

# Brexit and Asia

## Back to a Late 19<sup>th</sup> Century Future?

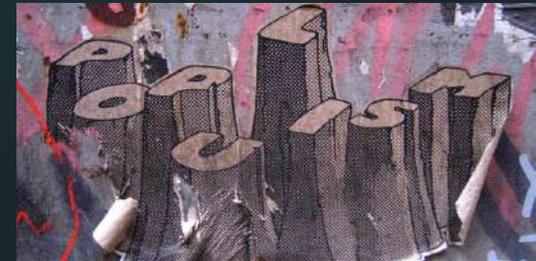
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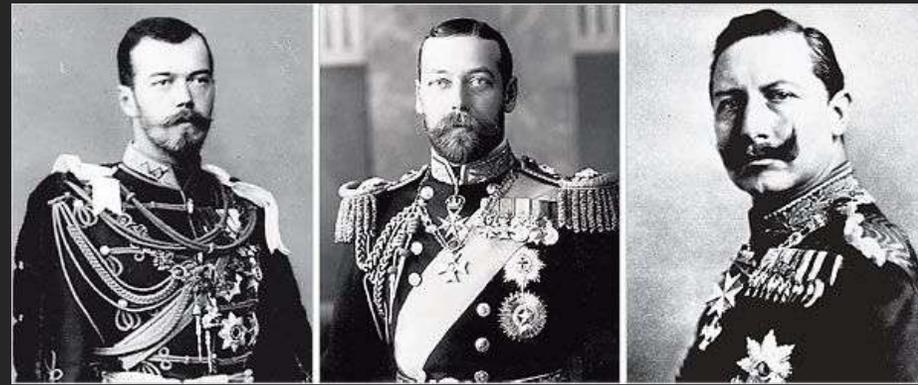
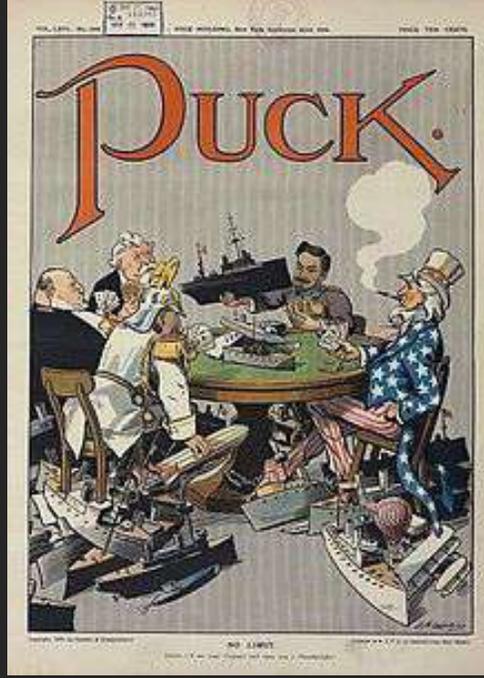
# The world has entered a **critical phase...**

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- ▶ **Populist nationalism** and **economic nationalism** is rising
- ▶ There is growing discontent over winner-loser divergences caused by **globalisation**
- ▶ **Conventional politics and markets** continue to fail in delivering on their promises
- ▶ Many economies and societies are struggling in the lingering aftermath of a **severe global recession**
- ▶ **Multilateralism** is under threat, and **trade protectionism** and major **tariff wars** are escalating
- ▶ Humanity is under pressure generally from **short-term and longer-term crises**
- ▶ An **emerging economic superpower** is having disruptive effects on the existing world order
- ▶ **Geopolitical tensions** are rising and the world may be on the brink of a major great power conflict...



Welcome to the early 21<sup>st</sup> century...



... and also to the late 19<sup>th</sup> century!

# We have been here **before...**

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- ▶ In the late 19<sup>th</sup> century, more specifically:
  - sustained advances in globalisation followed by **Long Depression of 1873-1896**
  - causes **rising unemployment** and **winner-loser rifts** in society across the world
  - spurs **populist nationalism** movements and domestic support for trade protectionism
  - new emerging superpowers – **US, Germany, Japan** – are challenging the existing world order and stirring geopolitical tensions
  - **Britain withdraws from European affairs** and adopts a 'splendid isolation' policy
- ▶ These were the background conditions that existed a decade or so prior to **World War 1...**



