

Speech: Dynamic security threats and the British Army: Chief of the General Staff General Sir Nicholas Carter KCB CBE DSO ADC Gen

Malcolm, thank you for those kind words of introduction and good evening everybody, it's good to be with you and it's particularly good to see so many friendly faces in the audience.

In Parliament last week the Defence Secretary explained that the analysis of threats in the 2015 Strategic Defence and Security Review remained sound, but he did observe that these threats have diversified and become more serious, and at a faster pace than we expected.

Hence the Government initiated the National Security Capability Review last July – which for Defence, remains ongoing, and contrary to speculation, no decisions have yet been made.

I am very grateful, therefore, to be given the chance this evening to elaborate on the threats and what I believe we should be doing about it, and hopefully to create some debate. And a particular thanks to RUSI for hosting us this evening.

Now in terms of threats, I shall start with international terrorism. It seems to me that significant progress has been made against Daesh in Iraq and Syria, and the prospects of a Caliphate on the ground have been defeated. The threat from international terrorism though has diversified and is more dispersed, and we see the phenomenon that Daesh represents emerging in other parts of the world. And of course we've learned, sadly, over the last few years, that anyone can become a terrorist these days simply by renting a vehicle or wielding a machete.

Terrorism is clearly a very significant threat to our country. In the short term it is vital that we protect our population, while recognising that the long-term solution is to fix the causes of it – which are invariably a lack of education, a lack of opportunity and a growing feeling of exclusion and isolation often, I suspect, coupled with a lack of opportunity and therefore a sense of impotence. This is a worry in many European countries, but in the Middle East and North Africa, when local politics, regional dynamics and the geopolitical situation are overlaid, it becomes a wicked problem.

Resulting, I suspect, in a complicated tapestry of factors with extremist groups exploiting the chaos to seize territory and carve out an even larger foothold for themselves whence to launch attacks, including recruiting and inspiring our own citizens to acts of terror.

The next threat I would touch on, I think, are the longer-term implications

of population movement and how that might affect the stability and the cohesion of our society.

Looking specifically at Africa; according to the United Nations, Africa is expected to account for more than half the world's population growth between 2015 and 2050. Nearly all of this growth will be among the 49 countries of sub-Saharan Africa – some 2 billion people by 2045. By then more than half of Africans will be living in cities – and this group will be mostly young people connected through mobile devices. Without economic growth matching population growth it is inevitable that we will see more movement.

But, I think it is the rising threat from states and the consequences that stem from this for the military that is of most immediate concern. And particularly to me as the head of the Army.

We now live in a much more competitive, multi-polar world and the complex nature of the global system has created the conditions in which states are able to compete in new ways short of what we would have defined as 'war' in the past. It is what US Defense Secretary Mattis described last week as 'great power competition.' I quote:

"We will continue to prosecute the campaign against terrorists that we're engaged in today, but great-power competition – not terrorism – is now the primary focus of US national security"

And I think, viewed from this perspective: with increasing competition in the South China Sea; the potential grave consequences of North Korea's nuclear programme; the arms race and proxy wars that you see playing out in Yemen and Syria, that perhaps stem from Iran's regional aspirations. With Russia the most complex and capable security challenge we have faced since the Cold War superimposed on much of this, it would be difficult I think, on that basis, not to agree with Jim Mattis's assessment.

Worrying though, all of these states have become masters at exploiting the seams between peace and war. What constitutes a weapon in this grey area no longer has to go 'bang'. Energy, cash – as bribes – corrupt business practices, cyber-attacks, assassination, fake news, propaganda and indeed military intimidation are all examples of the weapons used to gain advantage in this era of 'constant competition,' And the rules-based international architecture that has assured our stability and prosperity since 1945 is, I suggest therefore, threatened. Now this is not a crisis, or series of crises, which we face. Rather it is a strategic challenge. And I think it requires a strategic response.

The deduction we should draw from this is that there is no longer two clear and distinct states of 'peace' and 'war'; we now have several forms. Indeed the character of war and peace is different for each of the contexts in which these 'weapon systems' are applied. And the risk we run in not defining this clearly, and acting accordingly, is that rather like a chronic contagious disease, it will creep up on us, and our ability to act will be markedly constrained; and we'll be the losers of this competition.

