



The primary purpose of the House of Lords European Union Select Committee is to scrutinise EU law in draft before the Government take a position on it in the EU Council of Ministers. This scrutiny is frequently carried out through correspondence with Ministers. Such correspondence, including Ministerial replies and other materials, is published where appropriate.

This edition includes correspondence from 1 July – 13 October 2019

EU EXTERNAL AFFAIRS SUB-COMMITTEE

CONTENTS

Council Recommendation of 14 May 2019 assessing the progress made by the participating Member States to fulfil commitments undertaken in the framework of Permanent Structured Cooperation (PESCO) (8795/19).....	2
Joint Report to the European Parliament and the Council on the implementation of the Action Plan on Military Mobility (9863/19).....	5
Joint Communication to the European Parliament, the European Council and the Council: EU-China – A Strategic Outlook (7566/19).....	2
Joint Communication: European Union, Latin America and the Caribbean: Joining Forces for a Common Future (8765/19).....	2
REPORT FROM THE COMMISSION Supporting the Sustainable Development Goals Across the World: The 2019 Joint Synthesis Report of the European Union and its Member States (9199/19).....	4
COUNCIL DECISION AND COUNCIL IMPLEMENTING REGULATION CONCERNING RESTRICTIVE MEASURES DIRECTED AGAINST CERTAIN PERSONS AND ENTITIES WITH A VIEW TO COMBATING TERRORISM (Unnumbered).....	8
STRATEGIC EXPORT CONTROLS: DRAFT COUNCIL DECISION (CFSP) 2019/XXX of x September 2019 amending Council Common Position 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment (OTNYR).....	8
General Correspondence	9
Establishment of a Partnership on Sustainable Connectivity and Quality Infrastructure with Japan – Opening of negotiations.....	9
European Defence Agency 2019 Budget	10

JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL AND THE COUNCIL: EU-CHINA – A STRATEGIC OUTLOOK (7566/19)

Letter from the Chairman to the Rt Hon Sir Alan Duncan KCMG MP, Minister for Europe and the Americas, Foreign & Commonwealth Office

Thank you for your letter, dated 20 June 2019. This was considered by the External Affairs Sub-Committee on 11 July 2019.

Thank you for your commitment to keeping us informed. We look forward to receiving updates on the next round of the UK-China bilateral human rights dialogue, the outcome of the UK-China Joint Trade and Investment Review, and whether the UK's concerns relating to the International Procurement Instrument have been addressed.

We have decided to clear the document from scrutiny and you do not need to reply to this letter.

15 July 2019

JOINT COMMUNICATION: EUROPEAN UNION, LATIN AMERICA AND THE CARIBBEAN: JOINING FORCES FOR A COMMON FUTURE (8765/19)

Letter from Baroness Verma to the Rt Hon Sir Alan Duncan KCMG MP, Minister for Europe and the Americas, Foreign & Commonwealth Office

Thank you for your letter to the Committee on the above item, dated 21 June. This was considered by the External Affairs Sub-Committee on 18 July.

There were two questions that we felt provided insufficient detail for us to be able to clear the item from scrutiny at this stage.

First, while your letter helpfully sets out which countries in the region the EU has signed framework participation agreements with and with which ones the EU has cooperated on a less formal basis, it does not engage with the question of how the EU aims to encourage increased participation in CSDP missions and in which particular areas it is seeking greater cooperation.

Second, the letter did not address in much detail how the UK intends to re-calibrate its relationship with Latin America and the Caribbean after Brexit. It acknowledges that Latin America will become "increasingly important" in the post-Brexit context, but lacks detail on how the UK will be actively pursuing closer ties. We note the reference to the roll-over of EU agreements, but this, of itself, just maintains the status quo. You refer to growing UK investment, particularly in Brazil, but the Committee would be keen to understand how UK policy towards South America, Central America and the Caribbean, in each case, will be refocused to match the UK's global ambitions after Brexit.

We have decided to retain the document under scrutiny and we look forward to your response within the usual 10 working days.

18 July 2019

Letter to the Chairman from the Rt Hon Christopher Pincher MP, Minister for Europe and the Americas, Foreign & Commonwealth Office

Thank you for your letter of 18 July in response to Sir Alan Duncan's letter to Lord Boswell of 21 June. This letter addresses your questions regarding the above Joint Communication.

