

Putting economics first

By BUNN NAGARA

Despite Britain's role as the closest US ally, its leaders have surprised the world by surging forward in relations with a rising China.

FOR centuries, relations between Britain and China have been undulating, rising rather more than declining.

In that time, Britain has been more anxious to penetrate Chinese markets and forage for what China has to offer than the other way round.

The super-gala treatment that President Xi Jinping and Mrs Xi received in London during the week was not necessary to prove the point, but it helps. There was Xi, royally seated next to the Queen, in the gold-trimmed horse-drawn royal carriage parading through London and shown on television screens around the world.

The visiting presidential couple also lodged at Buckingham Palace, the Queen's official residence, during their trip. Clearly, this was no ordinary state visit.

The Queen called the visit "a defining moment", Prime Minister David Cameron called it "a golden era", and Chancellor of the Exchequer George Osborne called it "a golden decade" for their bilateral relations.

An array of gilded items were spread among the vast gilt-edged dining chairs for Xi and his host, the Lord Mayor of London, at the second banquet after the Queen's.

Gold, the auspicious colour in Chinese culture, went well with the red of the carpet and the Chinese flag.

And Britain was only too happy to oblige.

This was Xi's first state visit, coming a full decade after his predecessor's, Hu Jintao's. But British leaders had been somewhat more proactive.

Only a few years ago, hiccups in relations occurred after British officials stumbled over such sensitive issues for China as the Dalai Lama. After the ruffles were smoothed over came the slew of mega business deals.

Britain wanted to ensure those deals were on and Xi's state visit would seal them, so Osborne was dispatched to Beijing last month. To make doubly sure he made a side trip to Xinjiang, the alleged epicentre of China's human rights violations, to talk trade rather than human rights.

China critics condemned that move. But it paid off for Britain in Xi's high-powered four-day visit and all that it represented and contained.

On Tuesday, China's Central Bank issued its first offshore renminbi bond in London. On the same day, Cameron appointed Chinese tycoon Jack Ma to his business advisory group. The next day, deals were signed amounting to £40bil (RM260bil), generating nearly 4,000 jobs in Britain. And this was only the beginning.



Britain's Prime Minister David Cameron and China's

President Xi Jinping (L) view the Jules Rimet trophy during a visit to the City Football Academy in Manchester, Britain October 23, 2015. REUTERS/Joe Giddens/pool

Critics tend to underrate the importance of business success for both Britain and China. They are perhaps the most enduring of the world's major trading nations, Britain historically and China in the past and the future.

Even before becoming "the workshop of the world", Britain had embarked on a global empire that would span centuries. It lost its sparkle after the Second World War and decolonisation.

British interest in East Asia had centred on China, particularly trade with China. Even its presence in Borneo – Brunei, Sabah (British North Borneo) and Sarawak – were only as a staging post for trade with China on sailing ships and steamships.

The British phrase "not even for all the tea in China" is a measure of one's resistance to temptation. And tea was only one of many traded items from China.

With the colonial period, parts of China were tugged and torn by European, Russian, US and Japanese imperial powers. China fought and lost two "opium wars" and suffered unequal relations with Britain.

Then they agreed on the return of Hong Kong to China in 1997. But even decades before that date, the buzz in Britain was what would happen to Hong Kong after the "handover".

Hong Kong had long been known as the world's classic capitalist enclave, while in the 1990s the West still regarded China as a communist state.

Hong Kong was in quiet panic, as celebrities and stars worried what would happen to them and their work under communist rule.

Many contemplating migration purchased homes abroad from Vancouver to Kuala Lumpur. Jackie Chan bought a luxury condominium in Damansara Heights.

At the time, an Englishman from off the streets in central England put that crucial question to me: What would happen after China "takes over" Hong Kong? I replied that Hong Kong would instead take over China in many ways that mattered. Soon after 1997, Deng Xiaoping's credo of "it's glorious to be rich" was abundantly clear throughout the land, often excessively so.

In time, anxieties over the handover were soothed, and it ceased to be an international issue. After moving to the United States and working in Hollywood, Chan returned to Hong Kong and even began work in China itself. His trajectory has been instructive and symbolic. So his presence as an invited guest at a reception for Xi in London's Lancaster House on Wednesday evening said it all.

While London and Beijing are only too happy to see their relations on the upswing again, their critics have been at work. They have called Britain's grand welcome for Xi fawning and embarrassingly servile.

Western criticism comes from two broad angles: the US and Europe. Both are not without their own self-interests.

In the European Union, Germany has been an early and the most extensive investor in China. Then earlier this year, Britain stole a march on all other Western countries by signing up as an early co-founding member of the China-led Asian Infrastructure Investment Bank (AIIB). After that, other US allies joined in: several EU countries including Germany, as well as Australia, New Zealand and Singapore. The US, which tried hard to stop the trend, had only Japan and Canada as recalcitrant holdouts for company.

Many Western and pro-Western countries are happy enough to do business with China in the lead, in the process helping China grow. This is despite strategic thinkers knowing that the AIIB is also a means for extending China's reach through Central Asia and Russia to the West.

This takes the form of the infrastructure-heavy Maritime Silk Road and the One Belt, One Road projects offering connectivity between East Asia and Europe. They possess both economic and strategic advantages.

US critics of Britain's close partnership with China have something of an identity crisis. They have a long list of complaints against Beijing, yet they cannot stop their own corporations doing increasing business with China.

Worse still, the glittering welcome accorded to President and Mrs Xi in London compares too favourably with the one in Washington just weeks before.

Beyond some formal diplomatic niceties, President Obama reportedly threatened to impose sanctions on China. He also remains committed to the largely military "rebalancing" in China's backyard, while keeping China at bay with the Trans-Pacific Partnership proposal dividing East Asia.

Whether the British or US approach to working with China is better, and for whom, also depends much on which is more enduring. Britain had presided over a global empire for centuries. China, a global superpower before, has millennia of experience to draw on.

Both countries share the approach of making trade their primary purpose, with any political or military posture being secondary to protect those economic interests.

The US in contrast opts for a forward military posture abroad, with any economic interest secondary by comparison. And despite Pax Americana being only 70 years old, it is already showing signs of wear.

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