

Chapter 7

GLOBAL BRITAIN: REACHING FOR THE INDO-PACIFIC

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Strategic Interests and Strategy

While the UK has been rocked by Brexit, it has developed both awareness of the Indo-Pacific framework and several strategies for adapting to it. Primarily these strategies have been two-fold. Firstly, there has been a robust return to the “East of Suez” security presence; and secondly trade agreements with leading Indo-Pacific economies to operate once the UK exits (Brexit) the European Union, set at 29 March 2019. The two have become inter-linked. In November 2018, Britain’s Chief of Navy Admiral Philip Jones explained that the need for a strong naval presence as reflecting economic imperatives: “the Indo-Pacific region will be of such strategic importance to this island nation in the years to come” precisely because of in the ongoing “economic shift” to the Indo-Pacific, its associated “maritime trade” and UK post-Brexit “ambitions for enhanced trade” there.¹⁰⁶

Economic Strategy

The UK’s economic strategy involves trade and infrastructure issues, aimed at increasing trade flows. UK policy has recognised the growing economic importance of the East to global growth over the past decade, in particular the economies of India, Southeast Asia, China and Japan. The foreign secretary noted in January 2019 that “the global centre of economic gravity has been shifting eastwards towards Asia for decades – and this trend shows no signs of abating”.¹⁰⁷ Brexit sharpens a sense of opportunities in the Indo-Pacific through an independent trade policy, with Liam Fox noting in February 2019 that “the growth in the East represents a huge opportunity for the UK to establish new, and grow existing, trading relationships”.¹⁰⁸ UK trade policy is threefold:

- **Roll over** existing pre-Brexit EU trade agreements, “down to the wire” as Liam Fox told Parliament on 13 February. Continuation agreements were reached with Mauritius and the Seychelles (31 January) and Chile (1 Feb); but the most significant continuation agreements with Singapore, Vietnam, South Korea and Japan, about which broad positive noises were made during 2018, remained to be nailed down.
- **Negotiate** new post-Brexit trade agreements across the region with India, Malaysia, Australia, New Zealand and of course China. Australia and New Zealand has been the most supportive here.
- **Join** the recently reconstituted Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CP-TPP); which is made up of Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.¹⁰⁹

¹⁰⁶ Jones, P., ‘Speech’, Indo-Pacific Workshop, International Institute for Strategic Studies, 28 November 2018, available at: <https://www.gov.uk/government/speeches/iiss-global-partnerships-event-2018>, last visited: 14 February 2019.

¹⁰⁷ Hunt, J., ‘Britain’s role in a post-Brexit world’, 2 January 2019, available at: <https://www.gov.uk/government/speeches/foreign-secretary-hunt-britains-role-in-a-post-brexit-world>, last visited: 14 February 2019.

¹⁰⁸ Fox, L., ‘Britain’s place in the global trading system’, 1 February 2019, available at: <https://www.gov.uk/government/speeches/britains-place-in-the-global-trading-system>, last visited: 14 February 2019.

¹⁰⁹ ‘CP-TPP will be a “force for good” in promoting free trade’, *Department for International Trade*, 30 December 2018, available at: <https://www.gov.uk/government/news/cptpp-will-be-a-force-for-good-in-promoting-free-trade>, last visited: 14 February 2019.

With regard to trade deals with *India*, the hope is that it will be easier for the UK to reach a free trade agreement (FTA) with India once the UK is out of the EU. Already UK exports of £5.4 billion to India in the year to November 2018 were up by 27.3%. However, there remain barriers in terms of any quick FTA deal in the form of UK immigration restrictions on Indian workers.

With regard to *China*, hopes for post-Brexit boost in economic relations have been less than expected. Despite continuing talk of a “new phase in the Golden Era” of UK-China economic relationship, the sad fact of economic diplomacy is that Brexit makes the UK of less significance for China even while it makes China of more significance for the UK.¹¹⁰ This makes the UK negotiating position weaker *vis-à-vis* China, with whom there is already a large trade deficit.