You asked how the EU aims to encourage increased participation in Common Security and Defence Policy (CSDP) missions and in which particular areas it is seeking greater cooperation.

The EU aims to fill existing vacancies in CSDP missions, and one of the ways to do this is through third country participation. To encourage this, in civilian missions, the EU uses the offer of invitations to planning meetings and information sharing as an incentive. The EU does not have a specific

geographic focus to third country participation; rather it is led by shifting security priorities and matching expertise to those priorities. The current focus might be seen as North Africa but this could change very quickly and individual member states might see priorities differently.

The EU is considering how to improve partnerships with third countries on CSDP, seeking a more strategic approach. It proposes the need for “tailored, coherent and adjustable relations between EU and partners while keeping flexibility to anticipate evolving policy needs”. It also suggests an overarching “EU Partnership Forum” at ministerial or defence policy director level, which would meet twice a year to focus on a topical issue. The United Kingdom supports this approach.

You asked how the United Kingdom’s policy will be refocused to match our global ambitions after Brexit.

Latin America is receptive to the ambition of Global Britain and a distinctive British offer based on our liberal and democratic values, our economic strengths, and our championing of free trade. We have seen that with the right sort of political engagement, we can make inroads in areas not considered traditional British strengths (e.g. securing the lead contractor status for the 2019 Lima PanAmerican Games through a Government-to-Government agreement).

We focus our efforts in Latin America towards priority countries Brazil, Argentina, Colombia, Mexico, Peru, and Chile. Panama is emerging as a global business hub, and we focus on Venezuela as a crisis affecting the region. We are working together across government on a coherent set of policy priorities based around prosperity, green growth and trade, and strengthening the rules-based international system. We established a new regional political network, based in our existing embassy platforms, that will enable us to respond to global issues and support these priorities. The network will come on line in early 2020 in Argentina, Brazil, Chile, Mexico, Panama, Peru and Uruguay.

We want to strengthen significantly the United Kingdom’s absolute and relative trade with the region over the next 5 years, increasing market share in exports (from its current low base of 1.2% worth £16.5bn), ODI and FDI. We want to secure better market access for British companies through utilising our trade policy levers and modernise perceptions of the United Kingdom across the region, and of the region in the United Kingdom.

One of the ways we can do this is through using cross government funds like the Prosperity Fund and International Climate Finance to help our regional partners improve the business environment through reforms to legal systems and higher social and environmental standards. Led by our Ambassadors and Her Majesty’s Trade Commissioner for Latin America and the Caribbean, we are also using levers like the Prime Minister’s Trade Envoys, our network of Department for International Trade staff in the region, and ministerial visits to unlock investment opportunities and export wins in areas of British advantage. These include traditional areas like mining, defence and security, and energy but also the creative economies, infrastructure project delivery, financial services, life sciences, agritech and education – many of which link directly to our industrial strategy

We support the rule of law, justice and good governance through projects and programmes across the region. The United Kingdom provides an estimated £180m a year of Official Development Assistance (ODA) through multilateral organisations to Latin America and will contribute well over £600m through specific bilateral programme funds to the region over the next five years. Though far less than we spend in other regions, this represents a major uplift in our regional expenditure against the recent past across our programmes.

We are natural partners on climate change. Latin America has a quarter of the world’s global forest coverage and the Amazon accounts for nearly half of the world’s tropical forest. Most countries are forward leaning in international negotiations and commitments. We will work closely with Chile as they host COP25, looking forward to COP26.

The Caribbean and United Kingdom are culturally, politically and historically linked. We enjoy excellent relations with the region and work closely with them on a range of issues, both bilaterally and in the multilateral context, including the Commonwealth. We work jointly to tackle global challenges such as climate change, serious and organised crime and the defence of the rules-based international system. Over one million people of Caribbean origin live in the United Kingdom. 200,000 British passport holders reside permanently in the region and over 800,000 British citizens visit every year.

