

THE ASPEN INSTITUTE

ASPEN SECURITY FORUM: GLOBAL

A CONVERSATION WITH THE DEFENCE SECRETARY

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A CONVERSATION WITH THE DEFENCE SECRETARY

(2:00 p.m.)

MR. ERVIN: Well, thank you all very much. I'm very grateful to each of you for attending the debut of the Aspen Security Forum: Global here in London and we are very much looking forward to seeing all of you next spring when we return. And in the meantime, as Kevin said, we hope very much that you will join us for the Aspen Security Forum in Aspen this July.

So for our final session we are especially pleased to have, as it says here, A Conversation with the Defence Secretary of the United Kingdom.

To moderate this final discussion we are very pleased to have with us James Harding, who is the director of news and current affairs for the BBC. He has had a very long and distinguished career in journalism. Previously, he was editor of the Times, and among other things, the Washington bureau chief of the Financial Times.

Please join me in welcoming James Harding, who will lead this conversation with the defence secretary.

(Applause)

MR. HARDING: Well, thank you very much indeed and thank you all for being here. It's a great thing that you're doing being in this room with that magnificent city out there on a bright spring day. So we will try and make sure that it's worth your while over the next 45 minutes to an hour.

For those people who know our defence secretary, he really needs no introduction. For those of you who have traveled a little way to come here, I can give you this introduction, is: there are certain days on the BBC when I wake up and find Michael Fallon is on the radio talking about something that barely has any connection at all to defense or security, and it tends to tell me two things. One is that the government is in real trouble and

they've decided to field Michael Fallon to try and make the best possible fist of the position they are in. And the other is, it's a gentle reminder of the huge confidence that the prime minister has in our current defence secretary. So we're extremely lucky to have Michael Fallon here this afternoon. Thank you very much for joining us, Michael.

(Applause)

MR. FALLON: So thank you. I'm delighted to be here, James. And thank you for that introduction. I was I think rather unfortunately described the other day as the government's paramedic.

MR. HARDING: Well, you know, your contributions to the airwaves of the BBC are always appreciated. Mike, can we start with the issue of the day, which is obviously the president's intervention on the referendum on UK membership of the European Union? And I would like to put two arguments to you.

The first is that the concerns raised around leaving the European Union are wholly overdone and particularly as regards to security that the argument that in any way the U.S.-U.K. relationship would be damaged when it comes to security is just not borne out by the facts, NATO continues to operate, the direct relationship that exists between London and Washington continues to operate, and if anything, an organization like the EU can inhibit decision-making in defense rather than enable it. How do you answer that argument?

MR. FALLON: Well, I think if any of those things held true, you know, you would expect to find some fellow defence minister around the world or fellow world leader who said it didn't really matter if we left. That is not the case. I don't know a single defence minister in NATO who is anything other than extremely alarmed by the prospect we might leave the European Union. And on the contrary, when I work with my colleagues in Brussels under the NATO framework, I find them keen to work more closely with the European Union. It's going to be one of the features of our agenda for the Warsaw Summit.

And what the European Union can do is very often what NATO simply is unable to do. It can apply -- because of its legal status, it can apply sanctions, for example, it can ensure prosecutions for piracy. It brings a whole range of additional levers to bear on what NATO can deploy. And I don't, therefore, attach any weight at all to this idea that, you know, the relationship between us and the United States would go on exactly as it has before.

Of course it's true there is still the affinity, still the cultural bond, still the old alliance. But increasingly now we are working together, you know, for the collective security of the West and in my view that would be damaged. It will be the first time a major country had left the European Union and it would become smaller and weaker as a result. And I'm very clear that the United States, as the president put it yesterday, does not support that.

MR. HARDING: All right. Well, let me ask you then the opposite question. There are some people who are passionate about the UK staying inside the European Union who make the criticism that the government's case is underdone, that the government has not made clear enough that in the event of a UK departure from the European Union the primary US economic relationship in Europe would be with Germany, arguably the key security relationship would be with France, and the potential for a domino effect through the European Union and the dismantling of that institution itself is a huge security risk and that those threats are not being made forcibly by the government -- and if not, why not?

