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# Three foreign policy priorities for the next UK government

A case for realistic ambition

Olivia O'Sullivan and Bronwen Maddox



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# Summary

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- Whichever party wins the UK general election, the next government will have tough choices to make on foreign policy. There will be little funding for international relations, given low forecast economic growth, high debt interest payments and severe pressure on public services. At the same time, the UK faces difficult global challenges: an assertive China; tension between China and the US; questions about the US's commitment to European security; the war in Ukraine and the threat from Russia; and an unfolding Middle East crisis. Many other problems persist, including climate change, risks from new technologies, more fragmented global trade, and weaknesses in arms control and pandemic preparedness.
  - This research paper, rather than issue prescriptions in each of these areas, sets out three long-term priorities for UK foreign policy. The first is **navigating unpredictable great power dynamics**, as rising US–China friction complicates the UK's relations with both countries and its diplomacy around the world. The second is **improving the UK's relations with Europe**: to deal with the prospect of a US retreat from internationalism; to defend against Russia and other shared risks; and to address policy gaps created by Brexit. The third is **strengthening the UK's role in global governance and international development**. This means building partnerships with a broad swathe of countries – mid-sized powers, emerging economies and many countries in what is sometimes called the Global South – to advance British interests and contribute the UK's expertise and reputation to the solution of international problems.
  - We refer to this approach as 'realistic ambition': the UK should be practical about its resources and limits, but it should not retreat from international affairs, which are critical to its own interests, values and prosperity, nor downplay its obvious strengths. The UK has played a decisive role in European security, and has significant defence, diplomatic, cultural and scientific assets to offer. The proliferation of problems overseas, and their implications for the UK's fortunes, are all the more reason for an agile, active foreign policy.
  - On the **first priority**, the next UK government will have to work with a US that is still a crucial ally but that is reluctant to play as prominent a role in European security as in the past. The 'special relationship' will endure, but the US is becoming more focused on other parts of the world, and susceptible to partisan divisions that render it a less reliable partner. This will be immediately apparent should Donald Trump win the 2024 US presidential election, but the trend is likely to continue even if he does not. Both major US political parties are becoming more protectionist than in the past. Rather than pursue a comprehensive free-trade deal that is unlikely to materialize, the UK would do better to focus on sectoral

agreements and continuing partnerships on military and critical technologies. It also needs to hedge against US unpredictability by deepening its relationships with Europe and middle-sized powers around the world.

- At the same time, the next government will need to manage a more confrontational China. Engagement with Beijing will remain essential on trade, and desirable on global problems such as climate change, technology governance and developing-country debt. But the next government must balance trading with China against protecting the UK – a balance that has been hard to achieve in the past. The UK will need to strengthen its capacity to manage cyberattacks, interference and economic coercion. It should recruit or train more China specialists and develop more coherent decision-making on China across government departments. It should also be realistic about its broader Indo-Pacific strategy. Earlier ambitions for an ‘Indo-Pacific tilt’ have been moderated, acknowledging constraints on UK military capacity. But the UK could still usefully focus on enhancing trade, security and diplomatic links with Australia, India, Japan and South Korea, and on delivering agreed defence projects such as the AUKUS initiative with Australia and the US.
- On the **second priority**, improving the relationship with the European Union, the next UK government starts with clear opportunities. The Conservative government’s vigorous support of Ukraine, maintained through three prime ministers since Russia’s 2022 invasion and echoed by the Labour opposition, has given the UK a prominent voice in the defence of Europe. This support has strengthened the UK’s conversation with EU countries about common risks, in turn opening up the chance for more constructive discussion of post-Brexit relations. The UK has a few options to improve the existing Trade and Cooperation Agreement (TCA), up for review in 2026, although the economic and strategic benefits would be modest. Greater cooperation with the EU should also be feasible on energy security and emissions trading schemes. But above all, the UK could usefully reframe its relationship with the EU more in terms of geopolitical and security cooperation.
- The UK should still seek to play an important role on global governance – bolstering international order in unstable times. This is the **third priority**. Although the UK is a mid-sized power, it has expertise and reputation in diplomacy, defence and security. Its alliances and membership of multilateral institutions provide foreign policy leverage. Given these strengths, the UK should play a consistent role on global issues where it has credibility – particularly on climate change, international development, arms control and technology governance. More broadly, it should advance principles of international law and order. The UK’s international reputation has often been associated with such principles, reflecting the country’s role in shaping the order and institutions of the world since 1945. But with a more vocal constituency worldwide challenging the perceived double standards of Western democracies, the UK will find this area of influence out of reach unless it brings its own behaviour, at home and abroad, more in line with the values it advocates.
- This active contribution to global governance could bring added diplomatic benefits. The next UK government will confront a world with a more assertive Global South – including some countries inclined to side with China or Russia

in challenging the international order – and a more influential and activist range of other mid-sized powers. Building shared goals, including around the meaningful reform of multilateral and international financial institutions, will be important for the UK to advance its relationships and alliances worldwide.

- Paying for this agenda will demand hard decisions. The present government’s recent announcement that it intends to meet its target of spending 2.5 per cent of GDP on defence by 2030 is welcome. But there is a risk that this commitment – coming before an imminent election, and outside of a budget or other fiscal event that explains the trade-offs with other pressing concerns – defers difficult choices about how to fund spending and what to prioritize.<sup>1</sup> Given the risks the UK faces, particularly from Russian aggression in Europe, and the existing gaps in UK defence budgets, a minimum target of 3 per cent of GDP spent on defence would be better. At the very least, the UK should maintain an army that can credibly meet operational commitments to NATO in the event of a crisis. It must ensure sufficient funding for AUKUS, and for the Global Combat Air Programme with Italy and Japan. Even if defence spending in other areas is constrained, the government must address problems of wasteful procurement and inadequate recruitment. It should prioritize defence and strategic investments that strengthen the UK’s science and research base and that promote development of critical technologies.
- To support the UK’s global role, the next government will need to spend a consistent amount on international development. It will find it easiest to restore the UK’s previously high reputation in this field if it returns official development assistance to 0.7 per cent of gross national income. But at a minimum, the UK should introduce more predictability into its development spending. It should address a lack of clarity about the purpose of its aid spending, as much of the foreign aid budget currently goes towards housing refugees and asylum seekers domestically. It should also consider more predictable and proportionate spending on diplomatic capacity – which has historically been neglected while defence and development spending targets take up significant focus in government. Both the UK’s exit from the EU and increasing global instability require more investment in diplomatic capacity, not less.
- This research paper has been written with a UK general election in mind. It draws on over 40 interviews and the discussions at 12 roundtables, and on the input of Chatham House research programmes, associate fellows, internal and external advisers, and the UK in the World Programme’s advisory council.<sup>2</sup> The next UK government, of whatever stripe, will face many challenges and few easy answers. This paper recommends priorities and offers options to those deciding what the UK should do.

<sup>1</sup> Seddon, P. and Beale, J. (2024), ‘Rishi Sunak vows to boost UK defence spending to 2.5% of GDP by 2030’, BBC News, 23 April 2024, <https://www.bbc.co.uk/news/uk-politics-68880171>; Public Accounts Committee (2024), ‘UK defence: No credible Government plan to deliver desired military capabilities’, UK Parliament, 8 March 2024, <https://committees.parliament.uk/committee/127/public-accounts-committee/news/200289/uk-defence-no-credible-government-plan-to-deliver-desired-military-capabilities>.

<sup>2</sup> For a full list of advisory council members, see Chatham House (undated), ‘UK in the World Programme’, <https://www.chathamhouse.org/about-us/our-departments/uk-world-programme>.

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# 01

# Introduction – the need for realistic ambition

**The next government faces difficult choices about how to position the UK internationally when some of the country's most important post-war relationships – those with the US and Europe – are fundamentally shifting. With limited resources for foreign policy, the UK must selectively play to its strengths as a global broker and singularly influential mid-sized power.**

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General elections rarely turn on foreign policy – except when they do. It is now eight years since the upheaval of Brexit, when a fracturing of public support for the UK's alliance of over 40 years led to the rupture with the European Union. Although the bitterness around Brexit and its aftermath is fading, Europe remains a highly charged issue for both the Conservative and Labour parties, and relations with the EU have many loose ends. Elsewhere, the international landscape remains more challenging than ever. In the US, the approach of the 2024 presidential election – and with it the prospect of a second term for Donald Trump – threatens to rewrite one of the UK's most enduring relationships. Meanwhile, the Israel– Hamas conflict has prompted demonstrations in the UK challenging government policy, and presents problems for a Labour opposition struggling to hold a united line in its response.

Nominally domestic UK issues also have their roots in shocks overseas. While the war in Ukraine threatens European security and has exposed weaknesses in European militaries – including Britain's – it also precipitated a spike in household energy

bills, contributing to a cost-of-living crisis that has become a political flashpoint (and remains so even as prices in international energy markets have dropped). Immigration remains toxic, even though the UK increasingly relies on foreign workers to staff its faltering health and social care services, a matter of prime concern to voters.<sup>3</sup> In short, while problems at home may remain at the fore, foreign policy deserves prominence in this general election.

## Arguments about how Britain's standing in the world has declined, and what can be retained, miss a more interesting and urgent question: what kind of power should it be now?

More than that, though, foreign policy is a chance to set out a vision of Britain's identity and its chosen role in the world. Establishing such a vision and compellingly communicating it to voters will affect how the country sees itself and how others see it, as well as whether the UK can help shape the world in line with its interests and values. Debates about the UK's global role often count out degrees of national decline. Such exercises can be coloured by nostalgia and involve wistful notions about the UK recapturing something of its historical prominence as a great power – a narrative epitomized by the Conservative government's insistent post-Brexit slogan 'Global Britain'. They also reflect genuine tensions between ideas about UK strategy, whether centred on the pragmatic pursuit of national interests or on the UK's role in upholding a system of international order.<sup>4</sup> But arguments about how Britain's standing in the world has declined, and what can be retained, miss a more interesting and urgent question: what kind of power should it be now?

This paper sets out some immediate priorities for the next government in order to manage unpredictable great power rivalry, invest in the UK's alliances, repair weaknesses in defence, consolidate the UK's advantages in science, technology and culture, and provide more consistent support for global systems of law and regulation. At the heart of our argument is the idea that a new government should pursue a foreign policy rooted in reality, without unduly giving up ambition in terms of national interest or the service of international stability.

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<sup>3</sup> Sumption, M. and Strain-Fajth, Z. (2023), *Evidence Paper: Migration and the health and care workforce*, ReWage and Migration Observatory Evidence Paper, COMPAS, University of Oxford, 27 June 2023, <https://migrationobservatory.ox.ac.uk/wp-content/uploads/2023/06/MigObs-ReWage-Evidence-Paper-Migration-and-the-health-and-care-workforce.pdf>.

<sup>4</sup> Blagden, D. (2018), 'Two Visions of Greatness: Roleplay and *Realpolitik* in UK Strategic Posture', *Foreign Policy Analysis*, Volume 15, Issue 4, October 2019, pp. 470–91, <https://doi.org/10.1093/fpa/ory011>.



## Making choices in a more dangerous world

The range of problems confronting the next government is immense. After decades in which the UK shaped its military and diplomacy mainly around support for US-led expeditionary operations and the ‘war on terror’, it now faces a grinding war on the edge of Europe and continued risks from a revanchist and unpredictable Russia. The rise of China presents an ‘epoch-defining challenge’,<sup>5</sup> as the UK government has put it, which tests the stability of the international order. So does the rivalry between the US and China, not least in terms of the possible impact on trade. This especially matters because the increasingly protectionist impulses of the US and Chinese governments, motivated in part by bilateral political grievances, are occurring just as the UK, post-Brexit, pursues a trade strategy dependent on access to open markets.

Other challenges of positioning abound for the next UK government. The global shift towards decarbonized energy is redistributing geopolitical and economic power from countries with hydrocarbon supplies to those with critical minerals and industries associated with green technologies. The UK is scrambling to work out what it can afford to invest in the energy transition; it risks getting left behind if the next government fails to pursue a vision for this.

At the same time, the war between Israel and Hamas, with terrible consequences in Gaza, has intensified old frustrations in many states about the perceived double standards of the ‘West’ and the international system. The countries voicing these frustrations are becoming more influential and activist. This adds to the pressure on the UK, along with other Western powers, to acknowledge the need to reform the post-1945 order (and help to achieve it). Domestically, the political difficulty of responding to the war is evident in demonstrations on British streets in sympathy both with Palestinians and with Israel.

Nor is the world short of other challenges. Conflicts in Sudan, the Sahel and Yemen are causing grave harm and threaten wider stability. Climate change continues apace, with 2023 the hottest year on record.<sup>6</sup> Concerns persist about a lack of pandemic preparedness (amid suspicions that governments are forgetting the lessons of COVID-19), and about the risks from artificial intelligence (AI) in creating deepfakes or new cyberweapons. Some political will to manage these borderless problems is evident internationally. Recent climate negotiations have made progress on plans to provide climate finance for poorer countries. China has echoed some of the concerns of the US, the EU, the UK and others about regulation of AI. But on many of the problems needing global action, existing multilateral institutions struggle to coordinate a response.

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<sup>5</sup> HM Government (2023), *Integrated Review Refresh 2023: Responding to a more contested and volatile world*, Policy paper, 13 March 2023, <https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world>.

<sup>6</sup> NOAA Climate.gov (2024), ‘2023 was the warmest year in the modern temperature record’, 17 January 2024, <https://www.climate.gov/news-features/featured-images/2023-was-warmest-year-modern-temperature-record>.

## In crisis, scope for change

The next government has a real opportunity to strengthen the UK's role in tackling these problems, and at the same time to further UK interests and promote a more stable international order. With Brexit in the past, the UK has begun to show signs of a more thoughtful foreign policy. Shorn of some of the exaggerated claims about the opportunities that Brexit might bring, a more sober assessment has emerged – one that acknowledges that any benefits from Brexit will take hard work to secure, and that leaving the EU has had immediate costs too.

## With Brexit in the past, the UK has begun to show signs of a more thoughtful foreign policy.

This steadier foreign policy has yielded results. The UK's clarity on the need to counter Russian aggression in Ukraine has injected conviction into European and NATO responses to the war. In successive recent foreign policy reviews, the 2021 Integrated Review and the 2023 'refresh' of the same, there is a clear focus on the need to address the rise of hostile or competitor authoritarian states (specifically China and Russia), manage their effects on the international system, and defend the UK's interests. In the Indo-Pacific, the UK has found ways to strengthen its trade and military presence even though there must be doubt that it can play any significant military role in the region (and it is at risk of overstating what it can contribute). The AUKUS defence partnership with Australia and the US involves joint production of submarines as well as cooperation on advanced technologies such as AI, cyberwarfare and quantum computing. The UK has also recently agreed to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a free-trade bloc with 11 other countries. While the CPTPP's potential economic value to the UK is limited for now, membership may enable the UK to develop strategic relations with allies in the Indo-Pacific.<sup>7</sup>

The UK has strengthened some European relationships. Through the Windsor Framework, announced in February 2023, the government found a working compromise to improve trade with Europe, while enabling Northern Ireland leaders to object to EU rules if desired. This has helped to address some of the Brexit-created tensions over the UK's new land border with the EU. And by rejoining the Horizon Europe programme – the EU's leading research and innovation fund – in January 2024, the UK resolved some of the needless disadvantages that Brexit had created for the science and technology sector.

The UK has also had some success in leadership on global issues. On climate change, it has committed to relatively ambitious climate finance goals and has spearheaded the development of offshore wind power (although the Climate Change Committee warned in 2023 that the UK may miss emissions targets, after Prime Minister Rishi

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<sup>7</sup> Schneider-Petsinger, M. (2023), 'Real value for the UK in joining CPTPP is strategic', Chatham House Expert Comment, 31 March 2023, <https://www.chathamhouse.org/2023/03/real-value-uk-joining-cptpp-strategic>.

Sunak diluted key policies).<sup>8</sup> The UK has led innovation in global health research, having played notable roles in developing one of the first malaria vaccines, trialling COVID-19 treatments and producing a successful COVID-19 vaccine. It has had recent diplomatic wins on global governance, including on AI, with a UK-hosted AI Safety Summit in November 2023 bringing together the US and China to agree limited wording on jointly managing AI-related risks.

These achievements, though arguably modest, show some of the advantages the UK can bring to bear: a strong diplomatic network, a prominent presence in multilateral institutions, and many links (often historical) to the non-European world. The UK enjoys an outsized profile and level of importance in NATO and the Five Eyes defence alliance<sup>9</sup> – partly reflecting the possession of nuclear weapons and extensive intelligence capabilities. It has a record of influence on defence and security, trade, climate change, the governance of emerging technology, and global health and development. The country also has a historical reputation – albeit not unblemished – for upholding international law, and has played a prominent role in the past in helping to reshape international institutions.

Yet UK foreign policy still contains contradictions which the next government will have to resolve. Relations with key countries are fudged. The UK's actions at home undermine its credibility in calling on other states to respect international law and meet climate goals. Immigration remains politically toxic, impeding the UK's alliances and muddling its economic goals. Dysfunction in political institutions affects many aspects of parliament and lawmaking. In its economy, the UK suffers from poor productivity growth relative to other advanced economies, and sluggish GDP growth.<sup>10</sup> These problems undermine the government's ability to make good on its promises at home, let alone play a global role.

## The desire for a more strategic foreign policy is evident in parts of government now. But the resources, long-term focus and state capacity to implement it are not.

Above all, the UK is not allocating enough money to diplomacy, defence and foreign aid to meet the aspirations successive governments have set out. Meeting the 2.5 per cent of GDP target for defence spending is an urgent priority given the immediate risks the UK faces and the gaps in its current readiness. Nor is there enough time to do everything; the next government will need to prioritize not only its choice of policies but their sequencing. The desire for a more strategic foreign

<sup>8</sup> Climate Change Committee (2023), 'CCC assessment of recent announcements and developments on Net Zero', 12 October 2023, <https://www.theccc.org.uk/2023/10/12/ccc-assessment-of-recent-announcements-and-developments-on-net-zero>.

<sup>9</sup> The Five Eyes alliance consists of Australia, Canada, New Zealand, the UK and the US.

<sup>10</sup> Vaitilingam, R. (2024), 'The UK's productivity gap: what did it look like twenty years ago?', Economics Observatory, 29 January 2024, <https://www.economicsobservatory.com/the-uks-productivity-gap-what-did-it-look-like-twenty-years-ago>; Harari, D. (2024), 'GDP – International Comparisons: Key Economic Indicators', Research Briefing, House of Commons Library, 24 April 2024, <https://commonslibrary.parliament.uk/research-briefings/sn02784>.

policy, one that proceeds from a clear-eyed assessment of the UK's interests and responds to growing great power competition, is evident in parts of government now. But the resources, long-term focus and state capacity to implement it are not.

Although the UK cannot claim great power status, it plays more of a role in global politics and security than a conventional mid-sized power.<sup>11</sup> It can reasonably aspire to be a broker of common cause in a more multipolar world, building not just on its historic links to the US and Europe, but on its wide range of relationships with countries such as Australia, Canada, India, Japan, Nigeria, Saudi Arabia, South Korea and Turkey. The next chapters explore what this foreign policy would entail, starting with one of the thorniest issues: navigating relations with the US and China.

