

The Government intends to conclude a Security\* Pact (\*defence and foreign policy) with the EU and the EU expects this to be announced on 19 May 2025.

The EU ambassador to the UK, Pedro Serrano, has confirmed that the Pact follows the same template as the agreement proposed by the EU in 2018 (when the EU expected the UK to stay within EU policy making on defence and foreign policy), but which was removed from the UK's exit arrangements in late 2019 due to its impact on UK decision-making autonomy.

This template requires the UK to conclude an Association Agreement with the EU on defence, which places the UK as a participating state in the European Defence Agency, European Defence Fund and EU Permanent Structured Cooperation. In turn, the UK would be required to fulfil all of the so-called Third State rules for non-EU participants (currently only Norway has the same arrangement as a non-EU state under EU rules).

Third State rules would see defence policy and foreign policy broadly return to a state of EU direction - even on such matters as Gibraltar, the Falkland Islands and overseas territories. The UK's compliance would be enforced by the threat of trade restrictions, because the security pact will become legally a part of the existing EU-UK Trade and Cooperation Agreement, TCA.

In addition to the UK committing to not diverge from EU foreign and defence policy, the UK would also commit to participate in EU defence industrial programmes. UK participation would be subject to financial incentives from the EU but these sums would not be greater than the financial sums the UK agrees to contribute to EU programmes in advance. The UK would be incentivised towards greater EU participation via a promise of receiving back its own money. An increasing and

enforceable UK participation in EU rules, funding and programmes would have repercussions for the UK's existing defence procurement partnerships and its freedom to choose the most useful outcomes. It would particularly have implications for the UK's defence industrial partnership with the US as well as the AUKUS deal.

The UK would also be expected to conclude a Security of Information Agreement (SoIA) with the EU where the EU's current expectations are already high in regard to 'timely' sharing of high-level information and intelligence - as well as being upwardly gradualistic, commensurate with the UK's expected increasing level of participation in EU policy, as mandated by Third State rules. Such a ratcheting and enforceable level of information and intelligence openness from the UK to the EU could have implications for the UK's existing intelligence partnerships, especially with the US.