

Our China thinking out of date

6.55 pm 08.07.19 Lord Howell Speech to Lords

Lord Howell of Guildford

To ask Her Majesty's Government, following the recent G20 Summit in Osaka, Japan, and the letter relating to the summit from the International Relations Committee to the Prime Minister, dated 13 June, which outcomes they judge to be of most importance for the safeguarding and furtherance of Britain's national interests.

My Lords, I declare my interests as listed in the register and in particular that I advise two major Japanese companies.

This debate arises from a short inquiry by your Lordships' International Relations Committee, of which I was then chairman, and a subsequent memorandum to the Prime Minister before she set off for the G20 meeting in Osaka, Japan, 10 days or so ago. The G20 meeting is supposed to co-ordinate responses to the tensions in world affairs and to take an overview of all the disruptive forces of change sweeping the globe—and, as I think is generally agreed nowadays, to do so with rather more relevance than the old G7 in modern conditions. Frankly, it does not look as though much co-ordination or overviewing went on this time in Osaka.

When she returned, the Prime Minister was subjected to two full hours of questioning on the G20 in the other place—incidentally, a longer time than was allocated for the whole of our debate this evening—and that of course came after her 11-hour flight back from Tokyo. I do not think that that kind of battering treatment of a nation's chief executive would be allowed or considered even faintly sensible in any other legislature in the world. Anyway, let us hope that the next Prime Minister, not to mention the ranks of Theresa May's persistent critics, have even half her remarkable stamina.

The questions to her in the other place covered a huge range of topics, from the Chagos Islands to Scotch whisky. Even so, some key issues were completely missed in the exchanges. Therefore, perhaps it would be useful for me to comment first on those key issues—in other words, what should have been there but was not.

I begin with Japan itself, where it all took place. In her Commons Statement, Mrs May mentioned the growing strength of the relationship between the UK and Japan, but in all her questioning no one repeated it or referred to it. That is rather odd because Japan is by far our best friend in north-east Asia, the world's fastest-growing area. We may not like some aspects of Japan, such as its judiciary or the persistence in whale killing, but it remains the third biggest industrial power in the world, with immense creative momentum, especially as the "globotics" revolution takes hold. We will need it very much in the future.

I have argued for 30 years that our foreign policy experts should take the Japan connection much more seriously and creatively. Osaka should have been—and I hope that in the sidelines, it was—a golden opportunity to carry forward our defence and security links, as well as our trading ties with Japan and all Asia, with the new networks of trade and investment that are rapidly developing there.

Then there is our China policy. The G20 coverage was dominated by the US-China trade wrangles, but it is our interests that badly need developing and clarifying. America is not going to do that for us. Unlike America, we do not see China as the enemy. Of course, we have to treat our China connections with great caution, but this nation will stand or fall by its agility in balancing its connections with both China and America and not by being trodden flat between the two in the totally new pattern of world power that has now emerged, nor simply by clinging to the coat-tails of Trump's America all the time, as some of the shallower columnists in the media keep urging. I hope that is not what we were doing last week in taking over the Iranian oil tanker in Gibraltar that was bound for Syria, and that it is not what the new Prime Minister will do; that would not be the right pattern to follow.

There are aspects of China in the human rights area that we rightly dislike—some nasty stories circulate about its treatment of minorities, especially the Uighurs and their culture—but there should be no illusions: China is now a major global player as a supplier, a market, an influence and an investor across the world and right up to our own front door. It is the world's largest trading nation. Its R&D expenditure soared to \$298 billion last year, the second highest in the world. I believe that we can box much cleverer with China than the hot and cold, unpredictable views that come from Washington, using track-two and three diplomacy to the full on issues such as Huawei, 5G and the East/West technology split that some Americans apparently want to see and which at all costs we should avoid.

Hong Kong was not actually mentioned in the communiqué or the report back to the other place but it is certainly right for us to insist on Hong Kong freedoms under the law, including the freedom to protest, the principles of the 1984 Sino-British declaration and so on. However, the violent physical trashing of the Hong Kong legislature is something else. It is wrong, and in my view we should have been much more forthright in saying so than we have been.

As for the Russians at the G20, Vladimir Putin may not be the nicest of characters, as the Prime Minister's handshake photo made crystal clear, but undoubtedly he has a super-sharp mind and a mastery of prodding us at our weakest points. Liberalism may not be dead or obsolete in the West, as he claimed, but it is undoubtedly under severe assault from narrower varieties of populist nationalism, coming from both left and right, vastly amplified and empowered by digital communications and pushing Governments all the time inward, towards more protection and reluctance to co-operate internationally in line with the rules-based order.

As for climate concerns, the Prime Minister spoke proudly at Osaka of our Government's new commitment to zero emissions by 2050. By itself, as everyone knows, this would hardly move the needle in fighting climate change. Indeed, if we manufacture less and import more carbon from overseas, it might actually have the reverse effect. So the key aim has to be, and can only be, through example impact, especially on the really big global emitters: China, India, Russia and the United States. China is going to be decisive in this situation, with 28% of global emissions and rising fast. We need to hear much more about how the example process is actually going to work. Assurances that the big emitters are listening is not enough, and neither is costly virtue-signalling.

The nature of international trade has changed dramatically in the last decade, especially now that trade relations between China and the rest of the world are entering a whole new phase. Much of our thinking about China is badly out of date, as my noble friend Lord O'Neill reminded us as a witness to our committee. I hope we shall hear from him a little later. It is cultural and professional exchange, the creative industries, the newest technologies and soft power networks that are reshaping world commerce, with Asia taking the lead.

In the forums of the world, we are going to have to defend our core ideas much more effectively. We will have to fight for liberal values with new techniques, methods and expressions. We will have to defend international rules and build as fast as we can new types of social and fair capitalism, as they do in Asia, to

counter the inchoate pressures of populist extremism that are growing everywhere and are definitely here to stay.

The G20 was—or should have been—a forum in which to make these tasks a lot clearer and to focus on them more vividly, but this time I am not sure that that is what happened. That may be because technology is moving ahead too fast for Governments to keep up, but that is a debate for another day.