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<sup>11</sup> Hill, C. (2016), 'Powers of a kind: the anomalous position of France and the United Kingdom in world politics', *International Affairs*, Volume 92, Issue 2, March 2016, pp. 393–414.

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# 02

# Navigating unpredictable great power dynamics

**The next government faces an unpredictable US and a more assertive China. Both countries are becoming harder to deal with individually, and their rivalry complicates other UK calculations. The response to a more isolationist US must be to increase cooperation with Europe, while a first step in managing China-related risks is to coordinate better between UK government departments.**

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## Managing the US relationship

If the UK election is in the autumn, a new prime minister will walk into 10 Downing Street just before or after the US presidential election. The incoming prime minister should recognize that this most enduring of UK relationships – that with the US – is changing, and that the trend will continue to some degree regardless of the US election outcome. Donald Trump is the presumptive Republican candidate, and the race against President Joe Biden will be tight.<sup>12</sup> The UK should not deceive

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<sup>12</sup> *The Economist* (2024), 'Who will be the next Republican nominee?', <https://www.economist.com/interactive/2024-republican-primaries-tracker> (accessed 10 April 2024); FiveThirtyEight (2024), 'Latest Polls', <https://projects.fivethirtyeight.com/polls/president-primary-r/2024/national> (accessed 10 April 2024); Beaumont, A. (2024), 'With nominations decided, Trump leads Biden in US polls; UK Labour far ahead as election approaches', *The Conversation*, 18 March 2024, <https://theconversation.com/with-nominations-decided-trump-leads-biden-in-us-polls-uk-labour-far-ahead-as-election-approaches-225460>.

itself about its waning influence in the US, but there are some options the British government should pursue whoever next occupies the White House.

The ‘special relationship’ has endured through many US presidencies. It is based on common history, language and culture. The US and the UK have one of the world’s closest intelligence-sharing partnerships. They are embedded in NATO and the Five Eyes alliance, have worked jointly on many military operations, cooperate on nuclear deterrence and share critical technologies, including through the trilateral AUKUS partnership.<sup>13</sup> These alliances and links are likely to continue after November 2024, though some might need careful ‘selling’ in the event of a Trump presidency.<sup>14</sup>

A Trump administration would present the transatlantic relationship with immediate jolts given his professed scepticism about the US’s role in upholding world order. A full withdrawal from NATO seems unlikely, especially as Congress has passed measures barring presidents from unilaterally pulling the US out of the alliance, but Trump has said repeatedly he would re-evaluate the US’s role.<sup>15</sup> Some see this as rhetoric aimed at pressuring European governments to increase their military spending, but others suggest a second Trump term would weaken American commitment to the principle of collective defence under NATO.<sup>16</sup>

On Ukraine, US military aid has so far been decisive in enabling Ukraine to resist Russia. Yet while support in principle for Ukraine is widespread in Congress, including among Republicans, funding has been hostage to political battles.<sup>17</sup> After much wrangling and delay, the US Congress recently approved new spending for Ukraine (see also Chapter 3) – Trump, however, advocates significantly reducing US military aid to the country.<sup>18</sup> On trade, some advisers close to Trump propose tariffs and radical decoupling of the US economy from China.<sup>19</sup> Based on his record in office, Trump might again take the US out of the Paris Agreement on climate change. He might side with Israel so emphatically over the West Bank and Gaza that talk of a two-state solution to the crisis becomes impossible. In the Middle East, he pulled the US out of the Joint Comprehensive Plan of Action (JCPOA), the 2015 agreement to restrain Iran’s nuclear programme. In doing so, he enabled Iranian proxies to further consolidate their role in the region.

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<sup>13</sup> Harrington, J. and McCabe, R. (2022), ‘The Case for Cooperation: The Future of the U.S.-UK Intelligence Alliance’, Center for Strategic & International Studies, 15 March 2022, <https://www.csis.org/analysis/case-cooperation-future-us-uk-intelligence-alliance>; House of Commons Defence Committee (2023), *Special Relationships? US, UK and NATO, Sixth Report of Session 2022–23*, UK Parliament, 7 March 2023, <https://publications.parliament.uk/pa/cm5803/cmselect/cmdfence/184/report.html#heading-1>.

<sup>14</sup> Corel, T. (2024), ‘Can AUKUS Survive a Second Trump Administration?’, Royal United Services Institute for Defence and Security Studies, 8 March 2024, <https://rusi.org/explore-our-research/publications/commentary/can-aukus-survive-second-trump-administration>.

<sup>15</sup> Harris, B. (2023), ‘With eyes on Trump, Senate votes to make NATO withdrawal harder’, *Defense News*, 19 July 2023, <https://www.defensenews.com/congress/2023/07/19/with-eyes-on-trump-senate-votes-to-make-nato-withdrawal-harder>; Swan, J., Savage, C. and Haberman, M. (2023), ‘Fears of a NATO Withdrawal Rise as Trump Seeks a Return to Power’, *New York Times*, 9 December 2023, <https://www.nytimes.com/2023/12/09/us/politics/trump-2025-nato.html?auth=login-google1tap&login=google1tap>.

<sup>16</sup> Swan, J. and Haberman, M. (2023), ‘Fears of a NATO Withdrawal Rise as Trump Seeks a Return to Power’.

<sup>17</sup> Republicans for Ukraine (2024), ‘GOP Congressional Report Card’, last updated on 22 April 2024, <https://gopforukraine.com/ukraine-report-card>.

<sup>18</sup> Ruge, M. (2023), ‘Primary concern: Trump, Ukraine, and the Republicans’ foreign policy divisions’, European Council on Foreign Relations, 21 August 2023, <https://ecfr.eu/article/primary-concern-trump-ukraine-and-the-republicans-foreign-policy-divisions>; Euronews with AP (2024), ‘Roughly €56 billion US military aid is planned to help Ukraine against Russia. How will it work?’, 24 April 2024, <https://www.euronews.com/my-europe/2024/04/24/roughly-60-billion-us-military-aid-is-planned-to-help-ukraine-against-russia-how-will-it-w>.

<sup>19</sup> Davis, B. (2023), ‘Trump Trade War Mastermind Is Back With a Dangerous New Plan’, *Foreign Policy*, 16 July 2023, <https://foreignpolicy.com/2023/07/16/trump-trade-war-robert-lighthizer-china-economic-policy>.

The immediate decisions for the UK in the event of a Trump presidency would be whether to maintain or increase spending on Ukraine, and how to help British businesses handle tariffs. Generally, the UK might hope to act as a moderating voice, urging consistency and engagement in the US's international relationships. But in a second term, Trump and his supporters might be restrained by fewer dissenting influences than in his first. Many established US defence and foreign policy officials who were part of his first administration have broken with him, and some supporters have suggested he will use 'Schedule F' powers to fire and hire federal workers – making the US defence and foreign policy bureaucracy more politicized and less predictable.<sup>20</sup>

Questions also loom for the UK if the Democrats win. While Biden is committed to helping Ukraine fight Russia, the unfolding crisis in the Middle East has strained US foreign policy bandwidth and risks diluting US support for Ukraine. It is clear that even a new Biden administration will aspire to spend more time on Indo-Pacific security and less on European matters.<sup>21</sup>

**Generally, it is hard to argue that the UK retains much influence over the US. The UK needs to focus on defining its own interests and pursuing them, while urging the US to continue to play a stabilizing international role.**

Biden's administration has also been no fan of untrammelled free trade or bilateral trade deals; the UK has little prospect of securing a comprehensive free-trade agreement (FTA) with the US, even though that goal was talked up by many in the UK as the pinnacle of a post-Brexit trade strategy. If Biden wins, given that a traditional FTA is unlikely, then the UK's best option would be to build on the 2023 US–UK Atlantic Declaration to develop smaller-scale partnerships on critical technologies and minerals. This could include pursuing exceptional eligibility for subsidies and benefits, under the US's Inflation Reduction Act, that are normally available only to countries with FTAs or other specific trade agreements with the US.<sup>22</sup> It could also involve further developing shared approaches to critical technologies

<sup>20</sup> Tausendfreund, R. (2024), 'Consequences of the US 2024 Elections for European Allies: Three Scenarios', German Marshall Fund of the United States, 11 January 2024, <https://www.gmfus.org/news/consequences-us-2024-elections-european-allies-three-scenarios>; Moynihan, D. (2023), 'The risks of Schedule F for administrative capacity and government accountability', Brookings Institution, 12 December 2023, <https://www.brookings.edu/articles/the-risks-of-schedule-f-for-administrative-capacity-and-government-accountability/>; Goldberg, J. (2020), 'James Mattis Denounces President Trump, Describes Him as a Threat to the Constitution', *The Atlantic*, 3 June 2020, <https://www.theatlantic.com/politics/archive/2020/06/james-mattis-denounces-trump-protests-militarization/612640>.

<sup>21</sup> The White House (2022), *National Security Strategy*, October 2022, <https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>; Blackwill, R. D. and Fontaine Jr, R. H. (2022), 'Ukraine War Should Slow but not Stop the U.S. Pivot to Asia', Council on Foreign Relations, 14 March 2022, <https://www.cfr.org/article/ukraine-war-should-slow-not-stop-us-pivot-asia>; Allison, G. (2024), 'Trump Is Already Reshaping Geopolitics', *Foreign Affairs*, 16 January 2024, <https://www.foreignaffairs.com/united-states/trump-already-reshaping-geopolitics>.

<sup>22</sup> Department for Business & Trade, Foreign, Commonwealth & Development Office and Prime Minister's Office, 10 Downing Street (2023), 'The Atlantic Declaration', policy paper, 21 June 2023, <https://www.gov.uk/government/publications/the-atlantic-declaration/the-atlantic-declaration>; Simakov, A. and Mansfield, I. (2023), *Delivering the Atlantic Declaration: Adversarial Trade, the Inflation Reduction Act & Britain's Quest for a Green Industrial Strategy*, Policy Exchange, 16 June 2023, <https://policyexchange.org.uk/publication/delivering-the-atlantic-declaration>.

under Pillar 2 of AUKUS. A Labour government might find common ground with a Biden administration around the idea of a ‘foreign policy for the middle class’, whereby international trade would be managed more actively through industrial policy and its benefits distributed more equitably at home.<sup>23</sup> Such an approach could involve the pursuit of sector-specific deals with protections for UK workers.

Generally, however, it is hard to argue that the UK retains much influence over the US. The Biden administration’s precipitate exit from Afghanistan, against UK recommendations, underlined that point. In the US, there is some clear public and political questioning about whether America should retain a broad and active international role. While the UK can make the case for continued international support for Ukraine, it should not expect this to change US policy. The UK needs to focus on defining its own interests and pursuing them, while urging the US to continue to play a stabilizing international role.

## Managing the China relationship

The UK has not found it easy to strike the right balance towards China in the last 15 years: wanting trade, seeking discussion on global problems, yet increasingly recognizing the need to protect itself from theft or coercion. That is complicated further by the US’s concerns about China. The next US administration, whether under Biden or Trump, is likely to strengthen trade and investment barriers against China, including export controls and restrictions on certain types of foreign investment.<sup>24</sup>

One immediate question for the UK will be how to forge its own course if Washington calls on it to align with US measures against China, as happened when Downing Street came under pressure to excise Huawei from the UK’s 5G telecoms infrastructure.<sup>25</sup> The UK should aim to make choices based on a clearer assessment of its own economic security than in the past.

China presents the UK with huge opportunities and direct risks. A US intelligence official has compared Russia to a ‘hurricane’ and China to ‘climate change’. Whereas Russia in this telling is immediately destructive, the effects of Chinese actions on international order are ‘long, slow, pervasive’.<sup>26</sup> This suggests the UK must take a long-term view to protecting itself from China, including shoring up UK capacity to manage cyberattacks, interference and economic coercion.<sup>27</sup>

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<sup>23</sup> Ahmed, S. et al. (2020), *Making U.S. Foreign Policy Work Better for the Middle Class*, Carnegie Endowment for International Peace, <https://carnegieendowment.org/2020/09/23/making-u.s.-foreign-policy-work-better-for-middle-class-pub-82728>; The White House (2023), ‘Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution’, 27 April 2023, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution>.

<sup>24</sup> Siripurapu, A. and Berman, N. (2023), ‘The Contentious U.S.-China Trade Relationship’, Council on Foreign Relations, 26 September 2023, <https://www.cfr.org/backgroundunder/contentious-us-china-trade-relationship#chapter-title-0-1>.

<sup>25</sup> Ricketts, P. (2022), *Hard Choices: The Making and Unmaking of Global Britain*, Atlantic Books, pp. 178–87.

<sup>26</sup> Vilmer, J.-B. J. and Charon, P. (2020), ‘Russia as a hurricane, China as climate change: different ways of information warfare’, *War on the Rocks*, 21 January 2020, <https://warontherocks.com/2020/01/russia-as-a-hurricane-china-as-climate-change-different-ways-of-information-warfare>.

<sup>27</sup> Goddard, J. (2022), ‘China: Security challenges to the UK’, House of Lords Library, 8 July 2022, <https://lordslibrary.parliament.uk/china-security-challenges-to-the-uk>.



At the same time, Western economies are too intricately connected with China for full-scale ‘decoupling’ to be feasible, or even desirable. China is too globally influential to ignore, despite the currently challenging outlook for its economy. In addition to maintaining trade, the next UK government will need to keep important discussions going with Beijing on global problems such as climate change, technology governance and developing-country debt. Both main UK political parties are right to emphasize that they will pursue a balance between caution and engagement in dealing with China. The challenge for the next UK leadership will be how to extract enough security and commercial consistency from this approach.

## In addition to maintaining trade, the next UK government will need to keep important discussions going with Beijing on global problems such as climate change, technology governance and developing-country debt.

The risks of economic disruption from China should be kept in proportion. China accounts for an important but limited share of UK trade. In 2022, the UK’s trade in goods and services with China was worth £113 billion, about 6.5 per cent of total UK trade. That contrasts with £772 billion in trade – 44 per cent of the total – between the UK and the EU over the same period.<sup>28</sup> Moreover, China is unlikely to sacrifice its own prosperity through a deliberate loss of export revenue unless it perceives itself to be under threat. This suggests the risk of China comprehensively cutting off the supply of critical goods in the event of political or economic tensions with the UK is low.

Nonetheless, while the UK’s services-dominant economy is in some ways less entwined with China’s than European comparators are, China is deeply integrated into global consumer and industrial supply chains. China also dominates markets for some critical minerals and technologies needed for the net zero transition.<sup>29</sup> It has throttled the supply of important components, or blocked access to its own market, during disputes with Australia, Canada, Lithuania and South Korea; it has also restricted trade as part of its own economic ‘de-risking’ policies when faced with US and European curbs on access to key equipment and material.<sup>30</sup> In 2023, following the Netherlands’ imposition of curbs on the sale of chipmaking equipment

<sup>28</sup> Department for Business & Trade (2024), ‘Trade and investment core statistics book’, updated 19 April 2024, <https://www.gov.uk/government/statistics/trade-and-investment-core-statistics-book/trade-and-investment-core-statistics-book#top-and-emerging-partner-countries> (accessed 29 April 2024).

<sup>29</sup> Meidan, M., Andrews-Speed, P. and Marks, D. (2023), *New Energy Supply Chains: Is the UK at Risk from Chinese Dominance?*, Royal United Services Institute for Defence and Security Studies, <https://static.rusi.org/china-and-uk-new-energy-supply-chains-occasional-paper-nov-23.pdf>.

<sup>30</sup> Andrijauskas, K. (2022), ‘An Analysis of China’s Economic Coercion Against Lithuania’, Council on Foreign Relations, [https://www.cfr.org/sites/default/files/pdf/Andrijauskas\\_An%20Analysis%20of%20China%E2%80%99s%20Economic%20Coercion%20Against%20Lithuania\\_0.pdf](https://www.cfr.org/sites/default/files/pdf/Andrijauskas_An%20Analysis%20of%20China%E2%80%99s%20Economic%20Coercion%20Against%20Lithuania_0.pdf); Walsh, M. (2021), ‘Australia called for a COVID-19 probe. China responded with a trade war’, ABC News, 2 January 2021, <https://www.abc.net.au/news/2021-01-03/heres-what-happened-between-china-and-australia-in-2020/13019242>; Bermingham, F. (2019), ‘Canada’s canola farmers fear Huawei dispute could devastate rural communities reliant on China exports’, *South China Morning Post*, 8 March 2019, <https://www.scmp.com/economy/china-economy/article/2189226/canadas-canola-farmers-fear-huawei-dispute-could-devastate>; Hernández, J. C., Guo, O. and Memmorrow, R. (2017), ‘South Korean Stores Feel China’s Wrath as U.S. Missile System is Deployed’, *New York Times*, 9 March 2017, <https://www.nytimes.com/2017/03/09/world/asia/china-lotte-thaad-south-korea.html>.

overseas, China restricted exports of gallium and germanium (key components in some microchips). While such moves may have little impact on global supply, they are a warning of potential future patterns of trade-disrupting behaviour.<sup>31</sup>

The UK's trade links with China differ from those of EU countries, nor does it face the same risks as Japan or South Korea. But in the event of escalating US–China conflict or trade disruption, the UK would be affected all the same. This is of particular concern given that the UK lacks a clear strategy defining tolerable exposures to overseas suppliers and is not currently in a strong position to pool supply-chain risks with buyer countries. The UK government has issued limited, sector-based strategies for its supply chains: on critical minerals in 2022 (updated in 2023) and semiconductors in 2023; it published a broader strategy on critical imports and supply chains in January 2024.<sup>32</sup> But it lacks an overarching economic security strategy, such as that announced by the EU in June 2023.<sup>33</sup> Parliamentary committees have consistently criticized the government for lacking clarity about implementation of these strategies and, in some cases, such as with the UK's critical minerals strategy, for lacking specific supply targets. In contrast, the EU's Critical Raw Materials Act of 2023 established a target that no more than 65 per cent of the EU's annual consumption of each strategic raw material – at any stage of processing – should come from a single third country.<sup>34</sup> Similarly, Japan and South Korea have extensively mapped their supply-chain vulnerabilities in a way the UK has not, and have tasked strategic economic security committees or ministries within government with assessing the risks.<sup>35</sup> Though the UK has undertaken ad hoc assessments, it needs to build a stronger picture of its critical import dependencies.

The UK would benefit from closer links with allies on these issues. Though it is part of the US's Minerals Security Partnership,<sup>36</sup> it could coordinate further with the EU on the latter's planned Critical Raw Materials Club,<sup>37</sup> which will focus on security

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<sup>31</sup> Cytera, C. (2023), 'Gallium, Germanium, and China – The Minerals Inflaming the Global Chip War', Center for European Policy Analysis, 8 August 2023, <https://cepa.org/article/china-gallium-and-germanium-the-minerals-inflaming-the-global-chip-war>.

