

# A new strategic narrative for British trade in turbulent times

*British Academy Policy  
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*This paper was initially drafted in the summer of 2024. In its original form, this paper was guided by a long view which did not aim to guide immediate decision-making based on sudden changes. Following the US election in November 2024, the authors revisited this paper and lightly edited to ensure that anticipated changes in the global economy and beyond stemming from Trump's re-election did not change their fundamental considerations, analysis, and noted policy trade-offs. Since then, the global context has continued to shift dramatically. The authors anticipate that significant shifts will continue. In every form, these briefings have analysed deeply rooted histories and patterns, as well as long-sustained assets and skillsets which have been shaped over decades and, at times, centuries, to produce fresh narratives and response options for a rapidly shifting and polarising world.*

# 1. Executive Summary

In an environment of international turbulence, the United Kingdom's place in the world today and tomorrow will be meaningfully shaped by its response to the changing international order. When it comes to a new narrative to support the geopolitical context of Britain's trading relationships, the UK has an opportunity to position itself as a dependable broker with strong relationships in the Global South, Europe and with the USA. This is not without challenges in the context of increased defence-spending, reduced development contributions and budgetary pressures. It will require clear, comprehensive and integrated policy responses.

Much of the UK's current role in the world is rooted in its history. It has played an outsized role shaping the world via its historic empire, as both a founding member of leading international institutions and as a drafter of international law. The UK's contemporary soft power has largely drawn on the constructed 'specialness' of the Anglo-American relationship, Anglophone cultural influence, and the UK's influential role in the European Union.<sup>1</sup> With each of these dimensions entering new and as yet unsettled incarnations, a new narrative of the UK today, and new strategies for global engagement are necessary. Such a new strategic narrative can guide work on securing prosperity and international influence for the UK based on a modern understanding of Britain's place in the world and effective use of existing skill and knowledge-bases.

At present, the challenges to achieving this are threefold: emerging and escalating protectionism, the economic gravity which is drawing many countries into either alignment with the US-China geopolitical and economic rivalry or into new alignments, and reconfiguration of competitive advantage in emerging fields – in particular artificial intelligence and climate-smart technology.

The challenges before the UK also serve as opportunities. Whilst a return to competitive global blocs might serve as a traditional obstacle to UK global interests, shifting political alignments allow for special bilateral and multilateral relationships that will enable the UK to navigate these in innovative ways. Whilst the UK has a complex history and baggage with many emerging economies, its historical ties can still be leveraged in areas of shared interest conducted with mutual respect.

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<sup>1</sup> Danchev, A. (1997), "On friendship: Anglo-America at fin de siècle," *International Affairs*, 73(4), 747–759.

To increase influence and constancy for the UK in the more turbulent world economy, several impactful policy options might be considered and implemented.

The UK Government can develop stability in international organisations (IOs) which face turbulent times, nurturing a convening and brokerage role for the UK on specific topic areas, and leverage that legitimacy to influence relevant administrative and secretariat instruments.

Emerging bilateral and plurilateral coalitions of likeminded partners afford the UK a clear opportunity to cultivate a leadership role on trade, security, climate and development issues. The UK can offer select and deliberate support for non-aligned countries of economic interest while maintaining non-alignment in the geostrategic rivalry between the US and China. A new 'special relationship' between Europe and the UK as a country outside the EU can be defined on solid ground through shared values alongside security and economic interests.

## 2. Introduction

The UK is a medium sized economy. Post-Brexit, it is no longer the 'English-speaking gateway to Europe'. In diplomatic terms, the UK arguably had an outsized historical role in framing the world's financial, economic, and political institutions, such as the IMF, the GATT (forerunner to the WTO), the UNFAO, and the United Nations itself. It has also left a broad post-colonial footprint. Now, the UK is no longer the world's largest power. It is not large enough to act on its own unilaterally or bilaterally as it has in the past. Nor is it a member of a major economic bloc. This presents a major challenge in navigating strategies for long-term economic prosperity. At the same time, the old, western dominated international order is loosening up, offering new opportunities in the face of these new challenges given Britain's deep experience of multilateralism and its globally-enmeshed economy.

Today and tomorrow, the UK's strategic position must take into consideration the US-China rivalry, the specific demands of the Ukraine-Russian war, and the current effectiveness and relevance of international institutions, notably the WTO and IMF, to economic strategy. It is important to recognize the international order is not fixed; it is not something that was made in 1945, 1990 or 1992, nor something unchangeable. It is continually made and re-made in response to issue specific, and wider geopolitical challenges.

The UK must reassert its role as a reliable broker in this realm, including in relation to individual European nation states and the EU. This can be made possible, in part, by drawing on the history between 1914 and 2016 (102 years) in which Britain played a pivotal role in defending and supporting the establishment and re-establishment of democracies in Europe. If this narrative draws on the past, a future-facing approach is also needed as renewed relationships in the Global South will be crucial in navigating the unilateral actions taken by large power blocs.

