

# UK mounts trade offensive in defiance of European Union

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Prime Minister Theresa May has launched a trade offensive aimed at securing foreign inward investment in Britain and free trade deals around the world, with the initial focus on Asia and the Middle East.

May dispatched Chancellor of the Exchequer Philip Hammond to find new export markets in India, and International Trade Secretary Liam Fox to Indonesia, the Philippines, Malaysia and the Persian Gulf. May herself made a three-day visit to Jordan and Saudi Arabia.

The trade offensive comes just a few days after May signed, on March 29, the letter formally invoking the Article 50 two-year withdrawal process from the European Union (EU). In effect, May chose to ignore the EU's common commercial policy that bans its members from opening formal negotiations or signing bilateral trade and investment deals with any other country or bloc. Trade Minister Fox acknowledged the restriction but insisted, "We can step up a gear in our activities and that's what we'll be doing."

In January the prime minister told the World Economic Forum in Davos, Switzerland, that Britain was willing to leave the EU in a "clean break"—in effect triggering a "hard Brexit," involving no access to the Single Market. By that time, she had already approached Australia, New Zealand and India—with May visiting Delhi last November—to discuss trade deals.

Maintaining London as a global financial centre is pivotal to these missions. Hammond went to India accompanied by Mark Carney, governor of the Bank of England, and a delegation that included ministers and senior figures in financial services and financial technology, in a bid to market the City of London as "the global FinTech capital." Hammond is pressing India to use London as its base for launching its Masala

bonds, securing digital payments services and countering tax evasion.

The various trade missions to India, the Far East and the Persian Gulf emphasised financial and business services, Britain's key export. In 2015, unable to compete in manufactured goods—outside the arms industry—Britain exported £225 billion in services, some 44 percent of all its exports, while importing just £138 billion. In manufactured goods Britain ran a sizeable deficit. Just 1.7 percent of its exports went to India, less than that going to Sweden and a tiny fraction of the 44 percent which goes to the EU as a whole.

But securing a deal in financial services is no easy matter. Hammond's visit follows last year's visit by May and others by four trade ministers. These all stalled over the issue of visas, with Indian Prime Minister Narendra Modi demanding that Britain relax its restrictions for Indians hoping to migrate to the UK. This conflicts with May's pledge—to appease the Tory right-wingers—to substantially cut immigration post-Brexit.

May's insistence on including students in Britain's net migration figures has seen the number of Indian students attending British universities—a major contributor to the UK's export revenues—fall by 10 percent over the past year, according to official figures. Hammond and foreign secretary Boris Johnson have called for May to relax that position.

Liam Fox's visit to Indonesia and the Far East underscored the reactionary horsetrading that the British government is now engaged in. During his visit to the Philippines, Fox grovelled before President Rodrigo Duterte, who has encouraged the vigilante killing of hundreds of drug addicts, petty criminals and street children, saying he would be "happy to slaughter" them in their millions. Fox said that the government

had "shared values" with the Philippines and was photographed smiling broadly, side by side with Duterte.

Fox's tour follows earlier visits to Dubai and Abu Dhabi, notorious for their abuse of migrant labour, for "discussions" on trading relationships including a possible free trade agreement. Since then, Fox has visited three other Gulf Cooperation Council (GCC) members—Oman, Bahrain and Kuwait—as well as other countries.

Earlier this year, Downing Street confirmed that May would visit China, probably next month, in a bid to restore commercial relations with Beijing that have cooled noticeably since she took office. In a marked shift from former Prime Minister David Cameron—who had sought to boost trade with China and initiate a "golden era in relations"—May cited "national security concerns" in July in deciding to review the building of an £18 billion nuclear power plant at Hinkley Point, prior to approving it some months later. China has a major stake in the Hinkley Point project.

May's visit to China is part of a wider global offensive that has seen her visit the US and Turkey. She concluded a £100 million deal with Turkey for fighter jet equipment and support services in January, having visited Bahrain just before Christmas, and hosted the Israeli and Italian premiers in February.

Jordan and Saudi Arabia are key partners in the US-led military interventions in Syria and Iraq. In Jordan, May pledged a further unspecified sum for Jordan's offensive against Islamic State in Iraq and Syria (ISIS). An additional £160 million was pledged by May in aid for Jordanian companies that employ some of the 1.3 million Syrian refugees now living in the country—as a means of keeping them in Jordan and out of Europe. This is a condition imposed by Britain for buying Jordan's exports.

Saudi Arabia is the main customer for Britain's defence industry, accounting for 83 percent of UK arms exports. It signed a £40 billion deal with the UK in 2007 to buy 72 Typhoon fighter jets from BAE Systems, with another 48 soon to be agreed. In the last two years, since the start of Saudi Arabia's brutal war in Yemen to push back the Houthi rebels who took over much of the country in early 2015 and reinstate the US-backed government of Abd Rabbu Mansour Hadi, the UK has approved arms sales to Riyadh including

missiles, naval systems, jets and cluster munitions, worth more than \$4.1 billion.

May aims to restore relations with the Saudi dictatorship that cooled following the postponement of Cameron's planned visit last year. This was in response to the Saudi regime's mass beheading of 47 people and an ongoing judicial review of Britain's arms sales to the country for the war in Yemen.

In Riyadh, May focused on financial services, worth about £1.9 billion in annual trade, counter-terrorism and security. Accompanied by London Stock Exchange chief Xavier Rollet, she was on a charm offensive to get Riyadh to float the sale of a five percent stake in the \$2 trillion government-owned Aramco in London, which faces fierce competition from Hong Kong and New York. Her office said London would assist on "tax and privatisation standards to help Saudi Arabia diversify its economy and become less reliant on oil," a key Saudi objective.

The UK would help review "Saudi defence capabilities" and overhaul its defence ministry—code for further sales of arms, police and advisory services, as part of efforts "to strengthen defence cooperation and deepen military ties" with the oil monarchy. In a truly Orwellian statement, May said that the UK would establish the first joint UK-Gulf Cooperation Council counter-terrorism working group. This intensifies collaboration with a government that has funded Islamist terrorist forces for decades.



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