<sup>32</sup> Department for Business & Trade and Department for Business, Energy & Industrial Strategy (2022), 'Resilience for the Future: the UK's Critical Minerals Strategy', policy paper, 22 July 2022, <https://www.gov.uk/government/publications/uk-critical-mineral-strategy>; Department for Business & Trade and Department for Business, Energy & Industrial Strategy (2023), 'Critical Minerals Refresh: Delivering Resilience in a Changing Global Environment', policy paper, 13 March 2023, <https://www.gov.uk/government/publications/uk-critical-mineral-strategy/critical-minerals-refresh-delivering-resilience-in-a-changing-global-environment-published-13-march-2023>; Department for Science, Innovation & Technology (2023), 'National semiconductor strategy', policy paper, 19 May 2023, <https://www.gov.uk/government/publications/national-semiconductor-strategy/national-semiconductor-strategy>; Department for Business & Trade (2024), 'Critical imports and supply chains strategy', policy paper, 17 January 2024, <https://www.gov.uk/government/publications/uk-critical-imports-and-supply-chains-strategy/critical-imports-and-supply-chains-strategy-html-version>.

<sup>33</sup> European Commission (2023), 'Joint Communication to the European Parliament, the European Council and the Council on "European Economic Security Strategy"', 20 June 2023, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023JC0020&qid=1687525961309>.

<sup>34</sup> Schröder, P., Bergsen, P. and Barrie, J. (2023), 'Europe's pursuit of securing critical raw materials for the green transition', Chatham House Expert Comment, 4 April 2023, <https://www.chathamhouse.org/2023/04/europes-pursuit-securing-critical-raw-materials-green-transition-0>; House of Commons Foreign Affairs Committee (2023), *A rock and a hard place: building critical mineral resilience, First Report of Session 2023–24*, UK Parliament, 15 December 2023, <https://publications.parliament.uk/pa/cm5804/cmselect/cmaff/371/report.html>.

<sup>35</sup> Ghiretti, F. (2023), 'From opportunity to risk: The changing economic security policies in Australia, China, the EU, Japan, South Korea, the UK and the US', Mercator Institute for China Studies, February 2023, <https://merics.org/sites/default/files/2023-02/merics-report-changing-economic-security-policies-2023.pdf>.

<sup>36</sup> U.S. Department of State (undated), 'Minerals Security Partnership', <https://www.state.gov/minerals-security-partnership> (accessed 11 April 2024).

<sup>37</sup> Flaherty, N. (2023), 'EU to form €20bn Critical Materials club', eeNews Europe, 17 March 2023, <https://www.eenewseurope.com/en/eu-to-form-e20bn-critical-materials-club>.

of supply in materials for batteries and green technology.<sup>38</sup> The UK risks being cut out of broader plans by the EU and US to merge the two initiatives and combine their management of critical mineral dependencies.<sup>39</sup> Although the UK may find it difficult to get admitted to a partnership of this nature, it might also be able to liaise more closely with the EU-US Trade and Technology Council (TTC), which manages similar risks. At a minimum, the UK could seek better coordination between the TTC and other forums like the G7 – which recently stated its ambition for supply-chain diversification following its 2023 Hiroshima meetings.<sup>40</sup> The next UK government might also refine its approach to inward investment, which – as in the months-long decision over Chinese investment in the Newport Wafer Fab semiconductor plant – has been slow and under-resourced. Increasing the government resources available to review investment deals and improving communications with industry would help.

## One way to promote a more coordinated China strategy across government could be to create a central policy unit, emulating the ‘China House’ model recently adopted by the US State Department.

More broadly, the government needs better analytical and decision-making capabilities to manage the challenges presented by China. There are not enough Mandarin speakers and other China specialists in the civil service, and Treasury teams and other departments have at different times taken contrasting positions on the economic benefits versus security risks of trade and investment involving China. More coherence on the approach to China is needed, along with more resources. One way to promote a more coordinated China strategy across government could be to create a central policy unit, emulating the ‘China House’ model recently adopted by the US State Department;<sup>41</sup> another could simply be to designate clearer political leadership on China within government, especially on managing the risks of economic ties.

The pipeline of research and pool of expertise on China are limited in the UK. One estimate suggests the UK has fewer than 1,500 undergraduates a year on China-related courses.<sup>42</sup> Increased funding and support for more technical and policy research on China could help ensure UK decision-makers have a better understanding of key issues, such as the UK’s economic dependencies on China in specific sectors, or the precise nature of Chinese state-owned enterprises’ links

<sup>38</sup> Lawler, N. and Shin, F. (2023), ‘The EU needs a buyers’ club for critical minerals. Here’s why.’, Atlantic Council, 15 December 2023, <https://www.atlanticcouncil.org/blogs/new-atlanticist/the-eu-needs-a-buyers-club-for-critical-minerals-heres-why>.

<sup>39</sup> Bloomberg News (2024), ‘US and EU Want Greater Links to Loosen China’s Grip on Critical Minerals’, 12 February 2024, <https://www.bloomberg.com/news/newsletters/2024-02-12/supply-chain-latest-us-and-eu-efforts-on-critical-minerals>.

<sup>40</sup> The White House (2023), ‘G7 Hiroshima Leaders’ Communique’, 20 May 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/20/g7-hiroshima-leaders-communicue>.

<sup>41</sup> U.S. Department of State (2022), ‘Secretary Blinken Launches the Office of China Coordination’, media note, Office of the Spokesperson, 16 December 2022, <https://www.state.gov/secretary-blinken-launches-the-office-of-china-coordination>.

<sup>42</sup> Dugdale, J. (2019), *Report on the Present State of China-related Studies in the UK*, British Association for Chinese Studies, October 2019, <https://university-council-for-languages.org/wp-content/uploads/2020/04/BACS-State-of-the-Field-2018-19.pdf>.

to the Chinese government. While internal government capabilities on China have been boosted recently, public and political debate often relies on US, European and Australian research on such questions.

The next government also needs to articulate its approach to China more publicly. The UK does not have a published, unclassified China strategy, beyond statements made in the Integrated Review Refresh. This limits the ability of non-government stakeholders, the media and society to understand how the government is managing policy trade-offs. It risks reducing the credibility of foreign policy decisions – or leaving their motives open to misinterpretation. The government would benefit from publishing a strategy akin to that of Germany.<sup>43</sup>

The UK's relationship with India could be valuable in helping to manage China risks. Relations with India have been strengthening, and talks to conclude a UK–India FTA (delayed partly by wrangling over intellectual property rights, especially in pharmaceuticals) have made some progress. An FTA would strengthen long-standing ties between the UK and India, supported by family contacts (the 'living bridge', as Sunak has called it), despite continuing tension over the colonial legacy. India is consciously forging relationships – including with the US – to bolster its own position against China. For this and on many other points of common interest, the next UK government should spend time on this relationship.

### Box 1. What next for the UK's 'Indo-Pacific tilt'?

The UK government's 2021 Integrated Review announced an intention to devote substantially more resources and attention to the Indo-Pacific.<sup>44</sup> The logic of this 'Indo-Pacific tilt' was clear: the UK has economic and security interests in maintaining order and building relationships in the region.<sup>45</sup> But the original plan of 'establishing a greater and more persistent presence than any other European country' in the Indo-Pacific was always unrealistic. Limited resources, and the time and energy now taken up by the threat from Russia and the war in Ukraine, suggest it will be challenging enough to sustain the UK's current presence and partnerships.

Expansive rhetoric aside, the 'tilt' to date has at least been consistent, if confined to a few areas: defence diplomacy; some deployments and joint military exercises with allies in the region; cooperation on defence and critical technologies through pacts like AUKUS; reciprocal access agreements with allies such as Japan; membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP – see also Chapter 1); and a closer relationship, as a dialogue partner, with ASEAN.

<sup>43</sup> House of Commons Foreign Affairs Committee (2023), *Tilting horizons: the Integrated Review and the Indo-Pacific*, Eighth Report of Session 2022–23, UK Parliament, 30 August 2023, <https://publications.parliament.uk/pa/cm5803/cmselect/cmfaff/172/report.html#heading-0>.

<sup>44</sup> HM Government (2021), *Global Britain in a competitive age: The Integrated Review of Security, Defence, Development and Foreign Policy*, 16 March 2021, <https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy>.

<sup>45</sup> Despite little consensus on the region's composition and boundaries, the Indo-Pacific can broadly be thought of as including South Asia, Southeast Asia, East Asia and Oceania. It is crucial to the world economy, both in terms of the major markets it contains (Australia, China, India, Indonesia, Japan, South Korea, etc.) and the role of Indo-Pacific countries as suppliers for global markets. The Indo-Pacific is host to a range of competing geopolitical interests that make it a source of ongoing or rising tensions. See House of Lords International Relations and Defence Committee (2021), *The UK and China's security and trade relationship: A strategic void*, 1st Report of Session 2021–22, 10 September 2021, p. 18, <https://committees.parliament.uk/publications/7214/documents/75842/def>.

Building these links with partners helps reinforce a shared approach to security and deterrence in the region. There has not, however, been a major shift in the UK's permanent military presence in the Indo-Pacific, nor in the overall shape of UK military forces. This all reflects necessary pragmatism on the part of the UK government.

The 2023 'refresh' of the Integrated Review implicitly moderated the ambition of the 'tilt' to reflect this<sup>46</sup> – yet the government still risks overstating what military presence the UK might contribute in the region. Instead, we believe the next government should continue to pursue a cooperative but limited approach. The UK could enhance diplomatic links with regional partners – Australia, India, Japan and South Korea – and make good on its commitments within AUKUS and the Global Combat Air Programme (GCAP, a joint project between the UK, Italy and Japan to build a next-generation fighter aircraft). It might also consider expanding access to the technology-sharing pillar (Pillar 2) of AUKUS to include Japan and South Korea, though this would need to be balanced with maintaining the partnership with the US and Australia.

One of the primary risks in the Indo-Pacific, of course, is increased tension or the outbreak of war between China and Taiwan. The economic consequences of a Chinese attempt to invade Taiwan would likely dwarf those of Russia's war on Ukraine.<sup>47</sup> The UK can take limited actions to help the US and others mitigate such risks, for example by bolstering Taiwan's resilience and contributing to efforts to deter Chinese adventurism. In its own relations with Taiwan, the UK might continue to signal the value of trade and other links, and work with the Taiwanese government on shared international challenges such as global health. This could build on the UK's July 2023 memorandum of understanding with Taiwan, which covers pandemic preparedness, digital health services and health insurance.<sup>48</sup> The UK could also participate more in the Global Cooperation and Training Framework (GCTF), a platform to allow Taiwanese contributions to technical capacity-building and multilateral cooperation in areas such as disaster relief, energy security, public health and media literacy. The GCTF's four full partners consist of Australia, Japan, Taiwan and the US, but many countries are involved in different GCTF programmes and workshops.<sup>49</sup>

More broadly, the next government needs to work out what the UK might contribute in the event of a security crisis or conflict over Taiwan and, at least internally, clearly delimit that role and those scenarios. While a major military contribution might be unfeasible, the UK's role might involve contributing specific combat, cyber or intelligence capabilities, establishing effective economic sanctions, and responding to the economic fallout and knock-on effects on European security.

<sup>46</sup> HM Government (2023), *Integrated Review Refresh 2023*.

<sup>47</sup> Vest, C., Kratz, A. and Goujon, R. (2022), 'The Global Economic Disruptions from a Taiwan Conflict', Rhodium Group, 14 December 2022, <https://rhg.com/research/taiwan-economic-disruptions>; Blanchette J., DiPippo, G. and Johnstone, C. B. (2023), 'Scared Strait: Understanding the Economic and Financial Impacts of a Taiwan Crisis', Center for Strategic & International Studies, 13 December 2023, <https://www.csis.org/analysis/scared-strait-understanding-economic-and-financial-impacts-taiwan-crisis>.

<sup>48</sup> British Office Taipei (2023), 'The MOU on Health Cooperation between the UK and Taiwan', 10 July 2023, <https://www.gov.uk/government/news/the-mou-on-health-cooperation-between-the-uk-and-taiwan>.

<sup>49</sup> Sergeant, G. (2023), 'Expanding Taiwan's international participation', *Britain's World*, Council on Geostrategy, 20 September 2023, <https://www.geostrategy.org.uk/britains-world/expanding-taiwans-international-participation>.

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# 03

## Improving the UK's relations with Europe

**There are many reasons for the UK to improve relations with Europe, from economic interest to offsetting the risk of reduced US support for European security. We advocate many small steps to make the best of UK–EU contacts while respecting the balance of public and political opinion. But the best strategic move should be to reframe relations more around geopolitical and security cooperation.**

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Europe presents the next UK government with difficult choices. There are many reasons to seek closer relations – economic above all – but the next government will want to respect the results of the Brexit referendum and the enduring Eurosceptic tendency in British politics. It will need, too, to respect the EU's own difficult choices, notably the familiar 'broader or deeper' question about future enlargement.

### **How can the Trade and Cooperation Agreement be improved?**

Sticking with the status quo offers few benefits when the UK badly needs sources of economic growth. The 2020 Trade and Cooperation Agreement (TCA) removes tariffs and quotas, but it creates other barriers to trade – especially in goods – with the UK's largest market. These barriers include regulatory, customs and rules-of-origin requirements, all of which increase the costs and bureaucracy

of doing business. While there is scope for the next government to pursue some improvements to the TCA (see below), these are unlikely to deliver significant economic and strategic benefits. At the same time, bolder proposals outside the TCA for something like a quasi-single market for goods are unlikely to be embraced by the EU.

Some analyses find that the UK's economic situation is poorer as a result of Brexit. The Office for Budget Responsibility, drawing on external studies, has suggested that UK productivity is likely to fall by 4 per cent relative to what it would have been had the UK stayed in the EU.<sup>50</sup> The National Institute of Economic and Social Research estimates GDP may be 2–3 per cent lower than if the UK were still in the EU.<sup>51</sup> Admittedly, assessments of economic and trade performance in the past five years are complicated by the effects of the pandemic. Recent revisions by the UK's national statistics agency suggest the UK economy recovered better from COVID-19, relative to other G7 members, than had previously been assumed.<sup>52</sup> But doing better than comparators is not the same as doing better than a hypothetical UK still in the EU. It remains difficult to see how making it costlier and harder to trade with Britain's most important market could contribute to UK growth. Indeed, some analyses find new trade obstacles with Europe are affecting the UK's high-productivity manufacturing, causing a drift towards low-productivity sectors.<sup>53</sup>

## Prospects for FTAs with the US or China are limited, and although a UK–India deal might add a slight boost to GDP, few other potential agreements are left that would cover a meaningful share of UK trade.

Nor have the barriers been offset by benefits from FTAs with non-EU countries, even though such deals were touted by some Brexit supporters as part of the rationale for exiting the EU. Prospects for FTAs with the US or China are limited, and although a UK–India deal (see Chapter 2) might add a slight boost to GDP, few other potential agreements are left that would cover a meaningful share of UK trade. The government has nominally finalized over 70 FTAs since Brexit, but almost all of these merely 'roll over' terms the UK already enjoyed as an EU member, so these deals will do little to transform the UK's economic fortunes.<sup>54</sup> FTAs also tend to govern goods; they cannot form a core trade strategy for

<sup>50</sup> Office for Budget Responsibility (2023), 'Brexit analysis', last updated 17 April 2023, <https://obr.uk/forecasts-in-depth/the-economy-forecast/brexit-analysis/#future> (accessed 15 January 2024).

<sup>51</sup> Kaya, A. et al. (2023), 'Revisiting the Effect of Brexit', National Institute of Economic and Social Research, 16 November 2023, <https://www.niesr.ac.uk/publications/revisiting-effect-brexit?type=global-economic-outlook-topical-feature>.

<sup>52</sup> Giles, C. (2023), 'How the UK's radical data revisions shattered its economic narrative', *Financial Times*, 2 September 2023, <https://www.ft.com/content/19746fd9-d5d0-4e02-920c-745611705ecf>.

<sup>53</sup> Bhalotia, S., Dhingra, S., Fry, E. and Hale, S. (2023), *Trading Up: The role of the post-Brexit trade approach in the UK's economic strategy*, London: Resolution Foundation, 15 June 2023, <https://economy2030.resolutionfoundation.org/reports/trading-up>; Du, J. and Shepotylo, O. (2023), 'The impact of the Trade and Cooperation Agreement on UK trade', UK in a Changing Europe, 14 June 2023, <https://ukandeu.ac.uk/the-impact-of-the-trade-and-cooperation-agreement-on-uk-trade>.

<sup>54</sup> Hunsaker, S. and Howe, T. (2023), 'Trade tracker: UK trade deals', UK in a Changing Europe, 16 March 2023, <https://ukandeu.ac.uk/trade-tracker-uk-trade-deals>; and Department for Business & Trade and Department for International Trade (2023), 'The UK's trade agreements', last updated 21 November 2023, <https://www.gov.uk/government/collections/the-uks-trade-agreements> (accessed 28 March 2024).

an 80 per cent service-oriented economy like the UK's, especially when the EU market accounts for nearly half of UK goods exports.<sup>55</sup> Put another way, opening new markets to merchandise trade will not add enough to export receipts to offset the increased barriers to trade with the EU.

There are some prospects for reducing trade barriers with the EU without significantly reopening negotiation of the current relationship (which would cost political capital and time – and depend on the EU's support). The TCA is up for review in 2026, and there is scope to pursue agreement of additional provisions within that process. This could include alignment on controls regulating the trade of animals and plants,<sup>56</sup> and mutual recognition of professional qualifications. While such measures would take painstaking negotiation to agree and would be piecemeal in nature,<sup>57</sup> they might still be of value to a future UK government seeking incremental wins. Harmonizing professional qualifications, for instance, could improve post-Brexit labour mobility in some sectors.

## **There are some prospects for reducing trade barriers with the EU without significantly reopening negotiation of the current relationship. The TCA is up for review in 2026, and there is scope to pursue agreement of additional provisions within that process.**

Rejoining the Erasmus Plus scheme might enable greater academic exchange. Youth mobility schemes might help ease some labour shortages, while increased sector-specific mobility – for example, for some seasonal workers and performers – could ease barriers that small and creative businesses have encountered. While cooperation of this sort could conceivably be pursued bilaterally with individual EU states, it would be more efficient to add provision for youth and labour mobility to a TCA review; the European Commission has signalled some openness to this.<sup>58</sup> Indeed, the commission made an offer in early 2024, but the UK government rejected this, citing the end of freedom of movement with the EU – despite the UK having youth mobility schemes with several other non-EU states.<sup>59</sup>

<sup>55</sup> Department for Business & Trade (2024), 'Trade and investment core statistics book'; Bhalotia, Dhingra, Fry and Hale (2023), *Trading Up: The role of the post-Brexit trade approach in the UK's economic strategy*.

<sup>56</sup> House of Lords European Union Committee (2021), 'Beyond Brexit: trade in goods: Chapter 5: Sanitary and phytosanitary measures', Report, UK Parliament, [https://publications.parliament.uk/pa/ld5801/ldselect/lducom/249/24908.htm#\\_idTextAnchor061](https://publications.parliament.uk/pa/ld5801/ldselect/lducom/249/24908.htm#_idTextAnchor061).

<sup>57</sup> Institute for Government (2019), 'UK-EU future relationship: what difference would a Brexit deal make?', Explainer, 19 August 2019, <https://www.instituteforgovernment.org.uk/explainer/uk-eu-future-relationship-difference-brexit-deal>.

