think you were going, decision-making is very much the subject of an active discussion in NATO. There are two elements to that. First, how fast does the NATO council take decisions? In other words, are the procedures and steps that we are taking the right ones?

Secondly, how much authority should be delegated to the supreme allied commander? During the Cold War, the operational commander of NATO could move forces and pre-position them under his own authority to a very substantial extent. He could not employ them—in other words, actively engage them in operations—without, of course, the political approval of the leadership, but he could prepare to under his own authority.

Many of those authorities have gone away, and now we are looking again at the extent to which he can take decisions to move NATO forces around in anticipation of a decision. So that work is also under way, and I think that decisions will be taken by the time of the summit.

Lord Jopling: I am sorry, but I do not think that any of those answers covers the issues that really bother me. I am a member of the British delegation to the NATO assembly. At a recent meeting in Vilnius, we were presented with a report by the International Board of Auditors for NATO, which I have here. It has a heading with the words, "challenges and scope for further improvements".

I will give four of the auditor's criticisms. It says that there is "no common internal control and network"; that there are "recurrent and persistent weaknesses of the current internal control systems in most entities"; that there are "difficulties in accepting/developing the identification and accounting of tangible property, plants and equipment and intangible assets"; and, finally, that there is a "lack of support and even opposition, both internally and externally, to the study of the financial consolidation and the creation of a chief financial officer".

I find this immensely disturbing. It reflects the gross incompetence, in my view, of the internal management in Brussels. If you want an example of this, it is the development of the new headquarters. NATO is supposed to have rapid reaction. In 1999, it decided to build a new building, and four years later it approved the plans. It was intended 12 years later to move into the new headquarters in 2015. I was in the old headquarters earlier this year and it had still not moved in at all. It is now just trickling in. I

despair at the incompetence of the people who run the internal organisation. Discuss.

The Chairman: We cannot spend the whole morning on this, but there is a very serious situation, which Lord Jopling described.

James Appathurai: I hope this does not look as though I am dodging the subject, but I am not one of the people responsible for those issues.

Lord Jopling: I thought you might say that.

James Appathurai: As you know, I do political affairs and security policy, so I am just not an expert on most of those issues. I will come to the headquarters at the moment, but I think that the priority which the Secretary-General has placed on better governance, with decisions to be taken at the summit—unfortunately, I really do not know what those decisions are—relate precisely to the questions that you have raised. The question of the chief financial officer is one of the issues that I know is under discussion by allies, but no decision has been taken. Angus may have more to offer on this. I would tell you more if I knew it, but I just do not.

On the new headquarters—and, by the way, I am one of the people who has trickled in in the last week; we are getting used to the new building—my understanding from what I have seen is that there have been relatively small delays but that we are actually only a year behind the time that they had intended for us to finally move in.

The delays have related to a whole number of issues. There is always a potential for better management; that is absolutely right. But the cybersecurity requirements have changed, along with information technology requirements, in the time since the headquarters was initially designed, and the overall security requirements have also changed. That was apparently part of the delay but, again, I was not part of the headquarters issue.

The Chairman: These are very detailed and penetrating questions, and I do not think you have had any notice of them. Would you be able to write us a letter meeting Lord Jopling's focused observations?

James Appathurai: Sure. Perhaps one of your colleagues could send me precisely the questions that we could provide answers to. I would be happy to do that.

Lord Jopling: Just for the record, I have a Parliamentary Answer here. You said that, as it was originally intended, NATO is only a year late moving in, but the Answer that I got said: "Handover of the site was originally planned for August 2015 but was delayed until March 2017 ... Allies will begin moving to the new headquarters in March 2018". So it is three years late.

The Chairman: Okay, so it would be very helpful if you could write back to us on that. Let us move on to the money.

Q3 **Baroness Smith of Newnham:** I am minded to say that you suggested that decisions needed to be taken at the speed of relevance, and maybe the headquarters was not deemed to be terribly relevant if it is three years late. One obviously hopes that other decisions are not quite as delayed.

As the Lord Chairman said, I turn to the money. You have already mentioned that at the Warsaw summit the commitment was to think about the forward presence, but the world summit of 2014 recommitted to the so-called NATO target of 2%. Where the UK has committed to the 2% and delivers on that, some other states still do not commit to it.

To what extent is the thinking among policymakers that 2% is the minimum rather than the maximum? Very often, the language seems to suggest that somehow 2% is the target, when the reality is that it ought to be the minimum. Is 2% sufficient, and are targets the right way of going about it?

Are we also thinking about 2% not just as a very broad figure, but what counts as defence spending in that context? Pensions of retired army, navy and air force people might need to be paid, but is that really contributing to current capabilities? In the changed scenarios, with Russia, arguably, and dealing with other issues and hybrid warfare, is 2% enough?

James Appathurai: That is a good question. Let me say a few things. One is that the allies in general have moved in the right direction—and I will give you some numbers on that—in part because of US pressure but in part because they recognise, as the UK has recognised, that the international security environment is not what it was 10 years ago and they need to spend more.

Overall, we are starting to see a change. I will give you just three or four numbers to illustrate that. In 2017, the European allies and Canada as a group increased defence expenditure by almost 5%, in one year. That is the third successive year of increased overall defence spending, so there is now \$46 billion more being spent in NATO since 2014, and \$18 billion of it has been added for spending on major equipment.

In 2017, 25 of the 29 allies spent more on defence in real terms than in the year before, and 26 spent more on major equipment. So I think we can say that things are moving in the right direction. We expect nine allies this year to meet the 2% guideline, and most have plans in place to meet the 2% and the 20% by 2024, which was the pledge that they made. They are putting out annual reports on how they are doing towards meeting that target.

Not all of them are going to meet it, so it is not a perfect picture. My own country is not one of the countries that has right now pledged to meet the 2% by 2024, and there are others that are not quite there yet. But they want to stress that this is a three-part commitment; it is money, capabilities, and contributions to NATO operations and missions. The UK, I must say, is leading in all those areas. You mentioned the 2%, and it is over the 2% and also over 20%.

When you talk about the pledge and whether this is the right target, in my experience those targets have been crucial in focusing the minds of political leaders. It is easily understood. Of course, 2% does not mean the solution. The Secretary-General, sometimes unfortunately for us, is a statistics wizard and used to be an Economics Minister, so he is always dividing the numbers up and seeing what they mean. As he always says, if the GDP is growing very quickly it becomes harder for a country to meet the 2%, because in real terms they have to put an ever-increasing amount of money into defence. The Germans make this point, as do other countries.

But there is cash, and then there are contributions. As I mentioned, the UK has been in the lead; there is the enhanced forward presence deployment in Estonia and let me also mention the participation in our high-readiness task force. Other countries such as my own will say that yes, it is true that they are not meeting the 2%, but they are one of the four countries that has put a battle group into the Baltic states, which has cost us a lot, and we are contributing there and in other places. Then there are the overall capabilities that are required for a collective defence.

So it is very important from a NATO point of view and for all allies to focus not just on cash, although it is essential, but on all three. The Secretary-General's annual report lists all of that—and I have brought some very detailed annexes for anyone who is interested. I would commend to you his annual report, as it has a lot of hard data in it about what allies are contributing.

