

# Making Sense of British Foreign Policy After Brexit

*Some early thoughts*

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## Introduction



Policy Exchange's "Britain in the World" project was [launched](#) by the Secretary of State for Defence, Michael Fallon, in late March 2016. At that time, three major foreign policy issues faced the UK on the immediate horizon in the next three months. The first was the EU referendum vote; the second was the publication of the Chilcot Report; and the third was the question of the renewal of Trident.

In the three months since our project began, **the existing parameters of British foreign and national security policy have been transformed**. The Chilcot Report requires careful study and reflection (and will be the subject of a subsequent report by Policy Exchange). Parliament's decision to renew Trident represents a triumph of the modernised version of [deterrence](#) that the Defence Secretary outlined at our project launch in March (though it will precipitate further debates on defence spending). More than anything, however, it is Britain's decision to leave the European Union that has transformed the foreign policy horizon.

The combined impact of these events has made for one of the most tumultuous few weeks in British politics since the Second World War. It is not to make a political point to say that Brexit has caused a deep shock to the political establishment. As the former Foreign Secretary, Philip Hammond, [told](#) Parliament, there were no major contingency plans to deal with this eventuality; and the Foreign Office would have to start "peddling fast" in order to adjust itself to the dispensation. This makes it even more important, in a period of flux and instability, that the new government demonstrates decisive political leadership. The time for recriminations and post-mortems should now pass. Despite the fact that she campaigned for a "Remain" result, the new Prime Minister has [stated](#) that "Brexit means Brexit".

## Key Points



Against this backdrop, more than ever before **we need a vision for a new British foreign policy that will secure the country's longer-term interests, security and prosperity in a changing world**.

We remain masters of our own destiny, though with increased independence comes the realisation that we must take more responsibility. There are a number of potential risks, dangers and downsides to Brexit. But there are also potential opportunities and benefits. What is beyond doubt is that bold thinking and swift action are needed in order to mitigate risks, seize opportunities, and set a new course. It is vital that the nettle is grasped, and **some broad guiding principles for future British foreign policy** are established. The duty for statesmen, [wrote](#) Henry Kissinger following the EU referendum result, "is not anguish or recrimination; it should be to transform setback into opportunity." In that spirit, the UK's **overriding aim must now be to make a success of Brexit**.

We cannot predict every challenge, or expect international affairs to develop in a way that necessarily benefits us. But the UK retains significant assets, which means that it should avoid fatalism and instead seek to shape events in its own image and to its benefit. **Making a success of Brexit – coming out of this process strengthened not weakened, relative to our neighbours – is to a great extent dependent on how the UK acts in the next five years**.

The reorientation of our foreign policy should be conducted in a spirit of cool-headedness and self-confidence. This commentary offers some initial guiding observations about how the government should approach the question of Britain's place in the world after Brexit:

- **The objective elements of British power are unchanged.** These include formal membership of international organisations such as the UN, the G7 and NATO, intelligence sharing arrangements (such as membership of the “five eyes” group), the Commonwealth and a broader network of strong alliances across the world. We have world class diplomatic and security services. In recent times, moreover, we have signalled our intent to keep investing in these assets. In July 2015, for example, the Government committed the UK to meeting the spending target of 2% of GDP required by NATO countries, for the next five years. The Government also guaranteed a real increase in the defence budget every year, until it reached £47.7 billion a year by 2020. This means that there are firm foundations to our foreign and national security policy.
- **Brexit cannot be allowed to become the latest instalment in a narrative of decline that has been building up in recent years.** To state the obvious, perception matters in international affairs. The broad priority for the UK must be to demonstrate (to allies and foes) that Britain is now even *more* open (for business), engaged (in global politics) and committed to international security (as an active and burden sharing partner in NATO). Swift and decisive action in each of these areas is needed, in order to undercut the damaging and artificial assumption that Brexit equals isolationism, or “little Englanderism”. By re-setting its relations with other states – chiefly the United States, Germany and a number of other EU member states (particularly those in the East) – the UK will also put itself in a stronger position for Brexit negotiations.
- **The overriding short-term goal for UK foreign policy right now will be to help deliver a successful Brexit negotiation with the EU.** For this, the UK must do what it can to avoid harsh terms being imposed upon it in a spirit of recrimination. Many mutual economic interests between the other EU countries and UK already exist by default. But these negotiations should also be seen as part of a reinvigorated global strategy. This is particularly important as they may take between four and six years to complete. There must be a simultaneous effort to embark upon a new and coherent programme of political and diplomatic engagement with non-EU nations states across the world, particularly in pursuit of new trade deals (though, for legal reasons, these cannot be officially agreed upon until Brexit is complete). While many such agreements will, by necessity, be bespoke, they must be part of a global strategy for trade that re-positions the UK at the heart of the world's free-trade economy (and, in keeping with our traditions, as one of the most forthright champions of it).
- **Even though it has now left, the UK must develop a vision for what type of European Union it would most like to see in the future, and encourage its development.** If there is one lesson from our history, it is that stability on the European continent must remain one of the highest priorities for Britain's national security. The UK can and must play a positive and active role in this, while remaining conscious not to appear as an interfering “perfidious Albion”. To that end, Britain should welcome efforts at EU reform as well as moves towards balanced economic prosperity and more social harmony on the Continent. On the flip side, while the creation of an EU “superstate” remains unlikely, this is something that the UK should seek, where possible, to