Ahead of Brexit we are boosting our presence in the Caribbean, ensuring we are best placed to capitalise on new opportunities and to further strengthen our existing relationships. We are opening four new diplomatic posts this year in the Bahamas, Grenada, St Vincent and the Grenadines, and Antigua and Barbuda, extending the reach of the UK's diplomatic network. Since 2018 we have added new staff members in most of our existing Caribbean missions. A core part of their work will be to identify new prosperity opportunities including for greater investment and trade, and to build closer bilateral and multilateral ties. The new cross-HMG Caribbean Strategy is another demonstration of our intention to work more closely with the region.

The UK is the largest bilateral grant aid donor to the Caribbean through DFID's £400m+ multi-country programme (which includes the United Kingdom Caribbean Infrastructure Fund). Additionally, the £34.2m Conflict Stability and Security Fund (CSSF) from 2018-2025 is helping Caribbean countries to come together to tackle serious and organised crime – drugs, guns, human trafficking – that also affects the United Kingdom.

We recognise that it is vital for Caribbean small island developing states to have a smooth transition to new trade arrangements when we leave the EU. We have therefore made it a priority to work with our Caribbean colleagues to ensure the CARIFORUM-UK Economic Partnership Agreement is in a good place and has been signed (and is in the process of being ratified) in readiness for Brexit. The EPA replicates the effect of the existing EU Trade Deal, eliminates all tariffs on goods imported into the United Kingdom, and will gradually cut import tariffs on most British exports to the region. We are an important export market; we bought 100% of Saint Lucia's banana exports, as well as 69% of Belize's banana exports in 2017. In addition, 81% of Guyana, and 64% Jamaican sugar cane exports went to the United Kingdom.

8 August 2019

**COUNCIL RECOMMENDATION OF 14 MAY 2019 ASSESSING THE PROGRESS MADE
BY THE PARTICIPATING MEMBER STATES TO FULFIL COMMITMENTS UNDERTAKEN
IN THE FRAMEWORK OF PERMANENT STRUCTURED COOPERATION (PESCO)
(8795/19)**

**Letter to the Chairman from the Rt Hon Sir Alan Duncan KCMG MP, Minister for
Europe and the Americas, Foreign & Commonwealth Office**

I am writing to provide an update on the latest stage of negotiations for a Council Decision on arrangements for third state participation in PESCO projects.

As I explained in the Explanatory Memorandum of 23 May 2019 on the Council Recommendation assessing the progress made by PESCO participating Member States (PPMS) on PESCO implementation, negotiations for a Council Decision on third state participation in PESCO projects are ongoing. The date for adopting the Council Decision has been delayed several times and, while a new date for has not been identified, the June Foreign Affairs Council called for adoption as soon as possible.

In my letter to you of 19 December, I informed you that the issue had been referred to the Working Party of Foreign Relations Counsellors (RELEX) to draft the legal text for the Council Decision. RELEX has discussed this issue on a number of occasions since January and, while having agreed the majority of the text, identified three areas which required guidance from the Permanent Representatives Committee (COREPER).

The three areas are the duration of a third state's participation in a PESCO project; parameters for the involvement of entities established in the European Union and controlled by a third state or by a third state entity; and the requirement for the third state to have an Administrative Arrangement with a European Defence Agency (EDA) to participate in those PESCO projects with EDA involvement.

COREPER discussed the draft text, which included options for each area, and a number of guiding questions to assist the conversation. The Finnish Presidency will now reflect on the discussion and propose a way ahead.

The UK recognises that PESCO implementation is a matter for PPMS. We do, however, have an interest in arrangements for third state participation to be as open and flexible as possible to maintain the option of UK participation in specific projects as a third country where it is in our interests to do so. The UK is, therefore, assisting like-minded partners in their efforts to make PESCO as open to third state participation as possible.

I will provide a further update once we have a clearer picture of when arrangements for third state participation will be finalised.

11 July 2019

REPORT FROM THE COMMISSION SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS ACROSS THE WORLD: THE 2019 JOINT SYNTHESIS REPORT OF THE EUROPEAN UNION AND ITS MEMBER STATES (9199/19)

Letter from the Chairman to Baroness Sugg CBE, Parliamentary Under Secretary, Department for International Development

Thank you for your letter of 26 June regarding the above document. This was considered by the External Affairs Sub-Committee on 18 July.