Infrastructure

The UK has given a cautious welcome to China’s *Maritime Silk Road (MSR)* initiative, which is linked to the overland Eurasia ‘Belt’ in the Belt and Road Initiative (BRI) pushed by China since 2013. Phillip Hammond the Chancellor attended Beijing’s showcase Belt and Road Forum held in May 2017, where he talked of the UK and China being “natural partners” on this project, with other ministers talking of the “huge opportunities” for UK companies in delivering infrastructure projects, and of increased trade flows.¹¹¹ Douglas Flint was appointed as the Treasury Department’s special Belt and Road ‘envoy’ in December 2017.

The two main channels for BRI infrastructure funding are (1) China’s own Silk Road Fund (SRF) to which China pledged \$40 billion in 2014; and (2) the *Asian Infrastructure Investment Bank (AIIB)*. The AIIB was set up in December 2015, but whereas the US and Japan refused to join, the UK did. UK logic given by Hammond to Parliament on 21 March 2018 was “UK’s membership deepens economic ties with Asia and creates opportunities for British businesses”, but it remains unclear how far British companies are particularly benefiting in terms of getting many contracts for delivering AIIB-funded infrastructure projects. In the AIIB, the UK’s US\$3,054.7 million subscription gives it 2.9% voting powers; overshadowed by China’s US\$29,780.4 million subscription and 26.6% voting powers. In this essentially China-led framework, the UK announced in December 2017 that it was pledging US\$50 million in four equal slices of US\$12.5 million for 2018, 2019, 2020 and 2021 into the AIIB’s Special Fund for Project Preparation.

One alternative channel for infrastructure assistance is the *Asian Development Bank*, which the UK has been a member of since 1966. The Department for International Development and the ADB launched the *Asia Regional Trade and Connectivity Fund (ARTCF)* in May 2018 complete with a £30 million initial pledge from the UK.

¹¹⁰ ‘New phase in Golden Era for UK-China relations’, *Department for International Trade*, 15 December 2017, available at <https://www.gov.uk/government/news/new-phase-in-golden-era-for-uk-china-relations>, last visited: 14 February 2019; Turner, O., ‘The Golden Era of UK-China relations meets Brexit’, *The Diplomat*, 18 December, 2018.

¹¹¹ Hammond, P., ‘Speech’, *Belt and Road Forum*, 14 May 2017, available at: <https://www.gov.uk/government/speeches/belt-and-road-forum-in-beijing-chancellors-speech>, last visited: 14 February, 2018; Baroness Fairhead, ‘Why China’s Belt and Road offers the UK huge opportunities’, 10 May 2018, available at: <https://www.gov.uk/government/speeches/why-chinas-belt-and-road-offers-the-uk-huge-opportunities>, last visited: 14 February, 2018.

Security (Military and Diplomacy)

The UK Indo-Pacific security policy is three-fold: basing, naval deployments, and defence partnerships. With regard to *basing*, the original *East of Suez* withdrawal involved pullback of UK military forces and bases from Bahrain, Aden and Singapore. A return to 'East of Suez' profile was evident in 2018. In Bahrain, HMS Juffair (Mina Salman Support Facility) was opened in April 2018. This was followed by the opening of the Joint Logistics Support Base at Duqm (Oman) in October 2018, complete with deep waters and dry docks. In turn, December 2018 witnessed the Defence Secretary Gavin Williamson's announcement that the small UK repair-refuel-resupply operation at Singapore would be strengthened into a fuller base presence by 2020. The prospect now looms of a chain of UK bases/facilities across the Indo-Pacific going from Bahrain-Oman-Diego Garcia-Singapore-Brunei.

With regard to *deployments* the withdrawal from *East of Suez* bases in the early 1970 left the UK presence mostly dependent on outside periodic naval deployments which became more intermittent, and within which UK aircraft carrier strength drained away. Energy security led to Royal Navy anti-piracy deployment since 2009 in the north-west Indian Ocean under the EU's *Atalanta* operation headquartered at Northwood.

The tempo and range of UK naval deployments markedly increased in 2018. After a gap of five years since HMS Daring's solitary dispatch in 2013, HMS Sutherland, HMS Albion, HMS Argyll and HMS Montrose were all deployed in turn during 2018 from the UK for extended operations across the Indo-Pacific. This represented the biggest appearance of UK forces in the Far East since the Korea War over half a century ago.

