

Global Britain in the Indo-Pacific

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Summary

- Despite Brexit, Britain has a once-in-a-generation opportunity to reshape its global posture. Britain should continue to play an active role in defending NATO's Eastern Flank, but Global Britain's future posture should be a strong maritime one, using its geography, history, and capabilities to defend Europe's maritime security and sea lanes of communication (SLOC).
- While the UK's periphery is beset with security challenges, Asia presents both challenges and opportunities, as economic power, trade, and political power shift east.
- Over 90% of global trade is carried by sea, and despite the development of the Belt and Road Initiative (BRI), this will remain the dominant form of trade for the foreseeable future. The region is rapidly becoming a vortex for competing geopolitical visions and *Mahanian*-based strategies, directly related to China's relationships with India, the US, Australia, and Japan.
- A Chinese grand strategy has emerged over the past decades, which sees Beijing seeking control over vital SLOCs between itself and the energy-rich Middle East, while also developing a vast complementary land-based strategy, the Belt and Road Initiative.
- China's naval build-up, its purchase and control over many of the world's maritime choke-points, its South China Sea strategy, and its BRI indicate that China is no longer a status-quo power, and instead has revealed itself as a limited-aims challenger. Due to insecurities caused by the opaque nature of China's domestic system and grand strategy, regional and extra-regional states are beginning to align in loose security groupings (trilaterals and quadrilaterals) on the basis of shared respect for traditional maritime conventions and law.
- The United Kingdom, dependent on both the rules-based order and these same sea lanes, will be compelled to adapt a similar strategy to many other Asian powers – 'engage and balance'.
- The commitment of the UK to spend only 2% of GDP on defence is inadequate to the needs of a 'Global Britain'. This figure would only serve a Europe-centric Britain.

1. Introduction

As has been noted in the national debates that have erupted since June 2016, Britain confronts many simultaneous challenges. These are, in order of intensity: first, and foremost with the European Union and its attendant bodies; and second, with re-establishing Britain's trade relations with the world across a whole slew of sectors and regions. Addressing these issues is already taking up much of the bandwidth of the civil service. It also happens at a time of immense flux in the international system, as authoritarian states like Russia and China vie with newly risen powers like India to exert their influence on the global stage. However, there is a positive aspect to this re-ordering of Britain's posture in the world in such a mercurial age, since it offers the nation an opportunity to adapt to the large-scale changes perhaps more quickly over the coming years, than say, the European Union. While it is true that the challenges are many and that there is no easy alternative to access to the Common Market, this report argues that the UK is presented with a once-in-a-lifetime opportunity to re-think its foreign policy posture in the world and deliberately set out to create an approach suited to the times. On the one hand, it is a jarring, unsteady era, but on the other, if we treat it with optimism and active engagement, the UK will flourish.

The question has been of course what *Global Britain* actually means? Is it a strategy or a slogan? While the House of Commons Foreign Affairs Committee was probably right this March to take the Government to task over the lack of a clear definition, saying, "the slogan must be backed by substance",¹ Baroness Ashton was equally right to allow for it to also be an "aspiration...capturing an idea in a way that you can later expand into an underpinning set of principles". There is a need for a simple yet promising slogan to carry the imagination of the British nation. There is something profound to this: the phrase 'Go West' was about as basic a principle as one could create for the 19th century opening up of the American hinterland, and yet it described a complex basket of government policies, social drivers, and embodied the emotional experience of the settler drive westward. It was both an imperative and a rallying cry, and it managed to drive a national strategy. Global Britain, therefore, can and should begin as a slogan, but if the UK is ultimately to succeed in times of rapid change, the UK Government will have to give it direction and resources and provide what Tom Tugendhat MP, Foreign Affairs Select Committee Chairman, called, "a clear

¹ "Global Britain' Slogan must be backed by substance, says committee", 12 March, 2018, *Parliament website*, available at: <https://www.parliament.uk/business/committees/committees-a-z/commons-select/foreign-affairs-committee/news-parliament-2017/global-britain-report-published-17-19/>, last visited: 2 May 2018.

statement of objectives and priorities and a commitment to the sufficient resources to achieve them”.² But British foreign policy elites³ must not be discouraged in this process. Grand strategy – when carried out before the gaze of public scrutiny – often suffers from uncertainty and misunderstanding. The Obama administration’s *Pivot or Rebalance to Asia* policy, continues to divide critics within the US and there are many who question its efficacy to this day. Despite this, it helped steer many of the levers of the US government back toward Asia, and away from the Middle East, and included a number of changes from the second Bush administration, including intensified diplomacy in Southeast Asia, an increase of White House visits to the region, the steady relocation of military assets to bases around the region, and a deliberate intensification of alliance military interoperability.⁴

Accordingly, ‘Global Britain’ can begin as an aspiration, a framework for a larger public debate and involvement, but it cannot remain that way forever. The Government must make a number of decisions on prioritisation of regions, allocation of resources, and areas of leadership. The UK cannot ‘go Global’ everywhere. It simply hasn’t the type of resources that China is expending on the Belt and Road Initiative (BRI), for example. So – where should Britain go global? A Foreign and Commonwealth Office’s memorandum⁵ asserted that three regions will continue to matter to Britain: (1) North America, specifically the United States and Canada, (2) Europe, with all its commercial relationships, security allies, and close partners, and (3) Asia, increasingly, the centre of economic and political growth. As the memorandum states, “maintaining influence in these areas is key to making Global Britain a success”. Obviously, the UK cannot completely ignore Latin America, Africa, or the Middle East, but if Britain is to succeed in re-orienting itself, there needs to be a rational allocation of resources. While unstated in the FCO memorandum, the most historic implication of Brexit, is the UK can re-develop its maritime power – both as a commercial power and a naval power.

This report spends a lot of time on some countries, and not very much on others. It is not a report about Global Britain in Asia despite my initial intentions. Rather, it is about the ‘Indo-Pacific’, a term that is as geopolitical in nature as it is geographical in description. It deals with the growing great-power competition,

² *ibid.*

³ Foreign policy elites (FPEs) are defined here as the Government, the Civil Service, Parliament, academia, the military and those parts of the media that engage in foreign policy debates.

⁴ Hemmings, J.C., ‘The US-Japan-Australia Trilateral Against the Backdrop of US Grand Strategy’, in Clementi, M., Dian, M. and Pisciotto, B., *US Foreign Policy in a Challenging World: Building Order on Shifting Foundations* (Cham: Springer International Publishing, 2018), p. 388.

⁵ ‘Global Britain: Sixth Report of Session 2017-19’, House of Commons Foreign Affairs Committee (2018), available at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmfaff/780/780.pdf>, last visited: 20 May 2018.

which is taking shape in the regions of the Indian Ocean and south eastern Pacific, which ties together China, India, Australia, Japan, Southeast Asia, and the United States, and is as much a contest over the future of the type of global order as it is over the physical sea lanes, upon which all depend. China and China's rise play a central role in this, partly because it is the primary mover in all this; and the most proactive in developing a new US\$1 trillion grand strategy, encompassing more than 70 countries in Central and South Asia. Its new ports and naval bases spreading across the Indian Ocean and its takeover of the South China Sea – and major UK-Asia trade route – embody many of the principles of sea power and sea lane control – first espoused by Alfred Thayer Mahan, an American naval strategist of the 19th century. As one US academic noted in 2004,⁶ Mahan was mentioned at nearly every conference he attended in China. Given the fact that Mahan's theories are thought to have driven the German-British naval race of the early 20th Century, this is troubling. As a result of these trends, nearly every other power of consequence in the Asia Pacific region has reacted by a mixture of “engaging and balancing” China, a policy basket once described by President Obama's advisor on China, Dr Evan Medeiros, as “hedging”⁷. Beginning with Japan in the late 1990s, and gradually followed by the United States, Australia, and then India, every power has begun to incorporate this double-hatted approach toward Chinese regional strategy.

This paper begins by looking at how some of these dynamics work, how they might challenge British interests: the rules-based international system (RBIS) upon which British influence and power depend, and an open and free maritime trading order, upon which British prosperity depends. The first section examines Britain's stake in the current rules-based international system and explains why Chinese alternatives would not be favourable to British interests. It also argues for a wider self-interest, noting that this is not the first time that Britain will have faced a power intent on establishing a power-based hierarchical system over a nominally egalitarian rules-based order. Section two explains some of the economic factors that impel Global Britain to go to the Indo-Pacific and explain why it must go by sea, while section three explains what geopolitical trends and changes await us there. Section four discusses the options that await us with regards to the main actors in the region, while chapter five – the conclusion – summarises our findings and attempts to ascertain strengths and weaknesses in the strategy as laid out in the proceeding pages.

⁶ Holmes, J., ‘Mahan is Alive in China’, *The National Interest*, July 2017, available at:

<http://nationalinterest.org/article/mahan-is-alive-in-china-2703>, last visited: 9 May 2018.

⁷ Medeiros, E.S., ‘Strategic Hedging and the Future of Asia Pacific Stability’, *The Washington Quarterly* 29.1 (2005): pp. 145-167.

“The rules-based international system (RBIS) is founded on relationships between states and through international institutions and frameworks, with shared rules and agreements on behaviour. It works for UK interests in multiple ways: promoting peace and prosperity through security and economic integration; encouraging predictable behaviour by states; and supporting peaceful settlement of disputes. It also encourages states, and a wide range of non-state actors, to create the conditions for open markets, the rule of law, democratic participation and accountability.”

