

# How the U.S. Can Support the U.K.'s Return to the Indo-Pacific Region

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## KEY TAKEAWAYS

After 1968, the U.K. withdrew from major commitments in Asia and the Pacific because of its post-war weakness and need to support NATO in Europe.

Since Brexit, Britain is back in the Pacific, though the U.K. will always focus first on trade and security in the Atlantic region.

The U.S. can and should support the U.K.'s return to the Indo-Pacific region, which brings valuable strength to the democratic coalition against China.

After the 2016 Brexit referendum, commentators opposed to Britain's desire to regain its sovereignty often asserted that Britain's decision to leave the European Union (EU) was motivated by isolationist impulses. These supposed concerns were always groundless: It was the EU, a customs union with an inbuilt institutional hostility to NATO, that emphasized controlling and limiting Europe's trade and security connections with the wider world.

Since the Brexit referendum, and especially since Britain formally left the EU at the end of January 2020, the U.K. has moved vigorously to preserve and build on its economic and defense ties with the wider world. Britain took the lead in the West's response to Russia's unprovoked invasion of Ukraine and has worked hard with trade partners around the world to advance a free trade agenda.

This paper, in its entirety, can be found at <http://report.heritage.org/ib5267>

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Because of its location and history, Britain will always emphasize the importance of the wider North Atlantic region, particularly its ties with the United States. In the wake of Brexit, however, Britain has reached into the Indo-Pacific region for the first time since 1968. The U.S. should applaud and support Britain's increasing focus on the Indo-Pacific region, which enhances the democratic world's ability to resist authoritarian China and demonstrates Brexit Britain's commitment to global engagement.

## **Britain's Withdrawal from "East of Suez"**

For centuries, Britain was a global power, as central in the Indian Ocean and the Pacific as it was in the Atlantic. But in advance of the First World War and in response to the rise of Germany, Britain began to focus on the security of its home islands and the balance of power in the North Sea. After 1918, weakened by the war and unable to compete economically or militarily with Japan and the United States simultaneously—and recognizing that its security was tied to the U.S.—it opted for agreements that sought to limit competition in the Pacific. The defeats Britain suffered in Asia in the opening phase of the Second World War at the hands of Japan and the necessity of defending Britain from Nazi Germany, coupled with the rise of the U.S.S.R. after the war, led Britain over time to focus even more closely on the security of Western Europe and on the centrality of the U.S.-led NATO alliance.

After 1945, Britain made a series of poor policy choices that, in contrast to those made by West Germany, led to decades of economic underperformance. Coupled with the U.S.'s centrality in the Pacific and the end of Britain's empire—epitomized by India's 1947 independence—this led Britain to reduce further its commitments outside Western Europe. The U.S. viewed Britain's retreat with a certain ambivalence. While it disliked formal empire, it valued British bases and capabilities and did not want Britain's withdrawal to lead to Communist victories or to gaps in the containment of the U.S.S.R. that the U.S. might have to fill.

The final hammer blow to Britain's role as a global power came in 1968 when the Labour government of Harold Wilson devalued the pound sterling and shortly thereafter declared that as a cost-saving measure, Britain would withdraw from all defense commitments (which were primarily in Malaysia, Singapore, and the Persian Gulf) east of Aden. In reference to a poem by Rudyard Kipling, this became known as the "East of Suez" decision. When the Conservative government of Edward Heath came to power in 1970, it sought to reverse this decision and retained a commitment to Southeast

Asia through the Five Power Defence Arrangements (FPDA) with Australia, Malaysia, New Zealand, and Singapore, but there was no disguising the fact that with the 1997 handover of Hong Kong to China in prospect, Britain was now almost exclusively an Atlantic power.<sup>1</sup>

## Brexit Britain's Return to the Indo-Pacific Region

For most of the first two decades after 2000, Britain—like many other Western nations, including the U.S.—emphasized its desire to build closer economic ties with China. This desire was epitomized by the 2015 speech of the then-Chancellor of the Exchequer George Osborne to the Shanghai Stock Exchange in China, during which he declared his desire to “create a golden decade for the UK–China relationship.”<sup>2</sup>

But since 2019, when Prime Minister Boris Johnson took office, Britain has become steadily more engaged in opposing China. This is not because the Prime Minister is anti-Chinese: Indeed, he has described himself as a Sinophile. It is instead a reflection of the reality that China's rise is, as former Australian High Commissioner to the U.K. Alexander Downer puts it, “the single most geopolitical issue in the world today.”<sup>3</sup> If the U.K. does not respond to China's rise, it cannot be considered a serious player on the global stage.

Britain's concerns about China have been felt at home.