<sup>58</sup> UK Trade & Business Commission (2023), *Trading our way to prosperity: A blueprint for policymakers*, May 2023, <https://www.tradeandbusiness.uk/blueprint>; Wachowiak, J. and Reland, J. (2023), *Reviewing the Trade and Cooperation Agreement: potential paths*, UK in a Changing Europe, 19 September 2023, <https://ukandeu.ac.uk/reports/reviewing-the-trade-and-cooperation-agreement>.

<sup>59</sup> Seddon, P. (2024), 'UK rejects EU free movement for young people offer', BBC News, 19 April 2024, <https://www.bbc.co.uk/news/uk-politics-68848046>.



Energy and climate are also areas in which the UK could seek stronger cooperation within the TCA. The treaty's current provisions for the use of shared energy infrastructure expire in June 2026. Expanding commitments to shared energy interconnectors and efficient transfers of energy between the UK and Europe would lower energy costs and strengthen energy security. On climate policy, cooperation could help to tackle the pressing divergence between the UK's emissions trading scheme and its EU counterpart. As of February 2024, the UK's carbon prices had fallen significantly compared to those under the EU's scheme.<sup>60</sup> The EU's carbon border tax regime (also known as a 'carbon border adjustment mechanism', or CBAM) makes companies selling into the EU pay the difference between prices under any foreign carbon pricing mechanism and the EU's, so the fall in UK prices potentially imposes hefty costs on UK exporters.<sup>61</sup> The UK is now proposing its own CBAM, covering different sectors and with different reporting mechanisms. The TCA explicitly states that the EU and UK could consider linking their emissions trading schemes in future to ensure they work effectively, and the next government should support this; the longer the two schemes are unlinked, the likelier it is that they will diverge in ways that will be difficult to untangle.<sup>62</sup>

The European Commission may be reluctant to revise the TCA significantly in 2026, but the above options are at least feasibly in the scope of the review. If implemented, these would address some of the barriers created by the UK's current trading arrangements with the EU.<sup>63</sup> That said, changes to the TCA would not only be time-consuming and challenging to negotiate and implement, but would be largely technical in nature and would not dramatically change the UK's economic prospects.

More ambitious proposals could, of course, be tabled, short of rejoining the single market or even the EU (something neither major UK political party proposes). Among the ideas floated is a version of the 'Chequers deal' proposed by Theresa May's government in 2018, which essentially advocated regulatory harmonization on trade in goods (not services) and the removal of customs checks between the EU and UK – in this scenario, the UK would have administered EU tariffs and trade policies on goods intended for the EU at the UK border.<sup>64</sup> The Resolution Foundation has also proposed a 'UK Protocol', which would extend to the whole

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<sup>60</sup> Millard, R. (2024), 'UK carbon price falls to record low', *Financial Times*, 2 February 2024, <https://www.ft.com/content/959d9551-1191-4ea7-acd2-93a00ed60d87>.

<sup>61</sup> Low, J. and Lowe, S. (2023), 'UK and EU Emissions Trading Schemes – drifting in different directions?', UK in a Changing Europe, 11 September 2023, <https://ukandeu.ac.uk/uk-and-eu-emissions-trading-schemes-drifting-in-different-directions>; Energy UK (2023), 'Without linking emissions trading schemes, UK companies face higher bills and red tape', explainer, 30 October 2023, <https://www.energy-uk.org.uk/publications/without-linking-emissions-trading-systems-uk-companies-face-higher-bills-and-red-tape>.

<sup>62</sup> HM Government (2020), 'Trade and Cooperation Agreement between the United Kingdom of Great Britain and Northern Ireland, of the one part, and the European Union and the European Atomic Energy Community, of the other part', 30 December 2020, Article 392, [https://assets.publishing.service.gov.uk/media/608ae0c0d3bf7f0136332887/TS\\_8.2021\\_UK\\_EU\\_EAEC\\_Trade\\_and\\_Cooperation\\_Agreement.pdf](https://assets.publishing.service.gov.uk/media/608ae0c0d3bf7f0136332887/TS_8.2021_UK_EU_EAEC_Trade_and_Cooperation_Agreement.pdf); Wachowiak and Reland (2023), *Reviewing the Trade and Cooperation Agreement: potential paths*.

<sup>63</sup> Spisak, A. (2023), 'What approach should Labour take to the 2026 TCA Review?', Centre for European Reform, 6 September 2023, <https://www.cer.eu/insights/what-approach-should-labour-take-2026-tca-review>.

<sup>64</sup> Department for Exiting the European Union (2018), 'The future relationship between the United Kingdom and the European Union', white paper, 12 July 2018, <https://www.gov.uk/government/publications/the-future-relationship-between-the-united-kingdom-and-the-european-union>.

of the UK the customs and trade arrangements currently available to Northern Ireland.<sup>65</sup> This would necessarily involve the UK aligning with EU goods regulations and agreeing a kind of single market focused solely on goods.

While this would make the UK a ‘rule-taker’ on goods – meaning that it would be obliged to follow EU rules without having a say in their shaping – the benefits in reduced trade barriers could be significant. The Resolution Foundation claims that its proposal could boost UK GDP by 1–2 per cent.<sup>66</sup> Under the current TCA, the post-Brexit hit to UK GDP is much debated, but one estimate suggests it has already been in the region of 2–3 per cent.<sup>67</sup> For comparison, government analysis published in 2018 estimated that the ‘Chequers deal’ might have reduced GDP by either 0.6 per cent or 2.5 per cent (depending on whether migration rules were tightened) over a 15-year timeframe, relative to a baseline of the UK staying in the EU.<sup>68</sup> This was substantially less than the estimated 4.9 and 6.7 per cent reductions in GDP, respectively, estimated for an FTA-only deal.

## **UK public opinion has consistently been positive about EU regulatory standards, but has demonstrated worries about immigration from the EU. Some recent polling finds support for aligning with EU regulations if it makes imports to the UK cheaper.**

Public appetite for alignment on goods trade could be significant, provided the UK retains an independent immigration policy. UK public opinion has consistently been positive about EU regulatory standards, but has demonstrated worries about immigration from the EU. Some recent polling finds support for aligning with EU regulations if it makes imports to the UK cheaper.<sup>69</sup>

But this kind of proposal would be hard to sell to the EU. It would look like an attempt to split the EU’s ‘four freedoms’ (on movement of goods, services, capital and people) by making bespoke arrangements. UK governments have consistently failed to appreciate the EU’s deep commitment to the indivisibility of the single market. May’s Chequers proposal, the closest analogue to a UK Protocol-type arrangement, was never really tested with EU interlocutors because it could not secure support at home in the UK. Advocates of exploring this type of option argue that it is not impossible: if the Windsor Framework (see Chapter 1) and agreements to cooperate on regulatory issues continue to hold, then a less acrimonious relationship might create a foundation for flexibility. Precedents do or could exist. A post-war Ukraine

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<sup>65</sup> Bhalotia, Dhingra, Fry and Hale (2023), *Trading Up: The role of the post-Brexit trade approach in the UK’s economic strategy*.

<sup>66</sup> Ibid.

<sup>67</sup> Kaya et al. (2023), ‘Revisiting the Effect of Brexit’.

<sup>68</sup> Harari, D. (2018), ‘Brexit and the economy: Government analysis of the long-term impact’, House of Commons Library, 5 December 2018, <https://commonslibrary.parliament.uk/brexit-and-the-economy-government-analysis-of-the-long-term-impact>.

<sup>69</sup> Spisak, A. (2022), ‘Moving On: How the British Public Views Brexit and What It Wants From the Future Relationship With the European Union’, Tony Blair Institute for Global Change, 18 October 2022, <https://www.institute.global/insights/economic-prosperity/moving-how-british-public-views-brexit-and-what-it-wants-future-relationship-european-union>.

might seek a bespoke agreement with the EU, and Turkey already has a customs union with the EU (although this has been a source of frustration for Turkey because it lacks a say in trade deals between the EU and third countries, yet still experiences the constraints of such deals on its trade because of its membership of the customs union).<sup>70</sup>

But the European Commission is unlikely to welcome UK attempts to cherry-pick the benefits of closer cooperation when it has many other pressing concerns and has spent years settling the current deal. And while the UK public might not be against a closer relationship *per se*, the prospect of tortuous negotiations with the EU is unlikely to be popular.

This is where a longer-term view of relations with the EU might benefit the next UK government. Over the next decade, the EU will have to confront the question of enlarging the bloc: because of Ukraine's bid to accede; because of the EU's policy to support the gradual integration of the seven western Balkans countries; and potentially because of geopolitical pressures to cooperate on security and defence with countries in the European neighbourhood. This suggests the possibility – long discussed – of a 'two-speed' or 'concentric circle' model of European integration. Under such a model there would be scope for different types of EU membership to coexist, including perhaps some sort of associate membership. None of this discussion is aimed specifically at the UK. But it could open up a longer-term opportunity for the UK to rethink its relationship with the EU, just as the EU will be doing with a range of countries on its periphery. The next British government could focus on influencing this discussion and finding a space for the UK within it. A good first step, explored in the next section, might be to focus on cooperation now to manage shared geopolitical and security risks.

## Geopolitical and security cooperation

The next government should push for greater security and defence cooperation with the EU. The UK's outsized role in security and defence – in NATO, the UN, and broader European diplomacy and security – means it has something important to offer an EU increasingly concerned about security, Russia and the US's changing commitment to the continent. The vigorous British response to the invasion of Ukraine has underlined the UK's importance to European security, as well as its closeness to Poland and the Baltic states in its approach to Russia. In contrast, Germany and France are wrestling with profound questions about their security postures.

The TCA currently provides for only some security dialogues rather than the deeper and more structured foreign policy and defence cooperation envisaged under some of the early Brexit proposals tabled by the May government.<sup>71</sup> But Russia's war on Ukraine has precipitated ad hoc UK–EU security cooperation and a recognition of shared geopolitical challenges. The UK and the EU have coordinated on

<sup>70</sup> Hakura, F. (2018), *EU-Turkey Customs Union: Prospects for Modernization and Lessons for Brexit*, Briefing Paper, London: Royal Institute of International Affairs, <https://chathamhouse.soutron.net/Portal/Public/en-GB/RecordView/Index/182332>.

<sup>71</sup> Grogan, J., Wachowiak, J. and Whitman, R. (2024), *UK-EU foreign, security and defence co-operation*, UK in a Changing Europe, 27 March 2024, <https://ukandeu.ac.uk/reports/uk-eu-foreign-security-and-defence-co-operation>.

sanctions against Russia, and in November 2022 the EU admitted the UK to the PESCO ‘Military Mobility’ project – aiming at streamlining the movement of military equipment and troops across Europe.<sup>72</sup> (The acronym PESCO stands for ‘Permanent European Structured Cooperation’, a voluntary EU mechanism for deepening defence cooperation among member states.) The significance of the UK’s inclusion in this initiative should not be overstated – the project is still mired in discussion, and formal engagement is still challenging on both sides. But it represents a move towards practical security cooperation where required.

There are opportunities for the next government to formalize more of this sort of cooperation. The UK could pursue an administrative arrangement with the European Defence Agency (EDA), similar to the agreements in place for Norway, Switzerland and Ukraine, allowing the UK more consultation, visibility and involvement in EDA projects. Such a step could reassure the UK defence industry that the UK is at least party to EU discussions on shared defence industrial procurement and production, including the new European Defence Industrial Strategy, which mentions mutually beneficial partnerships with third countries.<sup>73</sup> If an arrangement with the EDA contained exclusions on joint exports and technology development, it could prove of limited use to the UK. But it would still be a step to rebuild trust.

The war in Ukraine has also demonstrated the importance of the capacity of the defence industries of Ukraine’s supporters; their stockpiles of equipment and munitions have run low as a result of supplying Ukraine. The UK could coordinate with Europeans on aspects of this. In the medium to long term, one ambition could be for the UK to participate in or work with the European Defence Fund (EDF), which supports defence research and development, but the option of joining the EDF is currently unavailable to third countries. And because participation could involve financial contributions by the UK, it would be politically sensitive in Whitehall. But it would have more impact than minimal agreements on mutual consultation around linking the UK’s defence industry to EU-wide projects. The need for coordination is pressing given that European military procurement remains fragmented and dependent on contracts from the US, preventing the efficiencies and stronger market signals that a joint approach could bring, and because the UK defence industrial sector will be significantly affected by any shifts in EU policy. With the future of the US security role in Europe increasingly in question, existing military support and equipment supplies for Ukraine (or potentially for other European countries in future) will come under strain unless their sources are diversified.<sup>74</sup>

Regular discussions on military and defence issues might also provide scope for the EU and UK to coordinate their approaches to improving their economic security – specifically, ‘de-risking’ or diversifying away from some higher-risk

<sup>72</sup> *Official Journal of the European Union* (2022), ‘Council Decision on the participation of the United Kingdom of Great Britain and Northern Ireland in the PESCO project Military Mobility’, 15 November 2022, <https://pesco.europa.eu/wp-content/uploads/2022/11/Council-Decision-Participation-of-the-UK-of-GB-and-NI-in-the-PESCO-project-Military-Mobility.pdf>; Martill, B. (2023), ‘The future of UK-EU security cooperation in the shadow of Ukraine’, blog post, London School of Economics and Political Science, 6 June 2023, <https://blogs.lse.ac.uk/politicsandpolicy/the-future-of-uk-eu-security-cooperation-in-the-shadow-of-ukraine>.

<sup>73</sup> European Commission (2024), ‘Questions and answers on the European Defence Industrial Strategy and the European Defence Industry Programme’, 5 March 2024, [https://ec.europa.eu/commission/presscorner/detail/en/qanda\\_24\\_1322](https://ec.europa.eu/commission/presscorner/detail/en/qanda_24_1322).

<sup>74</sup> Bergmann, M. and Besch, S. (2023), ‘Why European Defense Still Depends on America’, *Foreign Affairs*, 7 March 2023, <https://www.foreignaffairs.com/ukraine/why-european-defense-still-depends-america>.

economic links with China. However, doing this coherently with all EU member states will be a challenge. Germany, France, the Netherlands and others have developed their own Indo-Pacific strategies, but greater coordination is needed.<sup>75</sup> The EU's recent Economic Security Strategy refers to the need for the EU to partner with others on managing shared geo-economic risks.<sup>76</sup> The UK might also seek to revive discussions about working with the EU on development and humanitarian partnerships with developing countries – especially to maximize the impact of offers to the Global South on climate and development cooperation.

Even outside formal defence arrangements, the UK might use its hosting of the European Political Community (EPC) – an intergovernmental summit not exclusive to the EU – in July 2024 to play a more active role in shared approaches to security, defence and geopolitical risks. As a new format, the EPC does not at the moment offer a realistic route to important pacts, but it provides the UK with a way to consult EU and non-EU allies on geopolitical issues and security.<sup>77</sup> Ukraine has shown the importance of this.

## **Polls have indicated growing dissatisfaction with Brexit. This does not mean people would favour rejoining the EU if full membership were now on the table, but the trend suggests a closer relationship in some areas is acceptable if the benefits are clear.**

Any cooperation with the EU depends, of course, on UK public support. Polls have indicated growing dissatisfaction with Brexit.<sup>78</sup> This does not mean people would favour rejoining the EU if full membership, including of the euro, were now on the table; Leave voters still value the idea that the UK can control its own affairs.<sup>79</sup>

But the trend suggests a closer relationship in some areas is acceptable if the benefits are clear. Some polls find net support for aligning with the EU on product standards, food safety and workers' rights;<sup>80</sup> one survey found 78 per cent of voters in favour of a closer future relationship with the EU in some form, though their views on how to achieve this differ.<sup>81</sup>

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<sup>75</sup> Grare, F. and Reuter, M. (2021), 'Moving Closer: European views of the Indo-Pacific', European Council on Foreign Relations, 13 September 2021, <https://ecfr.eu/special/moving-closer-european-views-of-the-indo-pacific>.

<sup>76</sup> European Commission (2023), 'An EU approach to enhance economic security', press release, 20 June 2023, [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_23\\_3358](https://ec.europa.eu/commission/presscorner/detail/en/IP_23_3358).

<sup>77</sup> Wolff, S. et al. (2023), 'How the European Political Community can help bring peace to Europe', London School of Economics and Political Science, European Politics and Policy Blog, 1 June 2023, <https://blogs.lse.ac.uk/europpblog/2023/06/01/how-the-european-political-community-can-help-bring-peace-to-europe>.

<sup>78</sup> What the UK Thinks: EU (2024), 'Post-Brexit Poll of Polls', National Centre for Social Research, continuously updated data page, <https://www.whatukthinks.org/eu/opinion-polls/poll-of-polls-uk-eu> (accessed 28 March 2024).

<sup>79</sup> Curtice, J. (2022), 'Why has Brexit become less popular?', UK in a Changing Europe, 7 September 2022, <https://ukandeu.ac.uk/why-has-brexit-become-less-popular>; What the UK thinks: EU (2023), 'Do you think Brexit was the best way for the UK to deal with the issues it had with the EU, or do you think it would have been best to deal with the issues the UK had with the EU whilst remaining a member?', <https://www.whatukthinks.org/eu/questions/do-you-think-brexit-was-the-best-way-for-the-uk-to-deal-with-the-issues-it-had-with-the-eu-or-it-would-have-been-best-to-deal-with-the-uk-had-with-the-eu-while-remaining-a-member> (accessed 15 January 2024).

<sup>80</sup> Deltapoll (2023), 'Feelings towards the European Union', online survey, published 2 June 2023, <https://deltapoll.co.uk/polls/feelings-towards-eu> (accessed 28 March 2024).

<sup>81</sup> Deltapoll (2023), 'The future with the European Union', online survey, published 23 June 2023, <https://deltapoll.co.uk/polls/eu-future>.

The chance that the US will reduce its support for European defence may encourage a more mutually beneficial relationship between the UK and an expanded EU: one that does not box the UK into a political and monetary union, but that reduces trade barriers and enables cooperation on climate, energy and economic security, on upholding the rule of law and principles of human rights, and on pursuing reform of international institutions.

## **The UK's present and future role in supporting Ukraine**

A reset in the relationship with the EU might enable the UK to push even more strongly for support for Ukraine among European allies. Since Russia's full-scale invasion in 2022, the UK has played a prominent role in the Western response – training Ukrainian forces, providing direct military aid and humanitarian support,<sup>82</sup> and helping to coordinate European diplomatic and defence support. In January 2024, the UK signed a security cooperation agreement with Ukraine, becoming the first country to meet a July 2023 commitment by all G7 countries to reach such agreements.<sup>83</sup>

### **A notable public and political consensus has remained in place in the UK on support for Ukraine – one that is not as strongly present in other European countries.**

The UK can reasonably claim that its support for Ukraine has galvanized other governments: it sent anti-tank missiles to Ukraine before the full-scale invasion, establishing a precedent for other countries to donate weapons of their own, and set the pace by sending tanks and longer-range missiles sooner than other allies.<sup>84</sup> A notable public and political consensus has remained in place in the UK on support for Ukraine – one that is not as strongly present in other European countries.<sup>85</sup> The £3 billion announced to date in 2024 has taken the cumulative value of UK

<sup>82</sup> Baxendale-Smith, B. (2023), 'Reasserting the UK's Role in European Security Through Military Assistance to Ukraine', Wilson Center, 11 September 2023, <https://www.wilsoncenter.org/article/reasserting-uks-role-european-security-through-military-assistance-ukraine>.