Is it enough? There are certainly those who believe that 2% is not a ceiling but a floor, and if you look back at the amounts that NATO allies spent in the Cold War days, it was substantially above 2%. There are also those who argue that we face a range of challenges which is in many ways much broader geographically and in terms of simple characteristics than what we used to face.

A second track of work at the summit will be addressing the challenges from the south, which NATO never really had to focus on before. We will be setting up a mission in Iraq, providing more support to the states neighbouring the crisis zones, providing more counterterrorism support to countries right across Europe, and increasing our presence in Afghanistan. These are all things that NATO did not have to do in the past. So there are certainly those who think that 2% is not sufficient. That being said, from a NATO point of view we would be very happy to get to 2% and then we can go from there.

Baroness Smith of Newnham: Is any thought being given to composition? Clearly, what is claimed to be defence spending might not look to the outside world as if it is really spending on defence.

James Appathurai: You are absolutely right about that. To be open with you, this is a discussion that goes on between NATO and allies all the time. The NATO defence planning division, which conducts this work, has a very clear list of what is in and what is out. Allies sometimes debate that and say, "No, we want to include this". For example, in some countries the

coastguard is a military function; in other countries it is not a military function and should not be counted against the defence budget. There are many blurred lines and of course all countries want to show their best in these statistics. But the bottom line for NATO is: we have a definition of what is in and what is out, and that does not change.

The Chairman: From Afghanistan back to our own eastern flank: Lord Hannay has a question.

Lord Hannay of Chiswick: You said very categorically that we are not in a cold war. Do you not think that is a bit of a fiction? I can think of many periods during the Cold War when we had a better relationship with Russia than we do now, when we in fact co-operated quite effectively on measures of arms control, and so on. Do you not think that this fiction has now outlived its usefulness and is actually a barrier to approaching things in a realistic way? We are in cold war. It is not a global cold war as it was before 1989 but in the European theatre it is a cold war. It has been since the seizure of Crimea and the Russian interference in eastern Ukraine and even more so since more recent events, including the chemical weapons attack in this country. If you stopped trying to maintain this fiction, might we not get rather more quickly to a more manageable relationship with Russia that has—as it always had during the Cold War—two dimensions? One was strengthening deterrence and the other was reaching out and trying to deal with problems which required us to co-operate with each other. Might not that be a better way?

That is a general statement. More specifically, first, could you say a little about how NATO views the threat in the Balkans, which bubbles along and cannot said to be non-existent, and what NATO plans to do about that? Secondly, NATO's response to the attack in Salisbury—a reduction in the Russian mission to NATO—was very welcome. Do you see any continuing role for NATO in the handling of that matter, which is likely to rumble on for quite a long time as the OPCW and our own security services try to drill down into what really happened?

James Appathurai: Those are three good questions—again. First, on the question of a cold war, you quite rightly said that it is not a global challenge. I would also note that NATO does not see the threat of a massive Russian military invasion of any NATO country, or certainly of NATO countries as a whole. So we do not have 10,000 main battle tanks lined up on the inner German border or any border, or regular training to defend against a massive Russian assault. We do not see that coming, we do not think Russia intends it, and we do not think it is necessary to do that. If we, or the allies, did think it was necessary to do that, we would move in that direction.

So there is a difference between the past and the present, but your point that we should have this two-track approach—strengthening our defence and deterrence but at the same time trying to have a constructive discussion with Russia—is exactly right and it is exactly what our policy is and what we are trying to do. There is a natural discussion to be had about the extent to which we need to design the enhancements of our deterrence

and defence in such a way that they are proportionate and sufficient for deterrence and defence but do not contribute to an unintended escalation on both sides. That discussion was had during the Cold War, and it is an even more complicated discussion to be had now. Frankly, the allies are always debating this. I have my personal position, but in the end we have come to a set of steps which the allies have agreed is right.

I will outline them for you because it is important to highlight everything that comes behind the Enhanced Forward Presence. The Enhanced Forward Presence is what gets the headlines, certainly in my country and I think here, too, but these are actually relatively small formations—just battle groups. But what comes behind them is the NATO Response Force. We have tripled that in size in the past few years, so it now consists of 40,000 troops on short notice to move. Behind that come all the follow-on forces, potentially more than 1 million. The challenge with the follow-on forces is getting them there and having the right ones, and that is the focus of this summit. So there is quite a lot of work going on on the deterrence and defence side—also on cyber defence and hybrid defence—and decisions will be taken on that at the summit.

I do not feel that there is a perception in NATO headquarters that we are underdoing the deterrence and defence side. There is a sense of frustration that the dialogue aspects have not been fruitful, but the frustration is not because we are not trying, or we do not have a good agenda or specifics. We have gotten our top general to talk to their top general a couple of times—getting those meetings to happen is very difficult; the Russians have cancelled repeatedly but one has just taken place, and that is good—so that we can establish a top-level relationship for taking forward military-to-military contact.

Arms control is a very difficult discussion with Russia. I will give you my personal analysis, not the NATO website analysis. The challenge we have is that we want transparency and predictability in military activities and when it comes to arms control. Right now, Russia has embraced unpredictability, ambiguity, deception and pre-emption—what it calls strategic surprise—as its approach. I am not reading this in tea leaves; this is in Russia's policy, its doctrine—it is what it exercises, it is in its national security strategy. It is very open. So we are having difficulty coming to agreements with the Russians, because the arms control agreements that we think are essential for the security of Europe are precisely the agreements that they do not respect and do not want to respect because they go against the approach that they are taking. I think they take that approach because they perceive a conventional advantage on the side of NATO and this is their way of getting around it: ambiguity and pre-emption. So it is a very difficult discussion to have, and in the OSCE it has been very complicated.

I presume you were talking not just about Russia in the western Balkans but about the western Balkans more generally. NATO's perception is along the lines of what you said. In the recent past, both the EU and NATO could have done more in the western Balkans, let us put it that way. Both the EU

and NATO are just now refocusing. The European Union has just come up with a new western Balkans strategy that involves much more political focus and many more resources, and trying to give the membership track aspiration to countries that wish to join a bit more substance and process.

We are doing the same: we took Montenegro into NATO—it had earned its place in NATO—at the last summit. The NATO foreign ministerial meeting next week will have a discussion focused precisely on that, where we will look to see what more we can do, not just with the Former Yugoslav Republic of Macedonia and Bosnia but with the western Balkans more generally.

There are a few challenges that we need to face. First, the speed of reform in some countries is not what we would like it to be. That is on them, but we can help. Secondly, there is increased Russian activity in the western Balkans; for example, in a stronger relationship between Moscow and Republika Srpska in Bosnia, which is not helping Bosnia's political unity or ability to make decisions. It is worth noting the failed assassination or coup attempt in Montenegro just before it joined NATO, which was run by Russians of some kind or another, who were then spirited out of the country by Russian parliamentarians, so I leave you to interpret that how you will.

There is a third challenge in certain pockets of rising extremism. Some of that also has to be dealt with. So I hope and expect that the EU efforts, NATO efforts and bilateral efforts in the western Balkans will help.