~Strategy Paper, The Foreign and Commonwealth Office

2. Upholding the Rules-Based International System

The current international order is undergoing great change, across a number of different axes, accelerated and intensified by changes in economic and military power, and developments in technology, climate change, demography. With populations in many Western states suffering the effects of rapid globalization, there has been support for policies that were mainstream inside both right-leaning and left-leaning parties only ten years ago. Policies that resulted in the mass import of cheap labour and the export of manufacturing have seen the rise of populism and anti-immigration movements across the United States and Europe. The resulting polarisation and social upheaval that is now affecting liberal democracies is occurring at precisely a time when post-communist states have successfully overcome their domestic re-ordering and used market capitalism to modernize their militaries and build up their national strength. The resurgence of Russia and China as state-capitalist authoritarian powers, and the rise of their strongmen leaders Vladimir Putin and Xi Jinping, has also reintroduced an ideological component to the world politics with the implicit suggestion that the authoritarian model can and should supplant the Western model. China's take-over and militarisation of the South China Sea – has not only been a challenge to UNCLOS and the Permanent Court of Arbitration – but also a challenge to historical notions of the freedom of the seas that have bound maritime nations for nearly 400 hundred years. It is also a deeply geopolitical gambit, as it may well give Beijing de facto control over the sea trade of many East Asian nations.⁸ If Global Britain is to mean something, it will have to not only bolster the rules-based

⁸ Hemmings, J., 'The Potential for Sino-US Discord in the South China Sea' in *The RUSI Journal* (Abingdon: Taylor and Francis, 2011), pp. 90-95.

international system, but also to understand what these geopolitical manoeuvres mean.

Defending the rules-based order is not about containing China nor should it be. Nor is it about resisting the rightful re-adjustment of representative power within the system. As Professor Steven Tsang, Director at the SOAS China Institute argues, “a rules-based order doesn’t mean those rules can never be changed. The rules are always changing because international realities are changing”.⁹ The reordering of Indian and Chinese representation in the leadership of international institutions – like the World Bank and IMF, for example – serve to allow the system to evolve, conferring it with legitimacy. And many observers agree that it was for precisely this reason that the Obama administration’s attempt to block Britain’s accession to the Asia Infrastructure Investment Bank (AIIB) was a poor decision. Notwithstanding, it is still unclear whether or not China is a limited-aims challenger or a systems challenger.¹⁰ Certainly, there are arguments on both sides of the ledger, but rather than rehash these and attempt to argue the meaning of China’s Belt and Road Initiative, its moves in the South China Sea, or list off its behaviour in various international institutions as either status-quo or revisionist in nature – a rather subjective and complex approach – it is more productive to pay attention to debates *inside* China about what type of system Beijing should build.

These debates began only quite recently, in the wake of the Financial Crisis, after a number of prominent Chinese scholars with close party connections began openly discussing the prospects of a Chinese-led order. Their articles discussed what principles should underpin a Chinese-led system, with a number of them re-investigating the foundational principles and principles of the tributary system under which Imperial China engaged with foreign powers prior to the 19th century. Scholars like Zhao Tingyang,¹¹ Zhou Fangyin,¹² and Feng Zhang¹³ have written extensively on China’s historic tributary system and the hierarchical principle of *Tianxia* [all under heaven], which have caused great excitement inside Chinese academic circles, and led to a little anxiety inside Western circles. Problematically, many of the principles of a Sino-Centric order rely on a priori assumptions of Chinese cultural and political superiority over others and have semi-imperial overtones.¹⁴ Professor William Callahan – a noted China scholar at the LSE –

⁹ Interview with author, on 9 January 2018, in London.

¹⁰ An academic argument that has been bubbling away from at least 2003, when Alastair Iain Johnston wrote, ‘Is China a Status Quo Power?’, *International Security* Spring (2003): pp. 5-56.

¹¹ Tingyang, Z., ‘A world political philosophy in terms of All-Under-Heaven (Tianxia)’, *Diogenes* 221 (2009): pp. 5-18.

¹² Fangyin, Z., ‘Equilibrium Analysis of the Tributary System’, *Chinese Journal of International Politics* 4.2 (2011): pp. 145-189.

¹³ Zhang, F., *Chinese Hegemony: Grand Strategy and International Institutions in East Asian History* (Stanford: Stanford University Press, 2015).

¹⁴ Tingyang, Z., ‘Rethinking Empire from a Chinese Concept ‘All-under-Heaven’ (Tian-xia), *Social Identities*, Vol. 12, No. 1 (January, 2006), pp.29-41.

asserted that “*Tianxia* presents a new hegemony that reproduces China’s hierarchical empire for the twenty-first century”.¹⁵ Add this to the highly authoritarian, illiberal nature of China under Xi Jinping, and it becomes clear that any attempts to re-order the rules-based system by China into such a system must be carefully checked by liberal states as their national interests and domestic make-up would face severe pressure in a world “made safe for authoritarians”.¹⁶

“*Tianxia* presents a new hegemony that reproduces China’s hierarchical empire for the twenty-first century.”

Why has the rules-based order become a rallying cry for states? Partly, this is due to concern about Russian and Chinese efforts to incrementally subvert the system inside the various institutions – particularly those relating to the normative human rights aspect – and partly because of their use of military coercion over Ukraine and the South China Sea in 2014. Behind this, of course, lies the historical fear of power-based systems, upon which much European blood has been shed. The “Western Settlement” that arose from the ashes of the Second World War was based on “economic openness, political reciprocity, and multilateral management of a ... liberal political order”.¹⁷ While American leadership has been a central pillar of the system, the UK and other European allies were in fact *co-authors* of the system with heavy intellectual and diplomatic input in the formation of the Bretton Woods institutions,¹⁸ NATO,¹⁹ and the United Nations,²⁰ in which British thinking and diplomacy played a particularly prominent role. The order is a mutually created product of Western civilization that was built over roughly four stages.

As Figure 1 below indicates, the current RBIS is like an onion, with a number of overlapping layers, built the historic foundations of international law by Grotius and John Locke, added onto Renaissance Italian diplomatic conventions, and

¹⁵ Callahan, W.A. ‘Chinese Visions of World Order: Post-hegemonic or a New Hegemony?’ *International Studies Review* (2008): p. 750.

¹⁶ Friedberg, A., *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (London: W.W. Norton and Co., 2011).

¹⁷ Ikenberry, G.J., ‘The Myth of Cold War Chaos’, *Foreign Affairs* 75.3 (1996): pp. 79-91.

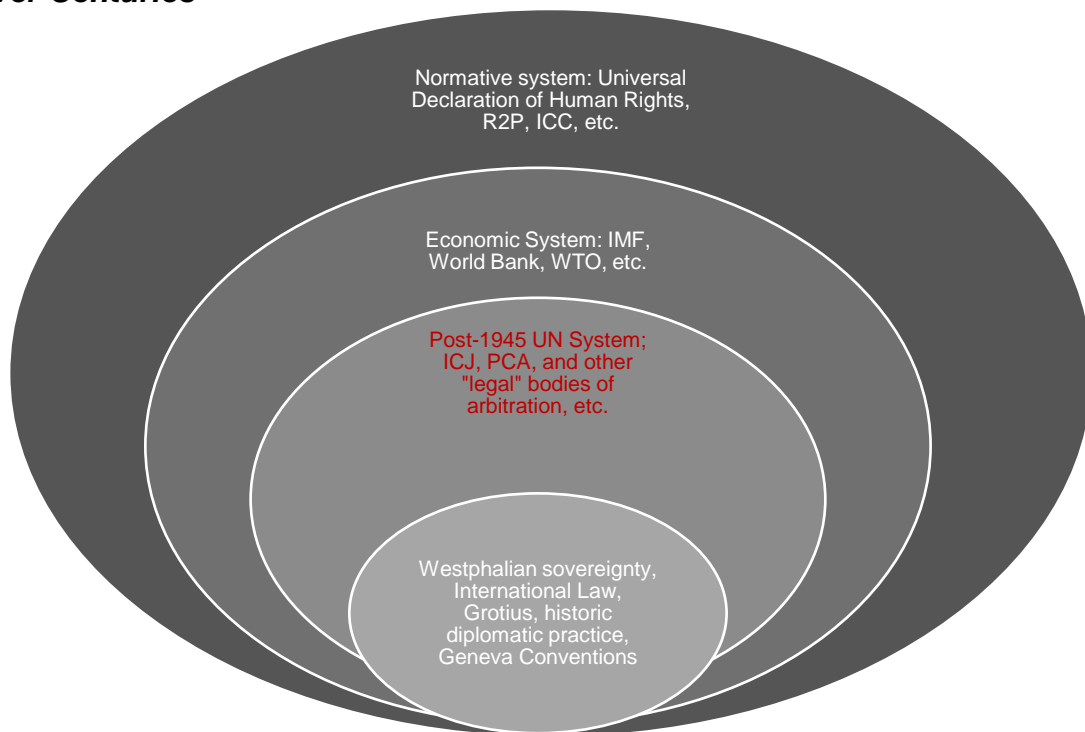
¹⁸ Ikenberry G. J., ‘The Political Origins of Bretton Woods’, in Bordo, M.D. and Eichengreen B., *A Retrospective on the Bretton Woods System: Lessons for International Monetary Reform* (Chicago, University of Chicago Press, 1993), pp. 155-198.

¹⁹ Baylis, J., *The Diplomacy of Pragmatism: Britain and the Formation of NATO, 1942-1949* (Ohio: Kent State University Press, 1993).

²⁰ ‘History of the United Nations Charter’ *United Nations website*, available at: www.un.org/en/sections/history-united-nations-charter/index.html, last visited: 14 March 2018.

which have continued to help codify, institutionalise, and govern relations between states. The economic system, developed at Bretton Woods after the Second World War, was developed along Adam Smith's liberal-capitalist principles and has evolved into the World Trade Organization and its attendant bodies and regulates trade practices between states. Finally, the normative, liberal element – itself the product of the European Enlightenment – was only recently added onto the UN system – after the rise of democracies in Europe – leading to the Universal Declaration of Human Rights in 1948, and 11 other treaties enshrining conceptions of sexual and racial equality and attempting to protect political and political freedoms.