<sup>83</sup> UK Government (2024), 'Agreement on Security Co-operation between the United Kingdom of Great Britain & Northern Ireland and Ukraine', 12 January 2024, [https://assets.publishing.service.gov.uk/media/65a14a6ae96df50014f845d2/UK-Ukraine\\_Agreement\\_on\\_Security\\_Co-operation.pdf](https://assets.publishing.service.gov.uk/media/65a14a6ae96df50014f845d2/UK-Ukraine_Agreement_on_Security_Co-operation.pdf); Mills, C. (2024), *Detailed timeline of UK military assistance to Ukraine (February 2022-present)*, House of Commons Library, 21 March 2024, <https://researchbriefings.files.parliament.uk/documents/CBP-9914/CBP-9914.pdf>.

<sup>84</sup> Baxendale-Smith (2023), 'Reasserting the UK's Role in European Security Through Military Assistance to Ukraine'; Rathbone, J. P. and Cameron-Chileshe, J. (2023), 'Military briefing: how the UK took a vanguard role on arms for Ukraine', *Financial Times*, 9 February 2023, <https://www.ft.com/content/8fdcf1fb-e500-4acb-b11e-6f8555c95512>; Whitman, R. (2023), 'One year on: the UK's response to Russia's war on Ukraine', UK in a Changing Europe, 24 February 2023, <https://ukandeu.ac.uk/one-year-on-the-uks-response-to-russias-war-on-ukraine>.

<sup>85</sup> Landsman, D. (2023), 'Why is Britain so strongly behind Ukraine? Does it matter?', British Foreign Policy Group, 14 February 2023, <https://bfpgrp.co.uk/2023/02/why-is-britain-so-strongly-behind-ukraine>.

support for Ukraine to over £12 billion.<sup>86</sup> Although accounting varies, as of February 2024 the UK seems to have been the third largest donor in terms of allocated military aid (as opposed to other types of aid, including financial and humanitarian) behind Germany and the US.<sup>87</sup>

Although such spending has imposed a financial burden, the UK's role in supporting Ukraine has clarified British foreign policy. It has enabled the UK to take a lead in coordinating international military assistance among donors, such as through the International Donor Coordination Centre in Stuttgart,<sup>88</sup> and boosting UK–Europe strategic defence cooperation.<sup>89</sup> The war has also focused attention on avoiding dependency on hostile states and has highlighted the risks they pose, whether in traditional defence terms or through illicit finance and threats to energy security.

All that said, the UK's leadership on Ukraine should not be exaggerated. More than anything, the role of the US has been crucial. As of 29 February 2024, Europe's allocations of combined military, financial and humanitarian aid to Ukraine (including those of EU institutions and the UK) totalled €89.7 billion, while US allocations totalled €67.1 billion. 'Allocations' include aid that has already been delivered or is earmarked for delivery, rather than just announced or promised. But within these figures, the US's allocation of direct military aid stands at €43.1 billion, just over €1 billion more than Europe's total.<sup>90</sup> These figures do not include the package of US aid which passed Congress in April 2024, adding another €56 billion to total US military aid and further widening the gap with European contributions.<sup>91</sup> In the period when this US aid was held up in Congress, European support was far from enough to replace US support, particularly for crucial needs such as ammunition supply.<sup>92</sup>

What next? The risk that a Russian victory – in any sense of the term – could embolden Vladimir Putin to go further in undermining European security makes the goal clear: the UK, given the position it has taken, should continue to supply arms and funding to Ukraine provided there remains a chance of Ukraine advancing in the war; and it should lobby the US and Europe to keep supplying arms and

<sup>86</sup> Prime Minister's Office, 10 Downing Street and The Rt Hon Rishi Sunak MP (2024), 'PM to announce largest-ever military aid package to Ukraine on visit to Poland', 23 April 2024, <https://www.gov.uk/government/news/pm-to-announce-largest-ever-military-aid-package-to-ukraine-on-visit-to-poland>; Prime Minister's Office, 10 Downing Street and The Rt Hon Rishi Sunak MP (2024), 'PM in Kyiv: UK support will not falter', 12 January 2024, <https://www.gov.uk/government/news/pm-in-kyiv-uk-support-will-not-falter>.

<sup>87</sup> Kiel Institute for the World Economy (2024), 'Ukraine Support Tracker', <https://www.ifw-kiel.de/topics/war-against-ukraine/ukraine-support-tracker> (accessed 2 May 2024).

<sup>88</sup> Mills, C. (2024), *Military assistance to Ukraine since the Russian invasion*, Research Briefing, House of Commons Library, 27 March 2024, p. 10, <https://commonslibrary.parliament.uk/research-briefings/cbp-9477>.

<sup>89</sup> Szczepeński, M. (2023), 'UK support to Ukraine: Stimulating EU-UK relations', European Parliamentary Research Service, May 2023, [https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/747890/EPRS\\_ATA\(2023\)747890\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/747890/EPRS_ATA(2023)747890_EN.pdf).

<sup>90</sup> Bompreszi, P., Kharitinov, I. and Trebesch, C. (2024), 'Ukraine Support Tracker – Methodological Update & New Results on Aid "Allocation" (April 2024)', Kiel Institute for the World Economy, April 2024, p. 6, [https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/Subject\\_Dossiers\\_Topics/Ukraine/Ukraine\\_Support\\_Tracker/Ukraine\\_Support\\_Tracker\\_-\\_Research\\_Note.pdf](https://www.ifw-kiel.de/fileadmin/Dateiverwaltung/Subject_Dossiers_Topics/Ukraine/Ukraine_Support_Tracker/Ukraine_Support_Tracker_-_Research_Note.pdf) (accessed 2 May 2024).

<sup>91</sup> Euronews with AP (2024), 'Roughly 56 billion US military aid is planned to help Ukraine against Russia. How will it work?'

<sup>92</sup> Moyer, J. C. and Ocvirk, M. (2024), "'Turbocharging' European Defense Production in Support of Ukraine', Wilson Center, 6 March 2024, <https://www.wilsoncenter.org/article/turbocharging-european-defense-production-support-ukraine>; Kiel Institute for the World Economy (2024), 'Europe has a long way to go to replace US aid - large gap between commitments and allocations', 16 February 2024, <https://www.ifw-kiel.de/publications/news/europe-has-a-long-way-to-go-to-replace-us-aid-large-gap-between-commitments-and-allocations>.

funding to Ukraine too. The announcement by Prime Minister Rishi Sunak in April 2024 that the UK will commit to the current level of support for as long as required is welcome, but this now needs to be reflected in realistic fiscal plans.<sup>93</sup>

Yet while all of Ukraine's supporters have wanted it to win the war, there are different views about what winning means. At one end of the spectrum is President Volodymyr Zelenskyy's insistence, at least in public, that Ukraine must regain every inch of territory seized by Russia, including Crimea. More pragmatically, victory at minimum probably means Ukraine retaining unimpeded sea access for its exports, and Russia being driven back far enough that it cannot regroup to strike again at Ukraine – or at Moldova or the Baltic countries.

The debate may prove to be academic. The outcome that presents the UK with the hardest decision also appears the most likely – a conflict that lasts several more years, and possibly longer. If US aid diminishes, in theory the UK could work with European countries to continue support in its place. And while any US withdrawal of aid could sow doubt among European governments about the worth of continuing to provide their own support, it might also strengthen the sense that Europe has to invest more in its own defence.

There are also warning signs of problems delivering on European promises – not least, disputes in Germany over the spending required, and obstruction from the Hungarian government of Viktor Orbán. And, despite progress, US and European defence industrial production is not consistently meeting the rate of Ukrainian consumption; the strategy of providing Ukraine with older or existing stockpiles is becoming ever less feasible.<sup>94</sup> European spending, procurement and production capacity do not match Russia's, and programmes to improve in these areas – such as the European Defence Agency's multinational 155-mm artillery procurement initiative – have been too slow to match Ukrainian requirements, let alone what might be needed in the event of a crisis further halting or delaying US support.<sup>95</sup> These issues strengthen the argument for greater UK coordination with European allies.

The UK could also support shared European efforts to bolster defence industrial production. Long-term plans for this, including the European Commission's proposed European Defence Industry Programme, tend to be fraught with political division; post-Brexit, they are outside the UK's immediate influence. But the UK could realistically support more urgent shared efforts to procure or produce the capabilities and equipment Ukraine needs – as has happened in a joint initiative with Latvia on leading an international coalition to supply drones.<sup>96</sup> The UK could

<sup>93</sup> HM Government (2024), *Defending Britain: leading in a more dangerous world: Our pledge: committing to 2.5% of GDP in 2030*, policy paper, 23 April 2024, <https://www.gov.uk/government/publications/defending-britain>.

<sup>94</sup> Bond, I. (2023), *Ukraine fatigue: Bad for Kyiv, bad for the West*, Centre for European Reform, 21 November 2023, <https://www.cer.eu/publications/archive/policy-brief/2023/ukraine-fatigue-bad-kyiv-bad-west>.

<sup>95</sup> McGee, L. (2024), 'Europe is trying to fill a US-shaped hole in funding for Ukraine', CNN, 23 March 2024, <https://edition.cnn.com/2024/03/23/europe/eu-ukraine-aid-us-defense-intl-cmd/index.html>; Bronk, J. (2024), 'Europe Must Urgently Prepare to Deter Russia Without Large-Scale US support', Royal United Services Institute for Defence and Security Studies, 7 December 2023, <https://www.rusi.org/explore-our-research/publications/commentary/europe-must-urgently-prepare-deter-russia-without-large-scale-us-support>.

<sup>96</sup> Cazzieri, L. (2024), 'Can European defence take off?', Centre for European Reform, 19 January 2024, <https://www.cer.eu/publications/archive/policy-brief/2023/can-european-defence-take>; Ministry of Defence and The Rt Hon Grant Shapps MP (2024), 'UK to supply thousands of drones as co-leader of major international capability coalition for Ukraine', 15 February 2024, <https://www.gov.uk/government/news/uk-to-supply-thousands-of-drones-as-co-leader-of-major-international-capability-coalition-for-ukraine>.



also build on the security relationships it has developed with the countries of the Joint Expeditionary Force (JEF), plus Eastern European allies and the new Polish government, to maintain momentum and pressure to contain Russia.

There is a further potential role for the UK beyond matters of military capability. With Ukraine one of the biggest bilateral recipients of British aid in recent years,<sup>97</sup> the UK can contribute to rebuilding parts of the country and pooling funding for such work with other development partners. The next government should draw on the UK's recognized development expertise to ensure support is delivered quickly, transparently and in line with international standards.

There is no inevitability to any outcome in the war. The Russian army could still run out of steam, although this does not seem to be on the horizon. It could, indeed, make further gains. Ukraine may eventually need to consider the prospect of negotiations, in which case the UK priority should be to support Ukraine's position in them. Equally, hostilities could cease without a formal peace negotiation after several more years of intense fighting over a largely static front line in eastern and southern Ukraine. This might result in a deeply unsatisfactory *de facto* partition of Ukraine, with Russian troops refusing to withdraw and Ukraine's military unable to evict them. The UK would then have a dilemma: whether to help Ukraine stabilize its front line, or keep re-equipping Ukraine for offensive military operations in the knowledge that this would likely produce diminishing returns. The UK government would also need to decide whether to encourage the admission of Ukraine to the EU, if that had not already happened; and whether to push for Ukraine's accession to NATO. The latter might be diplomatically harder, though the UK would be in a strong position to influence the debate. However, the recent stalling by Hungary and Turkey of Sweden's NATO accession bid has shown how unilateral objections can get in the way.

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<sup>97</sup> Foreign, Commonwealth & Development Office (2024), 'Statistics on International Development: Final UK Aid Spend 2022', updated 26 April 2024, <https://www.gov.uk/government/statistics/statistics-on-international-development-final-uk-aid-spend-2022/statistics-on-international-development-final-uk-aid-spend-2022> (accessed 30 April 2024).

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# 04 Strengthening a role in global governance and international development

**In the service of global security and prosperity, as well as self-interest, the UK should make common cause with mid-sized powers and with states across the Global South on shared concerns from climate change to reform of multilateral institutions.**

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The next UK government should aspire to play a bigger role in addressing global problems, by involving itself more expansively in the design of solutions to them. This is important at a time when many countries are frustrated with the dysfunction of the multilateral system. Recent complaints include the slow response of international financial institutions to debt and climate crises in developing countries,<sup>98</sup> and the global health architecture's struggles

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<sup>98</sup> United Nations (2023), 'With clock ticking for the SDGs, UN Chief and Barbados Prime Minister call for urgent action to transform broken global financial system', press release, 26 April 2023, <https://www.un.org/sustainabledevelopment/blog/2023/04/press-release-with-clock-ticking-for-the-sdgs-un-chief-and-barbados-prime-minister-call-for-urgent-action-to-transform-broken-global-financial-system>.

to deliver COVID-19 vaccines to poorer countries during the pandemic. Perceptions of inconsistency in the Western responses to the conflicts in Ukraine and Gaza exacerbate the sense of dissatisfaction,<sup>99</sup> and are giving new potency to accusations of double standards and hypocrisy. This has undermined the already strained institutions of post-1945 international order, agreement and law.

The UK, like other mid-sized powers, derives huge benefits from operating in a predictable, stable international environment. It has a strong interest in maintaining a functioning multilateral system. The issue is also strategic: China and Russia challenge and aim to revise the international order; they contest the legitimacy of multilateral institutions and seek to build alternative networks of influence.

## The UK, like other mid-sized powers, derives huge benefits from operating in a predictable, stable international environment. It has a strong interest in maintaining a functioning multilateral system.

This global competition has seen the emergence of what the UK government has called a ‘middle ground’ of states becoming more active in international affairs, and reluctant to align themselves too closely with the major powers.<sup>100</sup> The trend is manifest in diplomatic initiatives such as African and South American leaders’ peace proposals for Ukraine;<sup>101</sup> in the expansion of the BRICS grouping, with Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates (UAE) offered membership from January 2024;<sup>102</sup> and in the addition of the African Union to the G20 in 2023.<sup>103</sup> When India held the rotating presidency of the G20 in 2022/23, it emphasized the importance of the Global South and sought to play a leading role in a Global South agenda; Brazil, which holds the G20 presidency in 2023/24, has done the same.

Many of these countries will play an important part in managing US–China tensions. Their actions will also affect the green transition, given that many mid-sized powers as well as low-income states hold a big share of the critical minerals and resources required for decarbonization. This redistribution of critical energy resources redistributes geopolitical leverage.<sup>104</sup> Prioritizing

<sup>99</sup> Foy, H. (2023), ‘Rush by west to back Israel erodes developing countries’ support for Ukraine’, *Financial Times*, 18 October 2023, <https://www.ft.com/content/e0b43918-7eaf-4a11-baaf-d6d7fb61a8a5>.

<sup>100</sup> Cabinet Office (2023), ‘Integrated Review Refresh 2023: Responding to a more contested and volatile world’, policy paper, 16 May 2023, [https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world#iii-ir2023-updated-strategic-framework](https://www.gov.uk/government/publications/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world/integrated-review-refresh-2023-responding-to-a-more-contested-and-volatile-world#iii-ir2023-updated-strategic-framework).

<sup>101</sup> Jones, J. (2023), ‘Brazil’s Lula pitches ‘peace coalition’ for Ukraine, but he treads a thin line’, CNN, 24 April 2023, <https://edition.cnn.com/2023/04/24/americas/brazil-lula-ukraine-peace-coalition-intl-latam/index.html>;

Adler, N. (2023), ‘Can Africa and China help end the Russia-Ukraine war?’, Al Jazeera, 27 July 2023, <https://www.aljazeera.com/features/2023/7/27/can-africa-and-china-help-end-the-russia-ukraine-war>.

<sup>102</sup> BBC News (2024), ‘Brics: What is the group and which countries have joined?’, 1 February 2024, <https://www.bbc.co.uk/news/world-66525474>.

<sup>103</sup> Munyati, C. (2023), ‘The African Union has been made a permanent member of the G20 – what does it mean for the continent?’, World Economic Forum, 14 September 2023, <https://www.weforum.org/agenda/2023/09/african-union-g20-world-leaders>.

<sup>104</sup> Judah, B., Vallée, S. and Sahay, T. (2024), *Escaping the Permanent Suez: Navigating the Geopolitics of European Decarbonization*, Atlantic Council, January 2024, <https://www.atlanticcouncil.org/wp-content/uploads/2024/01/Escaping-the-Permanent-Suez.pdf>.

relations with institutional groupings and allies that include a broad category of developing countries, medium-sized powers and ‘middle-ground’ states – particularly leading regional brokers like India, Japan, Nigeria and Turkey – should continue to be a goal for the UK.

The UK can build relationships by seeking a consistent role in domains where it has credibility and expertise – poverty reduction, climate policy, technology governance, arms control, scientific research. It can also aim to play a role in ‘reforming to preserve’ the post-1945 institutions; this could include supporting reform of outdated conventions on membership, leadership and voting rights within multilateral organizations, and pushing to make these bodies more effective in addressing global problems. Despite limited resources and the effects of recent government dysfunction in compromising British influence, the UK can still be a ‘global broker’ in this dangerous and shifting world.<sup>105</sup>

## Conflict resolution – leveraging diplomatic capabilities

This global broker’s role includes helping to resolve conflict. For a start, the UK could aim to re-energize the push for arms control and non-proliferation in the way that it has done so effectively over the Arms Trade Treaty, which regulates the trade in conventional arms. Reinforcing restraints on nuclear testing and continuing to uphold the taboo of nuclear weapons use would help cement the UK’s support for developing countries and increase its influence on connected issues.

The UK also needs a clearer approach to managing the risks of regional conflicts. Its 2021 Integrated Review made a case for a tilt to the Indo-Pacific, focusing on the threats and challenges posed by China and other authoritarian states. This had a logical basis, especially as the ‘war on terror’ became less of a prominent concern. But in practice one consequence of the ‘tilt’ was a reduction in the UK’s security and diplomatic engagement with the Middle East. Combined with cuts to the aid budget that hit some of the UK’s conflict prevention resources, not just in the Middle East but also in Sudan and the Sahel, there is a case now for some limited rebalancing to focus on conflicts and flashpoints on the periphery of the UK’s neighbourhood.

In the Middle East, the UK has long-standing ties with Israel and has been one of the country’s most vocal supporters since the attacks by Hamas on 7 October 2023. Nonetheless, as the death toll in Gaza from Israel’s pursuit of Hamas has risen, the UK has put pressure on Israel by calling for a pause in military action and by saying that it would recognize a Palestinian state even if negotiations on such a state with Israel had not advanced.<sup>106</sup> Given that the UK is one of Israel’s main supporters and a permanent member of the UN Security Council, that switch in position has symbolic value, even if it does not compare with the US’s leverage.

<sup>105</sup> Niblett, R. (2021), *Global Britain, global broker: A blueprint for the UK’s future international role*, Research Paper, London: Royal Institute of International Affairs, <https://chathamhouse.soutron.net/Portal/Public/en-GB/RecordView/Index/203596>.

<sup>106</sup> Landale, J. (2024), ‘UK considering recognising Palestine state, Lord Cameron says’, BBC News, 30 January 2024, <https://www.bbc.co.uk/news/uk-68137220>.