Finally, on Salisbury, first, I commend the extremely skilled British diplomacy on this subject. Again, I am Canadian, so I do not work for the British Government, but this was very well done. This was a complicated issue with a lot of ambiguity, and the UK consulted effectively, bilaterally and multilaterally, and put together a shared view on an intelligence issue in a very skilful way.

In essence there are three things that NATO can do. One is political solidarity, which was provided in the statement, as you noted. Second is a platform for the UK to share information and consult. By coming to the NATO table, you have the allies there. It is a one-stop shop for consulting. The third is in addressing Russia and showing it that allies cannot be dealt with individually and isolated from the others. We stand together and we will stand together on this issue as well. Technical expertise relating to the specifics of the poisoning incident is not within NATO's framework, so others will do that, but NATO can continue to provide support in those three areas.

Lord Grocott: I very much agree with the caution that you expressed in relation to comparisons between now and the Cold War at its height, not least the obvious difference that since then there has been the dissolution of the Soviet Union, which not a minor point, and the huge expansion of NATO.

My question comes from that. We have just come back from a visit to the Balkans, and you have referred to the Balkans. Is there such a thing as a

broad NATO strategy towards new applicants? Does NATO want to recruit new members? If so, is there any sense of what the final boundary might be? It has moved a long way from the north Atlantic, but that has been the case for some time. Presumably there comes a point at which one says that this is no longer in any sense a North Atlantic Treaty Organization. Is there a finite number of nations that could conceivably be considered as members of NATO? Of course, that definition has changed dramatically in our recent lifetime. Do you have any observations on that?

James Appathurai: Absolutely. I appreciate the question. The formal answer is: membership is open to European democracies and where that contributes to European security. That is the treaty answer. But it also sets a geographic parameter—Europe. So Ecuador would not be eligible—it is not interested, just to make that point.

Secondly, NATO really does not recruit, and I would not say that NATO was looking for new members. However, we feel that we have a treaty obligation but also a political obligation to consider a country's membership if it meets the more technical standards and aspires to NATO membership, and where that membership would contribute to wider Euro-Atlantic security.

As I am sure you know, that obligation is enshrined also in the Helsinki Final Act of 1976, where countries have the right to choose their own security arrangements. This is something that we tell the Russians: "Hey, you signed up to this commitment that countries can choose where they wish to go". So countries have to meet the standards, and it has to enhance European security. In the end, it is a political decision, but we feel that we need to at least consider it in a very serious way.

Are there limits? There are those who say that if you have more members it is harder to take decisions. In my experience, that may have proved true in the European Union, because it deals with different issues. On security issues, we have more members of the choir, but the new members sing in perfect harmony with NATO. They are very committed to NATO. Having enlarged the alliance has not made decision-making in NATO more difficult. So I do not really see a political challenge in taking in more members.

The real question, of course, is Russia. There is no denying that Georgia can meet all the standards of the alliance, and it is working extremely hard to do that—I do not think any aspirant has worked as hard as Georgia has to meet NATO's standards—but it is in a bad neighbourhood and there are politics involved for all the allies. So moving Georgia even closer to NATO on the membership track is very complicated, because allies are rightly worried about what Russia would do to Georgia before it became a member and what would happen if it did become a member.

Those are honest concerns. There is a Russia factor, we cannot deny it, but our policy is that in the end it is for NATO to decide. Despite strong Russian opposition to NATO accepting Montenegro, we did that, so we have demonstrated that we will take our own decisions for ourselves.

Baroness Helic: I have a very quick question. You spoke about NATO and the EU taking their eye off the ball in the Balkans, if I may put it so bluntly. My simple question is this: Russia started interfering and meddling in the Balkans around 2008. That is a decade ago. What took you so long, and why?

James Appathurai: I would say two things. I would not necessarily use the words “taking our eye off the ball”, but, speaking for NATO—and NATO has been involved there very actively, as you know, and remains there—I think there was a perception among allies that the western Balkans was steadily moving in the right direction. We have had a steady presence there. We have some very small military headquarters to provide co-operation and other support in Bosnia—we even have one in Serbia, which is providing partnership co-operation—and regular bilateral programmes of co-operation with all the countries in the region that we have taken in as members. So it is not that we have not been active—but I think that we could have been more active, and we are being more active.

Until recently, the Russian presence and activity there has not been the allies’ primary concern. The primary concern was the domestic national reforms not being conducted by many of the countries of the region, and we wanted to support those. Yes, we knew that Russia was active—and, by the way, a country such as Serbia, which has a strong relationship with Russia, also has a strong partnership co-operation with NATO and is aspiring to EU membership, and we see no conflict with that. We also do not mind if any country in the Balkans has a good relationship with Russia—we wish that we had a good relationship with Russia—as long as Russia allows it to take its own national decisions. If the EU and NATO—again, I will speak just for NATO—are increasing the attention they pay to the region, it is for the three reasons I outlined: Russia is, in our view, playing a more active role, in essence, to stop countries’ movement to the west; because the reform process seems to have stalled in some cases; and because of some pockets of extremism. For those three reasons, both the EU and NATO are getting more engaged.

Baroness Hilton of Eggardon: I am disturbed by what you are saying about Georgia—a country I have visited many times, and I have been to Ukraine many times. I think it was the unrealistic expectations of joining NATO which led Saakashvili to behave as foolishly as he did, and I really do think that NATO ought to have clear boundaries about the countries that belong to it and not go on extending its influence further. I know that the collapse of the Soviet Union looked like an opportunity for NATO to demonstrate that it could include a whole lot more countries, but I think that that is what aggravates the Russians and makes them behave in some of the disturbing ways that they have been behaving in what they see as their near neighbourhood in Ukraine and Georgia. NATO should decide what its sphere of influence is and say to the Russians that it does not intend to include Ukraine and Georgia in NATO, regardless of the aspirations of politicians. I have been to Ukraine several times and the politicians all say that they want to join NATO. I do think that that needlessly exacerbates Russia’s attitude to those countries.

James Appathurai: Here I will respectfully share a different view. First, as I said before, it is our view that it is for the European countries to decide for themselves where they want to be. That is not a small point. Secondly, this argument was used—and I understand it, it has a geopolitical logic to it—about the Baltic states: “They are in Russia’s sphere of influence, they speak Russian, we should just leave them out”. But had we not taken them in when we did, I can imagine that their security situation would be dramatically different.

Baroness Hilton of Eggardon: I do not disagree about the Balkans, which are part of Europe, quite clearly.

James Appathurai: Baltics.

Baroness Hilton of Eggardon: Baltics, yes, sorry.

James Appathurai: When Ukraine happened, the President of Latvia, Vaira Vīķe-Freiberga, was in the headlines saying, “Thank God we are in NATO because that would have been us”, and I am not sure that that is not true. So I think there is a concrete security issue for these countries, and if the Balkan aspirants make it in, we will be all the happier, and we are working on that right now—but only because they wish to join, not because we are trying to expand our sphere of influence.