The arch exponent of this is Russia, as described by the Prime Minister in her Mansion House speech last autumn. I said earlier I believe it represents the most complex and capable state-based threat to our country since the end of the Cold War. And my fellow Chiefs of Staff from the United States, France and Germany shared this view at last year's RUSI Land Warfare Conference.

In the military we analyse threats on the basis of capability and intent. So let us just examine Russian capability at the moment and how they are applying it. Of course we must not interpret what we see as a revival of Russian Cold War practice, nor look at the Crimean operation alone.

They have no single model for conflict with NATO, they use a multi-model approach utilising conventional, unconventional and nuclear domains. A hybrid version that might involve little green men, big green tanks and huge green missiles. Their thinking is very flexible. Their General Staff is able to change, evolve, and learn lessons with agility. For example: they know that demography is not on their side, so they are developing capability that needs fewer men – for example missiles, drones and two man tanks.

They have developed coherent concepts for equipment and training that are focused on our vulnerabilities, for example: our dependency on communications and IT; our lack of massed fires; and, perhaps, our lack of investment in air defence. They apply a ruthless focus on defeating their opponents – not seizing ground for the sake of it – but making sure that our vital ground is denied to us. I shall return to missile capability in a moment.

Since 2016 we have seen a marked shift to cyber, to subversion and to coercion as well as sophisticated use of smear campaigns and fake news. Whether you believe in interference in the US democratic process, or the attempted coup in Montenegro, they are very easily examples of this.

Chris Donnelly at the Institute for Statecraft suggests that they are creating new strategic conditions. Their current influence and disinformation campaign is a form of 'system' warfare that seeks to de-legitimise the political and social system on which our military strength is based. And this undermines our centre of gravity which they rightly assess as our political cohesion; and Russian overtures to Turkey are a clear indication of this.

Now this 'system warfare' has to be defeated. One has to recognise the importance of messaging one's intent; and the importance of deterrence. Their doctrine for war utilises all of the instruments of national power – not just the military. They believe that any shooting war must be finished quickly if it is to be successful. Their instinct will be to escalate and to speed up the tempo of operations.

To avoid being surprised, they believe in pre-emption without long mobilization, and they will do something that their opponent least expects. They have used Syria to develop an expeditionary capability, to give very large numbers of their officers the high-end war-fighting experience they had not been able to get in Ukraine; and to combat-test their long range strike missiles and over 150 different new weapons and items of equipment.

Their conventional military posture gives them a calculable military advantage. They operate on interior lines with a very capable rail and transportation network. We saw that during last year's ZAPAD exercise and how effective it is. They believe in connecting their strategic zones – the West, the Arctic, the Black Sea and the Far East – and rapidly switching forces between them.

In the last five years the number of air, maritime and land based platforms for long range missiles has increased by a factor of twelve. That's in the last five years. And Gerasimov spoke last November about how they had increased the number of missiles with a range of up to 4,000 km by a factor of thirty.

This gives them the capability to create mobile 'missile domes' – shields in which they can assure their freedom to manoeuvre and deny us the ability to act. This is what we call Anti Access Area Denial and we have seen this in Syria with their capacity to seal airspace over significant distances. They use electronic warfare at scale to cue precise targeting by large numbers of drones that enable very accurate and instantaneous fires – including thermobaric warheads – to destroy an opponent's forces; and we have seen this in Ukraine. During last year's ZAPAD exercises they used the opportunity to suppress and, more worryingly, to distort, the GPS signal across much of Scandinavia.

Now, a vivid indication of the scale of their modernization is clear from the three minute video clip I am now going to show you. This was run on Russian TV a couple of years ago. You don't need to understand the Russian, just simply listen to the tone of the commentary. But the key point is that what you will see is all new stuff, and the 2017 State Armaments Plan shows that even more has followed since this.

Now of course we have to accept that this is information warfare at its best, but I think you would agree it's an eye-watering quantity of capability. Now, the other part of the threat is how one assesses intent. Now I am not in any way going to suggest that Russia wants to go to war in the traditional definition of the term, but there are factors that bear on the question of intent and one needs to understand Russian psyche, their culture and their philosophy of pre-emption.