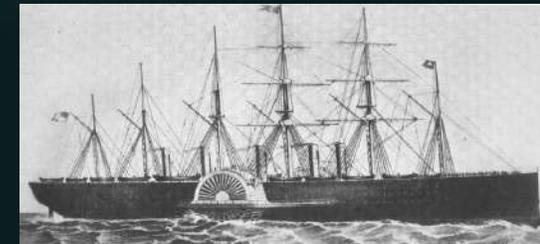
# Britain and the Late 19<sup>th</sup> Century

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- ▶ Britain at the forefront of constructing **modern global capitalism and commerce**
- ▶ Industrial revolutions, empire and **global trade**
- ▶ Pioneer of new communications and transport technologies that create new global networks
  - transoceanic telegraph cables
  - steam-powered ships
- ▶ Leads to emergence of **multinational enterprises**
- ▶ Champions free trade and economic liberalism at time when *mercantilism* on the rise
- ▶ British **imperial expansion** into Central, South and Southeast Asia, and aggressive trade treaties with Northeast Asian nations
- ▶ Inspires Japan's own pursuit of industrialisation and imperialism?



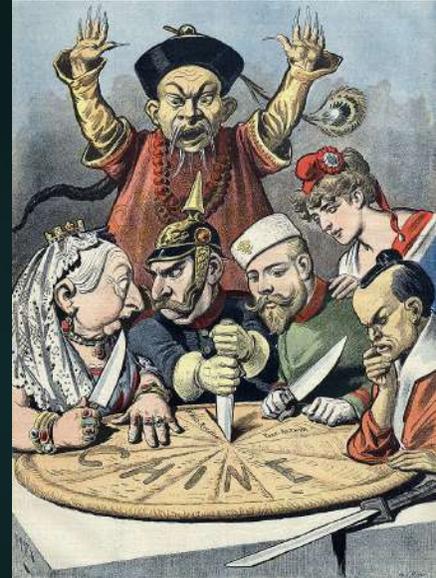
Fig. 2. Cable map of the world, 1901, from W. Clouston-Thorne, A.B.C. Telegraphic Code, 5th ed., London, U.K.: Edes Fisher & Co., 1901, courtesy of Bill Duma. The dashed lines in the Pacific represent cables then in the planning stages; the one from Canada to Australia and New Zealand was completed in 1902, while the one from California to Hawaii was laid at the end of that year and extended to the Philippines in 1903.



# Britain's 19<sup>th</sup> C. Treaties in Northeast Asia

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- ▶ Britain's '**unequal treaties**' with Asia date back to mid-19<sup>th</sup> century, trade/commerce being a core element
- ▶ Part of a broader **Western imperial practice**
- ▶ 1842 Treaty of Nanking (*China*)
- ▶ 1858 Treaty of Amity and Commerce (*Japan*)
- ▶ 1876 Yantai Treaty (*China*)
- ▶ 1883 Britain – Korea Treaty (*Korea*)
- ▶ 1894 Treaty of Commerce and Navigation (*Japan*)
  - less 'unequal', paved way for the 1902 Anglo-Japanese alliance that ended Britain's 'splendid isolationism'
  - Britain's later alliances with France (1904), Russia (1907)
- ▶ 1898 Extension of Treaty on Hong Kong with China
- ▶ Britain's **South Asia** (e.g. India) and **Southeast Asia colonies** (e.g. Malaya, Burma) brought closer into its free trade imperialism during the 1880s and 1890s



# Brexit, Populism and Nationalism

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- ▶ Britain's June 2016 referendum on EU membership, otherwise known as 'Brexit'
- ▶ Causes are complex but it can be understood as expressed **populist and nationalist discontent** with internationalism and globalisation
- ▶ A variant of the **new nationalism** that has strong historico-cultural determinants
- ▶ A look back to when Britain was an **independent 'global player'** nation
- ▶ *Trade, regulations and national sovereignty*
- ▶ Parallels with Britain's '**splendid isolationism**' foreign policy of the 1890s
  - ▶ withdrawal from European affairs
  - ▶ looks instead to global (and imperial) horizons
  - ▶ promoting free trade but protecting 'borders'



# Brexit and Global Britain

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- ▶ Brexit as an opportunity to reorientate Britain's trade and foreign policy
- ▶ Embodied by the '**Global Britain**' concept, first introduced by the government in January 2017
- ▶ Vision for Britain '*to become even more global and internationalist in action and in spirit*', and that, '*it is time for Britain to get out into the world and rediscover its role as a great, global, trading nation*'
- ▶ **New free trade agreements (FTAs)** as a primary policy action of Global Britain, post-Brexit
- ▶ Only possible in a '**harder Brexit**' outcome where Britain is outside the EU customs union
- ▶ Brexit as *regulatory* **economic nationalism**, in contrast to Trump's *reactive* variant of it