The conflict has demonstrated the value of the UK's diplomatic links in the Middle East. It has had a defence partnership with Saudi Arabia for years, and a close relationship with Jordan stretching back to the First World War. It has close military ties with Oman, with which it has held a number of large joint exercises since 1986, and it was instrumental in the creation of the UAE. Even on Iran, with which relations are frosty, the UK played a key part in negotiation of the 2015 Joint Comprehensive Plan of Action (JCPOA), at the time a breakthrough in international efforts to contain the Iranian nuclear programme. The UK retains enough diplomatic ties with Iran to allow it to explore different discussions on regional security from those convened by the US.

However, mediating in the Gaza conflict has been made harder by the UK's change in foreign policy priorities in recent years. It is now clear that the downplaying of the Middle East in the 2021 Integrated Review, and in the update in 2023, was a form of wishful thinking. While the UK focused on trade and military ties in the region, it nonetheless axed its dedicated Middle East minister in 2022, only restoring the role as a combined position also responsible for South Asia and relations with the UN.

## **The war in Gaza is now one of the most pressing international problems for UK foreign policy. The next government will need to be alert to the war's impact and to the longer-running costs of ignoring the Middle East.**

The UK's 2020 aid cuts included a reduction of £90 million in its conflict prevention budgets for the Middle East and North Africa.<sup>107</sup> In the summer of 2023, the Conservative chair of the House of Commons Foreign Affairs Committee, Alicia Kearns MP, raised concerns that the UK was neglecting its relations with the region and called for the appointment of a UK special envoy for the Middle East peace process. The war in Gaza is now one of the most pressing international problems for UK foreign policy. The next government will need to be alert to the war's impact – and to the longer-running costs of ignoring the Middle East, and of historically failing to reinforce the upholding of international law on issues such as the expansion of settlements in the West Bank.

The UK cannot have intensive diplomatic engagement everywhere, and needs to prioritize.<sup>108</sup> Nonetheless, the next government would also be well advised, as a priority, to extend its conflict resolution expertise into other flashpoints. The UK has historic ties with Sudan, for which it is the penholder at the UN Security Council, and before the outbreak of a new war in 2023 played a role within the 'Quad' – a grouping consisting of Saudi Arabia, the UAE, the UK and the US – in addressing the humanitarian crisis and long-running conflict-related instability

<sup>107</sup> Worley, W. (2022), 'Impact of funding cuts to UK's CSSF revealed', Devex, 7 January 2022, <https://www.devex.com/news/impact-of-funding-cuts-to-uk-s-cssf-revealed-102386>.

<sup>108</sup> Phillips, C. and Stephens, M. (eds) (2021), *What Next for Britain in the Middle East? Security, Trade and Foreign Policy After Brexit*, pp. 1–8, London: IB Tauris.

there. Since the outbreak of the war, the UK approach on Sudan has seemed less vigorous and lacking the necessary high-level engagement, perhaps due to other claims on ministerial time. Nonetheless, the spread of instability across western, central and eastern Africa, extending to Sudan as well as Ethiopia, is likely to continue to demand UK attention.

In short, the next government should reconsider its priorities in aid, development, mediation and peacebuilding. The Sahel deserves more attention than recent strategic reviews have given it, and the spillover of instability from that region into Sudan and vice-versa has illustrated the perils of ignoring the risks. Ethiopia is also in a tenuous position following the war in Tigray, with a linked conflict in the Amhara region and an insurgency in Oromia. The UK has historically spent significant aid funds and had strong bilateral engagement in Ethiopia, which has been a partner on regional security. While aid cuts may have reduced some of the UK's traction with the Ethiopian government, some analysis suggests the UK could still, working with influential regional partners, play a role in managing tensions and supporting peacebuilding.<sup>109</sup> Even if judged only in terms of national interest, supporting stabilization in these regions would help avert the disruption that protracted regionalized wars and their spillover effects, including increased refugee flows, could bring to Europe.

## Reprioritizing international development

On global development and global health, the UK's past outsized influence has suffered from the merger in 2020 of the Foreign & Commonwealth Office (FCO) with the Department for International Development (DFID), and from a 21 per cent cut to the aid budget in 2021. By the end of 2022, Andrew Mitchell, the development minister, openly stated to the House of Commons International Development Committee: 'Let's not beat around the bush. We are not a development superpower at the moment.'<sup>110</sup> The current government's development white paper, published in November 2023, has set out plans for recapturing UK development leadership.<sup>111</sup> It has focused on areas of traditional UK strength: addressing extreme poverty and debt distress. However, the diversion of more than a quarter of the aid budget to spending within the UK – on housing refugees and asylum seekers, and associated costs – has muddied priorities and diminished the government's scope for spending abroad.<sup>112</sup>

<sup>109</sup> Abate Demissie, A. (2023), *Navigating the regionalization of Ethiopia's Tigray conflict: How regional and international actors can help consolidate peace*, Research Paper, London: Royal Institute of International Affairs, <https://doi.org/10.55317/9781784135744>; Rynn, S. (2023), 'On Shifting Ground: An Appraisal of UK Engagement in Ethiopia', Royal United Services Institute for Defence and Security Studies, 28 February 2023, <https://www.rusi.org/explore-our-research/publications/occasional-papers/shifting-ground-appraisal-uk-engagement-ethiopia>.

<sup>110</sup> Worley, W. (2022), 'Mitchell: UK must restructure FCDO to regain aid 'superpower' status', Devex, 7 December 2022, <https://www.devex.com/news/mitchell-uk-must-restructure-fcdo-to-regain-aid-superpower-status-104575>.

<sup>111</sup> UK International Development (2023), *International development in a contested world: ending extreme poverty and tackling climate change: A White Paper on International Development*, November 2023, <https://www.gov.uk/government/publications/international-development-in-a-contested-world-ending-extreme-poverty-and-tackling-climate-change>.

<sup>112</sup> Foreign, Commonwealth & Development Office (2024), *Statistics on International Development: Provisional UK Aid Spend 2023*, 10 April 2024, <https://assets.publishing.service.gov.uk/media/6616447ceb8a1bb45e05e352/Statistics-on-International-Development-Provisional-UK-Aid-Spend-2023.pdf>.

The Labour Party, which finds international development in many respects the easiest area of foreign policy to address, has set out its programme for government on the basis of explicit ‘missions’. This might be a useful guiding framework for its development policy too, avoiding the trap of focusing too much on institutional structures and spending. Supporting the rollout of promising malaria vaccines (one of which was successfully developed in the UK), scaling up the use of effective programmes for the extreme poor (such as through cash transfers), improving poor countries’ access to climate finance and pushing for a better approach to developing-country debt are all potential areas for action by the next government.

## An opportunity for leadership on climate and the energy transition

On climate policy, the UK has a good claim to be providing international leadership already. It has set relatively ambitious domestic targets on reducing greenhouse gas emissions – although the current government’s retreat from some goals has weakened credibility somewhat: the Climate Change Committee recently described its confidence in the UK meeting its 2030 emissions target as ‘low’.<sup>113</sup>

Nonetheless, the opportunity remains for the next government to play a prominent role in international action on climate change. The UK has promised to spend £11.6 billion on climate finance for overseas partners by 2026.<sup>114</sup> It also spearheaded efforts during its presidency of COP26 in 2021 to strike funding deals between international partners and fossil fuel-dependent emerging economies to help the latter mobilize investment in the green transition. Just Energy Transition Partnerships (JETPs), as such arrangements are called, were agreed with Indonesia, South Africa and Vietnam in 2022.<sup>115</sup> The UK’s export credit agency also announced in late 2022 that it would allow poor states struck by climate disasters to defer debt repayments<sup>116</sup> – in practice, this will apply to only a fraction of low-income-country debt, but the approach is intended to serve as a model for others.

Many of the states with which the UK seeks strategic relationships are low- or middle-income countries under threat from climate change. Bangladesh, India, Pakistan and South Africa all have historic ties to the UK and face urgent climate risks.<sup>117</sup> Yet all abstained from the UN vote on Ukraine in 2022. While the broader

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<sup>113</sup> Climate Change Committee (2023), ‘Progress towards reaching Net Zero in the UK’, October 2023, <https://www.theccc.org.uk/uk-action-on-climate-change/progress-snapshot>.

<sup>114</sup> Mitchell, I., Hughes, S. and Wickstead, E. (2023), ‘How the UK is Financing New Billions for Climate and Ukraine’, Center for Global Development, 7 September 2023, <https://www.cgdev.org/blog/how-uk-financing-new-billions-climate-and-ukraine>.

<sup>115</sup> Cabinet Office, The Rt Hon Rishi Sunak MP and The Rt Hon Sir Alok Sharma KCMG MP (2022), ‘Indonesia Just Energy Transition Partnership Launched at G20’, 15 November 2022, <https://www.gov.uk/government/news/indonesia-just-energy-transition-partnership-launched-at-g20>; Foreign, Commonwealth & Development Office, Prime Minister’s Office, 10 Downing Street and The Rt Hon Rishi Sunak MP (2022), ‘South Africa Just Energy Transition Investment Plan: joint statement’, 7 November 2022, <https://www.gov.uk/government/news/joint-statement-south-africa-just-energy-transition-investment-plan>; Foreign, Commonwealth & Development Office (2022), ‘Vietnam’s Just Energy Transition Partnership: political declaration’, 14 December 2022, <https://www.gov.uk/government/publications/vietnams-just-energy-transition-partnership-political-declaration>.

<sup>116</sup> UK Export Finance (2022), ‘UK Export Finance launches new debt solution to help developing countries with climate shocks’, 8 November 2022, <https://www.gov.uk/government/news/uk-export-finance-launches-new-debt-solution-to-help-developing-countries-with-climate-shocks>.

<sup>117</sup> Climate Change Knowledge Portal (undated), ‘Climate Risk Country Profiles’, World Bank, <https://climateknowledgeportal.worldbank.org/country-profiles>.

Global South has been split on the Ukraine conflict, the vote challenged Western assumptions that some of these countries would act in solidarity.<sup>118</sup> Forging stronger partnerships on issues of concern to low- and middle-income countries – such as climate change – might strengthen these alliances. China also competes in these areas, seeking to provide influential investment and public goods to potential middle-income allies through its Belt and Road Initiative (BRI), especially those elements focused on sustainability and decarbonization.<sup>119</sup> The next UK government could seek to counter Chinese influence by delivering or coordinating more climate and resilience investments from the UK and its allies. This will not be easy, given budgetary constraints. Nonetheless, the next UK government should continue to seek to be part of country-driven, tailored JETPs for middle-income countries.

Many low- or middle-income states are also resource-rich; their critical minerals are indispensable to the net zero transition. The UK has historically been a leader in governance of extractive industries, and London is a global centre for fundraising, minerals trading and industry bodies related to extractives. The UK can build on bilateral partnerships as well as on its membership of the Minerals Security Partnership (see also Chapter 2), a grouping set up by the US to provide public and private investment for mineral supply chains to countries with critical mineral resources. It should aim to support standard-setting, compliance and the sharing of economic benefits from the green transition. The next government should also use its oversight of London's global financial centre to demonstrate how the vast flows of climate finance needed for the net zero transition in the developing world can be protected from corruption and weak governance.<sup>120</sup>

## A UK role in more effective development finance

In many policy areas, the UK is not a significant actor alone. But it can work with mid-sized powers and developing countries with which it shares common causes to be part of coalitions seeking reform. One example is the Bridgetown Agenda proposed by Mia Mottley, the prime minister of Barbados, which seeks better access to climate finance and credit for lower-income countries. The UK can also try to maximize its position in the G20 and the Commonwealth, both institutions where it maintains links with Global South countries. Similarly, the UK's position as a permanent member of the UN Security Council continues to give it diplomatic leverage within the UN system; the UK is a frequent drafter of key texts and its diplomatic skills are still rated highly.<sup>121</sup>

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<sup>118</sup> United Nations (2022), 'General Assembly Overwhelmingly Adopts Resolution Demanding Russian Federation Immediately End Illegal Use of Force in Ukraine, Withdraw All Troops', 2 March 2022, <https://press.un.org/en/2022/ga12407.doc.htm>.

<sup>119</sup> Civillini, M. (2023), 'China's Belt and Road gets 'green' reboot and spending boost', Climate Home News, 19 October 2023, <https://www.climatechangenews.com/2023/10/19/chinas-clean-energy-program-belt-and-road/>; Suroyo, G. and Sulaiman, S. (2023), 'Indonesia to seek China's help to develop renewables at Belt and Road Forum', Reuters, 16 October 2023, <https://www.reuters.com/sustainability/indonesia-seek-chinas-help-develop-renewables-belt-road-forum-2023-10-16>.

<sup>120</sup> Vandome, C. (2023), 'Written evidence submitted by Africa Programme, Chatham House (MIN0033) UK Engagement in Africa on Critical Minerals', UK Parliament, 29 March 2023, <https://committees.parliament.uk/writtenevidence/118825/html>; House of Commons Foreign Affairs Committee (2023), *A rock and a hard place: building critical mineral resilience*.

<sup>121</sup> Gifkins, J., Jarvis, S. and Ralph, J. (2019), *Global Britain in the United Nations*, United Nations Association UK, February 2019, [https://una.org.uk/sites/default/files/UNA-UK\\_GlobalBritain\\_20190207d.pdf](https://una.org.uk/sites/default/files/UNA-UK_GlobalBritain_20190207d.pdf).



As a prominent contributor to multilateral institutions, the UK can be a voice for their reform.<sup>122</sup> It can help to address strains in the post-1945 architecture of international financial institutions, development banks and standard-setting bodies. The UN's own analysis finds that poorer countries are especially affected by high borrowing costs, financial market volatility (leading to periodic debt distress), underinvestment in global public goods (such as pandemic response and climate adaptation and mitigation), and slow access to emergency finance.<sup>123</sup>

## Development finance will be less effective if poorer countries are caught in a cycle of spending their budgets on servicing debt. Working with others, the UK might usefully continue to design model debt relief instruments.

Multilateral development banks remain one of the most important sources of climate finance for developing countries.<sup>124</sup> The UK has some tools to mobilize such finance without spending much more of its own money. It is already putting these tools to use: its provision of loan guarantees to increase multilateral development bank support to poorer countries has, by some estimates, generated an additional £5 billion in lending from such institutions.<sup>125</sup> The UK should continue to focus on ways to get multilateral development banks to provide more and faster support to developing countries facing climate challenges, and it should work with others to reform the wider system.

A priority must be to address developing-country debt. As of 2023, around 60 per cent of low-income countries were either in debt distress or at high risk of debt distress.<sup>126</sup> Efforts to restructure such debt – as in Zambia – have been prolonged and difficult.<sup>127</sup> But direct development finance will be less effective if poorer countries are caught in a cycle of spending their budgets on servicing debt. Working with others, the UK might usefully continue to design model debt relief instruments. It should engage with private creditors, which now account for a bigger share of developing-country debt than in the 2010s,<sup>128</sup> to create debt relief packages or restructure debt outside existing frameworks. The fact that sovereign

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<sup>122</sup> Rogerson, A. and Mitchell, I. (2023), 'How the UK can Make the Best Use of the Multilateral Development Finance System', Center for Global Development, 6 December 2023, <https://www.cgdev.org/publication/how-uk-can-make-best-use-multilateral-development-finance-system>.

<sup>123</sup> United Nations (2023), *Reforms to the International Financial Architecture*, Our Common Agenda Policy Brief 6, May 2023, <https://sdgs.un.org/sites/default/files/2023-08/our-common-agenda-policy-brief-international-finance-architecture-en.pdf>.

<sup>124</sup> Mitchell, I., Hughes, S. and Wickstead, E. (2023), *UK Development Finance beyond ODA: Mapping and Assessing the UK's Non-grant Development Finance*, Policy Paper 307, Center for Global Development, September 2023, <https://www.cgdev.org/sites/default/files/uk-development-finance-beyond-oda-mapping-and-assessing-uks-non-grant-development.pdf>.

<sup>125</sup> Mitchell, Hughes and Wickstead (2023), 'How the UK is Financing New Billions for Climate and Ukraine'.

<sup>126</sup> International Monetary Fund (2023), 'Public Debt', *Committed to Collaboration: IMF Annual Report 2023*, <https://www.imf.org/external/pubs/ft/ar/2023/in-focus/public-debt>.

<sup>127</sup> Abeyrathne, D. H. (2023), 'A Tale of 3 Nations: Debt Restructuring in Ghana, Zambia, and Sri Lanka', *The Diplomat*, 4 November 2023, <https://thediplomat.com/2023/11/a-tale-of-3-nations-debt-restructuring-in-ghana-zambia-and-sri-lanka>.

<sup>128</sup> Loft, P. and Brien, P. (2024), *Debt relief for low-income countries*, House of Commons Library, 10 January 2024, <https://researchbriefings.files.parliament.uk/documents/CBP-9830/CBP-9830.pdf>.

debt owed to private creditors is often governed by English law also points to a useful role for the UK in this area.<sup>129</sup>

In addressing developing-country debt distress, the UK will have to confront the role of China. China has a big and complex agenda in international development, even though it now regards the massive infrastructure projects associated with its BRI as much less feasible. There was a clear shift to smaller projects, and a reduced focus on infrastructure, in China's most recent international economic programme, the 2021 Global Development Initiative.<sup>130</sup> Many of China's BRI investments are also now more focused on sectors and technologies related to the green transition.<sup>131</sup> Nonetheless, as of 2022, China was the largest official creditor in over half of low-income countries, and it will remain an important player in any attempt to manage developing-country debt.<sup>132</sup>

The UK is unlikely to have influence over China on its own, but working through international institutions to encourage Beijing to agree to debt relief or debt restructuring – as China did for Sri Lanka via an IMF deal<sup>133</sup> – may be one way to exert leadership.

China also has an important role in the multilateral architecture. Lack of agreement on whether China's voting weights in the IMF and World Bank should be adjusted to reflect its growing economic strength blocked efforts to increase the resources of the two institutions at their recent annual meetings in Marrakesh, Morocco. China has also sought to build its own multilateral institutions. One example is the Asian Infrastructure Investment Bank (AIIB), conceived to some degree as a Chinese 'answer' to more Western-dominated regional development banks. There remains controversy over the degree to which the AIIB is dominated by the Communist Party of China. The UK, as a founding member and the first country outside Asia to join the AIIB, might usefully push for clear governance, including a rotating presidency, a resident board or other oversight mechanisms.<sup>134</sup>

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<sup>129</sup> Wilton Park (2023), 'The increasing diversity of bilateral creditors and geopolitical challenges', September 2023, <https://www.wiltonpark.org.uk/reports/emerging-markets-in-debt-distress-exploring-options-for-debt-restructuring/the-increasing-diversity-of-bilateral-creditors-and-geopolitical-challenges>; Zhuromska, D. (2024), 'New year, new opportunities: How the UK can lead in preventing future Zambia-like debt crises', blog post, Save the Children, 19 February 2024, <https://www.savethechildren.org.uk/blogs/2024/new-year-new-opportunities-preventing-debt-crises>.

<sup>130</sup> United Nations (undated), 'Global Development Initiative-Building on 2030 SDGs for Stronger, Greener and Healthier Global Development', <https://sdgs.un.org/partnerships/global-development-initiative-building-2030-sdgs-stronger-greener-and-healthier-global#description>.