prevent. In particular, the prospect of an EU Army should continue to be resisted, because of the danger that it would undermine NATO.

- **It should be acknowledged that the UK's exit from the EU could have a political impact on the European sanctions against Russia and the broader cohesiveness of NATO.** For many years, the wheels of the EU and NATO worked with a certain synchronicity. Already, we have seen at the NATO Summit in Warsaw that this might be changing following Brexit. President Hollande has commented that "NATO has no role at all to be saying what Europe's relations with Russia should be" and that, for France, "Russia is not an adversary, not a threat" but a "partner". There are also signs that Germany is inclined towards a thawing of relations within Russia, with polling figures suggesting that a vast majority of Germans would prefer closer cooperation with Moscow.
- **Due to these shifting geopolitical dynamics, it is necessary to rediscover a sense of the "balance of power" which has guided Britain's approach to Europe for centuries.** Setting aside the issue of Russia, the UK and Germany have particularly strong incentives to maintain close relations outside the EU due to their strong trading links. Germany preferred to have the UK as a balancer within the EU but its role as a balancer outside the EU (not least because of its comparative military strength) should not be dismissed. It has long been said that US-German relations are likely to become more important in the event of Brexit, but there would continue to be limitations on such cooperation (particularly with regard to military cooperation and intelligence sharing). Rather than receding from its traditional role as the "bridge" between Europe and the US, there are good prospects for the UK to retain a strong relationship with Berlin, without being undercut in a new German-American alliance.
- **In the context of a changing "balance of power", the UK's relationship with a number of Eastern European EU members deserves renewed attention.** These "new Europe" states constitute more of a coherent bloc than they have for many years, and represent an important new factor in the strategic landscape of the Continent. There are a number of reasons why the UK should seek even stronger relationships with them. First, Britain was one of the main political driving forces behind EU's expansion in Eastern Europe in the first place, so it has a political record to build on. Second, many of these countries live in fear of a Franco-German rapprochement with Russia at their expense and are naturally looking for a "third party" support (mainly forthcoming, so far, from the United States). Third, some of them – such as Poland or Hungary – are also concerned about rising German power or trends towards EU federalism. Fourth, there is a large diaspora from Eastern Europe in the UK already who work hard and integrate well. For all these reasons, it is necessary to handle freedom-of-movement negotiations with the EU with great sensitivity. The government might also consider a refocusing of some UK foreign aid in this region, to offset some of the losses in EU funding these countries will certainly incur after Brexit, in order to strengthen goodwill and counteract possible attempts to offer punitive terms to the UK in Brexit negotiations. This approach would also chime with likely American efforts to strengthen NATO's eastern frontier in Europe.