- In October 2020, Britain tightened its rules to prevent Chinese on student visas from stealing intellectual property with defense implications.<sup>4</sup>
- In November 2020, the U.K. announced that it was setting a “clear path for removal of high risk vendors” from its 5G networks and would prevent providers from installing further equipment from China's Huawei.<sup>5</sup>
- In October 2021, the U.K. opened a path to citizenship for an estimated 2.9 million Hong Kong citizens who were victimized by China's betrayal of the 1984 Sino–British Joint Declaration on Hong Kong.<sup>6</sup>
- In March 2022, the U.K. began to seek private investors to remove Chinese state-backed CGN from its new Sizewell C nuclear power plant.<sup>7</sup>

But Britain has done more than protect itself at home. In March 2021, it published *Global Britain in a Competitive Age: The Integrated Review of*

*Security, Defence, Development and Foreign Policy*. The very title of this review heralded Britain's acceptance that the world has entered a new age of great-power competition, one marked in particular by "China's increasing international assertiveness and the growing importance of the Indo-Pacific."<sup>8</sup> The report bluntly concluded that China was "a systemic competitor" and "an authoritarian state, with different values to ours."<sup>9</sup> This report signaled an end to British rhetoric about a new golden age.

In her April 2022 Mansion House speech, Foreign Secretary Liz Truss stated bluntly that "China is not impervious. By talking about the rise of China as inevitable we are doing China's work for it. In fact, their rise is not inevitable.... China needs trade with the G7.... [W]e're prepared to prioritise security and respect for sovereignty over short-term economic gain."<sup>10</sup> Britain was already far down the road of concern about China before Russia's invasion of Ukraine, but that war of aggression has raised new concerns in Britain about the safety of Taiwan and the broader Chinese threat to the democratic world.<sup>11</sup>

The U.K.'s return to the Asia-Pacific region has come in three main ways.

**Bilateral Security.** In early May 2022, the U.K. announced its first major bilateral security pact in the Indo-Pacific region. During a visit to London by Japanese Prime Minister Fumio Kishida, the U.K. and Japan announced a training and exercise pact. As one expert put it, this "will further consolidate a U.K.–Japan 'quasi-alliance' that has been worked on for the last decade or more."<sup>12</sup> The U.K. and Japan are natural partners, and their growing closeness now mirrors the convergence of geopolitical interests that brought them together as allies in 1902.

The U.K. is also, of course, cooperating closely with the U.S. in the Pacific: As Prime Minister Johnson noted in February 2020, the new U.K. aircraft carrier HMS *Queen Elizabeth* would deploy on her maiden voyage in the Indian Ocean with a squadron of U.S. Marine Corps F-35 jets, "showing how the British and American armed forces can operate hand-in-glove—or plane-on-flight deck—anywhere in the world."<sup>13</sup> The U.K.'s 2021 decision to station two patrol ships permanently in the Indo-Pacific is a further demonstration of its ability and determination to extend its naval reach far beyond the Atlantic.<sup>14</sup>

**Trade and Investment.** The first major trade deal that the U.K. concluded after it left the EU was with Japan. The deal was agreed to in principle in September 2020 and signed in October 2020. The U.K. and India are working toward a similar deal: During the Prime Minister's visit to India in April 2022, Indian Prime Minister Narendra Modi announced that there has been "good progress and we have decided to make all efforts

to conclude the FTA [free trade agreement] by the end of this year.”<sup>15</sup> A U.K.–India deal would be particularly significant because the EU and India have been attempting without success to negotiate a trade deal since 2007.

Undoubtedly the greatest prize for the U.K., however, is membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the successor to the Trans-Pacific Partnership, from which the U.S. withdrew in 2017. The U.K. formally applied to join the CPTPP in February 2021 and was notified in February 2022 that it had moved into the final phase of entry negotiations. Incredibly, it is very likely that the U.K. will become a major player in the largest, most modern, and most significant free trade area before the U.S. does.

**Multilateral Security.** The inauguration in September 2021 of the AUKUS (Australia–United Kingdom–United States) security pact, which will help Australia to acquire nuclear-powered submarines and includes cooperation on advanced cyber, undersea, and other advanced military capabilities, is a milestone in the U.K.’s return to the Indo-Pacific region. The deal was proposed by Australia, brokered by the British, and accepted by the U.S., and though it is not aimed at any named adversary, it is clearly directed at China. The pact was predictably condemned by China, Russia, and (at the behest of France, which was upset because Australia had cancelled a contract for French submarines) the President of the European Commission. The U.S. made AUKUS a reality with the November 2021 signing of an Exchange of Naval Nuclear Propulsion Information Agreement by Australia, the U.S., and the U.K.