Figure 1: The 'Onion' of the Rules-Based International System, Developed over Centuries



In contrast to Chinese academic debates that seek to define themselves as supportive of 'orderliness' and against 'chaos' (read democracy), the chief characteristic of Western diplomatic practice²¹ is formal equality between all states, no matter their size. So, for example, Pakistan can take the much-larger EU to the WTO over a dispute concerning trade, without risking 'punishment'. In many ways, this formalised sovereign equality is a central feature in many of the institutions and conventions that make up the rules-based order, and this was a major reason that so many smaller non-Western states were willing to adopt it in

²¹ These include embassy territoriality, diplomatic pouches, diplomatic immunity, passports, and many other conventions that permeate modern diplomatic practice.

the wake of Western imperialism. Power inequalities between states are softened by 'legal equality', which allows small and medium-sized states to sometimes work together to defend their interests. While we might take this for granted, there is real concern that some resurgent power may wish to change this by substituting power for principle, equality for hierarchy.

According to Alex Neill, a senior Fellow at IISS-Asia, Beijing appears no longer willing to "hide its capabilities and bide its time". "China", he says, "increasingly has its own vision and while it accepts its growth was the result of the current system, it is now de-coupling from the rules-based order and producing its own vision in a new era of authoritarianism".²² As the popularity of *Tianxia* rises among modern intellectuals inside Xi's China,²³ we are now confronting not only the replacement of one regional system-leader for another, but the prospect of a *completely different type of system*.

"China increasingly has its own vision and while it accepts that its growth was the result of the current system, it is now de-coupling from the rules-based order and producing its own vision in a new era of authoritarianism."

If one looks at Chinese diplomatic behaviour in its own near-abroad, Southeast Asia, there are troubling signs of this approach. Beijing has consistently refused to deal with regional issues in a multilateral setting, preferring bilateral relations, where asymmetries in size favour its bargaining position. Regional diplomats complain that they are increasingly treated as inferior states. In 2016 at the annual China-ASEAN (Association of Southeast Asian Nations) foreign minister's meeting, for example, arriving ASEAN foreign ministers presented with a ten-point 'consensus' document, pre-prepared by Beijing. Instead of signing it as they had been instructed, they wrote their own motion and put it forward to the Chinese side. In a surprisingly undiplomatic response, Liu Zhenmin, a Chinese junior minister, harangued them for nearly half an hour. The *Financial Times* noted that the incident was "a replay of an angry 2010 encounter between Yang Jiechi, China's then foreign minister and his ASEAN counterparts in Hanoi. 'China is a big country and other countries are small countries, and that's just a fact'".²⁴ In such a system, rules are not so much rules, but merely the dictates of the

²² Interview between author and Alex Neill, 16 January 2018.

²³ Gobena, L., 'The Implications of 'Tianxia' as a New Global System', *USC US-China Institute*, 4 December 2008, available at: <https://china.usc.edu/implications-tianxia-new-world-system>, last visited: 2 May 2018.

²⁴ Mitchell, T., 'China Struggles to Win Friends over South China Sea', *The Financial Times*, 13 July 2016, available at: www.ft.com/content/a9a60f5e-48c6-11e6-8d68-72e9211e86ab, last visited: 9 May 2018.

powerful; we can argue the merits of such a system, but if Global Britain is to properly address the ongoing challenge to the rules-based order, it must understand the implications of not doing so successfully.

China's Belt and Road Initiative (BRI), which has now become enshrined as a "core interest", has also become increasingly suspected of having semi-imperial ambitions. Political leaders in India have expressed concerns that the 'debt-trap diplomacy' being practised by Beijing is impacting the sovereignty and territorial integrity of countries along the route, and France's leader Emmanuel Macron cautioned recently in Xian, that the New Silk Road could not be "one-way", that "these roads cannot be those of a new hegemony, which would transform those that they cross into vassals".²⁵ One study by the Center for Global Development, a think tank in Washington,²⁶ found that one-third of the countries signed up to BRI were vulnerable to debt distress, with at least eight²⁷ already at risk of defaulting on Chinese loans. When countries default, China has been known to swap debt for equity – as when it swapped Sri Lanka's debts in building Hambantota Port for a 70% stake in the port in a 99 year lease.

"Beijing's growing might has strengthened the hold of traditional notions of hegemony, cultural supremacy, and tributary relationships whereby patronage, protection and trading privileges are dispensed to countries in return for their obeisance ... Countries with resources, markets or chokepoint naval bases tend to be the largest recipients of Chinese generosity. With its infrastructure development and export-oriented industrial strategy, China is creating economic interdependencies that will constrain others from making policy choices that run counter to China's interests."

~Dr Mohan Malik, Asia-Pacific Center for Security Studies

²⁵ Rose, M., 'China's New Silk Road Cannot Be One-Way, France's Macron Says', *Reuters*, 8 January 2018, available at: <https://www.reuters.com/article/us-china-france/chinas-new-silk-road-cannot-be-one-way-frances-macron-says-idUSKBN1EX0FU>, last visited: 11 May 2018.

²⁶ Hurley, J., Morris, S. and Portelance, G., 'Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective', Center for Global Development Policy Paper 121 (2018), available at: <https://www.cgdev.org/sites/default/files/examining-debt-implications-belt-and-road-initiative-policy-perspective.pdf>, last visited: 19 May 2018.

²⁷ These include Pakistan, Djibouti, Maldives, Laos, Mongolia, Montenegro, Tajikistan, and Kyrgyzstan.

“The greatest growth in container trade will take place between the Far East and the Middle East for the next two decades. The Indian Ocean and the Asia Pacific will be at the centre stage of the global container market.”

~Global Marine Trends 2030

3. Britain Must Go to Asia and It Must Go by Sea

Despite the threats and challenges on the UK’s periphery like Russia and the Middle East, the fact is the future of global trade, global geopolitics, and global power are trending toward Asia and the UK must go there or risk being left behind. There are also trends in maritime trade and maritime security that mean that if Global Britain is going to go to Asia, it must go by sea. While such maritime arguments sound like a Britain harking back to a glorious past, in fact a Global Britain that renews its naval and maritime commercial capabilities will one that is preparing for a prosperous and engaged future.

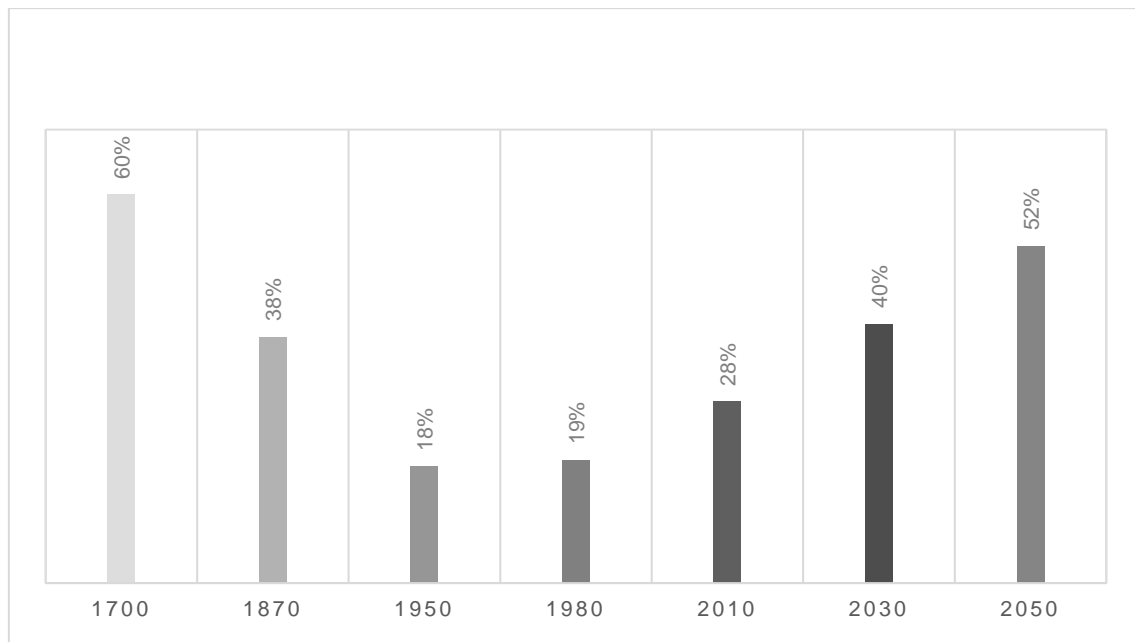
While it is unclear if the next century will Chinese Century or not²⁸, it is clear that Asia as a region will play a very large role in global politics and economics. The Asian Development Bank (ADB) predicts that if present trends continue, the ‘Asian Century’ could be led by China, India, Indonesia, Japan, South Korea, Thailand, and Malaysia, who will collectively account for 90% of Asia’s GDP and 52% of global GDP by 2050 (see Figure 2) . Between them, these same seven economies will account for 53% of global GDP growth. In other words, they will not only drive Asian growth, they will drive global growth.

As another report indicates, the world’s middle classes will grow 40% to 50% from current levels, with China and India making up the bulk of that growth.²⁹ This means that Asia’s purchasing power would rise eight times between 2010 and 2030. This industrialisation will lead to an “urbanization and industrialization on a gigantic scale not seen in human history”, with new cities sprouting all over the Indo-Pacific region.³⁰ While US-China trade tensions could impact these trends, there is likely to be a major surge in shipping and maritime infrastructure to feed these new cities over coming decades.

²⁸ As with any great power, China has major structural difficulties, including debt to GDP ratio, an approaching demographic cliff, water problems, and of course, issues with governance.

²⁹ ‘Global Marine Trends 2030’, Futureonautics (2013), available at: www.futureonautics.com/wp-content/uploads/2013/10/GlobalMarineTrends2030Report.pdf, last visited: 14 May 2018.