We would like to thank you for your comprehensive response to the Committee's questions and are now content to release the item from scrutiny. You do not need to respond to this letter.

18 July 2019

JOINT REPORT TO THE EUROPEAN PARLIAMENT AND THE COUNCIL ON THE IMPLEMENTATION OF THE ACTION PLAN ON MILITARY MOBILITY (9863/19)

Letter from the Chairman to the Rt Hon Sir Alan Duncan KCMG MP, Minister for Europe and the Americas

Thank you for your Explanatory Memorandum (EM) of 18 June 2019 regarding the above document. This was considered by the External Affairs Sub-Committee on 11 July 2019.

We were disappointed to see that your EM does not provide us with the basic information necessary to be able to consider the implementation plan. We note that this was already the case last year, when we considered 7633/18—Joint Communication to the European Parliament and the Council on the Action Plan on Military Mobility. We therefore request you to provide us with the following information:

- a) A summary of the content of the Action Plan on Military Mobility;
- b) The principal findings of the implementation report—which successes and shortcomings have been identified; and
- c) Your assessment of the EU's plans to address the shortfalls.

In addition, we have a more fundamental question about the Action Plan on Military Mobility, which rightly identifies the lack of infrastructure as an obstacle to military mobility. What is your assessment of the progress made in this regard to date? Do the actions identified in the plan fully address the issues around the lack of transport infrastructure, or are there any gaps that remain to be filled?

Lastly, military mobility is also included in the Joint EU-NATO Declaration of July 2018. What is your assessment of the progress made on increasing military mobility under the declaration?

We look forward to receiving your reply within the usual 10 working days. In the meantime, we have decided to keep the document under scrutiny.

15 July 2019

Letter to the Chairman from the Rt Hon Sir Alan Duncan KCMG MP, Minister for Europe and the Americas

Thank you for your letter of 15 July 2019 requesting further information on the EU Action Plan on Military Mobility (Action Plan), following our Explanatory Memorandum (EM) of 18 June 2019. You requested more information on:

- a summary of the content of the Action Plan
- the findings of the progress report on implementation (Joint Report to the European Parliament and Council on the Implementation of the Action Plan on Military Mobility);
- our assessment of the EU's plans to address the shortfalls highlighted in that report;
- the infrastructure gap analysis; and
- progress against military mobility objectives in the 2018 Joint EU-NATO Declaration.

Summary of the content of the Action Plan on Military Mobility

The EU and NATO have both expressed their shared interest in being able to move defence forces across Europe and are, despite their different membership and functions, dependant on each other to achieve this: the EU can support NATO objectives through legal and regulatory changes, coordination on cross-Europe transport infrastructure through the Commission's oversight of the Trans-Europe transport network (TEN-T) and has funding to support infrastructure work; NATO can support this work by providing the EU with its plans and requirements to move forces across Europe ("Enablement"). It creates an effective deterrent and we urge NATO and the EU to work together more closely on this to achieve success. Much of the work is flagged as EU-NATO cooperation; to date the EU has delivered much of the effort towards harmonising national rules and tackling cross border issues that hamper the free movement of forces around Europe.

One of the principal instruments for delivering what NATO wants is the EU's Action Plan on Military Mobility. The Action Plan looks at three areas: establishing Military Requirements; Transport Infrastructure; and Regulatory and Procedural Issues. It also comprises a list of actions for EU agencies and Member States. A list of the Action Plan actions and timings is included at **Annex A**.¹

On **Military Requirements**, EU Military Staff have largely led completion of this work, under Commission supervision, including an initial Gap Analysis (GA) between military requirements and Europe's TEN-T infrastructure. As a major sender of military forces but not a major through-route for military mobility, UK concerns centred on understanding how our ability to move might be affected, but also that the relevant ports, airports and transport links were captured.

EU Military Staff presented the GA results to the Political and Security Committee (PSC) in April. The Commission has informally advised Member States that 94% of the TEN-T infrastructure is compatible with the military requirements but have not yet elaborated on the 6% which is not compatible.