Then you come to the crucial questions of Ukraine and Georgia. I will share my own view—I stress that this is not NATO policy; it is not necessarily what all allies feel. If you go around Georgia—and with my other hat, I happen to be special representative to the Caucasus and central Asia as well—there is a very strong desire to be part of the West. I have travelled around Georgia and been in obscure cafés in small towns and had a waiter serve me my nice khachapuri and then say, “Why don’t we have a membership action plan?”, and I say, “How do you know what a membership action plan is and how do you know who I am?”—but they all know.

The vast majority of the population wants to be part of our community. That means values, it means the European Union, it means an economic system and it means NATO and NATO security. We have taken a decision that they will become NATO members, so now we have to figure out the best way to do that. But we would have to reflect very carefully before saying, “There is a new line in Europe. Russia gets to decide what happens to its neighbours”. I do not know where the limits of that are; I do not know how you build a value-based European security structure on that basis. So I have grave hesitations about the idea of saying to Ukraine and Georgia, “Sorry, it is too provocative to Russia”.

Poland joined NATO. The Baltic states joined NATO. These are countries that are sensitive for Russia. But, in the end, their relations with Russia are not worse because of NATO membership, and in many ways I think they have more confidence to engage in a constructive way with Russia because they are, in a sense, equal in size and power because of NATO membership and not in an inferior position. I think in many ways it has contributed to

better relations with Russia, so we would always hope that Russia would have seen that this contributes to European security.

My final point—from my point of view and I am not Russian—would be that having an unstable western flank does not serve Russia's security interests but it may serve political interests, and those are legitimate. Ukraine is in many ways core to Russian national identity and it is a very complicated story. We certainly have not sought Ukrainian membership, but Ukraine is seeking NATO membership and we have to deal with that.

Q4 Lord Reid of Cardowan: This question follows on from what Baroness Hilton and Lord Grocott said. I am finding some of the things you are saying quite disturbing, notwithstanding the views of Georgian waiters. The idea that the membership of a club is entirely the prerogative of those who wish to join is putting the cart before the horse. The prerogative of who can join a club belongs to the members of the club. The view that anyone who wishes to join and meets the criteria should be allowed to join—you have stressed that the enlargement of NATO is a political decision. There is a lot of political experience around this table and one of the things we know is that when you take a decision, you had better look at the downstream consequences of it. So my question is: should we not have some criteria that look at the downstream consequences on the basis of the present membership, particularly whether or not the continued expansion, even up to the borders of Russia, will not create the very problem that you are trying to solve?

James Appathurai: I fully agree and, as I mentioned earlier, there is the question of NATO standards—I started with that—and any aspirant country has to meet those. But the second point that I made was that this has to contribute to broader Euro-Atlantic security, and this is what you are addressing. That is code for, "How does this contribute to our security? What will be the effect now and downstream for broader Euro-Atlantic security?" This is very much the discussion that is taking place around both Ukraine and Georgia: what are the implications of doing it? The implications are in part about how Russia would react, but they are also about the basis on which we want to build Euro-Atlantic standards, security and relations. Is it only Russia that decides what happens to its neighbours? Well, no. Nobody, I think, would propose that.

These are complicated questions, but the allies are very much looking at it in exactly the way you look at it.

In the interim—and this comes back to Georgia—what we can do below the political level is to help countries that aspire to NATO membership to meet the standards of membership. Then the political decision can come elsewhere. However, meeting those standards does not just mean how many tanks you have and how well they work with others; it also means democratic reform, political reform and economic reform. It means reforming your intelligence services so that they meet western standards. It is good both for the countries themselves and for the stability of the region. We are working on that and the politics will follow.

The Chairman: We have almost run out of time, but we have two vital questions to ask you. Baroness Coussins, I gather you want to ask one now rather than later. We do not really have time, but if you must, you must—but very quickly, please.

Q5 **Baroness Coussins:** You have already mentioned the cyber defence operations centre that you will soon be embarking on. Could you say a little more about that, and generally how well equipped NATO is to respond to the challenges of cyber and hybrid warfare. In particular, what is the current thinking about how Articles 4 and 5 can be applied in the context of cyber, given how notoriously difficult it is to know who is doing what?

James Appathurai: That is a tough question to answer quickly, but I will try to do it. First, NATO has come a long way in the last couple of years, as you probably know, and we now have policy and capabilities in place to protect our networks. We have rapid response teams and are setting up relations with industry, which usually knows before we do when an attack is under way, because it controls the infrastructure.

We have established cyber as an operational domain, like air, sea and land, so our military is now working on rules of engagement and all those military aspects. And we are looking at—I will give you the official term and then tell you what it means—the mechanism for the integration of voluntary sovereign cyber offence into alliance operations. That means nations taking a sovereign decision to use offensive cyber capabilities for NATO, within the laws and requirements of their nations. We are also working much more closely with the European Union. Our two cyber centres are exchanging early warning and the tracking of malware. We have also created the new cyber operations centre as part of the command structure.

So I think we are way ahead of where we used to be, and cyber is a very complicated thing to do on a multinational level, of course, because your weakest link is the back door. If you do not have a strong lock in one house, everybody gets burgled—or burglarised; I do not know how you say it here.

So there is a lot going on, and that is part of our overall hybrid defence enhancements that include, for example, a much stronger focus on intelligence, and in particular attribution. I draw your attention to attribution, which is the key. Knowing what is happening and being able to demonstrate what is happening so that no one can deny it is essential, because it unlocks all the steps that come afterwards. So we have set up a new joint intelligence division in NATO, which has a specific cell focused on the attribution of hybrid attacks—to share and allow our allies to share among themselves attribution of hybrid pressure.

Then we have strengthened our analysis of and response to—I have to say—Russian disinformation in particular: first, knowing what the Russians are doing and, secondly, providing instant responses across all platforms. So they say one thing and we come back with the truth. And it is not propaganda versus propaganda; it is just fact checking.

There is also an aspect of capacity building—long-term capacity building with the media and the public to teach them to see things. My daughter now has classes in school every week on fake news and how to deal with it. We are training journalists and the EU is training journalists; we are doing all this together.

Of course, there are also the harder military aspects, so it is something that we are trying to get a grip on. I think we are getting a grip on it and it is driving NATO-EU co-operation. What has driven NATO-EU co-operation is the recognition that neither the EU nor NATO has the full spectrum of tools at sufficient capacity to defend against hybrid attack, but that together we do.

For years, we were barely co-operating with each other, but I had the opportunity to draft the first NATO-EU hybrid playbook. This is a North American term that no continental Europeans understood, but I explained it and now they call it that. It says who does what if this is happening. We are exercising it together. My Secretary-General and the EU high representative together opened the Helsinki hybrid defence centre, which helps to co-ordinate activities and improve capacity. This is a very difficult thing, but conceptually and structurally we are starting to get a handle on it.

The Chairman: I will need the final question in a nutshell if you can. Remember that we are going to cover the British aspect of EU defence later.

Q6 Lord Reid of Cardowan: I have a quick question on NATO's appetite for closer defence co-operation with the European Union—leaving aside Brexit, which is discussed in every question in every Committee.