³⁰ *ibid.*

Figure 2: Asia's Share of Global GDP

Source: Asia Development Bank

Currently, over 90% of international trade is presently shipborne, and despite China's Belt and Road Initiative (BRI), this is predicted to continue growing 2-3% annually over the long term.³¹

Table 1: Typical Transport Costs and Transit Times for Transport between China and Western Europe

Mode of transport	Cost (USD)	Transit time (days)
Sea	3,000	28
Road	11,000	19
Rail	7,500	36
Air	45,000	5

Source: The Chamber of Commerce of the United States³²

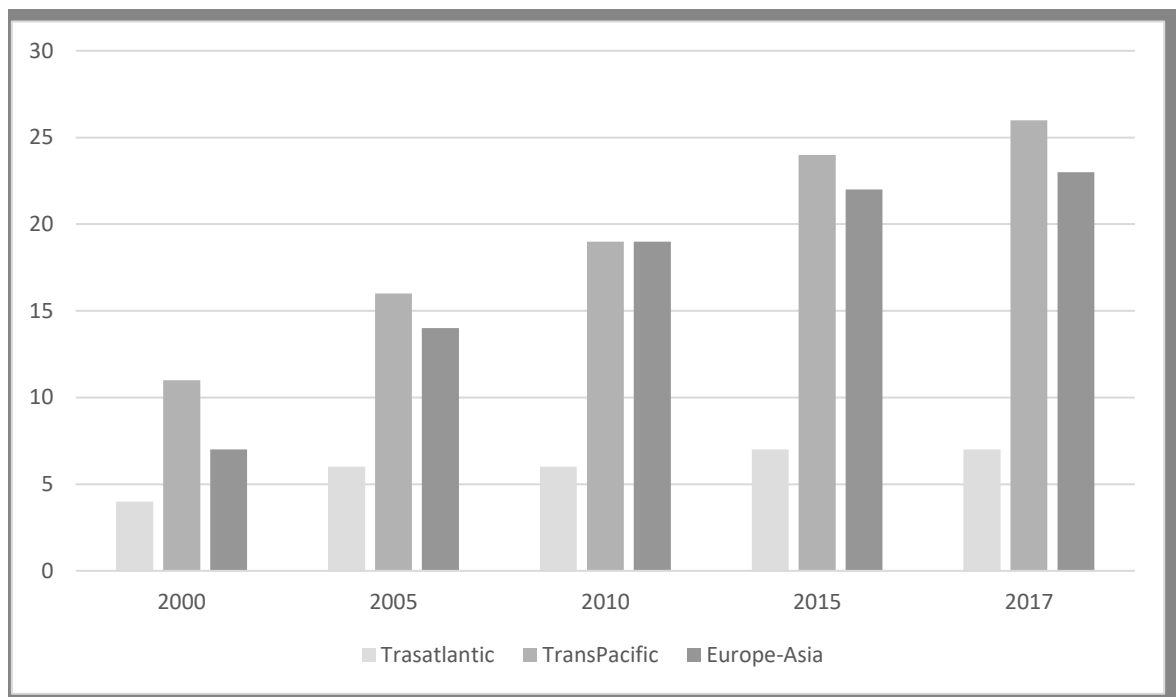
While it's true that BRI has become one of history's greatest infrastructure projects, there are reasons that maritime trade will continue to grow. First of all, as Table 1 shows, land transported goods are still more than double the cost of shipping, and while BRI's sheer size is bound to bring those prices down over the long term, it is not clear that they are able to do so in the short term. Nearly 90% of China's foreign direct investment into BRI projects has been through state

³¹ Ascutia, R., 'World Seaborne Trade Sustaining Robust Volume', *Portcalls*, 24 April 2017, available at: <https://www.portcalls.com/world-seaborne-trade-sustaining-robust-volume-growth/>, last visited: 20 May 2018.

³² 'Land Transport Options Between Europe and Asia: Commercial Feasibility Study', The Chamber of Commerce of the United States (2006), found at: <https://www.osce.org/eea/41310?download=true>, last visited: 19 May 2018.

owned enterprises (SOEs), which are famously inefficient (42% of all SOEs lost money in 2013³³), and which are incentivised to enter these projects by political direction and massive state subsidies. Given some of the domestic drivers for the policy basket – shedding overcapacity and geopolitical leverage – it is not clear that the railroad projects will produce good investment returns.³⁴ Someone will have to pay the extra costs. Then there are the geopolitical costs of doing projects through the Central Asian space³⁵: it must be remembered that the over the duration of the war in Afghanistan, the US ‘lost sight of’ US\$70bn in reconstruction costs – presumably through bribery and costs associated with security. Doubtless, Chinese over-eagerness to develop this region could see large amounts of capital similarly squandered.

Figure 3: Estimate Containerised Cargo Flows on Major East-West Trade Routes, 2000-2017 (Million 20-Foot Equivalent Units)



Source: UNCTAD secretariat calculations. Data for 2017 are estimated forecasts³⁶

Increasingly large fleets of bulk carriers will ship materials from across the oceans to an Asia that will rapidly become the centre of global consumption of commercial goods and raw materials. As Figure 3 shows, maritime shipping increases are predicted to grow the most between China, India and the Gulf,

³³ Wildau, G., ‘China’s State-Owned Zombie Economy’, *The Financial Times*, 29 February 2016.

³⁴ Zhou, J., Hallding, K. and Han, G., ‘The Trouble with China’s ‘one Belt, One Road’ Strategy’, *The Diplomat*, 26 June 2015.

³⁵ Chatterjee, B. and Kumar, S., ‘Promises and Pitfalls of the Belt and Road Initiative’, *Asia Pacific Bulletin* 388 (2017).

³⁶ ‘Review of Maritime Transport: 2017’, United Nations Conference on Trade and Development (2017), available at: http://unctad.org/en/PublicationsLibrary/rmt2017_en.pdf, last visited: 19 May 2018.

indicating that energy demands in Asia will increasingly be reciprocated by consumer demand among Gulf nations. Chinese and Indian liquefied natural gas (LNG) imports are predicted to outgrow those of Japan and South Korea by 2030, while crude imports will grow exponentially to Southeast Asia. In terms of the container trade (as opposed to energy), *Global Marine Trends 2030*, a report by *Futurenavautics*, asserts that “the greatest growth in container trade will take place between the Far East and the Middle East for the next two decades. The Indian Ocean and the Asia Pacific will be at the centre stage of the global container market”.³⁷ Lloyds Register estimated that global increases in ship-borne trade could increase by 50% between 2013 and 2030³⁸. While such predications made in this report and others must be treated with some caution, it is clear that the economic weight of the world is moving to Asia and it is moving by sea.

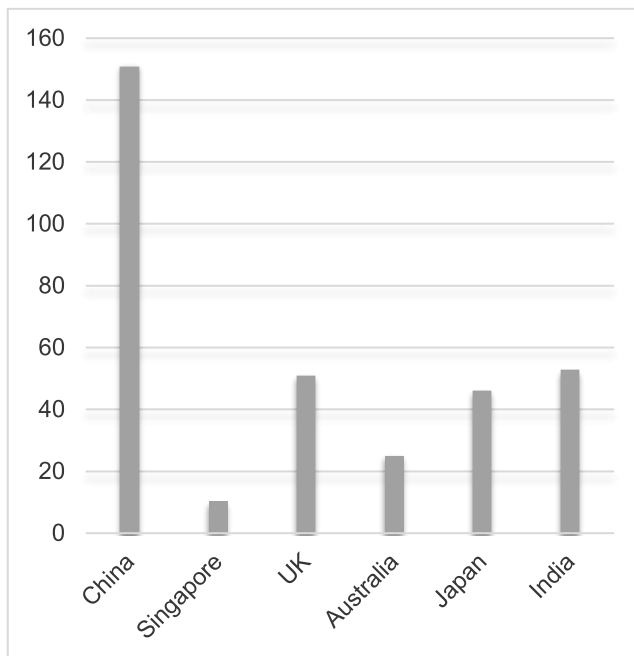


Figure 4: Defence Spending (\$ billions, 2017)

Source: IISS Military Balance 2017

However, if Global Britain is going to go to Asia, and it is going to by sea, it will find a space that is increasingly contested. The rise of China, India and other powers, has seen a surge in military modernisation and defence spending, with the region outspending Europe in 2013 for the first time in modern history.³⁹ The 2017 IISS *Military Balance* argues that “external-security concerns are increasingly occupying defence establishments in the [Asian] region.

³⁷ ‘Global Marine Trends 2030’, Futurenavautics (2013), available at: www.futurenavautics.com/wp-content/uploads/2013/10/GlobalMarineTrends2030Report.pdf, last visited: 14 May 2018.

³⁸ *ibid.*

³⁹ FT Reporters, ‘Asia Defence Spending to Overtake Europe’, *The Financial Times*, 7 March 2012.

Furthermore, these concerns are affecting defence planning and procurement, as well as deployments”.⁴⁰

As Geoffrey Till, a naval scholar at King’s College London, argued persuasively in *Asia’s Naval Expansion* (2012), there are clear signs of military and naval enlargement by many of the regional powers, though he hesitates to apply the label, “arms race”.⁴¹ Between 2000 and 2012, China’s fleet doubled by tonnage, while Indian and South Korean fleets also saw major increases in tonnage.⁴² Submarines, one of the maritime space’s potentially more destabilising weapons systems⁴³, have played a large role in military modernisation, with Vietnam and China gaining Russian-built Kilo-class submarines, and South Korea acquiring German Type 209s. Chinese and Japanese submarine fleets have increased by a third in a decade, while South Korea’s fleet has grown by two-thirds.⁴⁴ Such are tensions, that Taiwan is now intent on building up its submarine fleet⁴⁵ and modernising its air force⁴⁶ to ward off increasing Chinese air and naval encroachment on Taiwan’s periphery. More important than the tonnage is the quality of the increases. For many of these systems rank of the best levels of what European navies and air forces can field. China’s aircraft carriers, J-20 and J-31 fifth-generation fighters, and cruise missile systems are close in quality with the best of US and Western systems.