To close the gap on **Transport Infrastructure**, the Commission, through the Directorate General for Mobility and Transport (DG MOVE) has agreed a fund of EUR 6.5bn in the next Multi-annual Financial Framework (MFF) towards upgrading infrastructure through the Connecting Europe Facility (CEF), which previously had only been available for civilian requirements. The EDA reported in their Movements and Transport meeting on 04 Apr 2019 that CEF would only fund up to 50% of the civilian element of the costs, and that EU Member States would have to cover the rest. The UK has urged the Commission to be clear when the next MFF is confirmed on how this funding can be used for the military element.

On **Regulatory and Procedural issues**, the EDA has launched two Cat A programmes: one on customs procedures, which the UK has joined; and in May 2019 on Cross-Border Movement Permissions, which the former Defence Secretary declined to sign onto until our third-party relationship with the EDA was clear postBrexit. EDA-led work on VAT status work has also completed, with the Commission proposing VAT exemption for military mobility-related expenditure

¹ Not published here.

in line with NATO VAT exemption. Parliamentary scrutiny has reviewed the proposed changes to VAT status (HM Treasury lead – 8940/19).

Findings of the Joint Report on Implementation of the Action Plan

The Joint Report on Implementation was circulated to Member States in June 2019. The report is largely a positive summary of progress that notes that “substantial and tangible progress has been achieved in all areas”. Our EM on the Joint Report is set out at **Annex B²**.

You ask for our assessment of this progress: our assessment is that much of the work is ongoing, in particular work to take forward the gap analysis findings to the next stage and to tackle some of the more difficult cross-border issues such as transport of dangerous goods (for example, ammunition). The Action Plan assigns delivery of the actions largely to various project groups in the EDA, so the achievement highlighted in the report has been completion of capturing military requirements in the infrastructure work strand; but other projects are making steady progress on customs, VAT, regulatory and other actions which remain open. Requirements work involved consultations with NATO staff to ensure a better understanding of the needs in both organisations; NATO also adjusted its requirements in response to Member States’ concerns.

The value of the Action Plan is to draw together EU and NATO stakeholders to begin work in an area that Europe has neglected since the Cold War and that requires a complex whole-of-government response. The report shows that we have made a good start. The Commission’s commitment to support upgrades where the GA identifies bottlenecks or constraints is welcome, especially where it draws commitment from EU Member States and embeds military planning in future infrastructure requirements. Brexit implications may mean that our voice is no longer able to influence the EU’s direction as we might like: but the Actions have also helped highlight areas where the UK can improve its structures.

Next steps

Based on the agreed military requirements, we expect the Commission will start to identify related projects towards the end of 2019. Next steps will include an analysis of the gaps identified and discussion between the Commission, EDA and Member States on where dual-use (civilian-military) infrastructure projects are needed as part of this work. No EU transport-related project has yet been implemented that specifically takes into account military requirements as part of the military mobility initiatives. We also expect that NATO will want to give its assessment of the EU’s plans/progress when NATO has its geographical routes under the NATO deployment plans clearly defined.

The EUR 6.5Bn funding for the next MFF is not yet agreed but, in anticipation of an agreement, the Commission will produce an indicative prioritised list of projects based on Member States’ advice and their view of sensible actions (with bilateral and multi-lateral discussions). It will probably take a cross-border ‘corridor’ approach. The Commission plans to produce this project pipeline in 2020.

Joint Declaration

You refer to the EU-NATO joint Declaration of 2018. The 74 Joint Actions for EUNATO cooperation agreed in the Joint Statements by NATO and the EU of 2016 and 2018 include an action on military mobility. The institutions should “Establish cooperation and consultation at staff level, through regular meetings, in military mobility in all domains (land, maritime, air) to ensure a coherent approach and synergies between the EU and NATO aiming to effectively address existing barriers, including legal, infrastructure and procedural, in order to facilitate and expedite movement and border crossing of military personnel and materiel, in full respect of sovereign national decisions”.

NATO and the EU have consulted over the content of the Action Plan through a “structured dialogue”, notably working together on infrastructure requirements, customs (including developments to the NATO “302” customs form), cross-border movement permissions and requirements. Most NATO Allies, including the US, are supportive. However, as with other areas of EU-NATO cooperation derived from the Joint Declaration, tensions between some non-EU and non-NATO countries have acted as a brake.