To what extent might the EU's adoption of the permanent enhanced structured co-operation decision affect co-operation by the EU and NATO, and what is the US position on enhanced NATO co-operation with the EU?

James Appathurai: Those are crucial questions, and I will try to give brief answers. In general, NATO supports the recent push on EU defence, including permanent enhanced structured co-operation, in terms of capability development and the money it is putting in.

We support it for a couple of reasons. One is that if the EU is more capable, those capacities will be available also in large majority for NATO operations, because they will be nationally led. So NATO members that are in the EU can also use them for NATO.

The second reason is the political reason that you hinted at. If the EU can do more, it is a better contribution to burden sharing across the Atlantic. There is more than enough to do, and it cannot just be for the US, or coalitions led by the US or NATO, to do it. The EU wants to do more, so that is good.

What we want—the Secretary-General has been clear about this—is for this to be done in the right way. That means no unnecessary duplication of

NATO structures—you have heard this many times before—but also, when it comes to US and other concerns, non-EU members of NATO must be included appropriately in these processes, including when it comes to capability development and operational deployment. That does not apply just to the European Union; it very much applies to Turkey. In the particular case of Turkey, it is very important for the future of NATO-EU relations, but also of Turkey-EU relations, that, as the defence co-operation goes forward, the EU takes account of non-EU members, because the politics can be positive but they can also be negative.

The Chairman: I apologise to members of my Committee who want to ask more questions. We would like to go on for hours with you, but we really are out of time. You have been extremely helpful and answered our questions fully. We are very grateful to you. We would like to ask a lot more, but we have not got the time.

James Appathurai: Thank you. I look forward to any supplementary questions you might have and will answer them with pleasure.

Examination of witness

Angus Lapsley.

Q7 **The Chairman:** Mr Lapsley, first, my apologies. We have kept you waiting—but as you were sitting at the back you will understand our problem. The issues are vast, we have a lot of questions and the Committee includes a lot of very experienced people who want to follow up issues and we never have enough time. I remind you that this session is on the record and is being recorded. There will be a transcript afterwards, as I think you know, which you can change as you wish. I remind colleagues on the Committee to state any interests when they ask questions.

The first question is the obvious one, and the same one we put to our previous witness. But it is different in this sense: what are the UK Government's priorities for the summit in the summer? We heard the previous witness describing a whole range of issues. Do those tally exactly with what we want or do we have some different questions in our minds?

Angus Lapsley: Good morning, Lord Chairman. Thank you for inviting me back. I am tempted to say that I can be quite brief on quite a few of the answers because, having listened to the Deputy Assistant Secretary-General, I am tempted to say, "What he said" on quite a lot of the issues. That reflects the fact that we have a very close partnership with Secretary-General Stoltenberg and his team. As James brought out, the UK is very much at the heart of shaping NATO policies at the moment. I am reassured that so much of what he said is pretty much what I would like to say.

On the summit, we start from two main points of context. The first is that the international security situation at the moment is exceptionally complex. We have some very hot issues around Russia, Iran, Syria and North Korea, and then we have some issues which are going slightly better but are still

very serious around Afghanistan, Libya, Iraq and the Balkans; the Balkans have come up several times this morning. Our first point is that having the principal western allies together in July at Heads of Government level is a really important moment to demonstrate that the alliance has a coherence and a unity of purpose and is resolute in tackling all these issues. It is always a challenge to write a communiqué that you can get people to read and get the press to read which will cover such a vast range of issues, but there is a lot to get through.

The second bit of context is that NATO has undergone a process of reform and adaptation that was kick-started by the Ukraine crisis in 2014 and came through the Wales summit and the Warsaw summit two years later. We would like this summit to demonstrate that that process of reform—of making NATO fit for purpose, to use that phrase again—is on track and is being delivered but needs to go further. It cannot stop here, because there are still a lot of things that NATO needs to improve on. All of that context translates, very much as James said, into the fact that we need some quite strong messages about continued adaptation. There is military adaptation: issues such as reinforcement, the command structure, military mobility—can you actually move forces around Europe as effectively and quickly as you need to?—and new strategies in areas such as cyber, which you touched on. But there will also be a new maritime strategy, for example. So there is quite a lot of military transformation and adaptation that needs to be captured.

There is also a political adaptation and modernisation pillar. Again, you have touched on some of these things, such as decision-making, where we very strongly support the agenda of making NATO decision-making faster and more responsive to the kinds of crises we might now face. There is a set of messaging around deterrence, including nuclear deterrence, which we have not touched on this morning but which remains a critical element of the NATO alliance; and the open-door policy, which you have just been discussing. Perhaps one thing James did not bring out so much but we would consider quite important is sending a message that NATO has a 360-degree view on the world. Obviously, the threat we face from the east and from Russia is the one which occupies most attention, but NATO also needs to be relevant and to build security as it looks south. So there is a Mediterranean dimension to this. There are theatres such as Iraq and Afghanistan, and possibly some others, where we need to show that NATO can offer something relevant.

Then there is an institutional pillar: issues such as headquarters and the fact that, as with all multinational organisations, it is not easy to take quick, effective management decisions in NATO. The Secretary-General is trying to grasp that nettle and we would like to give him some support on that at the summit. Again, James did not touch on this quite so much, but it is quite clear that burden sharing will be a big issue for this summit. It is quite clear that, among others, that is an issue that the Americans will put very firmly on the table—so that will be important to us.

Lastly, it is quite an important moment to reaffirm the UK's message that we are absolutely still at the heart of NATO and remain deeply committed to its objectives, but we are still absolutely at the heart of European security, and leaving the European Union does not mean that we are any less interested, engaged or involved in Europe security. As the Committee will know, as it happens the summit comes the day after the western Balkans summit we are hosting here in London, so it will be a good moment to demonstrate to our European partners that we are not going anywhere as far as European security is concerned.

The Chairman: You mentioned a number of out-of-theatre issues at the beginning of your comments, but it is really Russia that looms over and dominates the scene at the moment. We would like to pursue all those issues, starting with Baroness Helic.

Q8 **Baroness Helic:** First, on Russia, do you believe that NATO's response to Russia's disruptive actions over the past decade has been sufficient? Separately, bringing it back to the domestic sphere, how important was NATO to a quick, co-ordinated and well-executed response by western countries to the Skripal attack? Do you think that this attack marks a point in time when NATO's posture will change? Perhaps I might take this opportunity to praise our ambassador to NATO, Sarah MacIntosh, who I think is doing an absolutely brilliant job on this and many other issues.

Angus Lapsley: Thank you, I will pass that on to her. If there was one tiny thing that I took issue with in what James was saying earlier, when he very kindly praised UK diplomacy—which is always nice to hear as a member of the Foreign Office—it is that it is worth noting that on the response to Salisbury, on which our diplomatic network completely mobilised, as did Ministers, and we got our message across, fundamentally we achieved so much because the case was so strong. Allies and EU member states and others more widely around the world were quite shocked by what happened. It was nice to hear the praise for British diplomacy—we will always pocket that very happily—but fundamentally this has been about just how shocking that event was and how it fitted into a broader pattern of events.