⁴⁰ ‘The Military Balance’, IISS (2017), p. 237.

⁴¹ Till, G., *Asia’s Naval Expansion: An Arms Race in the Making?* (London: Routledge, 2012).

⁴² *ibid.*, p.34.

⁴³ Submarines are destabilizing because of their potential for surprise attack and offensive capability over shipping.

⁴⁴ *ibid.*, p.34.

⁴⁵ Cropsey, S., ‘China’s Salami-Slicing Policy Toward Taiwan,’ *National Review*, 14 May 2018, available at: <https://www.nationalreview.com/2018/05/china-taiwan-policy-strategy-erode-sovereignty-isolate/>, last visited: 20 May 2018.

⁴⁶ Yeo, M., ‘Taiwan renews interest in F-35 to counter Chinese first strike,’ *Defense News*, 15 March 2018, available at: <https://www.defensenews.com/air/2018/03/15/taiwan-renews-interest-in-f-35-to-counter-chinese-first-strike/>, last visited: 13 March 2018.

“The profound influence of sea commerce upon the wealth and strength of countries was clearly seen long before the true principles which governed its growth and prosperity were detected. To secure to one’s own people a disproportionate share of such benefits, every effort was made to exclude others, either by the peaceful legislative methods of monopoly or prohibitory regulations, or, when these failed, by direct violence.”

~Alfred Thayer Mahan

4. Geopolitics in the Indo-Pacific

Global Britain will have to come to terms with the current geopolitical trends in the region. It will even have to adapt the geopolitical nomenclature, such as the phrase Indo-Pacific. While the use of such terms seems inconsequential to policymakers, the fact is that these terms have real meaning for the grand strategies of some of the UK’s closest regional allies and partners and therefore are worth closer examination. Instead of being purely geographic in nature, they are in fact deeply political, and indicate cleavages and alignments already in play. The recent decision by Taiwan’s Ministry of Foreign Affairs (MOFA) to create an Indo-Pacific section in its Asia Pacific department, with a particular focus on India, Australia, and New Zealand, was stated as “in keeping with current geopolitical trends”.⁴⁷ The construct of the Indo-Pacific – as I will seek to demonstrate in this section – presents *Global Britain* with a number of partners, goals, and tactics for dealing with the region successfully, while defending wider UK national interests and supporting the rules-based order. As has already been mentioned, China’s foreign policy ambitions mean that it might seek regional hegemony, and this prospect has seen a number of countries align together to hedge against that possibility.

A sort of Great Game 2.0 is in development, with a number of new security relationships developing over the past decade, including the US-Japan-Australia Trilateral and the India-Japan-US-Australia Quadrilateral. These alignments are often built on the bedrock of traditional US alliances but link up states that had previously weak security ties. If the Indo-Pacific is indeed a new Great Game, the stakes are impressive. The Indian Ocean is rapidly becoming the world’s largest energy trade route, with 50% of the world’s oil supply crossing the Indian Ocean

⁴⁷ ‘MOFA’s Indo-Pacific Affairs Section Launched in Taipei’, *Taiwan Today*, 11 May 2018, available at: <https://taiwantoday.tw/news.php?unit=2,6,10,15,18&post=134119>, last visited: 19 May 2018.

daily and transiting important strategic chokepoints at the Straits of Hormuz and Strait of Malacca.⁴⁸ Nearly 100,000 vessels transit the Indian Ocean annually, and more than 32.2 million barrels of crude oil and petroleum are transported per day. For India and China – two of the region’s competitors, the waterway is a major strategic vulnerability, with India importing nearly 80% of its oil from the Middle East, and China importing 84%.⁴⁹ China’s basing strategy in the region can be understood through this vulnerability.⁵⁰

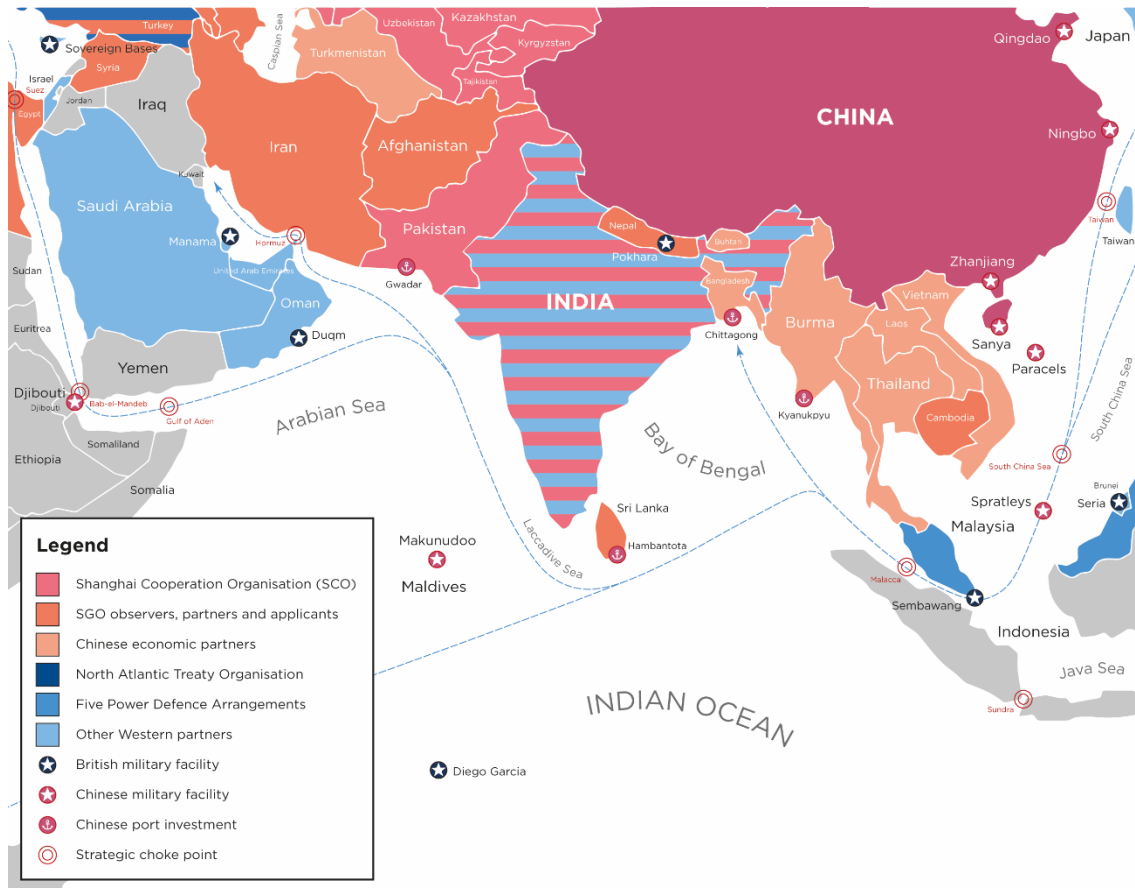


Figure 5: Great Game: 2.0. The development of bases and port facilities across the sea lanes, with strategic choke points.

⁴⁸ Albert, E., 'Competition in the Indian Ocean', *Council of Foreign Affairs Backgrounder*, 19 May 2016, available at: <https://www.cfr.org/backgrounder/competition-indian-ocean>, last visited: 18 May 2018.

⁴⁹ *ibid.*

⁵⁰ Brewster, D., 'China's play for military bases in the Eastern Indian Ocean', *The Interpreter*, 15 May 2018.

The origin of the term ‘Indo-Pacific’ extends back to the 1990s, when Asia was undergoing a post-Cold War period of intense regional integration, with ASEAN

“The Indo-Pacific, including the entire Indian Ocean, the Western Pacific and the nations that surround them, will be the most consequential part of the globe in the 21st century.”

Rex Tillerson

**Address at CSIS,
October 2017**

and its attendant institutions were taking shape. As the region’s then-largest Asian economy, Japan sought to influence the direction of regional multilateral architecture, but in the wake of the Asian Financial Crisis, Chinese influence over Asian integration began to grow, and Japanese diplomats worried that ASEAN might become increasingly anti-Western and anti-democratic. In 2007, this slow-burning Sino-Japanese competition – and that of sea lane security – was mentioned in an article by Gurpreet Khurana, a research fellow at the Indian Institute for Defence Studies and Analyses (IDSA), who predicted that growing economic integration in Asia, combined with the geography of India and Japan, would pull Japan

and India closer together.⁵¹ Following the success of the ‘quad’, a group consisting of the US, Japan, India, and Australia, in spearheading relief efforts after the 2004 Asian Tsunami,⁵² Japanese Prime Minister Shinzo Abe began diversifying Japan’s security partners – looking increasingly to Australia and India – to balance what he saw as the relative decline of US capabilities *vis-à-vis* China. In a speech to the Indian Parliament in 2007, he suggested a “dynamic coupling” of the Indian and Pacific Oceans “as seas of freedom and prosperity ... a broader Asia...”.⁵³ Thus, the Indo-Pacific as a concept was born. In 2011, the US officially⁵⁴ began using the term, while in 2013, Australia incorporated the concept in its Defence White Paper.⁵⁵ After some hesitation, India,⁵⁶ Indonesia,⁵⁷ and

⁵¹ Khurana, G., ‘Security of Sea Lines: Prospects for India-Japan Cooperation’, *Strategic Analysis* 31.1 (2007): p. 139-153.

⁵² Green, M., *By More than Providence: Grand Strategy and American Power in the Asia Pacific since 1783* (New York: Columbia University Press, 2017), p. 502.

⁵³ ‘Confluence of the Two Seas: Speech by HE Mr Shinzo Abe, Prime Minister at the Parliament of the Republic of India’, *Ministry of Foreign Affairs of Japan* website, 22 August 2007, available at: <http://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>, last visited: 17 March 2018.