In this context, the UK must take key decisions to strengthen international trust, influence and trading options despite turbulent times. In the face of developing geo-political and trade gridlocks, the international system has seen new bilateral and plurilateral frameworks emerging. Developing a strong sense of itself and its capacity as a nimble actor will allow the UK to effectively convene relevant parties and broker agreements - ultimately making progress towards wider economic and diplomatic goals.

# 3. Fundamental Considerations

A coordinated response to challenges for the UK's long-term economic prosperity requires attention to be given to a number of fundamental considerations. These include the UK's ability to take on convening and brokering roles in emerging bilateral and plurilateral coalitions. The most effective ways forward for the UK's international influence will depend significantly upon non-alignment within the US-China geostrategic rivalry and the opportunities for new special relationships in the style of Anglo-American friendship. These considerations are rooted in history and the historical narrative while making sense of a strategic way forward.

**Recognise the importance of convening and brokering roles:** Now that Britain is no longer a member of the EU, it must navigate the growing unilateral economic actions and reciprocal activities of large powers and blocs, notably the USA, China and the EU. It must grasp the advantages of being a medium-sized power. This requires a change of mind-set in the UK. If history can help reset recent UK difficulties with the EU, the past means it is easy to miss the fact that two background conditions of Britain's relationship with the world since the industrial revolution have disappeared: the global dominance of western powers, and technology-driven economic globalisation.<sup>2</sup> These two assumptions no longer hold at a time of renewed and intensifying geopolitical competition, accompanying power transitions (north-south, south-south and east-west) and contested globalisation.

In times of epochal change such as these, middle-sized powers like the UK play key roles in global and regional institutions, and a disproportionately large role in facilitating relations between states. In this respect, Britain's historic role and legacy as the architect and leading operator of many international institutions offers opportunities, as does its flexible geopolitical position.

**Lead in emerging bilateral and plurilateral coalitions:** The 'justice shift' in 21st century international relations affords openings, though requires cautious and diplomatic handling. Many people now aspire to live in a world of greater equality, in breaking with historical trends. Beyond the EU, Britain has the opportunity, which should be pursued, to restyle historic economic and cultural ties with some former colonial nations. This will require a diplomatic tone of humility and respect which pays acknowledgement to the historical baggage of such ties.<sup>3</sup>

International political and economic institutions are under pressure to justify their relevance and effectiveness. Institutions key to an integrated and open world economy, notably the WTO, are susceptible to stalemate, capture and stand-offs given wider geo-strategic rivalries. Today, new bilateral and plurilateral frameworks are developing in response to emergent gridlocks within global institutions. These work-arounds need not be viewed as fundamentally undermining the international order, as they enable the international economy to function. In a time of rising trade protection Britain can take a leadership role in these new, creative, issue and value-based coalitions to build agreements that could, in future, feed into more comprehensive multilateral agreements.

<sup>2</sup> Goldberg, P.K. and Reed, T. (2003), "Growing Threats to Global Trade," Finance and Development, IMF,  
<sup>3</sup> Winters, L. A. (2022), "Written evidence to the International Trade Committee Inquiry on Trade and Foreign Policy"



**Support non-alignment in some settings:** ‘Bloc thinking’ has its limits. In relation to the US-China geostrategic rivalry, Britain has an interest in remaining as non-aligned as possible. It can achieve this through supporting a critical mass of non-aligned countries, both in Europe and, in particular, from the ‘Global South’, which comprises a diverse and dynamic set of states. There are opportunities, for example, in developing new, and renewing established, partnerships with specific Global South countries, and in advocating for greater power equity within existing international institutions in debates about institutional reform. This would make sense in trade terms, but it requires sensitive handling given that Britain enjoys important privileges in bodies such as the UN Organisations, the IMF, and the World Bank through historic alignments.

**Articulate the dynamics of our ‘special relationships’:** The UK-US ‘special relationship’ was a purposeful construct to reset and ease a historically difficult and fractured relationship, which was consolidated by collaboration in the Second World War. Today, the shape of US-UK relations is made less certain by the new and future administrations’ priorities, and by the protectionist tilt of both Democratic and Republican parties that is matched by the USA’s Indo-Pacific tilt. In this wider global setting, and the specific demands of the Ukraine war and Britain’s long-established and leading role in NATO, it would be prudent to develop a vision and language that articulates a new ‘special relationship’ between the UK and the EU. Particularly given the damage done to the UK’s relations with European nations during the process of leaving the EU, Britain will need to reframe these relationships in positive ways which are mindful of the principles behind the Anglo-American relationship.

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<sup>4</sup>

Brewer, S. (1997), “Introduction: The Mission,” *To Win the Peace*, Ithaca and London: Cornell University Press. pp. 1-10.