# Brexit, Asia and Trade

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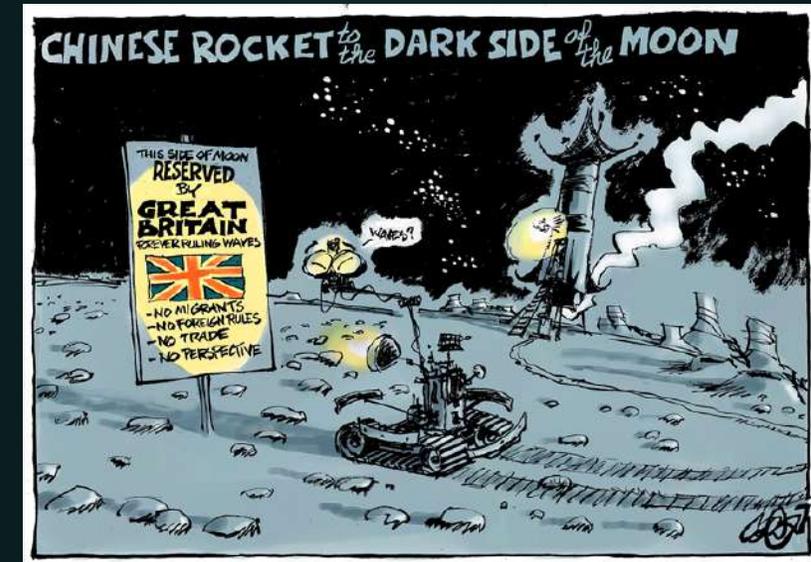
- ▶ Global Britain trade policy gives **priority focus to the Asia-Pacific**... Key target FTA partners:
  - ▶ Japan and South Korea (continuity EU FTAs)
  - ▶ Comprehensive and Progressive Agreement on the Trans-Pacific Partnership (CPTPP)
  - ▶ ASEAN (Singapore continuity EU FTA done)
  - ▶ Australia, New Zealand and India
- ▶ Fast growing Asian markets to help compensate for Britain's loss of access to EU Single Market?
- ▶ Britain is a relatively small trade partner for most Asia-Pacific nations (around 1 to 2 percent) but its companies are **significant investors** in the region
- ▶ Asian and Asia-Pacific countries' interest in a closer trade relationship with Britain?



# Asian Views on Brexit

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- ▶ As Britain's reclamation of 'national sovereignty'
- ▶ A bid to revive its colonial-imperial past
- ▶ Concerns over Brexit's weakening and fracturing of the European Union
- ▶ Asian business preference for a 'soft Brexit'
- ▶ Curiosity and confusion over why the British people voted to leave the EU
- ▶ Indifference to Brexit... no interest or the view it will have no real impact on Asia
- ▶ Opportunities for 'independent' Britain's roles as an intermediary partner in Asian geopolitics...



# Brexit, Asia and Geopolitics

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- ▶ Britain – another ‘**Anglosphere**’ market liberal nation seeking to strengthen its engagement with Asia
- ▶ Gravity impacts – Britain more distant than Australia, Canada and New Zealand but has more geopolitical weight and global reach
- ▶ BUT... Britain is still only a ‘**middle power**’ with much less influence than the US and China
- ▶ **EU – Asia relations...** how much weaker the EU’s influence in Asia after Brexit?
- ▶ How close will Britain work **alongside the EU** in Asia, and how close with the US? Issue dependent?
- ▶ Will Britain revive its old **bilateral alliance with Japan** for geopolitical and other reasons?
- ▶ The US, China and **geopolitical competition in Asia** ... impact of Britain’s close security ties with the US?



# Britain, the EU and Asia

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- ▶ Britain's post-Brexit relationship with the EU **remains unclear**... still a chance Brexit may not happen
- ▶ British govt's '**All of Asia**' policy... Asia a clear post-Brexit priority but after leaving the EU will Britain have **sufficient diplomatic capacity** to realise it?
- ▶ Britain's security presence in Asia is contracting
- ▶ Britain as a '**status quo**' power working to defend the rules-based international system
- ▶ Britain will most likely have to **work very closely with the EU in Asia** given their continuing closely aligned interests
- ▶ Just like in the 1900s decade after its period of late 19<sup>th</sup> century 'splendid isolation', **Britain may have to 'return to Europe / the EU' in the long-run**