Russia, I think, could initiate hostilities sooner than we expect, and a lot earlier than we would in similar circumstances. Most likely they will use nefarious sub-NATO Article 5 Treaty actions to erode the capability of NATO and threaten the very structure that provides our own defence and security. This is the divide and rule which the international order is designed to prevent.

I don't think it will start with little green men. It will start with something we don't expect. We should not take what we've seen so far as a template for the future. And there will be some who might ask if Russia sees itself in decline, and more able now to go to war than in the future, does this encourage them to think of war?

Perhaps compare the situation today to 1912 when the Russian Imperial Cabinet assessed that it would be better to fight now, because by 1925 Russia would be too weak in comparison to a modernised Germany; and Japan, of course, drew similar conclusions in 1941. And Russia worries, I think, that the West will achieve a technological offset in the next decade.

I suspect, though, the greatest risk is the risk of miscalculation. The recent false alert in Hawaii that warned of an incoming missile is an indication of how easy it would be to miscalculate; particularly when the level of militarization is significant. And we saw this only too vividly with the downing of Flight MH17 over Ukraine in 2014.

Speaking recently, William Perry, Secretary of Defense under Bill Clinton, who is all too familiar with false alerts, having been awakened by a call from a night watch officer in 1979 and thought he was "about to experience the holocaust". And, of course, he also presided over the dismantlement of nuclear weapons in the 1990s. He warned that the threat is back. I quote:

"Because the US and Russia today are confronting each other with a hostility that's recreating the geopolitical dangers of the Cold War ... and because the US and Russia are rebuilding their nuclear arsenals that's recreating the military dangers of the Cold War."

Now you can argue about the extent to which the Kremlin's disinformation efforts have influenced various western countries. But the main impact has been to convince ordinary Russians that the West is a threat. We have been made to appear as the enemy, whether we like it or not, and whatever the real situation.

Moreover, we, on our side, don't have the same level of understanding that we had of each other in the Cold War, and the tried and tested systems and diplomatic instruments are not what they once were – confidence building measures, arms reduction negotiations, public monitoring and inspection of each other's military activity etc. So when the ante was upped following the Russian intervention in Ukraine, conversation became difficult. Now of course it does not have to be like that.

We now have to worry, not about a symmetric playing field as one saw in the Cold War, but an asymmetric one in which there are far more players. So we should not assume that events in the Pacific wouldn't draw more US attention than those in Europe, and we, I think, should be careful of complacency. The parallels with 1914 are stark. Our generation has become used to wars of choice since the end of the Cold War – but we may not have a choice about conflict with Russia – and we should remember Trotsky's dictum, that: "you may not be interested in war but war is interested in you."

So, what should we be doing differently? First of all, I think we should recognize that Russia respects strength and people who stand up to them. The original plan for Ukraine had been to acquire significantly more terrain. However, Russia was surprised by Ukrainian resistance and had to settle for less.

We should identify Russian weaknesses and then manoeuvre asymmetrically against them. First and foremost, perhaps we should be in the business of building real institutional capacity in neighbouring states so that they have the strength and confidence to stand up to Russia and the internal resilience to withstand pressures designed to bring them down from within.

We should be making more progress on reducing energy dependency on Russia. We should be telling the Russian population what's really going on. We should be protecting our critical capabilities; hence the importance of cyber. And we should be looking to identify our own vulnerabilities to Russian malign influence and disinformation, and act to reduce them.

Next, I think, we need to demonstrate our preparedness to commit. 'Boots on ground' is not a positive term at the moment, but our allies on NATO's eastern flank absolutely appreciate that a platoon of infantry is worth a squadron of F-16s when it comes to commitment.

The importance we attach to alliance cohesion – that is vital to us – that is our centre of gravity. And hence, I think, the words that were in SDSR 15 about 'international by design' are absolutely right. And everything the British Army is doing at the moment is to work out how it can implement 'international by design'. We recognise that our communication systems have to be extrovert so that our allies can plug in to them; hence the vital importance of interoperability.