To come to your question, NATO, like the EU, has spent a lot of time over the past 10 years thinking about how to engage Russia and deal with it. Before the Ukrainian crisis, the mood was very much, "Offer Russia partnerships, offer Russia ways of engaging". None of that got very far, through either NATO or the EU, and then Ukraine pushed us into a position of realising that we had to change that paradigm a bit. For NATO that paradigm, that policy, has been captured through what we call the three Ds—deterrence, defence and dialogue—as James was explaining. Has it worked? We have delivered quite a lot. The Enhanced Forward Presence is the most visible part of that. There has also been an uptick in NATO awareness of nuclear policy. Arms control came up earlier. For example, NATO has become much more aware of what is happening with the INF treaty and the worrying evidence that Russia may no longer be in compliance with that crucial nuclear treaty.

There has been quite a successful push in getting the EU and NATO to talk more about Russia. But is that policy succeeding? Have we achieved our objectives? Well, manifestly not, because Russian behaviour continues to challenge. That is why Russia will be at the heart of the summit agenda and the messaging that we put across, and where in hybrid, cyber, nuclear and military preparation we need to go further.

On your second question about how important NATO's response was to what happened in Salisbury, from the outset we regarded NATO as one of the key multilateral organisations, along with the UN and the EU, where it was important that we exposed what happened and brought allies up to speed and briefed them in a lot of detail. The National Security Adviser, Sir Mark Sedwill, briefed the North Atlantic Council on this issue. NATO was the first of those organisations to come out with a very clear statement, including supporting our assessment of what had happened and the likely reasons behind it. I think that was important.

NATO subsequently went on to take steps—expulsions, and so on—which have been quite a powerful collective signal of how allies feel about what has happened. Of course, not all the response was through NATO. Raising this issue in New York has been critical, and some of the responses have been co-ordinated through the European Union. But it was significant.

Does what happened in Salisbury change NATO's approach to Russia? The answer is no, but it reinforces the importance of that approach. I do not think that any ally, including us, wants to stop dialogue with Russia because of what has happened. In fact, if anything it reinforces the importance of dialogue for de-escalation, but also for calling out what has happened. As James said earlier, we have long used the NATO-Russia Council to put Ukraine on the table. It is quite clear now that we will need to use those instances to put issues such as Salisbury on the table, and hybrid attacks more generally.

I do not think that it changes NATO's basic policy, but it underlines how important it is to get this right.

The Chairman: Does continued co-operation with Russia include things such as the space programme? I see that the Great Britain programme that we run emphasises our close co-operation with Russia on space in the Soyuz programme with our pilot, Mr Peake. Presumably, on that sort of thing we are very close and it is going to continue.

Angus Lapsley: My portfolio might be quite large, but it does not go quite as far as space, Lord Chairman. I am not sure that I would want to comment on that other than to say that our policy on Russia has never been to stop engaging with it. It has always been to look for areas in which you can work with the Russians and engage them. I think that space probably falls into one of those categories, as it does with the Americans. The point of engagement is to have a format in which you can confront the Russians and say that what is happening is unacceptable and we need to find a way in which to deal with it.

The Chairman: We are going to have to work with Russia in some areas.

Lord Hannay of Chiswick: I put to you, as I put to the previous witness, that we are holding to a fiction that there is no cold war and that we have dialogue, when in fact there is a cold war and we do not have a dialogue. It is all a bit fictional at the moment, is it not? Might it not be better to recognise that we have a new cold war, not like the old one, which is serious and requires a whole lot of alliance policies, which you have set out?

At the same time, we need a new policy, as we had during the Cold War, of engagement and dialogue, but it is no good just saying that we believe in dialogue and engagement; we have to produce some specifics for it. Can you comment on that?

Angus Lapsley: The question of whether we are in a cold war or not is perhaps one for academics or politicians. From a point of view of diplomacy, I completely agree that the situation is really serious and, in some ways, is as serious as the Cold War period. Of course, the Cold War period itself went through many different phases and different kinds of confrontation. It is as serious as the Cold War, let us put it that way, and I think that you are absolutely right that you should be clear about what you want to engage on and what the dialogue ought to cover.

As the Deputy Assistant Secretary-General pointed out earlier, military de-escalation is a very significant issue at the moment, with Russian military forces being ever more present around NATO's fringes. How you deal with those kinds of situations has been one of the issues. There have been persistent efforts over the last couple of years to engage Russia on arms control, and the structured dialogue under the OSCE banner.

I would agree with that. I do not own the Russia relationship, so I do not want to offer a comprehensive list of the issues that we need to try to engage Russia on, but in the security field, military de-escalation, disarmament and nuclear issues are definitely things that we need to talk to the Russians about and we try to talk to them about.

Lord Purvis of Tweed: I wonder whether, using that model, we are not really seeing that in the cyber sphere, where there seems to be escalation on both sides and no mechanism to de-escalate or reduce cyber capacity, and no intention from either side to do that.

Angus Lapsley: That is an interesting point. Certainly, in the NATO context, when NATO says to Russia that it would like to talk about hybrid in the NATO-Russia Council and how to deal with it, cyber is absolutely part of that component. But part of the problem of talking to Russia about cyber is that it denies that any such thing exists. It is by its nature a form of confrontation that is meant to be unattributable and covert, and it is not an easy conversation.

Lord Purvis of Tweed: But the structures of NATO are not conducive to allow that. It has to be done as a separate political and diplomatic mission.

Angus Lapsley: I would say that NATO has an emerging cyber policy, as you said earlier. It is part of the broader hybrid policy and it is absolutely something on which we use existing NATO-Russia structures to talk to them about.

The Chairman: On resources and burden sharing and all that, this is your scene, Lord Jopling.

Q9 **Lord Jopling:** Yes. At the Welsh summit some years ago there was unanimous agreement on moving towards 2%. Do not you think that it is a disgrace that so many rich countries lag so far behind in that endeavour? I am citing 2017 percentages of defence spending of GDP. Belgium, Spain and Luxembourg spend less than 1%—and Luxembourg generously pledged to move to 0.6% by 2020. Yet we still have rich countries, such as Denmark, Italy, the Netherlands, Canada and Germany, spending less than 1.5%. What more can we do to shame those states into doing rather better and moving rather more quickly towards what was the unanimous agreement in Wales?

Angus Lapsley: The UK's position on this is very clear. We are absolutely committed to the 2% target, and, indeed, slightly exceed it, and we expect other allies to meet it as well. As you say, this was a commitment that all 28 allies committed to. Doing defence properly is relatively expensive, which is something that we all have to face up to, and having a sense of equitable burden sharing within the alliance is an important part of the alliance's cohesion. We absolutely agree with this, and it is an issue that we continually raise with other allies. We try to lead by example. At all points since Wales, we have met that 2% target, even through some very difficult times of pressure on public spending.

It is not just about the headline. The headline matters—it is the galvanising political point—but there are also some important debates about how the money is spent. The Committee earlier touched on how much of defence budgets is actually spent on capability development. Off the top of my head, I think we spend about 35% of our budget on personnel. Personnel is always going to be a hugely important part of any defence effort. Other countries might spend a much higher percentage than that, and that is one of the issues that we need to tackle. There is also a question of whether allies are investing in new capabilities, even if they are not the traditional headline capabilities. Cyber capacity is one of those issues and we are investing in cyber capabilities. So you are right that the headline really matters, but there is an underlying debate about how money is spent that is almost equally important.