MR. FALLON: Well, those arguments are deployed by the government. They are in the much criticized government leaflet. When you say we're not overdoing our case, we took some flak for putting a leaflet through everybody's doorstep and those arguments are run in that leaflet and they run I think, you know, only second to the -- probably the primary case on the economic security and the jobs that are at stake and the trading relationships.

But we have emphasized the point that we get the best of both worlds being members of both the European Union and of NATO. And, you know, it is quite striking how all our major allies want us to stay in -- not simply the United States, by the way, but our other allies across the world want us to stay inside the European Union because I think they fear that the collective security of the West would be weakened and it might well led to a fracturing of the, you know, wider arrangements that we have.

MR. HARDING: So let's turn, if we can, to the issues that are squarely on your desk. I quite like to go through -- talk about a little bit about Libya, about Syria, Iraq, about Russia. But before we do, you know, this is the first Aspen meeting of its kind. It's held in London. And in August 2013 there was a vote in the House of Commons about military action and it wasn't the most recent one, but it seemed to change the terms of trade for any prime minister and for any defence secretary when he or she thinks about the application of military force.

And I just wondered whether or not you could tell the audience a little bit about how you see the options that are now available to the UK government in terms of the use of force given the expectations in parliament about their involvement in any decision.

MR. FALLON: Well, I would take it further back actually. I will take it back to the vote in 2003, which has left perhaps a deeper shadow that won't be finally lifted or resolved until we see the Chilcot report as to whether or not parliament was led towards war on something of a false prospectus. Now, we don't know the answer to that yet. Chilcot and his colleagues are toiling away and I hope we will have the answer in the summer. But I think that has certainly colored the background in that I don't think a British government can put troops into conflict in a combat role without securing necessary and sufficient concern from parliament.

So I think that is the background now and I think that would be the case now if we were to -- if we were invited to engage more fully in Libya or anywhere

else, we would have to go and make the case to parliament, as in indeed we did make the case all over again for action in Syria back in December.

The particular vote that you referred to, I mean deeply regret. If you recall, it was not simply to -- about wide -- it wasn't a broad motion inviting military action against Syria. It was a very specific motion dealing with Saddam's use of chemical weapons against his own people -- and, you know, thousands have died since then.

MR. HARDING: But can you just calibrate for us what are the options then available for you? You say that deploying combat troops in a theatre of war would these days require a vote in favor of the parliament. But does that mean that -- you know, you clearly had rapid reaction strikes that you don't feel require parliamentary approval, but deployment of air force in some case would, in some cases wouldn't. When you look at the range of options available to you, which are the ones you think "these are going to need to go before parliament and these aren't"?

MR. FALLOW: Well, this is not a rule.

MR. HARDING: No.

MR. FALLOW: There's no regulation of parliament in our country on this. Indeed, there are some of my colleagues who argue this should always be a matter for the executive subject to accountability afterwards. The minister should be prepared to come and take the action that's necessary and come and defend it at the dispatch box afterwards and explain or generally account for their actions.

We're past that point now I think not at least because of what happened in the Iraq war in 2003 and we have imposed this convention on ourselves, if you like, that where our troops would be committed in a conflict zone to combat it would be right to seek the support of parliament for that.

And I think there's huge advantage for that. I mean I think it's important when troops are fighting and putting their lives on the line that they should know that their parliament -- whether it's a majority or whatever the size of the majority, they should know that parliament is behind them. Whatever the debate leading up to the particular deployment involves, they should know I think that overall by a majority parliament representing the people is behind that particular action.

Now when we accept it on ourselves, the Prime Minister was very, very careful to sketch out at least two exceptions to it. One where there was a very direct threat to British interests either here at home or abroad that could not be subvented (phonetic) in any other way, that he reserved the right to take immediate action and come to parliament afterwards and explain it.

And he also extended that to a humanitarian situation where we might have to act extremely quickly. It might be, for example, during a parliamentary recess and that we would then come to parliament and explain afterwards.

And the strikes that were authorized, that I authorized last August fell into the first category, where we had a very direct threat from a couple of individuals against -- planning an outrage here in Britain, where we had to take action immediately. We did take that action. As it happened, parliament was meeting the following week and the prime minister then came and explained.