And by interoperability our priorities are to be able to communicate securely, but at a NATO Mission Secret level, not at UK [Eyes] only level. It's important to have shared situational awareness and to be able to control fires digitally in support of each other. For me, therefore, the ability to bring into service a new form of Land Environment tactical communications is vital. And our relationship with the UK IT sector to deliver this is also vital.

But it's also vital that our human relationships are maximised. And, for example, the combined engineering regiment that we share with the Bundeswehr, based in Minden in Germany, is a very good example of how you can burden share and deliver more capability through a pairing and a partnership like that. As indeed we do with our French allies through the CJEF

Next, I think, we've got to continue to work at improving NATO. We have to recognise that readiness is about speed of recognition, speed of decision making and speed of assembly. I'll say that again: it's about speed of recognition, it's about speed of decision making and it's about speed of assembly. Now, our contributions to the Very High Readiness Joint Task Force (Land) in NATO and the enhanced Forward Presence deployed, in our case partly in Poland but more in Estonia, are starting points. And they are good ways, also, of multinational development in terms of our French and Danish involvement.

Now, they are a starting point because I would suggest that we need the ability to reinforce them rapidly and, to be able to outmanoeuvre the potential Anti Access Area Denial 'missile dome' that will be put in place as

we seek to reinforce them. We therefore need, I would suggest, to be able to deploy overland by road and by rail. And our Strike concept seeks to project land capability over distances of up to some 2,000 km. It brings with it good questions about logistic sustainability and communications, as well as combat and combat service support.

However, we are testing it at the moment through a programme of experimentation and we are learning very good lessons. For example, we are copying what the Germans did very well in 1940 when all of their prime movers, in terms of their tanks and armoured vehicles, had trailers; and by doing that, it reduces your logistic tail. Those sorts of old-fashioned lessons, brought forward, are definitely improving our ability to deploy. And we will test this concept by driving to the NATO Exercise Trident Juncture which is taking place in Norway this autumn.

It's also important, I think, to stress the needs for a forward mounting base and, therefore, we are actively examining the retention of: our infrastructure in Germany where we store our vehicles in Ayrshire Barracks in Rheindahlen; and our training facilities in Sennelager. As well as our Heavy Equipment Transporters that are based there and our stock-piling and ammunition storage.

Next, I think, it's important – go back to my point on speed of recognition and speed of decision making – that we give policy makers the opportunity to exercise with military leaders, as we did during the Cold War. This goes to the heart of speed of recognition. It goes back to the point about it won't be 'little green men' next time. And when you think about how difficult it is, in this era of constant competition, where there is this grey area between peace and war, the first hostile act is going to be very difficult to recognise. And when as a young officer, I sat in my trench on the West German plain, it was very clear to me what that first hostile act would have looked like and I always imagined a soldier from the Soviet Union with wire cutters, cutting the fence before his tank drove through it. It's not going to be like that next time, so how we educate and train our policy makers in making the decision that they might need to make is vital.

And I think, to do all of this, we need to return to an annual or biennial NATO exercise rhythm in which all levels play from the grand strategic level to the tactical level. This would allow for our resources to be properly targeted and for front line countries to practice mobilization and, indeed, allow us to exercise and train on private land, and understand some of the constraints associated with choke points and bridges and railway traffic and all that goes with it.

Next, I think, we need to prepare ourselves to fight the war we might have to fight. I think it's an important point. Because in being prepared to fight the war we might have to fight, there's a sporting chance that we will prevent it from happening. And I think the hundredth anniversary of World War One gives us a great chance to actually think about what that war might look like.

Therefore in the Army, at the moment, we have a project underway styled as

'Project Henry Wilson'. For the historians amongst you, you will know that Henry Wilson was the Major General who was the Director of Military Operations in 1914, who was able to pull a mobilization plan off the shelf and send the British Expeditionary Force to Flanders. Now, being able to do that again, I think, is important.

It's important so that we understand what our equipment can do and it's important to understand where we maximize the potential of all of our manpower. And that's why we have invested significant effort in the Reserve component, but increasingly, also, in a Regular Reserve component. Now I hasten to add that our Reserve component is not a substitute for the Regular component, but it's the means to augment it with, particularly specialists, and there is much that we're doing in drawing that talent from the medical area, from cyber, and from information warfare. But it's also, of course, about augmenting with mass; and that recognises that the Regular component has never been as small as this, probably since Napoleonic times. And what it also does for us, is to provide the basis for regeneration and reconstitution.