Lord Jopling: We have talked about the growth of cyber and hybrid warfare. Is there any prospect at the summit of trying to persuade allies to have a target larger than 2% in order to meet these new threats?

Angus Lapsley: The Defence Secretary has said that we regard 2% as a floor, not a ceiling—is that the right way round? Is it realistic to get other allies to that point by the summit in the summer? The answer would probably be no. Some allies are still going through difficult internal political

debates about meeting 2%, so we have to be realistic about that. But we will definitely keep up the pressure on allies to get as close as possible to that target, and for those that are not going to reach the target in time to have credible plans for how they will get there afterwards.

The Chairman: But has Lord Jopling not touched on a rather fundamental point about the nature of defence? It is understood nowadays that defence involves all kinds of activities—research, technology, intelligence, very advanced cyber arrangements—yet the defence definition that we touched on earlier seems still to relate to defence of a 20th-century kind rather than a 21st-century kind. Are we on the right track on this?

Angus Lapsley: That is a really interesting question, and it was one of the themes underpinning the review of our own national security strategy that has just been completed. It agreed that there was a specific issue around defence spending. As you know, the Ministry of Defence is running a programme now to address questions about whether the defence budget is right and is being spent on the right things. One thing that came out of our review was that we needed to look at whole-government spending and responses, in particular to issues such as cyber, where defence can mean making civilian infrastructure more resilient or having more effective government communications to attribute things and call things out.

At the level of nation states there is definitely a really important debate about how you budget for security and what part defence has in that. Translating that very complex national debate into a NATO context gets 29 times more complex, to be honest. At the moment the real focus is on making sure that we are getting across to all allies the need to raise their game in areas such as hybrid and cyber and to take these things more seriously and at the same time keep bearing down relentlessly on the 2% target.

The Chairman: For the past 70 years America has been the bedrock of all this. Is the bedrock still the bedrock? Lord Wood.

Q10 **Lord Wood of Anfield:** I was going to ask about your view of the Trump Administration's commitment to NATO, but I guess there is an easy answer to that, so I will ask you something slightly more difficult.

I am sure that the US remains committed to NATO, but, under Trump, what do you think the engagement with and conception of the future of NATO actually is in Washington? Particularly with John Bolton arriving now, are we facing a world in which we will hear continued refrains about financial contributions and urging countries to cough up, combined with more ad hocery in American security interaction with the rest of the world, which will effectively make NATO an afterthought rather than the core alliance that America brings to the world?

Angus Lapsley: From our perspective, the United States remains the most important NATO ally. Nothing has changed in that respect. I think sometimes we forget just how far American military and political engagement underpins NATO's core capabilities. Nuclear is an obvious example of that. From our perspective, the role that America is playing in

NATO at the moment is a very positive one. The US has substantially increased spending on its military presence in Europe, bringing heavy units back to Europe and pre-positioning equipment. The budget that is going through Congress just now sees spending on this going up by \$6.5 billion, which is the whole defence budget of some allies. If you look at the impact on the ground, the American effort in Europe is increasing.

If you look at American thought leadership and political leadership within NATO, there are quite a few issues on which they are every bit as engaged in leading things as they ever have been. For example, Secretary of Defense Mattis has been instrumental in pushing the decision-making debate. I do not think we feel any less American leadership and engagement in NATO than we have in the past.

On burden sharing, I note that President Trump has his particular style, and we all understand and see that, but his basic message on burden sharing is the same message that every American Administration for at least 15 or 20 years has brought to the table. We as Europeans have to respond to that, whether it is delivered in the style of President Obama or President Trump.

Lord Wood of Anfield: But the suggestion that the security umbrella might be rethought if those contributions are not forthcoming—which I suppose was Trump a few months ago rather than Trump now—is different, is it not?

Angus Lapsley: Yes, that is different—but there have been a lot of statements from the US Administration underlining their permanent contribution to European security.

The Chairman: We touched earlier on the point about what is defence and what is security now? In the cyber age, does the American umbrella—the Article 5 cover—still operate in the same way? There seems to be tremendous doubt and ambiguity about this whole area. Does it not worry us?

Angus Lapsley: I think that all allies worry about hybrid and cyber as new ways of challenging the alliance. Actually, they are not the only things challenging the alliance. NATO is not the lead international agency in tackling terrorism, but it has a role to play in helping European nations respond to terrorism. It is not the lead agency in responding to uncontrolled migration, but it has a role in contributing to that response. Part of the transformation of NATO in the past couple of years has been recognising that it is not an organisation that has just one job but that it needs to think about how it adds value across an increasingly complex set of security issues—hybrid, cyber, migration, terrorism and the conventional threat from Russia. You could also add proliferation of missile technology and things like that. I agree with the Committee that it is a work in progress and we are not yet comfortable—I do not think anyone is—that NATO has everything in place that it needs to deal with the hybrid threat or the cyber dimension of that. That is one set of issues that we need to push forward on at the summit.

The Chairman: Turning to EU defence issues and our relation to them in the light of our Brexit programme and so on—Lord Balfe, this is your area.

Q11 **Lord Balfe:** Yes. Traditionally the UK was always trying to keep the EU off the defence field, but now that we are leaving the EU presumably our policies are going to change. I wonder in particular about the extent to which the EU's adoption of the permanent enhanced structured co-operation procedure might affect our co-operation with, and co-operation between, the EU and NATO; and, secondly, the effect that closer EU-NATO defence co-operation might have on our relations with the EU's defence mechanisms.

Angus Lapsley: That is not an easy question to answer, because I do not think that we, or anyone else, quite know where permanent enhanced structured co-operation—PESCO—is going, and quite what it will mean in practice and in substance. And it is not the only European defence initiative that has the potential to change things. Another thing that may turn out to be as important if not more important is the Commission moving into funding research and capability programmes. So to some extent it is quite difficult to know, given that the 27 do not quite know where those things are going yet, what impact it will have on NATO, or indeed on us.

As a matter of general policy, if these initiatives generate more European capability because they allow European countries, perhaps in particular some of the smaller ones, to spend more money and to spend it more effectively and generate more bang for their euro, and if that capability is then available to NATO or to the UN or national or EU operations, fundamentally that is a good thing and we should support it. However, as you heard from NATO earlier, there are some questions about how this moves forward.

There is a set of questions on whether the EU is setting priorities that are compatible with NATO's priorities for capability development. We do not want a situation in which defence ministries are being told by NATO to spend their money on this while they are being told by the EU to spend their money on that. We ought to try to bring those things together.

Secondly, there is a set of issues relating to the participation of non-EU allies—of course, they will include us in a year's time—in those programmes, whatever they might be. Britain, but also Norway, Canada and sometimes America and Turkey, has often been at the heart of co-operative capability development programmes in Europe, and we were before we joined the European Union. So there is a legitimate set of questions about whether this tighter EU-sponsored co-operation makes it harder for non-EU NATO allies to co-operate. That issue has set some alarm bells ringing in Washington, not least because a lot of American defence companies, for example, are very present in Europe and are integrated in European defence industries, and they are worried that this is heading in a direction that will exclude them. So I think that is an issue.