These increased unilateral deployments to the Indo-Pacific in 2018 included increased bilateral and trilateral operations in the Indo-Pacific. The well-established *Konkan* exercises with India running since 2012 were supplemented in 2018 by bilateral exercises with Japan in the Indian Ocean and Western Pacific, and trilateral exercises with Japan and the US in the Western Pacific. UK military elements were also embedded with France's *Jeanne d'Arc* naval operations across the Indo-Pacific in 2017 and 2018. There is a new readiness to carry out freedom of navigation exercises in the South China Sea, seen with HMS Albion in September 2018, complete with fierce Chinese denunciations.¹¹² Similar Chinese denunciations attended the drills and operations later carried out in the South China Sea between HMS Argyll and the USS McCampbell in January 2019.

With regard to *diplomacy*, the UK has also strengthened its participation in the Five Power Defence Agreements (5PDA), which brings together the UK, Australia, New Zealand, Singapore and Malaysia. A strategic partnership proclaimed with India in 2004 led to a Defence and International Security Partnership in 2015. Formal Defence Cooperation Agreements with Japan (2012) and Australia (2013) have led to further service level naval agreements like the UK-Japan-US *Trilateral Cooperation Agreement* signed in October 2016 and the UK-Australia *Joint Guidance for the RAN-RN Relationship* signed in November 2018.

¹¹² Hemmings, J. and Rogers, J., 'The South China Sea: Why it matters to "Global Britain"', Henry Jackson Society (2019).

Looking Forward

On the economic front, Brexit looms, and with it the ability of the UK to nail down ‘roll-over’ agreements with South Korea and Japan, and new deals with Australia and India during 2019-2020. It remains to be seen how fully the UK participates in the Second Belt and Road Forum in Beijing in April 2019. With rising criticisms of China’s Maritime Silk Road (1) generating ‘debt traps’ for countries like Sri Lanka and the Maldives, and (2) excessively benefiting Chinese companies; the UK has other infrastructure funding avenues, in the *Asia Regional Trade and Connectivity Fund* (ARTCF) set up with the Asian Development Bank, or indeed the *Trilateral Partnership for Infrastructure Investment in the Indo-Pacific* (TPIIP) set up in 2018 by Australia, Japan and the US.

UK deployments to the Gulf of Aden, hitherto organised under the EU *Atalanta* umbrella, could be maintained post-Brexit in the US-led *Combine Task Force 151* umbrella. Williamson’s unannounced defence discussions in Somaliland in January 2019 open up the prospect of Berbera as a further naval facility for the Royal Navy, *if* the UK government feels inclined and able to ignore African Union opposition to recognition of Somaliland.

Under the 2017 *National Shipbuilding Strategy 2017* the Royal Navy is finally set to expand after a long period of shrinkage, with 18 new Type-26 frigates scheduled to gradually replace the navy’s 13 Type-23 frigates from the mid-2020s onwards. This remains hostage to financial fortune and continuing resolve by the governments of the day. In a time of overall declining naval strength the UK government is reintroducing aircraft carrier capacity, after a decade’s absence. HMS Elizabeth was commissioned in December 2017, and HMS Prince of Wales is due to be handed over to the navy during 2019. However there remain potential financial constraints over the speed of equipping them with their advanced F-35B fighter components, and indeed on possible cuts in the number of planes carried.

Gavin Williamson was clear on 11 February 2019 that future UK strategy was to have one “Littoral Strike Group complete with escorts, support vessels and helicopters based East of Suez in the Indo-Pacific” and that in 2020/2021 “the first operational mission of the HMS Queen Elizabeth will include the Mediterranean, the Middle East [the Indian Ocean] and the Pacific region”.¹¹³

On the security front, the UK could consider closer involvement in the Australia-Japan-US (AJUS) trilateral including their *Pacific Bond* naval exercises, and their *Cope North Guam* air force exercises. Closer involvement with the Australia-India-Japan-US ‘Quad’ could be a further possibility to explore.

However, post-Brexit it will be hard to reconcile maintaining freedom of navigation exercises in the South China Sea with negotiating trade deals with China. The UK government will face a hard choice; concerning China, is it economic cooperation or security containment; with other China-concerned partners, which has greater priority? The two are incompatible, and one might need to be dropped to enable the other.

¹¹³ Williamson, G., ‘Defence in Global Britain’, 11 February 2019, available at: <https://www.gov.uk/government/speeches/defence-in-global-britain>, last visited: 14 February 2019.