MR. HARDING: We could discuss that for some time. Let's turn to the issue that is clearly unfolding at the moment, which is the question of the UK and potentially the US reengaging in a military capacity in Libya. What is your expectation of the decisions that will be taken over the next, let's say, six to eight weeks?

MR. FALLON: Well, we've worked very hard with the United States to -- for a political settlement in Libya. The whole international community has been impatient to see a settlement there and has been

encouraging the various intermediaries, the negotiators last autumn to see a new government put in place.

That new government is now in place and has taken a very long time to get into place. And during that period of course Libya has become more and more unstable. There are militias running wild in all parts of Libya and we've seen the spread of Daesh along the Libyan littoral almost to the Tunisian border.

So it's very clear that the new government having just been established faces not only a political and economic challenge to get their country sorted out, but is facing a security challenge as well. And when they have -- when the Siraj government has decided what help it needs, then we and other members -- leading members of the international community will be ready to respond. And we don't yet know what form that request will take.

And let me just remind you, James, that in Iraq, for example, everything we're doing in Iraq is at the invitation or with the authority of the Iraqi government. It doesn't rest on any other United Nations resolution. So we await their particular request.

Now, there is something one should say alongside that, which is there is of course a growing issue of migration across the Central Mediterranean route, which has doubled in the last few weeks, not least as the Aegean route seems to be damping down. And there are lives -- hundreds of lives being risked and indeed being lost as migrants are being encouraged to attempt that route. And we are also aware obviously that the threat of this spread of the Daesh along the littoral potentially poses to Western European.

So there are these two security arguments where we should -- which I think we need to take account of in our response to the Libyan government and where we should be doing more. And for our part, we are ready to do more. We're going to -- we have a ship in the Central Mediterranean at the moment, HMS Enterprise. I'm planning to extend her deployment throughout the summer. We are ready to add further ships to that.

And in particular, we believe that that mission should be extended eastwards and should include building up a better intelligence picture both of the migrant flows and indeed of some of the arms smuggling that is going along -- going on between the various strongholds that Daesh controls along the coast.

And beyond that, we think the mission could also -- and my colleague the foreign secretary has discussed this with Siraj -- the mission could also useful bolster the Libyan coastguard's capacity by working alongside it when invited to do so into Libyan waters to help again control the migration flows and try and help the Libyans to defeat the smugglers' business model.

So there it is: we await a more formal invitation from the Libyan government as to precisely what help they need. It's unlikely to be combat troops. They've made that clear. It's more likely to be training and support of various kinds. But we're also ready to enhance and develop the existing EU mission in the Mediterranean.

MR. HARDING: So that is quite a significant -- albeit incremental but significant stepping up of the UK's engagement with the issues in Libya, an extension of the Enterprise deployment there in the Mediterranean waters, the stretch out eastward, by which I suppose you mean surveying not just what's coming out of Libya, but also into north of Egypt too. And I might presume that the point about the working with the coastguard means that you could actually get in and address the issue of migrants coming into the Mediterranean waters before they've reached international waters, i.e., they could then get turned back and sent back into Libya. Is that the point of working --

MR. FALLOW: Yes. I mean we're looking somewhere ahead now because at the moment there is no agreement in place with Libya on return, for example, which has taken so long to put in place but is in place now with Turkey on the Aegean operation. We would need to be sure that Libya would receive migrants who were

returned.

But obviously there is a capability there that is very weak at the moment of the Libyan coastguard. And there's a -- I think there's a -- and this was planned right at the beginning of Operation Sophia that it would extend into what's called phases 2B and phase 3 to be ready to assist the Libyans in getting this route under control. Because unless we do that, you know, more and more lives are going to be lost over what is a much longer sea crossing than applies in the Aegean.

MR. HARDING: But one of the things that obviously was striking about President Obama's Atlantic interview was that reference to European leaders becoming distracted and the regrets around the failure to deliver on nation building in Libya.