I've been very impressed with the talent that's come forward to join the Army Reserve, particularly on what we call 'Group B' terms of service. In our 77 Brigade, which I shall come back to, we have got some remarkable talent when it comes to social media, production design, and indeed Arabic poetry. Those sorts of skills we can't afford to retain in the Regular component but they are the means of us delivering capability in a much more imaginative way than we might have been able to do in the past.

We now have over 30,000 on the books in terms of the Reserve and they are available to deploy with the Regular Component, if they have got the time and if their employers can release them, whenever they want to. Now turning to the Regular Reserve; potentially, we have some 25,000 to 30,000 who would make up the Regular Reserve. This recognises that 50% of the Army leaves before age of 30; hence, much of them are young and well qualified with, of course, a statutory liability to be available for mobilization. The trick is in retaining contact with this force and we are working, at the moment, through the Data Protection issues, to make sure that we reinforce that. The goal, I think, will be to build on a pilot that we ran last year and to conduct a full-blown mobilization exercise, for all of the Reserve, and the Regular Reserve, just like we used to do in the Cold War, sometime in the middle of next year.

Now, as part of this, we will clearly place a priority in the Regular Reserve on scarce capabilities like, for example, attack helicopter pilots. But it is definitely a means of maximising the potential of all of the manpower that we have and it would, potentially, deliver a total armed force of nearer 140,000 post-mobilization. Now quite clearly if we're going to do this we need to have support from the policy level, through employers, to the general public as a whole. But I think people can understand that, perhaps for a day a year, it is logical to be able to retain this capability.

The next observation I'd make is that we need to be able to fight differently against the sorts of threats I've set out there. First of all, we need

reversionary skills to counter the threat against our software and our communication systems; and, potentially, having the GPS system taken down. Good old night navigation and map reading that I was brought up doing should clearly be a feature of what we are talking about here.

Next, we've got to be able to fight more dispersed with the ability to concentrate rapidly to achieve the mass you need. Next, we've got to invest in junior leadership; hence I talk much about maximising talent. I talk about our command philosophy that enables initiative and tactical adaptation at the lowest levels and, absent further orders, enables people to seize the initiative. It's why we are investing in a brains-based General Staff to challenge, to think flexibly, and to place a premium on adaptability. Recognising, of course, that when we go to war, we definitely won't get it right on day one and it is that sense of adaptability and agility which will give us the chance to prevail.

And finally in terms of fighting differently, we need to recognise that how and where we train, and who we train with, should be a surrogate for warfare as well, given the nature of messaging that comes in this era of constant competition that I described.

And then last, in terms of how we do things differently, we need to acknowledge that we have some capability issues that have to be addressed. I think first that we have to recognise that deterrence needs a set of graduated responses to enable escalation. And that means that for me as the CGS it's important that I recapitalise much of the Army's equipment. You have to go back to 1985 and the era of General Bagnall for the last time that we had a major recapitalisation programme. And the capabilities that we see now: the Challenger tank, the Warrior armoured fighting vehicle, the attack helicopter, multi-launch rocket systems, the AS90 self-propelled artillery system were all systems that came in under him and under his thinking, with his concepts at the front end of it.

And of course what has happened over the last fifteen years is we've been focused on counter-insurgency and stabilisation. And by the end of the Afghan campaign of combat operations we were a very well equipped army for that particular task. Our challenge now is to leap forward to what we need, given the threats that I have described.

Now I sense that involves upgrading our armoured infantry capability. We are looking at active protection, more lethality, and greater range for our Challenger tank. We are looking at upgrading our Warrior armoured fighting vehicle. We are looking at maximizing the potential of the Ajax vehicle – it looks like a medium tank that's entering service at the moment; and, in due course, bringing into service a mechanised infantry vehicle to complement it. This will be transformational for the British Army and will get us to manoeuvre in a very different way and to project power over land in a different way.

