

Whither global Britain and China's belt and road?

Blog post by Global Counsel Chairman Lord Mandelson, 17 April 2018

I have been in China again, this time as president of the Great Britain-China Centre, flying the flag at the UK-China Leadership Forum. This is an annual event at which representatives of Britain's political parties exchange views with China's communist party. The delegation was led by Theresa May's able number two, David Liddington, and I was the senior Labour man (hope this doesn't upset its leader, Jeremy Corbyn). A recurrent question of the week was how 'global Britain' will come to terms with a world in which China is becoming preeminent.

The May government's instinct to date has been to turn to the US for greater comfort, security and trade opportunities in the post-Brexit epoch. It is an obvious - Western - choice given that, for the last half century, Britain's place in the world has been anchored in its European partnership and American alliance. As one falls away, more reliance is placed on the other. The problem (apart from the policies and temperament of the current US president) is that the West's economic growth and political cohesion are not what they were, and a lot of the world is reorienting itself to China's growing potency. Obviously Britain will remain innately Western in outlook but it has to recognise that the coming era is going to be very different because of China's role.

Interestingly, Chinese political leaders are also reflecting on Britain's direction. They do not want a declining Britain. I think this is because Britain remains an important trading partner and has businesses and assets which China wants to invest in or acquire. There is still some hope in Beijing that Britain can provide a guiding hand to restrain our American cousins. There is also a lingering expectation that Britain will come to its senses and eventually re-join Europe. In the meantime, real politic being what it is, China will not be averse to playing Britain and the EU off against each other. Foreign Office, and No 10, beware.

One area in which Britain might develop its relations with China is Xi Jinping's much-vaunted 'silk road' Belt and Road Initiative. Xi's reinvigorated number two, Wang Qishan, told the UK delegation when we saw him that this should not be mistaken for America's post-war Marshall Plan. China wants to achieve three things with the BRI: to provide outlets for its surplus capex; expand its multiple export markets and supply routes; and match the West's international development assistance programmes.

The whole concept has become more ambitious than originally envisaged - we are talking about a 50-year journey, not a short term fiscal boost - and China does not have the required core capabilities and networks needed to make it a reality. But the machine is revving up and there will be no holding back when BRI finally starts to leap off the drawing board. EU members like Hungary are already lining up to receive their full share of BRI's largesse (and who can blame them?).

What's in it for Britain? We are an advanced service economy not a developing country, so we have plenty of professional and business skills to contribute to BRI's railway, road, port, energy and other engineering and construction projects. China doesn't have the financial and other wherewithal, engineers, architects, lawyers and designers to pull off all these on its own. Moreover, the efficacy of these infrastructure investments will ultimately depend on a wider ecosystem - how roads are maintained, how ports and railways are managed, what environmental, social and governance considerations need to be taken into account when delivering huge energy projects - these are areas where Britain, with its long history of international engagement, is well placed to help.

For different reasons, Britain and China both want to go 'global'. Perhaps they might share the experience.