Is it not the case that both the UK and the US are going to get themselves open to a similar criticism in the course of this summer? And I will put it to you that the interventions that are being contemplated are all very modest -- very small interventions from the UK in terms of personnel, not in combat, but in training. What the US, if anything, will deploy is also rather modest and also navigating US political considerations, the referendum here means that the possibility of an intervention that is simply too little, too late given what this new prime minister is facing in Libya, given what you say about extremist terrorist threats.

Do you not worry that actually the things that you're doing now are just too modest to address the problems that are being faced in Libya?

MR. FALLOW: Well, I think we've learned from Iraq that we have to be very careful about interventions in terms of foreign troops on the ground. And, you know, when you go to Baghdad -- and the last time I was there Prime Minister al-Abadi repeated to me again he does not want British troops or American troops to do the fighting for them. You know, that would have almost the immediate effect of helping to re-radicalize the Sunni areas.

So I think we have to be, you know, respectful of exactly what the new government is likely to require. And what they have said so far is they don't want combat troops. But what we can do obviously is assist them with capacity building with training with support in the ministries, perhaps some security in Tripoli. And we are waiting now in a Libya International Assistance Mission, which is being coordinated in Rome. We're waiting to see exactly what the request is.

I reviewed all this with my French opposite number who was here on Thursday and the leaders will review this in Germany again when they meet on Monday.

MR. HARDING: All right. Well, turn then to -- I mean we will come back to Libya in the questions. Let turn then to Syria and Iraq. What do you think is a reasonable timetable for people to expect the retaking of Mosul and Raqqa?

MR. FALLOW: Well, I've seen in my short time as defence secretary so many dates set for the recapture of Mosul. I don't think I've seen a date for Raqqa. But the Mosul timetable has moved frustratingly slowly to the right over the last year and a half. But I think it's -- you know, the turmoil in Syria has blinded us I think slightly to the fact that progress is being made in Iraq, quite definitely is being made.

It's being made westwards along the Euphrates with the recapture of Ramadi and the clearance now of the areas around Rawah and Hit. And it is being made northwards up the Tigris, there's no doubt about that, with the liberation of Tikrit and Baiji and these towns and the gradual assembly of forces on each side of the river in preparation for the retaking of Mosul.

I think this is going to be a very slow process. I suspect it's going to take a good part of this year before these maneuvers are completed. And it's certainly going to have to learn the lessons of the liberation of Tikrit in terms of the security and reassurance that can be offered to the Sunni population in Mosul, which is a huge population obviously. And I think we will need very

considerable reassurance that what replaces the Daesh is something that they can really have confidence in.

MR. HARDING: But just on Mosul itself, there seems to me there are two separate issues. There's the speed at which those forces can in effect surround the areas around Mosul, that might be more of a straight -- a directly military question. And then there's the overturn of IS or Daesh inside Mosul and the management of the city afterwards. So you're saying you think you could get to the outskirts of Mosul in the course of this year. The longer term question of management of Mosul is beyond the end of 2016.

MR. FALLON: Well, we are getting close to the outskirts of Mosul already and a lot of the air strikes that I authorized are getting closer and closer to Mosul. And there's an awful lot of preparatory work being done in targeting some of the infrastructure that helps Daesh keep its grip on Mosul. And more work to be done there. And we will be reviewing that at the next coalition ministers meeting on Wednesday week when Secretary Carter is over in Europe -- we will be reviewing that progress.

But then of course behind that, as you say, we've got to prepare not simply to drive Daesh out, but to make sure that the population, you know, can have the stability and security that it deserves. And some work is now going on in terms of stabilization preparation, if I can call it that, learning some of the lessons from Tikrit and Ramadi. And none of this is going to be easy. In Ramadi of course many of the buildings were very heavily booby trapped and there was IED all over the place and a lot of work will have to be done to help the population move back there.

Those two things need to go side-by-side. You know, the West can help Iraqi and Kurdish forces start to prepare for the retaking of Mosul and then must be ready to come in behind the military with the resources that will help stabilize the city.

MR. HARDING: And just out of interest, when you talk about stabilization and preparation what does that actually mean?