We need to improve our ISTAR capability – Intelligence, Surveillance, Target Acquisition and Reconnaissance – to be able to target deep fires. Because we have got to revert to an era where we are able to focus on the enemy's

uncommitted forces; the so-called 'deep battle', that we soldiers talk about. But whilst we are doing that, to protect ourselves from the air and from inbound missiles. And I touched on connectivity. We must invest in our ability to communicate and to share information through a new Land Environment Tactical CIS system.

We also, though, need to continue to improve our ability to fight on this new battlefield, and I think it's important that we build on the excellent foundation we've created for Information Warfare through our 77 Brigade which is now giving us the capability to compete in the war of narratives at the tactical level. And as David Patrikarakos put it in his recently published book 'War in 140 Characters', in which he observes on the war in Ukraine:

"... I was caught up in two wars: one fought on the ground with tanks and artillery, and an information war fought largely, though not exclusively, through social media. And counter intuitively, it mattered more who won the war of words and narratives than who had the most potent weaponry."

He also observed that: "social media is throwing up digital supermen: hyper-connected and hyper-empowered online individuals" and I'd like a few of those in 77 Brigade, please.

So, in sum, I have inevitably looked at this through a Land prism, but you should recognise that what I am describing is part of a Joint Force. So to conclude, I believe that our ability to pre-empt or respond to these threats will be eroded if we don't match up to them now. They represent a clear and present danger. They are not thousands of miles away, they are now on Europe's doorstep. And the character of warfare is making it much harder for us to recognise true intentions and thus distinguish between what is peace and what is war.

Of course, it doesn't have to be like this, but we cannot afford to sit back. We need to recognise that credible deterrence must be underpinned by genuine capability and genuine commitment that earns the respect of potential opponents.

Thank you very much.

[News story: Top accolade for nuclear record-keeping](#)

A winning design for Nucleus (The Nuclear and Caithness Archives) © Tricia Malley Ross Gillespie www.broaddaylightltd.co.uk

'Place of Deposit' (PoD) status was granted by The National Archives at Kew

(TNA) and National Records of Scotland in December 2017, on schedule, after a comprehensive assessment of all operational aspects at the £20 million facility near Wick. It is one of the largest repositories outside London to be accredited by the TNA.

This means Nucleus (The Nuclear and Caithness Archives) has met all the UK's stringent criteria for the safeguarding, preserving and cataloguing of important public information on behalf of the government.

Martin Robb, Programme Manager for the Nuclear Decommissioning Authority's (NDA) Information Governance Programme, which is responsible for records management, said:

Our specialist contractor, Restore Ltd, has worked incredibly hard to secure Place of Deposit status and we're extremely proud of their achievement.

The news comes just weeks after the facility's sleek, angular lines impressed judges in the annual Architects' Journal awards, collecting two of the top trophies: Editor's Choice and Public Building of the Year. Edinburgh-based Reiach and Hall Architects feature the stunning design on the home page of their website.

Nucleus, located next to Wick airport in Caithness, Scotland, opened its doors for business early in 2017 and a programme is currently under way to transfer records from all the NDA's sites across UK, estimated to take four years. This painstaking 'sift and lift' process requires millions of documents to be examined before being either destroyed or carefully indexed and packaged for the move north.

Eventually, decades-worth of NDA records, both digital and hard copy, will be housed at Nucleus where they will be available for ongoing research. Importantly, Nucleus is also the central repository for the vital waste records associated with delivering a geological disposal facility and deferred decommissioning.

Dounreay's photographic collection was the set of first nuclear records transferred to Nucleus, followed by the industry-wide epidemiological records.

Martin added:

With PoD status now secured, we can really begin the full-scale transfer of records. The collection from Harwell is next in line, followed closely by Dounreay records and then the stored material from Hinton House and other stores in Warrington.

Each collection of records requires a full programme of careful examination, destruction where appropriate – duplicates for example – and then indexing, packaging, transfer, preservation if required

and cataloguing at Nucleus.

Sellafield alone has more than 130,000 boxes of archived records in off-site storage, plus material on site and in various offices. Magnox Ltd, with 12 sites, has a similar-sized collection in storage – estimated as stretching, if laid out, to more than 120km worth of paperwork. The number of electronic records held across the estate, meanwhile, is believed to number hundreds of millions.