⁵⁴ A number of US officials in the National Security Council and White House in 2004 had used the term amongst themselves, including Michael Green, Scooter Libby, and Dick Cheney, but it did not become incorporated into policy documents.

⁵⁵ Smith, J.M., ‘Unpacking the Free and Open Indo-Pacific’, *War on the Rocks*, 14 March 2018, available at: <https://warontherocks.com/2018/03/unpacking-the-free-and-open-indo-pacific/>, last visited: 17 May 2018.

⁵⁶ Mohan, C.J., ‘Between Eurasia and the Indo-Pacific: India’s New Geopolitics’, *Carnegie India*, 21 December 2017, available at: <http://valdaiclub.com/a/highlights/between-eurasia-and-the-indo-pacific-india/>, last visited: 19 May 2018.

⁵⁷ Sheany, ‘Indonesia’s 2018 Foreign Policy to Focus on Asian and Indo-Pacific Region’, *Jakarta Globe*, 9 January 2018 available at: <http://jakartaglobe.id/foreign-affairs-news/indonesias-2018-foreign-policy-focus-asean-indo-pacific-region/> last visited: 19 May 2018.

even Taiwan,⁵⁸ have also begun using the phrase, indicating a preference for an inclusive 'free and open' system. Chinese media, on the other hand, has attempted to frame the concept as a US-led attempt "to contain China's rise",⁵⁹ missing both the origins and implications of its Indo-Japanese origins.

Given the inclusive and open nature of the concept, it is no surprise that Australian strategists have also taken to the concept. In a 2013 essay, Rory Medcalf, head of the National Security College at the Australian National University, notes how the concept of the 'Indo-Pacific' has three distinct drivers: first, the geostrategic vulnerabilities of energy trade for Asian powers across the Indian Ocean; second, the emergence of India as a great power in the Indian Ocean; and third, the strategic role and presence of the US in both the Indian Ocean and Pacific Ocean.⁶⁰ Medcalf makes the point that the concept of the 'Indo-Pacific' emphasises the sea as the main conduit for competition and trade, which fits in well with the so-called 'String of Pearls' port-strategy ascribed to Chinese naval ambitions over the past decade, as well as growing competition between India and China in the Indian Ocean, and Sino-Vietnamese and Sino-American tensions over Chinese island-building and militarisation in the South China Sea.

These geopolitical theories – evocative of the theories 19th century naval strategists Alfred Thayer Mahan – are criticised by some as dangerous and even self-fulfilling.⁶¹ They were popular, after all, during the naval arms race between Great Britain, Germany, the US, and Japan in before the First World War. Whether or not the prevalence of such theories is self-fulfilling is rapidly becoming a moot point; in the meantime, Asian navies and strategists are beginning acting on these naval-power assumptions in ways that affect the UK's national interests whether it agrees with those assumptions or not.

As mentioned above, both Delhi and Beijing have naval doctrines that echo Mahan's logic of sea power. For example, *the 2015 Indian Maritime Doctrine* states:

the maritime realm is the legally used medium for power projection. The ability of a nation state to ensure free and full use of the seas, for trade, transportation and to meet resource needs, is critical to her robust

⁵⁸ 'Taiwan committed to role in new 'Indo-Pacific Security Strategy'', *Focus Taiwan*, 11 March 2018, available at: <http://focustaiwan.tw/search/201803110004.aspx?q=Indo>, last visited: 13 March 2018.

⁵⁹ 'Indo Pacific' a new term for old anxieties', *The Global Times*, 14 November 2017.

⁶⁰ Medcalf, R., 'The Indo-Pacific: What's in a Name?' *American Interest*, 10 October 2013.

⁶¹ 'Banyan: Chasing Ghosts: The notion that geography is power is making an unwelcome comeback in Asia', *The Economist*, 11 June 2009.

economic growth. The maritime environment, accordingly, offers power and dominance to those who are strong at sea.⁶²

Similarly, the *2015 Chinese Defence White Paper* asserts that:

It is necessary for China to develop a modern maritime military force structure commensurate with its national security and development interests, safeguard its national sovereignty and maritime rights and interests, protect the security of strategic SLOCs and overseas interests, and participate in international maritime cooperation, so as to provide strategic support for building itself into a maritime power.⁶³

In 2014, Senior Colonel Zhou Bo, Director of the Centre for Security Cooperation at China's Ministry of National Defence wrote in a Chinese news site "the Middle East still prevails as the most important (energy) source. By the end of 2013, China had become the largest trader and the largest net oil-importer in the world. The Indian Ocean, and hence the security of sea lanes of communication

"China is leveraging military modernization, influence campaigns, and predatory economics to coerce neighboring countries to reorder the Indo-Pacific to their advantage. As China continues its economic and military ascendance, asserting power through an all-of-nation long-term strategy, it will seek...Indo-Pacific regional hegemony in the near-term and displacement of the United States to achieve global preeminence in the future."

~ Summary of the 2018 National Defense Strategy of the United States of America, p.2

(SLOC) from Bab-el-Mandeb, Hormuz, to the Malacca Strait, is thus vitally important for China".⁶⁴ Chinese naval patrols in the Indian Ocean only began in 2008; however, they have increased in tempo, with submarine deployments taking place in 2013 and 2014, and the establishment of China's first overseas military base at Djibouti, with another planned soon near its commercial port Gwadar, Pakistan. Naval strategists James Holmes and Toshi Yoshihara assert, "given that commercial shipping must traverse the same oceanic routes to reach Indian and Chinese ports, mutual fears persist that the bodies of water stretching

⁶² 'Indian Maritime Doctrine 2009', Indian Navy, Integrated Headquarters, Ministry of Defence (Navy) (2015).

⁶³ 'China's Military Strategy', *The State Council Information Office of the People's Republic of China*, 26 May 2015, available at: http://eng.mod.gov.cn/Press/2015-05/26/content_4586805_4.htm, last visited: 21 March 2018.

⁶⁴ Bo, Z., 'The String of Pearls and the Maritime Silk Road', *China.org.cn*, 12 February 2014, available at: http://www.china.org.cn/opinion/2014-02/12/content_31445571.htm, last visited: 14 March 2018.

from the Persian Gulf to the South China Sea could be held hostage in the event of a crisis or conflict”.⁶⁵

The bilateral relationship between New Delhi and Beijing has deteriorated over the past decade. C. Raja Mohan, Director of Carnegie - India, a think tank, argues, “Three factors are shaping this down-turn. One is Beijing’s assertive policy on the long and disputed border with Delhi, growing regional friction arising from the competition for influence in the shared neighbourhood of Asia Pacific and the Indian Ocean, and the palpable sense that China is blocking India’s rise on the global stage”.⁶⁶ The complex nature of this competition can be seen in India’s growing security ties with Vietnam – a fellow non-aligned regional power and a rival claimant of China’s in the South China Sea – and in India’s perception that it is being surrounded by Chinese debt-diplomacy in Sri Lanka, Maldives, and Pakistan.

⁶⁵ Holmes, J.R., Winner, A.C. and Yoshihara, T., *Indian Naval Strategy in the Twenty-first Century* (Routledge, Cass Series Naval Policy, 2009), p. 128.

⁶⁶ Mohan, C.R., ‘Between Eurasia and the Indo-Pacific: India’s New Geopolitics’, *Carnegie India*, 21 December 2017.

“We can debate the extent that European states like France and the UK contribute to hard-power balances in the Asia-Pacific, but their diplomatic, military, and economic presence is welcomed by many and underlines the global response to China’s attempts to unilaterally reshape the regional order.”

~ Dr Euan Graham

International Security Director, Lowy Institute, Australia

5. Finding a Role for Global Britain in the Indo-Pacific

The UK has a difficult task ahead of it in the Indo-Pacific region. As we’ve sketched out above there are great power rivalries along a number of axes. Perhaps unsurprisingly, China’s rise has seen it develop increasingly competitive relations with nearly all of the UK’s main partners, including the US, Japan, and India. Some of this might be ascribed to the authoritarian effect, described by Daniel Kliman, a Senior Fellow at the think tank, the Center for New American Security (CNAS), which sees much more distrust around rising authoritarian powers due to their secretive and opaque foreign policymaking structures.⁶⁷ While it is not clear that great-power conflict is inevitable as some have predicted,⁶⁸ tensions are increasing and the UK will be compelled to take sides to some extent, while also attempting to maintain robust political and economic relations with China *insofar as it is possible*. The UK is compelled to do this for a number of reasons, which this report has attempted to sketch out above. First, and foremost, the UK is defending the rules-based order and China seems to be the most likely – and the ablest – to radically change it in a way contrary to British interests. Second of all, its militarisation of the South China Sea, a major global trading route, is not simply a symptom of this rules-based challenge; it also directly impinges upon British trading interests (around 12% of British trade transits the waterway). As Table 2 below reveals, there are many other powers besides the UK who rely on the South China Sea to remain ‘free and open’.

⁶⁷ Kliman, D.M., *Fateful Transitions: How Democracies Manage Rising Powers, from the Eve of World War I to China’s Ascendancy* (University of Pennsylvania Press, 2014).

⁶⁸ Allison, G., ‘The Thucydides Trap’, *Foreign Policy*, 9 June 2017; Mearsheimer, J., ‘The Gathering Storm: China’s Challenge to US Power’, *The Chinese Journal of International Politics* 3 (2010): pp. 381-396.