MR. FALLON: Well, some of it is going to mean money. You know, the Iraqi economy is suffering at the moment of course from the fall in the oil price. And that's one of the things we discussed with the president yesterday without giving away any secrets. Internationally through the IMF and other forum, we are all going to have to do what we can to support the Iraqi government over the next few months. But it also means, you know, other measures to train a police that the Sunnis can have confidence in and that can go in and secure the areas once they are liberated.

MR. HARDING: Can I just turn to Syria? And if -- maybe it's not directly the Raqqa question, but it is a question about the UK and the US effort to try and address IS, Assad and Russia at the same time. What's your judgment of the consequences of the Russian intervention in Syria?

MR. FALLON: Well, it has delayed in our view the -- it has delayed any new political settlement for Syria and it has caused the loss of thousands of lives through indiscriminate bombing. And it has made it far more difficult for the moderate opposition not only to counter the regime, but in the soonest of time to prepare to take on Daesh as well. So it has been a thoroughly unwelcome intervention.

MR. HARDING: Has it been a success in its own terms?

MR. FALLON: No, I think it has prolonged the civil war and it has given, you know, fresh life to the Assad regime and I think it has further complicated, you know, the search for a settlement there and who is still in Damascus -- Assad is still in Damascus.

MR. HARDING: But can't you see from -- but if from a Russian point of view part of the purpose there was to ensure that there was a counterpart in Damascus that they wanted to work with, actually, it has been quite successful, hasn't it?

MR. FALLON: Well, I don't call -- you know, carpet bombing villages, food shops, bakeries, you know, dropping unguided ammunitions on civilians, I don't call that work. That has prolonged the civil war quite unnecessarily and, you know, I regret that.

MR. HARDING: So the result then is -- just within the context of Syria -- there is a western focus on IS as well as the negotiations obviously that are beginning again around Assad. Do you see any sign of progress there because we have been talking about Syria after Assad for the better part of five years?

MR. FALLON: Well, we have, but those talks are underway now and those talks are beginning to, you know, get to what a future without Assad might look like and, you know, how elections might be organized in Syria. So I'm more hopeful there that these talks are becoming more meaningful.

What worries me obviously is the pressure on the moderate opposition. The longer the regime is sustained by Russia the more difficult it is for the moderate opposition, particularly in the northwest of Syria and to some extent in the areas just to the east of Damascus.

MR. HARDING: And in those talks, any sign at all that you might get Russian support for that transition?

MR. FALLON: Well, there are obviously discussions going on, which I don't want to go into too much detail about, but there are discussions going on. And, you know, these wars in the end have to end. There has to be a settlement of some kind. And, you know, we have to convince Russia that it is in Russia's long-term

interest -- certainly in view of its influence in the Middle East we have to convince Russia that it too should be leaning more heavily into their political process than it is at the moment.

MR. HARDING: And that of course nicely intersects with the situation in Ukraine. I presume that one of the things that's on the agenda is the renewal of sanctions against Russia. Can you just tell us a little bit about that -- that and the delivery of the Minsk agreement, are those things deliverable?

MR. FALLON: Well, I hope so. I mean it has become a sort of, you know, almost a cliché to say the Minsk agreement was slightly flawed. But there are parts of the Minsk agreement that can be delivered now in terms of some form of election law, the removal of heavy weapons, the proper deployment of OCSE monitors.

These are things that can be delivered and need to be delivered. And we will continue to press the Ukrainian side to accept its responsibilities. But equally, it is up to Putin now to ensure that the separatists on his side, you know, are ready to dial down some of the violence we've seen in the last few weeks and allow the monitors to discharge their duties more freely. So there's plenty I think for both sides to get at. But meantime we have to keep the sanctions up and we'll be working very hard towards that (inaudible).

MR. HARDING: And does it -- I just wonder whether it makes for a slightly squeaky case to say, "Look, we appreciate the Minsk agreement is flawed, but nonetheless in pursuit of that agreement we would continue to apply the sanctions." You could see the Russian argument that says, "Even if you don't see the strength of the Minsk agreement in full, how can you make such a strong case for these sanctions?"