[NDA archive: Nucleus \(the Nuclear and Caithness Archives\)](#)

Statement to Parliament: Sky/Fox Merger – CMA Provisional Findings

Mr Speaker, I am here in my new capacity as the quasi-judicial decision-maker in relation to the proposed merger between 21st Century Fox and Sky Plc to update the House regarding the CMAs interim report that they issued today.

The decision-making role is one that my Rt Hon Friend, the Member for Staffordshire Moorlands discharged having met her commitment – given many times on the floor of this House – to the greatest possible transparency and openness the process allows.

And while I come to this fresh I intend to follow that process of being as open as possible while respecting the quasi-judicial nature of the decision.

Background and referral

As this House well knows, after the proposed acquisition was formally notified to the competition authorities last year, my Rt Hon Friend the Member for Staffordshire Moorlands issued an Intervention Notice on media public interest grounds – namely of media plurality and genuine commitment to broadcasting standards. This triggered a Phase 1 investigation of the merger, requiring Ofcom to report on the specified public interest grounds and the CMA on jurisdiction.

Having received advice from Ofcom and from the CMA, in September she referred the proposed Sky / Fox merger to the CMA for a Phase 2 investigation on both grounds.

CMA's final report

The original statutory deadline for the final report was 6 March but the CMA has, today, confirmed that this will be extended by a further eight weeks and that the revised deadline is 1 May.

Once I have received that final report I must come to a decision on whether – taking into account the specified public interest considerations of media plurality and genuine commitment to broadcasting standards – the merger operates or may be expected to operate against the public interest.

Following receipt of the final report, I will have 30 working days in which to publish my decision on the merger – so if I receive the CMA's report on 1 May that would be 14 June.

CMA's provisional report

To be clear the publication today is the CMA's provisional findings. I have placed a copy in the House Library.

With regards to the need for a genuine commitment to broadcasting standards – the CMA provisionally finds that the merger is not expected to operate against the public interest.

On media plurality grounds the CMA provisional finding is that the merger may be against the public interest. It cites concerns that the transaction could reduce the independence of Sky News and would reduce the diversity of viewpoints available to, and consumed by, the public. It also raised concerns that the Murdoch Family Trust would have increased influence over public opinion and the political agenda.

The CMA has identified three remedy approaches and seeks views from interested parties on them. These remedy approaches are:

Firstly, to prohibit the transaction.

Secondly, undertake structural remedies – either to recommend the spin-off of Sky News into a new company, or to recommend the divestiture of Sky News.

Thirdly, behavioural remedies which could for example include enhanced requirements around the editorial independence of Sky News.

The CMA also recognises that the proposed acquisition of Fox by Disney could address concerns set out in the provisional findings; however the uncertainty about whether, when, or how, that transaction will complete means the CMA has also set out potential approaches which include introducing remedies which would fall away subject to the Disney / Fox transaction completing.

The CMA has invited written representations on the provisional report's findings, and the potential remedy approaches, with 21st Century Fox and Sky – as well as other interested parties – before producing a final report.

As such, and given the quasi-judicial nature of this process, I hope the House will understand that I cannot comment substantively on the provisional report before us and I must wait for the final report before I comment.

I am, however, aware of the keen interest of the House on this important matter. I know that Right Honourable and Honourable Members will be closely scrutinising the CMA's provisional findings and will have views on them.

The CMA's investigation will continue over the coming weeks – it has set out the process for making representations on the remedy options outlined, and on the provisional findings, with deadlines of 6 February and 13 February, respectively. I feel sure that today's debate will provide helpful context for that work.

Next steps

What I am able to confirm today is that – I will undertake to keep the House fully informed, and follow the right and proper process considering all the evidence carefully when the time comes to make my decision on receipt of the CMA's final report.

I commend this statement to the House.

[News story: UK launches new anti-money laundering watchdog](#)

The Office for Professional Body Anti-Money Laundering Supervision (OPBAS) is based within the FCA and will work with all the UK's Anti-Money Laundering (AML) supervisors to help improve standards, and with law enforcement to strengthen cooperation.