² Not published here.

Context for development of the Action Plan

It is worth considering the views of our partners and the NATO context briefly. The Netherlands is the leading voice in the EU and NATO on military mobility, chairing a Northern Group ad-hoc working group, the military mobility-related PESCO project and acting as regular hosts for related events. The creation of the Action Plan was triggered in particular by a Dutch request in mid-2017 for the EDA to deliver a Military Mobility Action Plan for endorsement in the 2018 March European Council. In response, the EDA set up an Ad Hoc Working Group for Member States to shape a “roadmap” that was agreed by Member States in early February 2018. The Roadmap formed the basis of the Action Plan. The US are strong supporters of improved military mobility to enable NATO forces to move quickly. But it is largely developments in NATO’s role since the 2014 annexation of Crimea that has led to NATO paying much more attention to the speed it can move its forces across Europe.

The NATO context is set largely by deployment concepts such the NATO Readiness Initiative (NRI), a key element of the NATO plan for “Enablement” of SACEUR’s Area of Responsibility. The EU recognised the importance of paying more attention to a “culture of readiness” for European forces to be able to move around the EU freely. The Action Plan support this requirement for NATO to move at a “speed of relevance”.

20 July 2019

COUNCIL DECISION AND COUNCIL IMPLEMENTING REGULATION CONCERNING RESTRICTIVE MEASURES DIRECTED AGAINST CERTAIN PERSONS AND ENTITIES WITH A VIEW TO COMBATING TERRORISM (UNNUMBERED)

Letter to the Chairman from the Rt Hon Christopher Pincher MP, Minister for Europe and the Americas, Foreign & Commonwealth Office

I am writing with regard to the EU Council Decision and Council Implementing Regulation concerning restrictive measures directed against certain persons and entities with a view to combating terrorism. As detailed in the attached Explanatory Memorandum, the legal acts implement the outcome of the Council’s review of the listings under this sanctions regime. The Council agreed to make no changes to the list of designated persons during this review.

Unfortunately, due to the timings of parliamentary recess and adoption of the legal acts, I regret that I found myself in the position of having to agree to the adoption of the Council Decision and Implementing Regulation before your Committee had an opportunity to scrutinise the documents. As you know, the responsibility to keep your Committee informed on issues concerning sanctions is something I take seriously and the need for the override of scrutiny on this occasion is regrettably unavoidable.

22 August 2019

STRATEGIC EXPORT CONTROLS: DRAFT COUNCIL DECISION (CFSP) 2019/XXX OF X SEPTEMBER 2019 AMENDING COUNCIL COMMON POSITION 2008/944/CFSP OF 8 DECEMBER 2008 DEFINING COMMON RULES GOVERNING CONTROL OF EXPORTS OF MILITARY TECHNOLOGY AND EQUIPMENT (OTNYR)

Letter to the Chairman from the Rt Hon Christopher Pincher MP, Minister for Europe and the Americas, Foreign & Commonwealth Office

I am writing with regard to the EU Council Decision amending Council Common Position 2008/944/CFSP of 8 December 2008 defining common rules governing control of exports of military technology and equipment.

As detailed in the attached Explanatory Memorandum, the Council concluded a review of the implementation of the Common Position, which lasted 18 months. The review delivered a technical update to the Common Position that takes into account new international obligations, revised EU

regulations that came into effect after 2008 and improved EU reporting and transparency procedures. The review also refreshed the EU User's Guide, which supports EU Member State export licensing officers in applying the Common Position.

From a United Kingdom perspective, this review of the Common Position brings it into line with the United Kingdom's existing policy framework for assessing all strategic export licences. The Committees will not have the opportunity to review the documents before the item is due to be adopted. Therefore I find myself in the position of having to agree to the adoption of the Council Decision before your Committee has had an opportunity to scrutinise the documents.