The last issue is that it is not really clear whether PESCO will have an operational dimension or whether it will really be just about capabilities. If

it has, we would not want a situation where there was competition and rivalry between the EU and NATO over who does what in what theatre. There is enough work out there to be done, and we ought to have sensible and rational decisions about which organisation is leading in which theatre and not move to an idea that there is a *pré carré* for each organisation. So for me those would be the three issues that we would have to watch.

Lord Balfe: Can I ask about interoperability? This was always the great problem: none of the military forces could co-operate because their equipment was so different. Part of the aim at one point when I was in the European Parliament was just getting some sort of standardisation of equipment; the idea was that it would be a useful role for someone to play. The feeling then was that NATO was not at that point playing it and that it might be a role for the EU.

Angus Lapsley: There are definitely some roles there that the EU can play. NATO takes the lead in defining what your military needs to be able to deliver with its kit. But manufacturing standards and things like that are not at the level that NATO gets into, so the EU could definitely help there.

There is an interesting set of issues to do with military mobility and how easy it is to move equipment and personnel around Europe, given that we might now be back in a situation where that is something we need to do very quickly.

NATO absolutely has to be involved in setting the requirement, but quite a lot of the legislation and the nuts and bolts of delivering that probably lie within the domain of the European Union. For example, if it turns out that the issue is that bridges need to be strengthened so that they can still carry a main battle tank or something, that is the kind of issue where, if you are going to have some standardisation across Europe, it would probably be sensible for the European Union to take it on. But you need to make sure in doing so that you are thinking "European" and not just "EU". There is no point having a set of standards that mean that British or Canadian or Turkish tanks cannot cross a bridge because it has been designed in the wrong way. It gets very technical, but this is an area where the EU can help, provided that it acts in very close co-ordination with NATO.

Lord Hannay of Chiswick: I will make a quick observation. Subsequent historians may find it quite startling that we spent 45 years as a member of the European Union trying to stop the European Union doing anything in defence, and it is only when we voted to leave the European Union that the admirably relaxed policy that you have just adumbrated became British foreign policy.

Leaving that on one side, presumably the Prime Minister's proposal for a security treaty with the European Union after we leave is going to be rather vital to the issue that you have just started to talk about, which is how the EU co-operates with non-members.

Secondly, the previous witness rather gave us the impression that absolutely everything on the EU-NATO co-operation front is lovely now and

that everything is working perfectly. Does that mean that the roadblock that existed for so long over Cyprus, Turkey and so on has virtually disappeared, or that people in both organisations have now found a way to work around it, so that in fact it is not a roadblock any more?

Angus Lapsley: That is a very good question, and I realise, listening to it, that it was one of Lord Balfe's questions that I did not quite pick up. First of all, I have not been doing this for 45 years, but I have spent most of the past 15 years working on European defence in one form or another, and actually we have not opposed everything. Successive Administrations have taken the view that there was a role for European defence. It should not compete with NATO, and there are some things that it should not do, such as to set up rival headquarters and things like that. But actually the UK has been significant, under consecutive Administrations, in shaping how European defence evolved.

On EU-UK co-operation on defence with NATO, generally, the closer the relationship between NATO and the EU on defence issues the better the co-ordination and co-operation and the easier it will be for us, as it will be for other non-EU NATO allies. As the Committee knows, the Government have set out a view that we would like to establish a relationship bilaterally with European defence; it is part of the ongoing process of negotiating our future relationship with the European Union. But we are open to arrangements that would allow the UK to continue contributing to operations, for example, and capability development, if we can find ways in which to do so as a third country that work for both sides. So one is not a substitute for the other: we need both close EU-NATO co-operation and close EU-UK co-operation on defence.

On the EU-NATO relationship generally, it is incomparably better than it was 10 years ago. The issue first came to a head 10 years ago because both organisations were operating in Afghanistan and were not allowed to talk to each other on the ground, which was an absurd situation. Those difficulties have very largely been overcome. Both Turkey and Cyprus at different ends of Brussels have worked quite hard to overcome some of their difficulties to allow that kind of pragmatic co-operation to carry on. In December last year, the EU and NATO agreed 74 areas of joint work, covering things such as cyber and hybrid capabilities and operations. So it is a lot better than it was. However, there are still sensitivities that can flare up quite quickly.

The other thing is that it is intrinsically difficult to get two multilateral organisations, both of which are understandably focused on internal coherence and getting consensus, to match their decision-making. Both allies and member states—and I have done it from both sides of town—are always telling the staff on both sides to do better and develop more, but it is quite difficult when you then bring it back to the allies. So you have to be realistic about how much load bearing a complex relationship like that can take—but, overall, the agenda is in much better shape than it was 10 years ago, and it continues to develop.

Lord Grocott: Just so we do not miss the wood for the trees, we should

simply restate that our membership of NATO predates and will postdate our membership of the European Union, and the defence of this country overwhelmingly depends on its membership of NATO, not on its membership of the European Union. I would just like to get that straight.

Angus Lapsley: I entirely agree.

The Chairman: Could you put this in perspective for us? We hear a lot about much closer defence co-operation in specific areas with the French, we hear about much closer co-operation with the Germans, and we hear about much closer co-operation outside the NATO theatre with the Japanese. Those are new developments in a completely different defence ambience, where people are planning much less about long-term weapons systems and much more about super-flexibility. That seems to be the word coming from the Ministry of Defence. How does all that fit into our NATO envelope?

Angus Lapsley: One way of looking at it is that in European security we work through three pillars. As Lord Grocott says, absolutely the most important is NATO; it is the bedrock for how we organise the security of Europe. The second pillar is European EU-led co-operation, which has a value in a number of areas but does not touch the core issues of collective defence and is not really about serious war fighting as such. The third pillar is bilateral co-operation. What you are seeing there is a recognition that, even for the larger member states and allies such as Britain, France and Germany, if we want to generate capability effectively, most of the time we are going to have to do it with a partner.

Britain and France, for example, are the two European nations that can credibly mount medium-scale expeditionary war-fighting forces. So there is the CJEF that we have put together with France, which will become fully operational next year. It is a European force that could be used by NATO or the UN or in a coalition of the willing, which probably only France and Britain could do together. But then you have something like the JEF, the Joint Expeditionary Force, which is a northern European British-led force, which will do slightly different things but also be very capable. If you want to generate capabilities that can be used by NATO or by other political coalitions, you need to drill down into bilateral co-operation to find partners that really work effectively. Certainly, for Britain and France and, to some extent, for Germany there is also a role for the larger allies and member states to act as a kind of anchor for smaller countries to plug into. For example, Baltic countries use us as a platform for some of the things that they would like to do through NATO. So it is meant to reinforce the NATO pillar and, for EU countries, the EU pillar.

The Chairman: Thank you very much indeed. Time has expired, but you have been very patient in answering all our questions, and I think we have found it extremely useful.