MR. FALLON: Well, I don't think it's right to say the Minsk agreement was flawed. I think you could say it was incomplete and didn't resolve the issue of the

policing of the eastern border. But, you know, the Minsk agreement was an agreement that hostilities would cease. We are still seeing in the last few weeks, you know, quite a resurgence of violence, the use of heavier weapons. And that needs to stop. Monitors need to be allowed to do their duty, and equally, you know, Ukraine has to get through the reforms that it promised.

MR. HARDING: Before we open to questions I just got one final question, which is really about capability. Obviously, you had the president come out yesterday, give the prime minister a slap on the back: "Well done, you've hit the 2 percent. You know, we want to make sure that we continue to see the US' allies spending 2 percent of their budgets on defense." And notwithstanding the observations that were made by a parliamentary committee this week about that 2 percent.

There does seem to be a change in terms of defense spending. The one issue that hovers over it all is about the nature of that defense spending and whether or not the critics of the big ticket items -- whether they are Trident or whether they're the carriers -- to your mind have a point, which is around the nature of the warfare that we're facing over the next 5, 10 years and whether -- notwithstanding the increases in spending on things like cyber, those are still not properly balanced within the system.

MR. FALLON: Well, that's a huge question there. I mean you've merged various things into it.

MR. HARDING: A few strands, yeah.

MR. FALLON: A few strands into it. I mean NATO is a nuclear alliance, so it would be wholly wrong I think if you're suggesting that ourselves and the Americans should exclude our nuclear expenditure from our NATO returns. The 2 percent return of course is measured by NATO and not by us. It's up to NATO to decide what is properly eligible just as the -- whoever it is -- one of

the -- I think OECD classifies how overseas development expenditure is measured.

So it's not our 2 percent. So we don't agree with the committee on that. Forty percent of my defense budget goes on paying pensions. That can't come out of any other budget; that is defense expenditure. That has always been allowable as defense expenditure. It has to be.

But getting back to your question, the 2 percent target agreed by us here at Newport is extremely important. Up until that point in Newport defense spending was in decline across Europe. I mean it wasn't simply American concern about that, I think there was general unease about that. And we had, you know, I think some seven NATO members out of 28 not even spending 1 percent and not many above that.

Now, looking back nearly two years to September 14, we have seen more than two dozen NATO members increase their spending, not to the 2 percent, but they are moving up. And that is very welcome. We have recommitted to the 2 percent. Others have made the 2 percent now. Poland has become a member of the 2 percent club and others are moving up towards it. And to be fair, they are doing so at a time of difficult fiscal constraints.

Now, the 2 percent of course was accompanied -- to come back to one of your other questions that you worked in, the 2 percent was accompanied by a second target, which is 20 percent of the spending should be spent on equipment rather than, for example, spent on conscriptions. And again we've seen an increase in the number of member states that are meeting that 20 percent target too and that are properly modernizing the equipment that their armed forces need.

Now, this work is not done and we will certainly be there with the United States at Warsaw. It's one of our four key objectives for Warsaw to keep the pressure up. And one of the things we secured at the Newport

Summit was that all this would be public. NATO has had targets before, but there will be published again just before the Warsaw Summit a proper league table.

And these things of course are crude and whatever, but they do name and they do shame. And they are not -- you know, they are useful for defense ministers who are having to fight their corner with their finance ministers. So we will be part of that pressure group led by the United States that there are countries that ought to be doing more and that can do more.

MR. HARDING: Thank you. I know there's a great deal to get into in that subject on capability alone, but there's a great gang of people here today and we've got 15 minutes or so for questions. Please do fire away. Any particular? So, yes.

MR. BARON: I will happily break the ice. I'm Kevin Baron from Defense One. Two things on the -- on your comment about being willing to the send more ships to Libya, but waiting on the invite of the Libyan government.

Explain to those who feel that's problematic, that might be the reverse of how things might go with the new government that is so new, that to -- it might be the wish. Because of the lessons of Iraq, we hear the same sentiment in the United States from commanders there, they would like for a new stable government to invite the Americans or the British or Europe to help put down ISIS and any other terrorism there. But is that something that's the perfect at the expense of the good?

The second question is on the 2 percent number, which also has popped up oddly once again on the Trump campaign back in the United States. As a representative member of -- is Europe doing enough to spend on its own security? Is the 2 percent number just outdated? I mean it seems at least in Washington discussions that it's a number that had been accepted as outdated but was off on the side. And yet now here we are once again really putting a lot of stake in that number for some reason.