## What the U.S. Should Do

The U.K. has made most of these moves without much leadership from the U.S., though American pressure was instrumental in convincing the U.K. to drop Huawei. However, the U.S. did not take the lead in creating AUKUS, in urging Britain to pursue free trade agreements around the world, or in supporting the development of closer ties between the U.K. and Japan. The U.S. has benefitted from Brexit Britain’s outreach to the Indo-Pacific region, but it has primarily reacted to British initiative, not taken steps to encourage that initiative.

To enhance the benefits of the U.K.’s return to the Indo-Pacific, the U.S. should:

- **Split AUKUS’s broader initiatives into a new and enlarged partnership.** The broader initiatives in AUKUS, including cyber and other

capabilities not directly related to nuclear-powered submarines, fit awkwardly with the pact's core purpose. Moreover, potential partners such as Japan, Canada, and New Zealand have much to contribute to those broader initiatives but are not interested in or are opposed to nuclear-powered submarines. They will therefore find it difficult to join AUKUS.

AUKUS should not be expanded simply for the sake of expansion. That would enlarge it at the cost of watering it down. Nor should AUKUS be institutionalized: It would be a mistake to set up a cumbersome formal mechanism for AUKUS. AUKUS should be a series of activities and a habit of cooperation in particular areas, not an organization.

Instead, the existing AUKUS partners should create a separate partnership for the broader initiatives currently included in AUKUS. They should invite new partners such as Japan, Canada, and New Zealand to join this new partnership and should seek to expand it to new areas specifically connected to deterrence of Chinese aggression, including space, drones and anti-drone technologies, and sea-denial capabilities.

- **Support the basing of major U.K. naval assets in the Indo-Pacific.**

The U.K.'s second carrier, HMS *Prince of Wales*, is set for full operational capability in 2023. Together with HMS *Queen Elizabeth*, it is a vital addition to the world's democratic navies. But the weaknesses of the Royal Navy are manifold: It currently has only 72 commissioned ships, only 22 major surface combatants, and only six destroyers. The U.K. can operate aircraft carriers—but not, as the U.S. can, full carrier battle groups.

It is therefore essential that the U.S. and the U.K. navies—and other allied navies, such as Australia's and Japan's—train closely together, because in any genuine crisis, the U.K. will likely only be capable of serious naval patrolling or combat with allied support. To achieve this, the U.K. needs to begin basing major naval assets in the Indo-Pacific by leveraging the FPDA or its special relationship with Brunei. The U.S. should also push for significant expansion of the U.K. Royal Navy, which continues to suffer cuts in capabilities in spite of increases in U.K. defense spending announced in 2020.<sup>16</sup> Since 1945, the U.K. has used defense cuts to pay for its welfare state; that must stop.<sup>17</sup>

- **Rapidly conclude an ambitious U.S.–U.K. free trade agreement.**

The U.K.'s first priority has always been to negotiate a free trade agreement with the U.S. The delays in these negotiations have originated in the U.S. As the U.K. moves toward an agreement with India and toward joining the CPTPP, it is developing an extensive set of trade partners and commitments. This is a desirable and inevitable part of the U.K.'s exit from the EU, but over time, it will make it more difficult to negotiate a U.S.–U.K. agreement because the U.K.'s commitments to other partners may clash with its negotiating goals. The current U.S.–U.K. Transatlantic Trade Dialogues should both pave the way for a wider and more ambitious free trade agreement and, in the interim, ensure that neither trading partner is taking steps that would make a U.S.–U.K. agreement more difficult to negotiate.

## Conclusion

In the 27 months since the U.K. left the European Union, it has embarked on an ambitious free trade agenda, led NATO in opposing Russia's invasion of Ukraine, and begun a return to the Indo-Pacific. Those are remarkable accomplishments and demonstrate that Brexit Britain is not retreating into isolationism.

British entry into the EU was an historical error, a product of its beleaguered post-1945 decades during which the aftereffects of the war coupled with Britain's unforced errors in economic policy led it to a despairing policy of safety-first reliance on the EU. When Britain recovered its confidence and improved its economic performance under Margaret Thatcher and her successors, it began to resent the constraints the EU imposed. The result was the 2016 referendum, Britain's exit from the EU, and its desire to balance the enduring importance of Europe with a global role commensurate with its economic size and global interests.

The U.K. will never be an Indo-Pacific power on the level of the U.S., but it is rapidly building on its naval presence in Singapore and its garrison in Brunei and is likely to become a power on the level of Australia: a valuable ally with significant capabilities and serious interests in the region. That outcome would be very much in the interests of the U.S. as it begins to stare down China, and it is an outcome the U.S. should support and encourage.

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## Endnotes

1. The classic history of these developments is Michael Howard, *The Continental Commitment: The Dilemma of British Defence Policy in the Era of the Two World Wars* (London: Maurice Temple Smith, 1972). The historian Sir Michael Howard, as he later became, is not the same individual as the identically named leader of the Conservative Party from 2003 to 2005.
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