11 September 2019

GENERAL CORRESPONDENCE

ESTABLISHMENT OF A PARTNERSHIP ON SUSTAINABLE CONNECTIVITY AND QUALITY INFRASTRUCTURE WITH JAPAN – OPENING OF NEGOTIATIONS

Letter to the Chairman from the Rt Hon Christopher Pincher MP, Minister for Europe and the Americas, Foreign & Commonwealth Office

Last December the Select Committee on the European Union cleared an Explanatory Memorandum on the Joint Communication 'Connecting Europe and Asia – Building blocks for an EU Strategy'. As set out in the Explanatory Memorandum, one of the Strategy's three main strands of implementation is the establishment of connectivity partnerships based on commonly agreed rules and standards.

At the EU-Japan Summit of 25 April 2019, the EU and Japan committed in the Summit Joint Statement to a connectivity partnership. In light of this commitment, on 29 July 2019 the European Council authorised the European Commission and the EEAS to start consultations with Japan to develop an EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure with the objective of strengthening bilateral cooperation and working together in third countries. This will be a non legally-binding instrument setting out the principles, thematic areas and methods of cooperation, including with financial institutions, and emphasising the importance of incentivising private financing.

The Commission services and the EEAS have begun negotiations with Japan over the summer and have shared a draft text with Member States, which we are reviewing. The intention is to present and agree a Council Decision in mid-September, with the objective of having the Partnership signed by the EU and Japan on the occasion of the Europa Connectivity Forum: EU-Asia Connectivity, on 27 September 2019 in Brussels. Given this tight timetable, I want to highlight now the possibility that we may have to request a scrutiny waiver on the Council Decision to endorse the Partnership.

As you will be aware, the government recently took the decision to only participate in those meetings where the UK has material interests in our last weeks as a Member State so that we can focus on our immediate national priorities. This particular item has not been judged to meet the threshold for involvement, therefore the UK will not participate in any further discussions on this policy area.

4 September 2019

Letter to the Chairman from the Rt Hon Christopher Pincher MP, Minister for Europe and the Americas

I am writing following my letter on 4 September, which informed the Committee that the European Commission and the EEAS had been authorised to start negotiations with Japan on an *EU-Japan Partnership on Sustainable Connectivity and Quality Infrastructure*. Negotiations on the Partnership have now concluded and the intention is that the partnership document will be signed by President Juncker and Japan's Prime Minister Abe on 27 September. In order to meet this timetable the partnership document will need to be adopted by the Transport Council on 20 September.

The United Kingdom has judged that this item does not meet the threshold for continued engagement since we are due to leave the EU on 31 October, and have decided to focus on core issues of national interest. Given the timetable for agreement and signing of the Partnership document, I regret that I

find myself in the position of having to request a scrutiny waiver before your Committee has had the opportunity to scrutinise the initiative.

23 September 2019

EUROPEAN DEFENCE AGENCY 2019 BUDGET

Letter to the Chairman from Stuart Andrew MP, Parliamentary Under Secretary of State, Minister for Defence Procurement, Ministry of Defence

I am writing to update the Committee on the latest position regarding the European Defence Agency's (EDA) 2019 Budget.

On 21 June, HRVP Mogherini wrote to Steering Board members proposing an amended budget of €34, 125,000 to be agreed unanimously by Member States. This is an increase of €1,625,000, or 5%, on the 2018 budget, the UK contribution of which would be €226,980.

In my letter to you of 13 December 2018, I explained that Member States had been unable to reach a consensus for the 2019 budget and had therefore agreed to an emergency proposal, whereby the 2018 budget was rolled over for the first three months of 2019. The EDA had proposed an increase of 7.7%, but the UK did not support this. We expected Member States to revisit this issue after 29 March 2019, once the UK was no longer a member and our blocking veto would not apply.

The UK's continued membership of the EDA due to the extension of Article 50 meant that our position was preventing the EDA finalising the 2019 Budget. The EDA made clear that remaining at 2018 budget levels was unsustainable, with the Agency unable to deliver its objectives or launch new projects, and asked Member States to consider making individual voluntary contributions.

The Secretary of State for Defence agreed that the UK should propose a compromise increase of up to 5%. This reflects the additional demands placed on the Agency by Member States, particularly in encouraging greater coherence between the EU and NATO, which the UK fully supports. This compromise proposal was consistent with our call for budgetary restraint in other international bodies.

Member States have until 22 July 2019 to agree to the amending budget. I will submit an Explanatory Memorandum once a final decision has been made.

10 July 2019