MR. FALLON: Well, on the first question, the Operation Sophia, the EU mission in the Central Mediterranean needs reinforcement anyway, needs enhancement. The EU is clear about that. And I think myself that it should be extended, it should be a broader mission and I see no reason at all given we want NATO and the European Union to work more closely together why that mission shouldn't use NATO assets, for example, in terms of surveillance or whatever.

I don't see this artificial distinction. I know that causes problems for some members of the alliance who are not members of both the alliance and the Union. But I think we have to stop looking at this as very -- you know, as highly differentiated boxes in the Mediterranean and look across the piece.

And I think, you know, other nations should -- other members should be willing now to -- I hope they will now second more ships. We will look again on what we can deploy. But the mission itself, you know, we think should extend eastwards and should be prepared to consider using NATO assets. And that's something I discussed with Secretary General Stoltenberg when he was here the week before last.

On the 2 percent figure -- I mean I'm new to this game. If somebody will remind me of the history of the 2 percent figure. I think it has a history. What is really important here is stopping the decline. And the decline, you know, is stopping, has pretty well stopped at a time -- you know, I think Americans can rightly be critical of this -- but at a time when some of the European economies particularly the Mediterranean economies are very, very weak. You know, it really was important to stop that decline and to start to push them to move upwards.

MR. HARDING: More questions? Sir?

MR. BARRETT: Thank you. Richard Barrett from Soufan Group. You mentioned actual and potential commitments, British commitments around the world. But I just wanted to ask you about Afghanistan, where -- I mean there is an increased need perhaps for overseas involvement and the Americans are already committed a little bit more. But for the UK, what sort of lessons have been learnt from our previous engagement and what sort of future engagement might you foresee?

MR. FALLON: Well, Afghanistan, you know, I think what we've learnt is just how important it is that Afghanistan remains stable. And it's easy -- when you go there it's easy of course to be pessimistic about the fragility of the government there, about the state of the economy, the lack of security in certain areas. It's easy to be pessimistic.

But let's just remember, this is a government we would give our eye, teeth to have in Damascus. This is a government of national unity that has been, you know, struggling along, but it is a government of unity and that increasingly it has an -- you know, it has a security force, army and police, that has been for the last year and a bit bearing the brunt of all the fighting, taking a huge number of casualties week in, week out and broadly coping.

Now, obviously, when we had thousands of troops there alongside many thousands more from the United States, the security was a little stronger in each of the districts. And there's ebb and flow and the Taliban have been using the opportunity to push back very hard. But I don't think we should underestimate, you know, the achievement there -- after a lot of blood and treasure has been sacrificed the achievement there of having democratic elections, getting girls into school, starting to improve healthcare, broadening out the economy and having a government in place that broadly is offering a measure of security for its citizens.

Now, it's important for us in the West and here in Britain that that continues. It's important, you know, because of the terrorism that might otherwise be spawned there against us in Western Europe. It's important to give us more leverage over the narcotics trade. And it's increasingly important as a potential source of migration to Western Europe that, you know, we have every interest in keeping fit young men in Afghanistan and playing their part in their economy and their society.

So we think we should stay strong in Afghanistan and stay strong for longer. And that is our firm conclusion as we come to assess the resolute support mission for the years ahead. We await the final American decision on where their troop level should be. But so far as our commitment is concerned, we think we should continue to stay the course.

MR. HARDING: (Inaudible) has got a question and then I see (inaudible) has got one too.

SPEAKER: Mr. Secretary, what's the British view of Chinese expansionism in the South China Sea? How worrisome is that to you and to your government? And what --

MR. FALLON: How what?

MR. HARDING: Worrisome.

SPEAKER: How worrisome is it to you and your government? What more, if anything, do you think should be done about it?

MR. FALLON: Well, it is a worry for us of course, because clearly tension is increasing in the South China Sea with these various disputes and the land reclamation programs that are being carried out not just by the China by the way. You know, that kind of tension can lead to miscalculation -- that's a concern. And it's also concern to us as it's one of the major trading routes of the world and we need to see that freedom preserved.