## 4. Policy Trade-Offs

Analysis of these considerations suggests that a new strategic narrative is emerging which can guide decision-making on Britain's geopolitical relationships and place in the world. The current turbulence of and within the international system is not as unprecedented as it may seem, and this historically informed perspective will be called upon to navigate the available policy options.

A new narrative for British trade requires policies which amplify and shape the UK's influence in the world. Taking a convening and brokerage role on specific topic areas in international organisations (IOs) will allow this influence to be felt. This role may include a concerted effort to contribute to IOs' administrative or specialist expertise from within the UK's pool of expertise. Influence can also be amplified through supporting plurilateral agreements, including structural preparation for them to be adopted within existing structures, such as the WTO. If plurilateral agreements are to be pursued by the UK and partners within the WTO, rather than outside international institutions, the UK's traditional role in shaping and supporting institutions may be re-awakened in a work programme to develop rules, criteria, and procedures for annexing open plurilateral agreements to the WTO.<sup>5</sup> These strategies befit the UK's status as a medium-sized economy, whilst drawing on its specific strengths and historical roles.

Ensuring economic and energy security in Britain despite the war in Ukraine and an intensifying US-China rivalry will also require strategic use of strengths. Relevant policies must consider that the US-China rivalry has intensified, creating incentives for a country as globally enmeshed as the UK to remain non-aligned.<sup>6</sup> However, non-alignment does not suggest a lack of active international investment and impact. By developing and increasing influence in emerging coalitions, Britain can bolster non-alignment in the US-China bi-polarity for itself and others. The UK can also take a leadership role in emerging bilateral and plurilateral coalitions, especially through leveraging historic relationships. To give such an initiative long-term stability, it may be prudent to develop an appropriate cost-benefit framework and ensure the time can be committed by government to deliver economic and political payoff for the financial commitment. Cuts to the UK's aid budget, together with at times hostile rhetoric around migration has reduced support for the UK in some developing nations. Making significant and consistent commitments to Official Development Assistance (ODA) is critical to improving international influence in core strategic areas, including security. Such policies may also be associated with trade-offs in domestic and defence funding priorities, though the relationship between international aid and national security is far from zero-sum. An option to manage these factors may include more active engagement in 'aid for trade' programmes inside and beyond the WTO to build more extensive and strategic partnerships with the Global South.

A new 'special relationship' between the UK and Europe can be unlocked through combining Britain's geo-strategic and economic visions. Since the USA's declaration of independence, Britain's relationship with the United States was one of Britain's most important, and most challenging relationships. In the Second World War, the Anglo-American 'special relationship' was constructed to allow the UK a better opportunity to have its interests acted upon by a larger and more economically powerful partner. This came in part as a response to lessons learned from a series of global shocks in the first half of the 20th century, and points to the value of the UK's relationship with the EU today.

<sup>5</sup> Hoekman, B., Winters, A. and Ayele, Y. (2021), "Delivering Plurilateral Trade Agreements within the World Trade Organization Delivering Plurilateral Trade Agreements within the World Trade Organization Final Research Report".

<sup>6</sup> Pisani-Ferry, J., Weder, B., Mauro, D., et al (2024), "Europe's Economic Security".

Far from remaining unchanged since 1945, the practices of international organisations, too have changed over time, often disassembled, and reassembled in the wake of new shocks. Taking decisions to ensure continued support and strengthening of such institutions is vital.<sup>7</sup> History shows that we are wrong to imagine current global challenges as unprecedented, though the increasingly interconnected world does amplify the impact of shocks, making them more likely to become systemic. As such, managing global risks and taking a coordinated approach in responding to future crises relies on effective reassembly and support within institutions rather than moving hastily outside them.

Similar to Britain's 'special relationship' with the USA, policies geared towards constructing and supporting a new 'special relationship' with Europe should be founded on values, geography, and security, which can deliver improvements in the mutually beneficial exchange of goods and services. In the long-term, development of the UK's skills and knowledge base will ensure that Britain can be relied upon as a partner to deliver collaborative projects with Brussels and the EU.

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<sup>7</sup> Clavin, P. (2022), "Turbulence and the Lessons of History", *Finance & Development Magazine*, June, pp. 16-19.

## 5. Limitations

Further research and evidence are necessary in a number of areas. Establishment of knowledge on the norms and best practices for plurilateral arrangements will strengthen policy thinking around how best to influence these emerging blocs. further research would allow a better understanding of the relationship between freeing trade and environmental policies. Additionally, the UK's level of participation in global sanctions regimes is not considered in this briefing; this role will add additional trade-offs to be considered in taking policy decisions.

The international order ought never to be mistaken for a settled thing, even in the short term. In response to international shocks, which are increasingly felt systemically, policy thinking will continue to be challenged to respond with a similarly long-term and systemic outlooks.

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