- **Brexit underlines the vital importance of the "special relationship" with the United States.** While in the EU, Britain always had to perform a delicate balance – the so-called “Atlantic bridge” between these two worlds. Exit from the EU allows for a refocusing of priorities. A re-invigorated and revived relationship with the United States is of critical importance for a number of reasons. First, a visibly close relationship with Washington DC is a necessary disincentive for those who would impose punitive terms on the UK in the context of Brexit negotiations. Second, a stronger relationship with the world’s leading military and economic power is required in order to offset any perceived loss of "clout" on the international stage that may follow Brexit. Third, the UK has a deeper and long-established interest to counter trends towards American withdrawal or disengagement from Europe or the Middle East.
- **It is equally important that a reinvigorated “special relationship” should not be a prelude to increased dependency.** By seeking to do more for this key alliance, rather than asking more from it, the UK buys itself greater latitude of manoeuvre on other matters, such as trade with China. Not least because the US is itself likely to continue with its “pivot” towards Asia, it makes sense that the UK should place more emphasis on that part of the world too. One of the most difficult balancing acts facing the new government will be to seek to make good on the promised “golden age” of relations with China, without alienating our most important ally. The potential for tension in this area has already been seen over the Asian Infrastructure Investment Bank.
- **In undergoing its own “pivot to Asia”, the UK is likely to face dilemmas, as well as great opportunities, which require careful consideration.** The first question is whether Britain will want to expand the remit of its engagement with the region from economics/trade to also encompass Asian security and political questions. In other words, should Britain's new “global approach” include making the UK a participant in Asian geopolitics (even on a small scale, such as an arbiter, persuader, or champion of international law). The second question is to what extent the UK is best served by coordinating its efforts with the United States (given increased reliance on the “special relationship”). In part, the answer to this question is dependent on the evolution of American policy in the region over the next years, particularly after the American presidential elections in November.
- **In seeking to define its place in the world after Brexit, the UK should avoid the temptation of shifting to a narrowly mercantilist foreign policy which breaks with the nobler traditions of its past.** While new trade deals must be prioritised, any “pivot to Asia” is likely to be a medium/long-term proposition, given that in practical terms the immediate priority for the UK is to secure its position in the European space and to demonstrate its continued and even increased commitment to NATO. The negotiation of a new set of trade relationships cannot be done in isolation from geopolitical circumstances, in Asia or the Middle East (or with no concern for the domestic character of regimes in those parts of the world). Old allies and new partners will expect coherence and consistency from the UK. No country’s record is without ugly blemishes, but the UK has always defined itself as a responsible, principled and humanitarian actor on the global scene. Any return to a “neo-Elizabethan” foreign policy would mean acting in a way that would be alien to British diplomatic and military conditions, cause political controversy and undermine public support.

- **In adjusting ourselves to a changing environment we must recognise the value of the international system we have inherited, and do our utmost to preserve it.** A foreign policy that gives up on the notion of a post-1945 liberal world order risks becoming a self-fulfilling prophecy. The most recent Strategic Defence and Security Review (SDSR) placed much stock on the preservation of a “rules-based” international order, and it was right to do so. But this requires firm action on our own part. Above all, the UK must avoid the perception that it is “free loading” under the American security umbrella. Indeed, from the American perspective, there is an optimistic scenario in which the UK – still the second strongest military power in the West, and a natural US ally on issues such as Russia and the Middle East – becomes a more dynamic actor on the international scene.
- **The litmus test of the UK’s seriousness in meeting its obligations on defence is in its contribution to NATO.** As RAND have [made clear](#), “one of the main questions the U.S. defense community will be watching is **whether Brexit increases, or decreases**, the resources available for U.K. defense.” The reality is that Brexit creates the conditions for *strengthening*, not weakening NATO. Removing the layer of EU-related political interests and obligations from UK’s strategic calculus should make London a more responsive and efficient NATO partner. NATO is an even more important conduit of UK’s influence than it was before the EU referendum vote. One thing that that could be done immediately in this area is not only to ring-fence the existing spending commitments, but to make a symbolic increase in overall defence spending to above the 2% target, with a further defence review to take place within the first year of the new government.
- **Much as the UK should avoid getting entangled in any military confrontation or large-scale security operation in the near future, it would be disastrous to think that questions of peace and war can be wished away.** A commitment to burden-sharing – and the declaration of national interest in a “rules-based” international order – requires a willingness to pay the price to uphold it. The world is becoming more unstable and dangerous, and the effects of this instability have been seen within our own immediate neighbourhood. The last thing that the public or the political establishment want is another debate about military intervention (humanitarian and/or strategic). This feeling has been strengthened by the Chilcot Report. Yet, despite widespread opposition to the 2003 invasion of Iraq, we have been presented with many calls for intervention since that time. History tells us that these dilemmas are likely to rear their head again in the near future. The Syrian civil war continues and the security situation is deteriorating in Iraq and Libya. There is also reason to believe that the next US administration might be more activist in this area, in a way that might place further demands on the UK (in the context of a reinvigorated security relationship).
- **The UK retains many excellent “soft power” assets at its disposal but it should be under no illusion that “hard power” continues to exercise a predominating influence in international affairs.** Much as it would be preferable to lean on the tools of international trade and cultural influence, these are only part of our armoury. As an island nation, a capacity to project force (sometimes in joint expeditionary missions) has always been vital to our long-term security. As much as anything, this is part of the foundation on which deterrence and alliances are built. Neither the fall-out from Brexit, nor the controversies surrounding the Chilcot Report will change

these fundamental realities. We have a rich strategic tradition in our history, which we would do well to rediscover.