OPBAS will directly oversee the 22 accountancy and legal professional body AML supervisors in the UK. It will ensure these 22 organisations meet the high standards set out in the [Money Laundering Regulations 2017](#), and has powers to investigate and penalise those that do not.

The Economic Secretary to the Treasury, John Glen, said:

This new watchdog will deepen the government's partnership with the private sector as we work together to tackle illicit finance whilst minimising the burdens on legitimate businesses. This sends a clear message to criminals and terrorists that their dirty money is not welcome here.

Launching OPBAS delivers on the government's commitment to reform the AML supervisory regime, a key part of the [2016 Action plan](#) for anti-money laundering and counter-terrorist finance.

It is the latest step in the government's biggest reform of the UK's AML regime in a decade, building on wider work including enhancing law enforcement's powers through the Criminal Finances Act and updating the Money Laundering Regulations to implement the latest international standards, both of which took effect in 2017. It also complements the government's work with

the private sector to raise awareness of financial crime and how to guard against it, including through the Flag It Up and the Take Five campaigns.

The Oversight of Professional Body Anti-Money Laundering and Counter Terrorist Financing Supervision Regulations 2017, which underpin OPBAS, took effect on 18 January. OPBAS will not directly monitor the businesses that the professional bodies supervise.

[News story: Millions of pounds for innovative businesses: new opportunities](#)

A worker at a Chemoxy manufacturing site.

Innovate UK has millions of pounds to invest in innovative UK businesses up to April 2018.

The funding will be awarded through competitions in a range of areas, which will open for applications in the coming months.

Businesses can also apply into an open funding competition with ideas for any game-changing or disruptive innovations.

Opportunities for funding

Emerging and enabling technologies and health and life sciences

Up to £19 million will be invested to support productivity and cutting-edge innovation across these 2 industry sectors.

In the area of health and life sciences, we will seek projects that show significant innovation in one of the following:

- increasing agricultural productivity
- improving food quality and sustainability
- advanced therapies, such as cell and gene therapies
- precision medicine
- medicines discovery
- advanced biosciences

For emerging and enabling technologies, projects should focus on an Innovate UK priority area:

- emerging technologies

- digital
- enabling capabilities
- space applications

Open programme

A share of up to £19 million will be available for game-changing or disruptive innovations that have the potential to impact the UK economy.

Projects may come from an Innovate UK industry sector – [emerging and enabling technologies](#), [health and life sciences](#), [infrastructure systems](#) and [manufacturing and materials](#) – or be outside of them.

Biomedical catalyst

This is the first biomedical catalyst competition of 2018, which will offer up to £12 million to SMEs working on projects that solve healthcare challenges. These could include:

- disease prevention and proactive management of health and chronic conditions
- earlier and better detection and diagnosis of disease, leading to better patient outcomes
- tailored treatments that either change the underlying disease or offer potential cures

Industrial Strategy Challenge Fund: Faraday Battery Challenge

The Faraday Battery Challenge supports the design, development and manufacture of batteries for the electrification of vehicles as part of the Industrial Strategy Challenge Fund.

In this second round of innovation funding up to £25 million will be invested in projects that stimulate new automotive battery technologies and build the supply chain in the UK.

Industrial Strategy Challenge Fund: digital health technology catalyst

Up to £10 million will be available under the digital health technology catalyst, which is part of the Industrial Strategy Challenge Fund.

We will seek projects that support the development of digital health products or digitally-enabled medical technologies, which:

- improve patient outcomes
- transform healthcare delivery
- enable more efficient delivery of healthcare

Industrial Strategy Challenge Fund: robotics

Up to £20 million will be available in this competition. It is being funded as part of the Industrial Strategy Challenge Fund for robotics and artificial

intelligence in extreme environments.

This challenge aims to take people out of extreme work environments such as deep mining, nuclear, space and offshore energy.

Industrial Strategy Challenge Fund: medicines manufacturing

Innovate UK is investing up to £10 million in innovation projects in medicines manufacturing through the Industrial Strategy Challenge Fund.

We will be seeking collaborative research and development projects that focus on the technical or commercial challenges of manufacturing new medicines.

Find funding opportunities

New opportunities will be published on the Innovation Funding Service as and when they are available. [Search for funding.](#)