Our position is very simple. We think that these things should be handled properly through the international fora under the law of sea arrangements through the various courts and tribunals that are there and that anybody who has a claim -- and there seems to be a remarkably larger number of claims on behalf of several countries -- should be prepared to take its case there.

And so far as China is concerned, which I think obviously lies behind your question, I think we have to go on showing that if China is not prepared to respect the judgments of the tribunal, then China will be increasingly isolated in the region because every other country seems to be prepared to accept these judgments.

And secondly, I think we have to persuade China as its global reach extends and as it develops its blue-water navy that one day the time will come when China too will want the advantage of these international arrangements, will want the respect of the legal frameworks that govern navigation and so on and that China too has an interest in upholding the rules based international order.

MR. GEARS: John Gears (phonetic) from King's College. Thanks, Secretary. We are just seeing the establishment of a foreign office, home office, joint CT unit. There has been relatively modest evolution of the Ministry Of Defence's role in counterterrorism and homeland security. I wondered whether with the opportunity of the new contest review of our counterterrorism strategy we might see a greater involvement in the final outcome not least in the -- not only in the background of the Ministry Of Defence so that the strategy is a counterterrorism strategy, not a domestic security strategy.

MR. FALLON: Well, I would agree with that and I think we are moving towards that, probably not as fast as you would like. There is very close cooperation with the home office, for example, on terrorism in Northern

Ireland. We've learned lessons there of how we work together. We work very closely with the Home Office, for example, on migration with the border force arrangements both militarily in the channel and in the Aegean. And, you know, there is more work we can do. So I hope you don't regard us as backward in that respect.

On the contrary, I think (inaudible) is up for joint review of all kinds. We are working far more closely with DFID than we've ever worked before in helping to tackle some of these fragile states much further upstream and doing stabilization work in Africa in order to prevent these issues becoming much more serious closer to home. But certainly in terms of counterterrorism with the Home Office, yes, absolutely.

MR. HARDING: One final question. I will give it a colleague from the BBC.

MR. CORERA: Thanks. Gordon Corera from the BBC. Your American counterpart has talked about encouraging US cyber command to be more active in taking on ISIL. So I'm wondering if the UK is also becoming more active in cyber offensive operations against ISIL, particularly from your side of the house. And I wonder if you see this world of cyber attack sitting more in the defense or the intelligence space.

MR. FALLON: Well, we are -- as you probably know from the STSR (phonetic), we are trying to bring this all together in a more coordinated way. We've chosen not to go down the route of a dedicated cyber command, but on the military side to build cyber into the work that all of our commands are doing, because we think it really belongs right across there. So it's organized in a slightly different way. But, yes, that includes a renewed focus on offensive as well as defensive cyber, absolutely.

SPEAKER: Well, I have one final question. I know we're going to run over by a minute. But David Steiner?

MR. STEINER: Thank you. David Steiner from the New York Times. So if I just follow that up. Can you tell us then -- we've already heard number of American officials talking about their use of cyber in the case of ISIS. Tell us what Britain is doing along those lines? In the US side, President Obama has said we're really interrupting command and control and others. Do you see this as a place where Britain has a moment to go -- actually begin to make use of this in an offensive way?

MR. FALLON: Well, yes. I don't I'm afraid want to go into too much detail on this, but we do have capabilities, as you know, GCHQ and so on. We lay very closely with the US on this. And, you know, there is a broader issue here of Daesh/ISIL using modern social media in a way that we've not seen a terrorist group use before, where we need to respond much more actively than we have in terms of taking them dark. So, yes, there is growing cooperation on this. There is a role for offensive cyber here. But I wouldn't want to be drawn even in this forum into further details.

MR. HARDING: Well, perhaps you can do that in the traditional Lancaster House model over a couple of tea. It's 3 o'clock and we said we would finish on time. There is an extraordinary gathering of expertise in this room and I know many people want to discuss things in more detail.

As I said, over a cup of tea, please go ahead and do that after this. But for now, I hope you will join me in thanking the Secretary of Defence Michael Fallon.

(Applause)

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