<sup>131</sup> Nedopil, C. (2024), *China Belt and Road Initiative (BRI) Investment Report 2023*, Griffith Asia Institute, Griffith University (Brisbane) and Green Finance & Development Center, FISS Fudan University (Shanghai), DOI: 10.25904/1912/5140, <https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2023>.

<sup>132</sup> UK Parliament (2022), 'IDC inquiry: Debt relief in low income countries', written evidence submitted by the Foreign, Commonwealth & Development Office in partnership with HM Treasury, June 2022, <https://committees.parliament.uk/writtenevidence/109434/html>; Vines, A., Butler, C. and Jie, Y. (2022), *The response to debt distress in Africa and the role of China*, Research Paper, London: Royal Institute of International Affairs, <https://doi.org/10.55317/9781784135201>.

<sup>133</sup> Parkin, B., Ratnaweera, M. and Wheatley, J. (2023), 'Sri Lanka's IMF deal edges closer as China backs debt restructure', *Financial Times*, 7 March 2023, <https://www.ft.com/content/93b679db-7e16-48fe-a98c-b7f1840a42eb>.

<sup>134</sup> Wihtol, R. (2023), 'Does China wield excessive influence in the Asian Infrastructure Investment Bank?', *The Interpreter*, Lowy Institute, 16 June 2023, <https://www.loyyinstitute.org/the-interpreter/does-china-wield-excessive-influence-asian-infrastructure-investment-bank>.

## Technology governance

A further area for cautious engagement with China is the governance of technology, as seen in the UK government's efforts to bring Chinese representatives to the AI Safety Summit in Bletchley Park in November 2023. Though it attracted fewer world leaders than originally targeted and was arguably dominated by Big Tech, the summit was a good demonstration of the UK being a broker of solutions to global problems. Pulling together a summit that managed to get the US and China to sign up to shared language on the risks from artificial intelligence (AI), a technology which the two countries actively compete to develop, was an achievement.

AI governance offers broader scope for UK leadership. The UK needs to work out its domestic regulatory approach, but rather than see the AI Safety Summit as having been a single event attached to the current prime minister, it could continue to mediate between interests: the two influential AI poles of the US and China; the regulatory force of the EU; and the major tech companies developing frontier AI models. As most of the world outside these blocs is excluded from the governance debate and lacks sufficient visibility of technical developments, the next UK government could play a useful role shaping the governance of AI risks and working out how to include tech companies in multilateral discussions or processes.

## Leading by example: the use of reputation

If the UK seeks to be a leading voice in global governance, international development and reform of the multilateral system, the next government should recognize the damage to the UK's reputation and influence that occurs when the country disregards (or threatens to disregard) international agreements or is perceived as taking law 'to its fringes' at home. The UK has historically championed international law; when it departs from such principles itself, it undermines other countries' respect for the rule of law.

The power of example is all the more important in these times, when the post-war system is contested so vigorously. A new government will struggle to advocate that lower- and middle-income countries, many of which host far more refugees than the UK, should abide by international law in relation to refugees and migration if the UK itself is stretching definitions of the law at home – including through recent legislation to remove asylum seekers to Rwanda. The Rwanda policy goes beyond some of the offshore processing schemes proposed by some other developed countries, and its implementation is likely to face challenges in international courts.<sup>135</sup>

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<sup>135</sup> Gower, M., Butchard, P. and McKinney, C. J. (2024), *The UK-Rwanda Migration and Economic Development Partnership*, Research Briefing, House of Commons Library, 25 April 2024, <https://commonslibrary.parliament.uk/research-briefings/cbp-9568> (accessed 29 April 2024); Dawson, J. and McKinney, C. J. (2023), *Safety of Rwanda (Asylum and Immigration) Bill 2023-24*, Research Briefing, House of Commons Library, 8 December 2023, <https://commonslibrary.parliament.uk/research-briefings/cbp-9918>; Sagoo, R. (2023), 'The UK's Safety of Rwanda Bill is a reminder that democracies are not immune from attacks on the rule of law', Chatham House Expert Comment, 8 December 2023, <https://www.chathamhouse.org/2023/12/uks-safety-rwanda-bill-reminder-democracies-are-not-immune-attacks-rule-law>; Walsh, P. W. (2024), 'Q&A: The UK's policy to send asylum seekers to Rwanda', Migration Observatory, 10 January 2024, <https://migrationobservatory.ox.ac.uk/resources/commentaries/qa-the-uks-policy-to-send-asylum-seekers-to-rwanda>.

The UK also needs better plans for increasing its representation in multilateral institutions. It should make the most of its new status as an ASEAN dialogue partner. And it must ensure it can reliably supply high-calibre candidates for senior positions in international institutions. This means nurturing talent, encouraging the nomination and appointment of well-qualified UK personnel to major institutions (including in the international judiciary), and making provision for succession planning. The UK should continue to invest in high-quality specialist international legal advice for government ministers and research analysts, who together provide the UK's expert institutional memory for foreign policy.

The next government might also usefully take a more consistent approach to what the 2021 Integrated Review called the UK's 'soft power superpower' status.<sup>136</sup> The global reach and recognition of the UK's cultural assets are massive. However, the UK tends to conflate a positive global image with real influence; soft power is more complex than global recognition or regard, requires investment, and is also not a substitute for hard or economic power.<sup>137</sup>

Having world-leading media in particular can translate into strategic influence, especially as disinformation becomes a more frequent tool of authoritarian and hostile states. An estimate from the BBC suggests that China spends \$6–10 billion annually on its state media network, CGTN.<sup>138</sup> The UK government has long claimed the BBC World Service – with its estimated reach of 365 million people each week and ability to provide news and information in closed states and conflicts<sup>139</sup> – as a soft power asset. But it has failed to fund the service consistently. It removed consistent FCO funding in 2014, leaving programming to be covered by the BBC licence fee and ad hoc government support – which has been forthcoming, but only covering the most recent government spending review period to 2024/25.<sup>140</sup> A one-off grant of £20 million set out in the Integrated Review Refresh also only covers the period to 2025.<sup>141</sup> As AI and new technologies undermine the reliability of information, there is an opportunity for the UK to play a strategic role as a trusted backer of impartial media. But it needs to provide long-term funding for this.

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<sup>136</sup> HM Government (2021), *Global Britain in a competitive age: the Integrated Review of Security, Defence, Development and Foreign Policy*, p. 49; Clarke, M. (2021), 'Soft Power in the Integrated Review: More promise than delivery, so far', King's College London Centre for Defence Studies, 19 July 2021, <https://www.kcl.ac.uk/soft-power-in-the-integrated-review-more-promise-than-delivery-so-far>.

<sup>137</sup> Singh, J. P., MacDonald, S. and Son, B. (2017), *Soft Power Today: Measuring the Influences and Effects*, British Council, October 2017, [https://www.britishcouncil.org/sites/default/files/3418\\_bc\\_edinburgh\\_university\\_soft\\_power\\_report\\_03b.pdf](https://www.britishcouncil.org/sites/default/files/3418_bc_edinburgh_university_soft_power_report_03b.pdf).

<sup>138</sup> Alim, A. N. (2023), 'BBC chair calls on UK government to take over funding for World Service', *Financial Times*, 19 January 2023, <https://www.ft.com/content/89499d08-be51-4bca-8ec7-14286135e3d9>.

<sup>139</sup> BBC (2022), *BBC Group Annual Report and Accounts 2021/22*, <https://downloads.bbc.co.uk/aboutthebbc/reports/annualreport/ara-2021-22.pdf>; Potter, S. (2022), 'BBC at 100: the future for global news and challenges facing the World Service', *The Conversation*, 14 October 2022, <https://theconversation.com/bbc-at-100-the-future-for-global-news-and-challenges-facing-the-world-service-192296>.

<sup>140</sup> UK Parliament (2022), 'BBC World Service: Finance – Question for Foreign, Commonwealth and Development Office', Written questions, answers and statements, 9 November 2022, <https://questions-statements.parliament.uk/written-questions/detail/2022-11-09/83669>.

<sup>141</sup> Foreign, Commonwealth & Development Office, BBC World Service and The Rt Hon James Cleverly MP (2023), 'New funding to protect BBC World Service language services', 13 March 2023, <https://www.gov.uk/government/news/new-funding-agreed-to-keep-bbc-world-service-on-air>; HM Government (2023), *Integrated Review Refresh 2023*, p. 14.

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# 05 Affording a global role

**The next UK government will have limited resources for its international agenda. Foreign aid, defence, and science and technology all need more funding to achieve the goals we have recommended. That means trade-offs and clear priorities. Investing in strategic influence should be a guiding principle for policymakers.**

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Addressing the international crises explored in this paper will cost money. But under the UK's current fiscal rules, the next government will have very limited capacity for spending. Commitments to lower the debt-to-GDP ratio are already at odds with existing plans for funding domestic public services.<sup>142</sup> The Institute for Fiscal Studies (IFS) finds that by one measure, reducing the debt-to-GDP ratio will be more challenging than it has been for any government since the 1950s.<sup>143</sup>

Given these constraints, where can the UK prioritize investments in its global commitments? Ideally it would spend more on defence and international development; more feasibly, it might focus on more consistent, effective spending and – that old bugbear, which has driven the Public Accounts Committee in parliament to distraction – better procurement. It can also make more of its competitive science and technology base, a source of global power, by easing barriers to investment.

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<sup>142</sup> Warner, M. and Zaranko, B. (2023), *Implication of the NHS workforce plan*, Institute for Fiscal Studies, 30 August 2023, <https://ifs.org.uk/publications/implications-nhs-workforce-plan>; Davies, N. et al. (2023), 'Performance Tracker 2023: Cross-service analysis', 30 October 2023, <https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023/cross-service-analysis>.

<sup>143</sup> Emmerson, C., Farquharson, C., Johnson, P. and Zaranko, P. (2024), *Constraints and trade-offs for the next government*, Institute for Fiscal Studies, 25 January 2024, <https://ifs.org.uk/publications/constraints-and-trade-offs-next-government>.

## Foreign aid – increase spending and make it predictable

If the UK seeks to be influential on global governance, then returning to its commitment to spend 0.7 per cent of gross national income (GNI) on official development assistance (ODA) would help. However, a more immediate priority should be to re-establish the predictability of aid spending in general, regardless of whether it amounts to 0.5 per cent of GNI (as at present) or the target 0.7 per cent.

One idea for achieving this – as the Center for Global Development and Institute for Fiscal Studies propose – would be to base the spending target on the *previous* year's GNI, while holding a reserve within the spending target for emergencies and shocks.<sup>144</sup>

**The priority should be clarifying the purpose of development spending and ensuring it is governed well. This also means addressing the fact that a substantial share of ODA is now spent on accommodation for asylum seekers and refugees in the UK.**

The priority should be clarifying the purpose of development spending and ensuring it is governed well. This also means addressing the fact that a substantial share of ODA is now spent on accommodation for asylum seekers and refugees in the UK. This category of spending accounted for over a quarter of the aid budget in 2023.<sup>145</sup> Moreover, the reported £3.7 billion spent by the Home Office and other agencies on hotel accommodation for refugees and asylum seekers in 2022 was 1.6 times the amount spent bilaterally in Africa and Asia during that year (almost £2.3 billion combined).<sup>146</sup> Domestic expenditure on refugees and asylum seekers is a legitimate use of aid, but a system in which one department draws on another's budget to do so is fraught with moral hazard – it limits the incentives to ensure value for money, control costs or be accountable on either measure. The irony is that the merger of departments that created the Foreign, Commonwealth & Development

<sup>144</sup> Zaranko, B., Mitchell, I. and Tyskerud, Y. (2024), 'Three Ways to Improve the Design of the UK's Overseas Aid Spending Target', Center for Global Development, 18 January 2024, <https://www.cgdev.org/blog/three-ways-improve-design-uks-overseas-aid-spending-target>.

<sup>145</sup> Foreign, Commonwealth & Development Office (2024), *Statistics on International Development: Provisional UK Aid Spend 2023*.

<sup>146</sup> House of Commons International Development Committee (2023), 'Mealy-mouthed' Government response to spending aid in UK report misses the point', UK Parliament, 22 May 2023, <https://committees.parliament.uk/committee/98/international-development-committee/news/195280/mealy-mouthed-government-response-to-spending-aid-in-uk-report-misses-the-point>; Foreign, Commonwealth & Development Office (2024), 'Statistics on International Development: Final UK Aid Spend 2022', updated 26 April 2024, <https://www.gov.uk/government/statistics/statistics-on-international-development-final-uk-aid-spend-2022/statistics-on-international-development-final-uk-aid-spend-2022> (accessed 1 May 2024).

Office (FCDO) in 2020 likely prompted some officials to hope for increased funding for the former FCO, which had long been poorer in comparison to DFID; in the event, large proportions of the funding ended up with the Home Office.

The next government should address the muddling of responsibilities that comes from multiple departments spending money classed as aid, and situate oversight and accountability for this spending clearly with the FCDO. It might consider capping the proportion of the aid budget that can be spent domestically. It could also re-emphasize and strengthen former DFID processes that included the obligation to justify aid spending on the basis of expected development results, publish plans and project documents, and use independent evaluations of impact.<sup>147</sup>

## Defence spending and investment – a prioritization challenge looms

The UK government says it plans to spend 2.3 percent of GDP on defence in 2024; NATO figures suggest it has consistently been spending just over 2.1 per cent of GDP on defence from 2014 to 2023.<sup>148</sup> The current government has expressed the ambition to raise this share to 2.5 per cent by 2030, and the Labour Party has said it would do so ‘as soon as resources allow’.<sup>149</sup> But questions remain about how the increase to 2.5 per cent will be funded, and given the threats the UK faces, especially of security crises in Europe, a target of spending at least 3 per cent of GDP on defence would be better.

Recruitment and force size are both worries. The UK has just over 152,000 full-time personnel in its armed forces. Current targets are to reduce this to around 30,000 personnel each in the Royal Navy and Royal Air Force, and to 73,000 in the Army (down from a 2015 target of 85,000). Recent warnings suggest force sizes may end up even lower, however, as people are leaving the armed forces faster than they can be enlisted.<sup>150</sup> Despite being about the sixth highest military spender in the world,<sup>151</sup> the UK has problems with equipment and weaponry. It has suffered highly publicized procurement delays. In addition to equipment quality, there remain

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<sup>147</sup> Dissanayake, R. and Dercon, S. (2022), *Steering towards Scylla: Rescuing UK Development Policy from Disaster*, Center for Global Development, 9 December 2022, <https://www.cgdev.org/sites/default/files/steering-scylla-rescuing-uk-development-policy-disaster.pdf>; Kenny, C. (2023), ‘Charting a Course Back for UK Development Policy’, Center for Global Development, 1 August 2023, <https://www.cgdev.org/blog/charting-course-back-uk-development-policy>; Dissanayake, R. and Calleja, R. (2024), ‘Doing Development Better: How Should the ‘D’ in FCDO Be Organized?’, Center for Government Development, 25 January 2024, <https://www.cgdev.org/blog/doing-development-better-how-should-d-fcdo-be-organized>; Worley, W. (2023), ‘Nearly one-third of 2022 UK aid spent on refugees at home, says watchdog’, Devex, 29 March 2023, <https://www.devex.com/news/nearly-one-third-of-2022-uk-aid-spent-on-refugees-at-home-says-watchdog-105230>.

<sup>148</sup> NATO (2023), ‘Defence Expenditure of NATO Countries (2014-2023)’, press release, 7 July 2023, [https://www.nato.int/cps/en/natohq/news\\_216897.htm?selectedLocale=en](https://www.nato.int/cps/en/natohq/news_216897.htm?selectedLocale=en).

<sup>149</sup> Seddon and Beale (2024), ‘Rishi Sunak vows to boost UK defence spending to 2.5% of GDP by 2030’; Adu, A. (2024), ‘Labour aims to raise defence spending to 2.5% of GDP’, *Guardian*, 12 April 2024, <https://www.theguardian.com/politics/2024/apr/11/keir-starmer-labour-defence-nuclear-deterrent-barrow>.

<sup>150</sup> Kirk-Wade, E. and Mansfield, Z. (2023), *UK defence personnel statistics*, House of Commons Library, 18 July 2023, <https://researchbriefings.files.parliament.uk/documents/CBP-7930/CBP-7930.pdf>; Brown, F. (2024), ‘Grant Shapps rejects claims the army will shrink further after 1930s danger warning’, Sky News, 21 January 2024, <https://news.sky.com/story/grant-shapps-rejects-claims-the-army-will-shrink-further-after-1930s-danger-warning-13053088>.

<sup>151</sup> Ministry of Defence (2024), ‘Finance and economics annual statistical bulletin: international defence 2023’, HM Government, 11 April 2024, <https://www.gov.uk/government/publications/international-defence-expenditure-2023/finance-and-economics-annual-statistical-bulletin-international-defence-2023>.

concerns about limited reserves of warships (many of which are ageing beyond planned operational lifespans), modern armoured vehicles (which have been plagued by procurement problems) and combat aircraft.<sup>152</sup> The war in Ukraine has intensified scrutiny of a number of critical gaps in the UK's capabilities – particularly in munitions stockpiles, but also around the UK's readiness to meet its commitment to field a full warfighting division for NATO without support from an ally or addressing logistics gaps.<sup>153</sup>

The fiscal trade-offs around defence are formidable. Some of the significant drivers of UK defence spending, beyond personnel, are expected to be in modernization of nuclear weapons systems and modernization of the Army.<sup>154</sup> Delivering in these two areas alone, especially given the risk of budget overruns, will be challenge enough for the next government.<sup>155</sup>

## The war in Ukraine has intensified scrutiny of a number of critical gaps in the UK's capabilities – particularly in munitions stockpiles, but also around the UK's readiness to meet its commitment to field a full warfighting division for NATO without support from an ally or addressing logistics gaps.

Yet if it does not spend more, the government will have to reduce the range of things it asks the military to do. An interim goal might be reversing the projected shrinkage of the Army. This would require better retention and use of reservists, improvements in recruitment and housing, and credible plans to meet the UK's full commitments to NATO. Priorities should also include replenishing stocks of equipment, weapons and munitions, supporting Ukraine, and continuing to support AUKUS and GCAP.

Meeting a goal of spending 3 per cent of GDP on defence would help with these efforts. Spending *better* is also feasible by addressing long-recognized problems in procurement. This means making the UK's defence procurement entities more accountable to parliament; ensuring there are fewer changing, complex and detailed

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<sup>152</sup> House of Commons Defence Committee (2023), *It is broke – and it's time to fix it: The UK's defence procurement system*, Ninth Report of Session 2022–23, 16 July 2023, <https://committees.parliament.uk/publications/40911/documents/199247/default>.

<sup>153</sup> Ibid.; House of Commons Defence Committee (2024), *Ready for War?*, First Report of Session 2023–24, 4 February 2024, <https://committees.parliament.uk/publications/43178/documents/214880/default>.

<sup>154</sup> *The Economist* (2024), 'How to fix British defence', 1 February 2024, <https://www.economist.com/leaders/2024/02/01/how-to-fix-british-defence>; Mills, C. and Kirk-Wade, E. (2023), *The cost of the UK's strategic nuclear deterrent*, Research Briefing, House of Commons Library, 3 May 2023, <https://researchbriefings.files.parliament.uk/documents/CBP-8166/CBP-8166.pdf>.