Table 2:

Country	% Share of World GDP	Trade Value through the South China Sea (USD) billions	South China Sea Trade as % of all trade in goods
China	14.8	1470	39.5
India	2.99	189	30.6
Brazil	2.37	77.3	23.4
Japan	6.53	240	19.1
United Kingdom	3.46	124	11.8
France	3.26	83.5	7.77
United States	24.5	208	5.72 ⁶⁹

Source: CSIS Website

5.1 Making Friends and Striking Partnerships

The Indo-Pacific presents the UK with many challenges, not least in constraints on resources, geographical distance from the UK's centre of gravity in Northern Europe, and limitations in political support and understanding for a far-reaching policy in the Indo-Pacific. However, as a Henry Jackson Society report⁷⁰ argued earlier this year, there are strong foundations upon which to build: the UK has the second largest number of overseas military facilities, some that stretch the length of the Indian Ocean, ranging from Bahrain and Oman, to Diego Garcia, ending at the naval facility at Singapore. The UK has the second largest defence industrial base by revenue and has a deep technological base upon which to improve its capabilities. The UK also has membership to a number of entry-point institutions, including the Commonwealth, the Five Powers Defense Arrangements, and the Five Eyes intelligence grouping. However, there are a number of new regional groupings around which Global Britain can align and cooperate. Historically, there are two types of security groupings in the Asia-Pacific region:

1. **Alliances:** the traditionally-bilateral groupings formed around formal US security partnerships – such as the US-Japan alliance, US-ROK alliance, ANZUS, etc. and date back to the historical relationships formed after the Second World War.
2. **Alignments:** These are more recent, the product of the post-Cold War environment, and have been the result of US allies linking up to other US

⁶⁹ 'How much trade transits the South China Sea?' *The China Power Project*: CSIS, available at: <https://chinapower.csis.org/much-trade-transits-south-china-sea/>, last visited: 5 May 2018.

⁷⁰ Rogers, J., 'Toward "Global Britain": Challenging the New Narratives of National Decline', *The Henry Jackson Society*, 12 September 2017; found at: <http://henryjacksonsociety.org/2017/09/12/towards-global-britain/>, last visited: 19 May 2018.

allies, sometimes with the US as a third axis, and sometimes separately. These include the Australia-Japan security partnership, the US-Japan-Australia trilateral, the US-ROK-Japan trilateral, and the US-India-Japan-Australia Quadrilateral.

5.2 The Quadrilateral

The most striking group for potential engagement and partnership is the Quad or Quadrilateral, a grouping of four countries already close to the UK on a bilateral basis; the United States, Japan, India, and Australia. While there are two alliances contained within the Quad (the US-Japan Alliance, and ANZUS), the four states have not created a new alliance, but rather an 'alignment of interests', which allows them the ability to develop closer naval interoperability on the high seas. While closer interoperability and a shared operational picture of activities at sea is in itself an advantage for dealing with piracy, lost shipping, or smuggling, the fact is that the grouping is also meant to send a 'soft' deterrence signal to China and is a natural reaction to China's increasing military build-up in the South China Sea and Indian Ocean. The stability and future of the group cannot yet be taken for granted, given the fact that the Quadrilateral was only resurrected in 2017 after a ten-year hiatus (it originally splintered over Australian and Indian concerns about China's reaction to the grouping⁷¹). If it does continue to play a role, however, there is plenty of space for the UK (and France) to engage with it in multilateral maritime exercises, enhanced inter-operability and diplomatic alignment on regional issues. A truly Global Britain will seek a number of overlapping security relationships across the Indo-Pacific with large numbers of partners. The Quad is an excellent grouping to do exactly that.

- **The United States:** The United Kingdom and the United States have long shared a common world view and both were heavily involved in the creation of the current rules-based order. While the UK should not follow in Washington's regional slipstream, it is increasingly important that there is a strong group of like-minded states that can deter future challenges to the rules-based order and sea lane security. Calling for a British foreign policy completely detached from that of the US in Asia is a luxury of the past, when the US could single-handedly defend the RBIS in the Asia Pacific. Its relative decline vis-à-vis China means that it will need more help. New types of bilateral cooperation and collaboration can be explored in-region from participation in the US bi-annual RIMPAC multinational naval exercises hosted in Hawaii to common diplomatic positions in the UN Security Council.

⁷¹ Stacey, K. and Smyth, J., 'Diplomatic initiative revived to counter China's growing influence', *Financial Times*, 14 November 2017.

- **Japan:** In addition to strong economic ties, and a commitment from Japan to create a post-Brexit trade deal, London's relationship with Tokyo has developed into a highly developed security relationship around the 2+2, with the two promising in the *UK-Japan Joint Declaration on Security Cooperation*⁷² in August 2017, to strengthen cooperation... and particularly in the Indo-Pacific region. While Japan is a former foe, it has long been a stalwart supporter of the rules-based order, particularly in the economic sphere, contributing heavily to the WTO and the UN. It is also a rule-abider and requires diplomatic support. There is great room to explore closer ties in the spheres of intelligence-sharing and in defence industrial collaboration and development. One of Britain's closest regional partners, Japan could become an anchor for British policy in northeast Asia.
- **Australia:** As a Major non-NATO ally (MMNA), a member of the Commonwealth, the Five Powers Defence Arrangements (FPDA), and the Five Eyes intelligence network, Australia presents the UK with many future opportunities for evolving bilateral security ties. It has an extreme example of Chinese domestic interference in its domestic system, which could serve as a 'lessons-learnt' for British policymakers, particularly with regard to the weaponisation of Australians of Chinese descent. Australia is many ways a useful 'node of access' for the UK, as it is developing close relations with a number of key UK allies and partners, including the US, Japan, and France.
- **India:** As the fourth largest investor into the UK, India already is an economic partner, employing upwards of 110,000 people,⁷³ and a growing global partner within the Commonwealth. With the largest diaspora in the UK, relations between the two could gradually develop into a new "special relationship" for the Asian Century. There is room for cooperation across a range of sectors, include India's own desires to match Chinese infrastructure developments. Working with Japan, Global Britain could become a financial backer of such projects. In addition to India's growing security ties with Japan – a key defence partner for the UK – India has also recently developed warm defence ties with France, exchanging mutual access to naval bases – something that the UK could attempt to

⁷² 'Japan-UK Joint Declaration on Security Cooperation', UK Government (2017), available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/641155/Japan-UK_Joint_Declaration_on_Security_Cooperation.pdf, last visited: 18 May 2018.

⁷³ 'UK Department for International Trade Marks its first anniversary: UK-India economic and trade relations grow from strength to strength', *UK Government*, 13 July 2017, available at: <https://www.gov.uk/government/news/uk-department-for-international-trade-marks-its-first-anniversary>, last visited: 9 May 2018.

replicate. India's place as a great democracy, its historic ties with the UK, and its strategic mid-point position in the Indian Ocean, impel London to seek closer relations with New Delhi across a whole range of spheres, add to the already-robust counter-terrorism and cyber-security elements of the relationship. There is room for UK-India-France trilateral maritime cooperation.

5.3 The Five Powers Defence Arrangements

As has been already mentioned, the UK does have a very strong security link to the Indo-Pacific in the shape of the Five Powers Defence Arrangements (FPDA), a format that includes Australia, New Zealand, Malaysia, Singapore, and the UK. The FPDA could be reinvigorated as a means of developing stronger security ties with regional powers, while also creating its own security dynamic in Southeast Asia. Recent shifts in Malaysian politics might find a government in Kuala Lumpur favourable to just an idea. Finally, a policy like this, properly resourced, could serve as a locus for defence cooperation with Australia, Singapore, India, Indonesia, and even France.

“If the UK wants to maintain influence in the Indo-Pacific, it will have to maintain, alongside a more extensive diplomatic portfolio in the region, a more persistent rotating military presence. Already, Britain is one of only three extra-regional powers with a strategic footprint in the Indo-Pacific, with an ‘array’ of military facilities extending from the Middle East to Singapore and Brunei. These enable the UK, particularly the Royal Navy, to extend its strategic reach deep into South-East Asia and East Asia. The refuelling and logistical facility in Sembawang in Singapore is one of the largest in South-East Asia.

Consequently, the UK needs to increase the scale and spread of its presence in the Indo-Pacific, concentrating particularly in the Gulf and Arabian seas, but also increasing its presence in the South-East Asia. The UK should aim, by the early 2020s, to deploy a full carrier strike group into the Bay of Bengal and South China Sea, buttressed by other NATO or Indo-Pacific assets. In addition, British frigates and destroyers should be more visible in the region, permanently concentrating in the Gulf, persistently in South-East Asia, but also deploying periodically even further east, in support of South Korea and Japan.

This of course will require enhancements to the Royal Navy. It will require more frigates and the means to sustain them. It may also require upgraded facilities in Singapore and even – insofar as they are themselves a demonstration of geopolitical extension, new naval facilities in Japan and Australia, as well as closer partnerships with each. Moreover, as the Royal Navy’s vessels are likely to become increasingly vulnerable to advanced anti-access and area-denial systems, the UK should invest more, ideally with its allies and partners, in developing revolutionary new defensive weapons systems. Attention should be paid to deflecting extensive missile barrages in the event of hostilities, further compounding the dissuasive influence of British naval reach, and thereby contributing to the maintenance of the rules-based regional order.”

~James Rogers

*Director, Global Britain Programme
Henry Jackson Society*

5.4 Special Partners in ASEAN

The UK has robust trading relations with ASEAN, in addition to its strong Commonwealth-related ties with a number of ASEAN member states, but it has a poor history of intermittent security engagement with the region. Professor Jurgen Haacke, an expert on ASEAN at the London School of Economics,

questions the coherence of previous eras of British engagement with the region.⁷⁴ The Foreign and Commonwealth Office has mentioned that prosperity, security and consular are the three branches of engagement in Southeast Asia, but it is difficult to see – beyond the Rohingya issue in Myanmar – how it has engaged consistently with regional security concerns. There is a strong tradition of well-briefed UK Defence attachés throughout the region to represent UK ties and to message British positions, but there could be more. Previously, this report argued that Global Britain should work closely with its closest ally, the United States. In some ways, this can best be done separately, where the UK has advantages and leverage that Washington lacks.