- **It remains the case that territorial integrity of the UK is regarded as a greater test of the UK's seriousness as a world power than membership of the EU.** In the context of Brexit, it is more important than ever before that Scotland remains within the Union. Last November, the government announced that it would spend £8 billion in Scotland over the next decade, building new warships for the Royal Navy. The renewal of Trident is also likely to maintain jobs at Faslane. Future defence spending should be tied to a broader strategy to boost the economy in depressed areas of the country, particularly Scotland and the northeast of England.

## Conclusion and Recommendations



The greatest challenge for the new government is to establish some guiding principles for a new global strategy. This will be particularly difficult, as so much of its time and energy will be exerted on Brexit negotiations. Nonetheless, the more these efforts are synchronised with a broader recalibration of the UK's place in the world, the better the end result is likely to be.

Following Brexit, the question of “what is Britain's role in the world?” has come into sharper focus than at any point in decades. The truth is that this question cannot be answered with any finality because it is one that depends on so many variables. But there is an opportunity to establish **greater coherence in British foreign policy, and a clearer sense of overall direction**, than there has been in recent years.

We have been great beneficiaries of the international order established after the Second World War. As that order comes under challenge, it is no longer acceptable, for example, to say that the UK “does not do” strategy. While we need a robust debate about future British foreign policy, the most important element in preserving British interests, prosperity and security is decisive political leadership. In the short-term, there are a number of **smaller measures that the new government might consider as signals of its intent to transform uncertainty into opportunity:**

- Make a confidence-building gesture as a sign of the UK's commitment to NATO. This could involve announcing the ring-fencing of the existing defence budget and signalling an intent to raise spending to a level above the 2% of GDP target by the end of this parliament.
- Appoint 20 new "super envoys" for trade with experience of business world and/or previous trade negotiations, working under Secretary of State for International Trade.
- Explore the possibility of bringing the procurement targets of the 2015 Strategic Defence and Security Review forward, in particular the full operating capability of the new aircraft carriers and the acquisition of the F-35B Joint Strike Fighters.
- Commission a “Brexit update” to SDSR2015 to recalibrate UK defence and national security. Also linking any changes in the defence budget directly to the creation jobs in deprived areas of the country (particularly Scotland).
- Bring forward the scheduled 2018 Commonwealth Heads of Government meeting to autumn 2017, hold it in London, and focus specifically on trade.
- Seek a special summit with the next President of the United States, combining an increase in NATO defence spending with negotiations on a new Anglo-American trade deal.



### STRENGTHS (Brexit Britain vs others)



- Capabilities and formal position (membership of international organisations like UN, NATO, and G7) are intact. Brexit has no impact on most fixed assets and attributes of Britain, from geographical position (right time zone for global trade), to the English language being the world's language.
- Military and intelligence capabilities are intact and strongest in Europe. Further major capability increases (such as carrier strike force) in the pipeline.
- Large foreign aid budget (£12bn) which gives options in time of need to shore up military and diplomatic capabilities. Can also be leveraged in new bilateral relations with East European countries to compensate them (to some extent) for their loss of EU funding after Brexit.
- Unique military and intelligence capabilities compared to EU27 (with the possible exception of France), which increase EU27 vulnerability *and security dependency* on future UK decisions.
- American support / the “special relationship”. This may be conditional upon a swift UK move to rehabilitate relations which have been “sore” especially since the 2013 Syria vote.
- The EU referendum is out of the way and the uncertainty over that is ended. Result will now focus the minds (strategic concentration/unity of purpose vs. the situation in Brussels which has to handle multiple crises).
- “Too big to fail”: interconnectedness between UK and EU27 economies shields UK from excessive EU “retribution”. Political and military interests in *not* poisoning relations with the UK act as further insulation from such behaviour.
- German interest in retaining good relations with Britain, as a counter to France – and possibly as a way to *avoid* having to boost German defence to fill in the role previously played by UK.
- Also, German financiers and businessmen are pressing for a return to stability. UK is Germany's second-largest export market in Europe.
- The “fall from influence” in the EU is not as steep as it might have been for other members. The UK has always been more semi-detached, and is *not* a key influencer on key EU policies (such as the EU's global strategy or Eurozone decisions).
- Much more flexibility in negotiating terms of new trade deals, unencumbered by opposition from niche lobbies from EU countries (e.g. Greek olive oil lobby).