<sup>155</sup> Public Accounts Committee (2024), 'UK defence: No credible Government plan to deliver desired military capabilities'; Bronk, J. (2023), 'The Global Combat Air Programme is Writing Cheques that Defence Can't Cash', Royal United Services Institute for Defence and Security Studies, 27 April 2023, <https://www.rusi.org/explore-our-research/publications/commentary/global-combat-air-programme-writing-cheques-defence-cant-cash>.



requirements for weapons systems; and placing a greater focus on incremental procurement and getting the basics right.<sup>156</sup> Bolstering UK industry to sustain military supplies to Ukraine should also be a priority.<sup>157</sup>

Some of the UK's investments in defence, science and technology could help Britain retain its competitive edge economically in addition to contributing to its hard power. The AUKUS pact has the potential to create significant numbers of jobs and stimulate investment in industrial centres such as Barrow-in-Furness.<sup>158</sup> Pillar 2 of AUKUS commits partner countries to developing critical technologies together. But uncertainties about the funding and purpose of Pillar 2 have led to delays and a lack of engagement with the private sector, despite some evidence of progress – for example, in the UK and Australia's joint statement to collaborate on quantum technology.<sup>159</sup> Some research suggests that China is ahead in the development of most of the technologies covered by AUKUS.<sup>160</sup> The next UK government might strengthen Pillar 2 by exploring other sources of investment. This could include structures intended to encourage more private investment, such as the AUKUS Defence Investors Network<sup>161</sup> or the Quad Investors Network (the latter is linked to the 'Quad' strategic security dialogue between Australia, India, Japan and the US).<sup>162</sup> The UK could also explore expanding Pillar 2 of AUKUS to include partners in Asia, or to include Canada and New Zealand (the other two members of the Five Eyes intelligence alliance).

## Investing in science and technology

In a more competitive world, investing in strategic assets at home is important to global power. The UK's science and technology base is important for prosperity, and for unlocking productivity and efficiency gains which the economy – and public services specifically – badly needs.<sup>163</sup> But science and technology power can also be mobilized in service of foreign policy. Health research innovation driven by the UK – enabled by a public health infrastructure that supports large-scale clinical trials – led to the discovery of one of the first effective drugs to reduce COVID-19

<sup>156</sup> House of Commons Defence Committee (2023), 'It is broke – and it's time to fix it: The UK's defence procurement system – Report Summary', 16 July 2023, <https://publications.parliament.uk/pa/cm5803/cmselect/cmdfence/1099/summary.html>.

<sup>157</sup> House of Commons Defence Committee (2024), *Ready for War?*; Bronk (2023), 'The Global Combat Air Programme is Writing Cheques that Defence Can't Cash'.

<sup>158</sup> Pfeifer, S. and Sevastopulo, D. (2023), 'Aukus defence pact's political pay-off will be a jobs bonanza', *Financial Times*, 14 March 2023, <https://www.ft.com/content/58a7fd30-51ae-46b0-9894-741a328e861d>.

<sup>159</sup> Department for Science, Innovation & Technology (2023), 'Joint Statement between UK and Australia on cooperation in quantum science and technologies', 7 November 2023, <https://www.gov.uk/government/publications/uk-australia-cooperation-in-quantum-science-and-technologies-joint-statement/joint-statement-between-uk-and-australia-on-cooperation-in-quantum-science-and-technologies>.

<sup>160</sup> Needham, K. (2023), 'China leads tech race, highlighting need for AUKUS sharing, says think-tank', Reuters, 5 June 2023, <https://www.reuters.com/world/china-leads-tech-race-highlighting-need-aukus-sharing-says-think-tank-2023-06-05>; Australian Strategic Policy Institute 'Critical Technology Tracker', <https://techtracker.aspi.org.au> (accessed 7 April 2024).

<sup>161</sup> Ministry of Defence (2024), 'AUKUS defence ministers joint statement: April 2024', policy paper, 8 April 2024 – see 'Private sector financing' section for reference to the Defence Investors Network, <https://www.gov.uk/government/publications/aukus-defence-ministers-joint-statement-april-2024/aukus-defence-ministers-joint-statement-april-2024>.

<sup>162</sup> Not to be confused with a grouping of the same name covering Middle East issues – see Chapter 4. For more information on the Quad Investors Network, see <https://quadinvestorsnetwork.org>.

<sup>163</sup> Hoddinott, S. et al. (2023), *Performance Tracker 2023: Public services as the UK approaches a general election*, Institute for Government, 30 October 2023, <https://www.instituteforgovernment.org.uk/publication/performance-tracker-2023>.

mortality.<sup>164</sup> British research institutions played a significant role in the decades-long development of the first successful malaria vaccines; in October 2023, the World Health Organization recommended for widespread use a vaccine developed by the University of Oxford, the Serum Institute of India, and biotech firm Novavax.<sup>165</sup> Science and technology development is also an area of global strategic competition. Cutting-edge technologies are sources of power, and authoritarian states, especially China, have long sought to influence their development. The UK has an interest in ensuring that its own science and technology sector is competitive.

But the UK's level of investment in this sector is lower than in countries like South Korea and Israel.<sup>166</sup> The UK's strength is arguably reliant on one or two outlier institutions.<sup>167</sup> Its research hubs badly need investment – especially in laboratory space, education and skills. The next government should ease barriers to investment, improve infrastructure (notably for power supply, 5G telecoms and broadband), and set consistent policy that gives the private sector certainty. The latter is especially needed on immigration, so that research institutions and companies can attract talent in strategic sectors. Policy may become a trade-off between the Home Office, seeking control of immigration, and other government departments seeking skilled workers.<sup>168</sup> Appointing a cross-departmental minister for immigration or otherwise managing these tensions might help ensure immigration policy is more aligned with broader objectives.

The UK also faces competition from other powers that are accelerating investment in strategic technologies, as the US and EU have respectively done through the 2022 Inflation Reduction Act and the 2023 European Chips Act. But the UK is not a continent-sized bloc like the US or EU, and lacks the resources and manufacturing base to compete with them.

The next government might consider a more targeted approach supporting the infrastructure for promising science and technology. The strategic industries of the future may well benefit from some state-backed infrastructure. Advances in AI require huge amounts of computing power and resilient semiconductor supply chains. Green technologies, from wind power to electric vehicles, require large-scale manufacturing and nationwide rollout of infrastructure such as charging points and electricity storage. The next government should therefore make targeted investment where the UK has an existing advantage from its research base, and should develop a clearer strategy for diversifying supply chains for other critical and green technologies.

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<sup>164</sup> Health Data Research UK (2020), 'Filling in the gaps: smart use of health data lies behind the RECOVERY trial's success', 17 September 2020, <https://www.hdruk.ac.uk/news/filling-in-the-gaps-smart-use-of-health-data-lies-behind-the-recovery-trials-success>.

<sup>165</sup> University of Oxford (2023), 'Oxford R21/Matrix-M™ malaria vaccine receives WHO recommendation for use paving the way for global roll-out', 2 October 2023, <https://www.ox.ac.uk/news/2023-10-02-oxford-r21matrix-m-malaria-vaccine-receives-who-recommendation-use-paving-way-global>; Malaria No More UK (undated), 'World's first malaria vaccine gets funding out', <https://malarianomore.org.uk/worlds-first-malaria-vaccine-gets-funding-rollout>.

<sup>166</sup> Palladino, M. (2022), 'Is the UK investing enough in innovation?', Cambridge Industrial Innovation Policy, 2 August 2022, <https://www.ciip.group.cam.ac.uk/reports-and-articles/is-the-uk-investing-enough-in-innovation>.

<sup>167</sup> Phillips, J. W. (2023), 'S&T – Is the UK a world leader in science?', James W. Phillips' Newsletter, 10 March 2023, <https://jameswphillips.substack.com/p/s-and-t-is-the-uk-a-world-leader>.

<sup>168</sup> Rogers, A. (2023), 'Home Office rows back on plans to hike family visa salary threshold to £38,700', Sky News, 21 December 2023, <https://news.sky.com/story/home-office-rows-back-on-plans-to-hike-family-visa-threshold-to-over-38-000-13035888>.

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# 06 Conclusion

**The UK's strong institutions, diplomatic and international development expertise, and military and cultural assets all have the potential to support a more effective and sustainable foreign policy. They need to be used more coherently.**

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The UK has many strengths that support a foreign policy which advances its interests, values and standing in the world. A history that has brought close connections across the continents – and that underpins the UK's web of modern alliances – is one. Nostalgia for a past when Britain was 'Great' is not.

The UK is a successful multi-racial democracy, comparatively harmonious, and liberal in its instincts for inclusion; high inward migration brings political strains, but this is a sign of the country's profound attractions to millions of people. It has strengths in science and technology, higher education, global finance, defence and intelligence. It has cultural influence. The country has wide-ranging and effective diplomatic networks. Contrary to its reputation for cultural conservatism, the UK has demonstrated that it is capable of great change and improvisation (for instance, in the devolution of powers from Westminster or the introduction of same-sex marriage).

But it has lacked a clear plan for deploying these strengths. One casualty has been public trust in government, and yet that trust is essential for any kind of global role for the UK. The biggest shock to the UK's international relations in recent years has been a withdrawal of public consent for the relationship between the UK and Europe. Brexit cost the country growth and prosperity, bewildered allies, and reduced the UK's influence in trade negotiations.

But with a form of Brexit essentially agreed, British politicians should shed the embarrassing language of boosterism and acknowledge the realities of the UK's position as a mid-sized power, if one with an outsized international role. The UK should build new alliances and not promise to old allies what it cannot deliver. In a world of suddenly more complex relations – with Russian troops in Ukraine, US power becoming unpredictable, and emerging powers taking on more leadership in the world, both on global issues and in the Middle East – the UK's

foreign policy must adapt to changing circumstances. At the same time, the UK's new position outside the EU grants it the chance to do just that. It now needs to use that flexibility intelligently and constructively.

In trade policy, the UK should reach for the heights of pragmatism. Globalization is stuttering in many countries. Better to have quick, partial trade or investment deals than ones that take decades to negotiate or that demand compromises which may not get political backing. Advocating for the UK's economic interests should be a priority for its politicians (who are too often hostile to the needs of financial markets, and uncomprehending of the speed of decisions needed in business).

Politicians should acknowledge that the UK needs to spend more on diplomacy, defence and foreign aid to achieve the goals set out in this research paper. If it chooses not to spend more in these areas, ministers will have to pick ruthlessly among the priorities.

In global governance, the UK should allow its principles and values to shape its goals, while recognizing that having a predictable and stable international system – including functional international institutions that can respond to global problems – is in its interests. The UK can reasonably aim to take a lead in governance and multilateral reform in a world in which many countries do not want an exclusively US- or China-led order. The UK has instincts and interests that are neither American nor wholly European – all the better to shape discussion of European security and the response to Russia, debt financing in low-income countries, and the complexity of shifting geopolitical relationships across Africa, Asia and the Middle East. If the UK moves quickly, it can also have a credible role in shaping the governance of new technologies, including AI. And it can and should continue to take a lead on climate change, as the energy transition will reshape global politics.

**One of the next government's hardest jobs may be at home. Any successful foreign policy rests on healthy institutions and prosperity. But Britain has been too casual about the need to protect its institutions and preserve its reputation for championing the rule of law.**

One of the next government's hardest jobs may be at home. Any successful foreign policy rests on healthy institutions and prosperity. But Britain has been too casual about the need to protect its institutions (including parliament and the courts) and preserve its reputation for championing the rule of law. Foreign and domestic policy are becoming ever more entwined, with the effects of global events evident at home in energy prices, immigration levels and a changing climate. Threats from hostile states and actors are ever more hybrid – security risks to the UK come in the form of cyberwarfare and economic coercion alongside traditional military threats. Yet foreign policy is often treated as a separate branch of state, locked away in the

corridors and courtyards of the FCDO's offices in King Charles Street, with the foreign secretary nominally one of the 'top three' posts in the cabinet but cut off from the horse-trading of the rest of Westminster.

The UK now needs to demonstrate to the world that it has a stable political system capable of delivering prosperity, and that government policies reflect the UK's professed values. The ability of liberal democracies to pursue their ambitions and meet their promises to their citizens plays a central role in the global competition of values and political ideas. The UK starts with many advantages on its side. It now needs to show that it can function at home in order to secure the full potential of Britain's role in the world.

## Summary of recommendations

### Navigating unpredictable great power dynamics

1. A second Biden presidency might enable the UK to pursue limited sector-specific deals in critical technology sectors, including access to subsidies under the Inflation Reduction Act. In a second Trump presidency, UK priorities should be preserving the AUKUS defence partnership with the US and Australia, and working with Congress to sustain support for Ukraine and cooperation on other shared interests.
2. The UK needs to increase its capabilities to manage its links to China. Currently, UK decision-making on China is dispersed between government departments, resulting in incoherent or competing agendas. One option would be to form a cross-government China-focused policy unit. Another would be to designate a clear lead department on China to manage the trade-offs between security and prosperity. An economic security strategy, with clear goals and targets, should give a better overview of UK vulnerabilities to supply-chain disruption or sanctions.
3. The Indo-Pacific remains important to UK security and trade, but the UK lacks the resources to fulfil its initial ambition in the 2021 Integrated Review of 'establishing a greater and more persistent presence than any other European country' in the region. The next UK government might continue to pursue a cooperative and limited version of an 'Indo-Pacific tilt'. This could focus on enhancing links with regional partners – Australia, India, Japan, South Korea – and delivering UK commitments in defence partnerships, including AUKUS and GCAP. The UK might consider expanding access to the technology-sharing pillar of AUKUS to include regional allies such as Japan and South Korea, though this will need to be balanced with maintaining the partnership with the US and Australia; there is also possibly the option of expanding access to the other two Five Eyes members (Canada and New Zealand).

## Improving the UK's relations with Europe

1. The UK should pursue limited improvements to the trading relationship with the EU when the Trade and Cooperation Agreement (TCA) is up for review in 2026 – but policymakers should recognize that any changes will not massively improve the UK's economic or strategic position.
2. The most fruitful immediate area for collaboration is likely to be in energy and climate policy – particularly linking the UK's emissions trading scheme with that of the EU to avoid disparities between UK and EU carbon prices. Such disparities, if allowed to persist, will cause UK exporters to incur carbon taxes at the EU border and will also create other trade disruptions.
3. The UK should seek closer geopolitical, defence and security cooperation with Europe as the EU considers expanding and reforming. Steps might include:
  - a) Adopting regular security and defence consultation.
  - b) Pursuing an administrative arrangement with the European Defence Agency, similar to the relationships Norway, Switzerland and Ukraine already have. This could help to reassure the UK defence industry about long-term contracts and markets, and could rebuild links with the EU on defence industrial discussions. However, if the new arrangement contained exclusions for joint exports and technology development, it could prove of limited use to the UK. Nonetheless, it would still be a step to rebuilding trust and relations.
  - c) Working more closely with the European Defence Fund as a medium- to long-term ambition. This would carry a much higher price than just pursuing structured dialogues on defence and foreign policy, as it could involve financial contributions by the UK and would be sensitive politically. However, it would have more impact in linking the UK defence industry to EU-wide projects.
4. Regular discussions on defence and security with the EU might also lay the groundwork for coordination on economic security and 'de-risking' economic links with China, and potentially on humanitarian and development partnerships with countries in the Global South.

## Strengthening a role in global governance and international development

1. The UK can use its experience in international development, its diplomatic networks and expertise, and its prominence in the multilateral system to address global problems while building alliances with mid-sized powers and a more assertive Global South. Priorities should include:
  - a) Focusing development spending on consistent and cost-effective areas of strength. This could include tackling extreme poverty through well-evidenced approaches such as cash transfers, and financing global health initiatives.

- b) Focusing on reforming multilateral financial institutions and pushing them to provide more support to low-income countries. In particular, UK efforts in this area should include the continued use of loan guarantees.
  - c) Continuing to support low-income countries and some middle-income ones with the climate transition, including through Just Energy Transition Partnerships. This could also involve building partnerships with countries rich in critical minerals to share the benefits of resource wealth, including helping them to build production and processing capacity. That could help make green technology less dependent on supply chains dominated by China, and spread more widely the economic benefits of developing such technology. The UK would also be well positioned to influence standards on resource investment.
  - d) Working with others on more effective engagement with China and private creditors around debt restructuring and debt relief for poor countries.
2. On conflict, the next government should continue to seek a constructive role in the Middle East through the UK's regional relationships. It should assist efforts to put forward credible plans for resolving the Israel–Palestine conflict, and should give more attention to preventing instability in flashpoints in its outer neighbourhood, such as in Sudan, Ethiopia and the Sahel.

### **Affording a global role**

1. The next government needs to work out how it will afford these improvements in foreign policy:
  - a) In the current international security environment, any UK government should aim to spend more on defence and readiness. We would recommend a minimum target of 3 per cent of GDP spent on defence. The UK should have credible plans for meeting its NATO commitments, should improve recruitment and retention to reverse the shrinkage of the Army, and should streamline the many tasks the military is being asked to address.
  - b) On foreign aid, the government needs to re-establish the predictability and governance of its spending. It could base the ODA spending target on the previous year's GNI, and hold a reserve for emergencies and shocks. It could ensure that the Home Office does not compete for the UK's aid budget to spend on housing refugees and asylum seekers. A good start would be to situate accountability and oversight for all aid spending with the FCDO, and further strengthen the role of international development within the department.
  - c) The next government should invest more in domestic sources of global power, in upholding the UK's reputation for impartial media, in science, technology and the UK's defence-industrial base, and in critical technologies where the UK has an existing commercial and research advantage. It should address barriers to investment such as lack of laboratory space, problems with planning, regulatory uncertainty for businesses, and complex immigration rules that make it difficult for employers to attract talent.

## About the authors

**Olivia O’Sullivan** is director of the UK in the World Programme at Chatham House. Before joining Chatham House, Olivia worked for over a decade in international development and foreign policy in the UK government, across roles in the former Department for International Development, the Cabinet Office and cross-government teams.

She was foreign policy lead and deputy head of the Open Innovation Team, a government research unit that translates academic evidence into policy. Her experience includes managing external expert engagement for the 2021 Integrated Review, working on the UK’s funding and policy response to the Rohingya refugee crisis, and overseeing a range of international development and humanitarian funding programmes.

**Bronwen Maddox** became director and chief executive of Chatham House in August 2022. Before joining Chatham House, she was director of the Institute for Government (2016–22), an independent think-tank in London promoting better government.

Bronwen is a visiting professor in the Policy Institute at King’s College London, an honorary governor of Ditchley, an honorary fellow of the British Academy and a council member of Research England, one of the research councils of UK Research and Innovation. She writes frequent op-ed columns for the *Financial Times*, and broadcasts widely.



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## About the UK in the World Programme

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**The Royal Institute of International Affairs**  
**Chatham House**

10 St James's Square, London SW1Y 4LE

T +44 (0)20 7957 5700

[contact@chathamhouse.org](mailto:contact@chathamhouse.org) | [chathamhouse.org](http://chathamhouse.org)

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