- **Singapore:** Along with its great success, it is arguable that the city state stands in a highly vulnerable position in today's increasingly geopolitical world; it is a major trading partner with China, and yet continues to openly support maritime freedoms and the rules-based order, at times paying a political price. The UK must enhance its engagement with Singapore – its largest trade partner in ASEAN – and seek a wholly different type of commensurate with its position and natural strengths. The two should explore whether or not a UK-Singapore 2+2 defence and foreign minister meeting should be started, with some consideration for closer security and diplomatic alignment. As an intersectional point between the Indian Ocean and Pacific Ocean, as an FPDA partner and as a host to a Royal Navy base, Singapore should become the UK's closest friend in SE Asia.

5.5 The Relationship with China

The relationship with China will be the most challenging and the most pressing for Global Britain. This is a result of both its size and its ambitions. Unfortunately, the history of bilateral relations casts some unruly shadows on the present day, since historically Britain's role in China was overshadowed by empire and the breaking of key Chinese monopolies (such as tea and silk). Despite this and being on opposing sides during the Cold War, the two have developed strong economic and moderately warm political ties. One might critique the relationship, as Tony Abbott did of his own country, Australia, as being characterised purely by "fear and greed", but this would be too simplistic. The relationship is an increasingly complex one as China begins to play a larger role *within* the UK and globally. Structurally, there are institutional problems to the relationship that will only be intensified by the types of political change taking place inside China. Some of these are ideological, as we see a China that is swiftly developing into the type of state that British society and political culture abhor – a one-party, one-man dictatorship, using power to crush dissent and alternative viewpoints to its

⁷⁴ Interview with Professor Jurgen Haacke, the London School of Economics, 12 January 2018.

politically driven narratives, internally and externally. Chinese influence over British universities and publishers has become a media trope recently, as Britain experiences the power of Chinese messaging. Efforts by China to force Cambridge University Press to drop “sensitive articles” from their website were only reversed by a major reaction in the academic community.⁷⁵ Certainly, there will be still more attempts to remould how foreigners think of China in the future.

And yet, to only focus on fear would be to forget that over the past 20 years, UK-China trade has surged and benefitted both countries. Chinese imports into the UK have surged and it is now the second largest investor into the UK, and the UK’s eighth largest export market.⁷⁶ There are also some signs that the UK has socialised China into doing business in certain ways, though this should not be overplayed. However, too much of the relationship has been characterised by a supplicant approach by UK Government, eager for cash-infusions into capital-intensive infrastructure projects. Given China’s own desire for access to UK sensitive technologies and desire to use London as a base for its internationalisation of the RMB – through a Shanghai-London Stock Connect project, London should continue monitoring the relationship closely and carry out a much more nuanced policy of ‘engage and balance’.

- **Belt and Road Initiative:** This platform presents Global Britain with opportunities and risks. On the one hand, the UK can risk involvement in various projects as long as they are genuinely good for British business and UK national interests. The Prime Minister’s cautious engagement approach is excellent and she has avoided the incautious example of former prime minister David Cameron who is now working for China to promote a £1 billion UK-China investment fund. In approaching BRI, the UK should also balance its engagement with the infrastructure projects created by China with those alternatives currently under review by India and Japan. As one of the financing capitals of the world, London should engage in BRI – but with one eye on the geopolitical repercussions of our engagement.
- **Hong Kong:** In its relations with China, the UK is increasingly confronted by a difficult choice unrelated to geopolitics, trade, or sea lanes, and that is Hong Kong. The city is one of the bright lights in the legacy of British Asia, and until recently, it was considered a great success. However, as a

⁷⁵ Haas, B., ‘Cambridge University headed for showdown with China over censorship’, *The Guardian*, 9 September 2017, available at: www.theguardian.com/world/2017/sep/09/cambridge-university-press-headed-for-showdown-with-china-over-censorship, last visited: 9 May 2018.

⁷⁶ Who does the UK trade with? *Office of National Statistics*, 3 January 2018, available at: <https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/whodoestheuktrade/with/2017-02-21>, last visited: 19 May 2018.

Henry Jackson Society report noted on the 20th Anniversary, “while enjoying more freedoms than citizens of the mainland, a great gap has opened up between what the people of Hong Kong expect from their government, and what Hong Kong is willing to provide ... the slide toward authoritarianism of Xi’s China from the hopeful days of the 1990s and early 2000s exasperates these political and social tensions”.⁷⁷ In approaching China, Global Britain must either accept Chinese attempts to reverse the Basic Law – which some would see as a ‘betrayal’ of assurances made in 1997; or take a more proactive stand diplomatically, and perhaps pay an economic penalty. Either choice will have painful repercussions, but only one has honour.

5.6 ‘Team Europe’ and the Indo-Pacific?

Much of the discussion in this paper has been from the perspective of the UK acting in the Indo-Pacific as a unitary actor, though working through regional multilateral bodies. However, as will have been apparent, France has come up a number of times again and again as a partner to many of those states that Global Britain seeks to partner with. This is for a very simple reason: French policymakers have been faster off the mark noting how current geopolitical trends may threaten their trading and maritime interests. They have, as a result, developed highly instrumental bilateral security relationships with India, Japan, and Australia in short order. The UK should certainly consider partnering with France in the region, perhaps offering mutual basing rights, given that both have capability and common interests in upholding the RBIS. Interestingly, such off-shore defence of European trade routes may give London greater diplomatic leverage in Paris and Brussels, as the UK assumes responsibility for trans-European shipping.

⁷⁷ Hemmings, J. and Kaeding, M. (eds.), ‘Hong Kong after 20 Years: the Rollback of Civil, Human, and Legal Rights’, Asia Studies Centre 1 (2017): p.7.

An Entente Cordial for the Indo-Pacific?

“In the past decade, France has increasingly perceived China’s rise and the ensuing tensions with the US and its neighbours as a potential challenge to regional stability and to the rules-based international order. Freedom of navigation, in particular, remains a major interest for France in the Indo-Pacific.

As a result, within the constraints of limited budgetary resources and military capabilities, and of the so-called “tyranny of distance”, France has sought to expand its diplomatic and military engagement in the Indo-Pacific both at the bilateral and multilateral level.

This opens potential avenues for enhanced cooperation between France and the UK in the region, as attested by the integration of British units and personnel in the of the 2017 Jeanne D’Arc mission.”

~Dr Hugo Meijer, Marie Skłodowska-Curie Fellow, European University Institute, Robert Schuman Centre for Advanced Studies

6. Conclusion

Global Britain remains at this stage a realm of possibilities and a realm of challenges. Perhaps the worst outcome for the UK would be for Global Britain to remain a vision and fall by the wayside in resources. In such a scenario, British credibility would most likely suffer even more than it has during the Brexit process. Additionally, the UK would be mired 'between worlds'; not quite a European power, not quite a global power either. This report has outlined four points that should guide a Global Britain in the Indo-Pacific. First, a great percentage of global economic growth will be increasingly generated in Asia; second, much of that growth will be because of and through the seas; third, as commercial interests increase in the maritime space, so the greater portion of national power is dependent on them – a new *Mahanian* era is upon us. You may not believe in Mahan, but Mahan believes in you, to paraphrase the sage.

Fifth, the global order and the Indo-Pacific regional order are rapidly changing as Chinese foreign policy elites decide to what extent they wish to reshape the rules-based international order. Even in a benign reading of these dynamics, there are many inter-state tensions occurring around China's rise, related to its self-perceived vulnerabilities, and its attempt to redress these vulnerabilities by projecting power into its periphery and further afield. The UK that best adapts to this mercurial and fast-changing situational map upon which China plays such a large role will be a successful Global Britain.

In planning its diplomatic and military resources, a Global Britain will continue to engage cautiously with China's economic powerhouse, while keeping one eye on the exit. In so far as such a thing could be said in policy terms, London will continue to diversify its Asian economic portfolio with other major trading powers. It will also complement new economic ties with an eye to creating balance in the region. So, in financing Chinese BRI projects, British companies should also join India and Japan in developing their own alternative infrastructure projects, allowing for political and economic diversity of choice – something that has become sadly missing in regions where Chinese economic leverage is king. Britain must also add to these rings of economic diversity, those that match its security needs. This means overlapping security relationships with the Quad members – both within the grouping and individually. It means reinvigorating relationships – as with the Commonwealth and FPDA – and finding a number of focal points for British security cooperation in Asia. And it means adding London's voice to a debate about the future of the global order.

7. Recommendations for Global Britain in the Indo-Pacific

Diplomatic

Continue UK-China relations under the auspices of 'cautious engagement'.

- Seek common positions with regional partners over issues relating to the rules-based international system and be prepared to announce these.
- Offer diplomatic support when key states – such as India, Singapore, or Japan – come under pressure within the region.
- Utilize – with India – the Commonwealth to bolster democracy with other states in the Indo-Pacific, such as the Maldives, Fiji, Malaysia, and Sri Lanka.

Economic

- Help financing of infrastructure development across the region, not merely in the Belt and Road Initiative (BRI).
- Develop strong government support for British investors destined for key economies in the Indo-Pacific.
- Invest in the future expertise and capability in commercial shipping.
- Invest in Asian language programmes at British universities, particularly Japanese, Chinese, and Hindi.

Security

- Attempt to incrementally raise Britain's current defence spending cap from 2% to 3% as argued in previous HJS reports⁷⁸.
- Plan for a permanent naval presence in the Indian Ocean, with a carrier fleet based at Duqm.
- Prioritise future naval and air power in the next **National Security Strategy** and **Strategic Defence and Security Review**.
- Develop new ties with India that look to the maritime space on both a bilateral level and a trilateral level with France or Australia as possible partners.
- Develop new deep and broad security ties with Singapore, perhaps establishing a 2+2 along the lines of that established with Japan.
- Re-invest time and resources into FPDA with enhanced annual exercises.
- Continue developing Australian ties within the Quad and FPDA.

⁷⁸ Rogers, J. 'Global Britain' and the Future of the British Armed Forces, *The Henry Jackson Society*, (2017), pp. 20-24.

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