### WEAKNESSES (Brexit Britain vs others)



- Political instability and division in the UK (through leadership crises or return of Scottish question)
- Damage to UK influence in general (real and perceived).
- Collapse of UK influence in Brussels.
- Reduction of UK influence in international for a like UN, by losing ability to leverage EU membership.



- Economic uncertainty/risk – both for the UK economy as a whole and in particular for the City.
- Reduction in UK's attractiveness for overseas (especially Asian) investors as a gateway into the EU (but a deal on Single Market access, which is *likely*, largely eliminates this).
- Drawing closer to America will likely mean some loss of UK flexibility in engaging with countries like China.
- Loss of leverage (EU membership) in negotiating new trade deals.
- Expected requirement to renegotiate 36 existing trade agreements we have with non-EU countries that cover 53 markets. (Brexit negotiations could, however, result in a “grandfathering” right for the UK – inheriting the existing terms as they are.)
- Limited FCO capacity to handle both Brexit process *and* reconfiguration of UK global diplomatic and trade relations *at the same time*.
- Potential impact on UK security in the (unlikely) event of losing access to the European Arrest Warrant and the pan-EU Passenger Name Records system. Other such agreements to which our membership is now in question include: The European Criminal Records Information System, Financial Intelligence Units, the Prisoner Transfer Framework, SIS II, Joint Investigation Teams, Prüm.
- Relations with Asia (as an alternative/complement to the EU) start from a low point.

## OPPORTUNITIES (for Brexit Britain)



- Chance to answer the long-time question at the heart of Britain's strategic thinking: “what is Britain's role in the world?” The essential contradiction/tension in British foreign policy (torn between a future in Europe and a focus on America and the rest of the world) is now arguably solved by force of circumstance.
- Stronger “special relationship” with the United States.
- Stronger UK role in NATO, by removing a layer of EU-related political complications (obligations, competing interests etc.). A “revival” of NATO.
- Brexit weakens EU with respect to US in power-relations terms, and also dramatically increases EU27 dependency on the US – via NATO – for security.
- The US-EU geopolitical “competition” (especially as seen by many in EU27) will become more evident; the UK used to help keep a lid on anti-American feelings in Brussels. Berlin cannot fulfil that role.
- More activist foreign policy to demonstrate continued UK relevance in international security and governance (though this will obviously cause division).
- Help EU to reform its structures in a way that is more compatible with UK interests.
- Forge new but more flexible bilateral relationships with a number of key allies.
- Craft a more coherent overall strategy for trade, foreign aid and defence.
- Re-draw relations with Turkey, as Brexit removes UK concerns about accession to EU. Turkey's strategic position has also begun to shift (by normalising relations with Israel and Russia), so there is ample space there for new UK inputs.
- Re-draw relations with Asian countries. Expand remit of engagement from economics/trade to Asian security and political questions.



- A botched Brexit negotiation that fails to provide a truly “new start” and effectively retains many of the same links to the EU but without the influence.
- A new isolationism (as a result of internal UK politics; and/or as a perception from outside).
- UK foreign policy *doubling down* on Europe (a “pivot to Europe”) at the expense of more global interests.
- Potential UK tendency to over-emphasise trade/economic aspect of foreign policy to the detriment of the security dimension.
- Impact on the “special relationship” as the US now has to switch to Germany as primary interface with the EU (though the US-German relationship is limited by the nature of their intelligence sharing and military relationship.) Furthermore, the US-EU geopolitical “competition” (especially as seen by many in EU27) will become more evident.
- Risk that Brexit will be seen (by the Americans, first of all) as weakening NATO and a sign of UK introspection.
- The creation of an EU “superstate” under German domination.
- A stronger Germany (in almost any scenario), with added “risks” of German rearmament and/or revived German nationalism.
- The creation of an EU Army or common security policy that undermines NATO.
- A boost to French diplomatic influence, especially at the UN where it will now be the only EU member among top (nuclear) powers with a veto.
- (Franco-)German-Russian rapprochement.
- Eurozone vulnerability. A deep Eurozone crisis will hit Britain too.
- EU27 turn towards economic protectionism, affecting free trade on which British prosperity rests.
- The halt of the development of the Single Market within the EU27.
- The rise of anti-globalisation sentiments more widely (free trading nations like UK would be most affected).
- Less EU27 appetite/ability to contribute to upholding international security outside Europe leads to increased risk of general deterioration of the security landscape, with impact on the UK as well.

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