

HSBC minister pushes Trojan Horse trade agreement

By Elisa Barwick

In Australia at the end of September, UK Minister for Trade and Export Promotion and former HSBC director Baroness Rona Fairhead announced Britain's intention to monopolise trade in the Asian region, via its colonial bridgehead, Australia. Fairhead declared Australia one of the UK's top three trading priorities; focused UK-Australia trade expansion on domination of the FinTech (financial technology) sector; "planted a flag" for the UK's intention to join the Trans-Pacific Partnership (TPP); and reiterated its long-held plan to dominate Asian financial flows.

Visiting Melbourne and Perth on 26-28 September, Fairhead addressed the Centre for Economic Development of Australia think tank on the subject "Australia and the UK: opportunities in a post-Brexit world". She also met with state government officials, and held round-table discussions with FinTech sector reps in Melbourne and business leaders in Perth. A new post-Brexit Australia-UK free trade agreement is expected to have a special focus on FinTech, along with science and education.

Lord Mayor of the City of London Charles Bowman was in Australia in February promoting a "FinTech bridge" as part of a new free trade agreement with Australia, which would connect the finance and related technology sectors of Australia and the UK. (The City of London is not the Greater London municipal body, but an ancient, private corporation representing the City's banks.) Then-Treasurer Scott Morrison signed up to the proposal at the International FinTech Conference in London on 22 March. It involves Australian startups going to the UK and vice-versa, enhancing trade and investment flows, and sector collaboration. The signing statement issued by the Australian Treasury notes that Australia is a leading FinTech player in its region and that both Melbourne and Sydney are ranked among the top ten global financial centres. With its "progressive regulator and a government focused on competition in financial services", the UK seeks to dominate the new technologies opening up in global finance. The FinTech bridge includes a regulator-to-regulator cooperation agreement, between the UK's Financial Conduct Authority (FCA) and the Australian Securities and Investments Commission (ASIC).

In March, Bowman was promoting London's financial expertise in China, telling the 21 March London *Telegraph* that "the City's engagement in projects like [the Belt and Road Initiative, BRI] will be crucial if we are to maintain our leading role on the international stage. After all, as a global financial centre, we have much to bring to the table". Operating primarily as a hub for monopolising financial flows, after the 2008 global financial crisis London jumped on the China bandwagon as the only source of growth globally. The City now hosts the second-largest offshore renminbi trading centre after Hong Kong. ("The City of London's China pivot", AAS 11 July 2018.)

TPP

In an interview with Fairfax media, Fairhead said Britain wanted to "plant a flag" to register its interest in joining the Trans-Pacific Partnership. The Baroness said she had been urged to promote the UK as a "champion for free trade" globally, an expression used repeatedly by PM Theresa May since the Brexit vote. The UK is using the networks of the British Commonwealth and the Five Eyes spying alliance (USA, UK, Canada, Australia and New Zealand) to establish new trade agreements and gain access to agreements such as the TPP,



UK government minister Rona Fairhead, owned by HSBC and the City of London. Photo: AFP/Adrian Dennis

even though it is not in the geographical region. The TPP was set up as part of the Anglo-American "Pivot to Asia"—to surround China militarily and economically—and as such excludes China.

The Tory government has been heavily promoting the "Global Britain" brand, reviving the anachronistic notion of British maritime power as a key part of its domination of global free trade, to the extent that the First Sea Lord of the British Royal Navy, Admiral Sir Philip Jones, has crowed that "This is nothing less than a new era of British maritime power". ("Whose methods will define the future of trade and investment—the UK or China?", AAS 5 Sept. 2018.)

Defending the "rules-based order" is their justification of choice for such imperialistic formulations. In its ongoing consultation on trade negotiations with Australia, the UK Department for International Trade's website cites the two countries' "deep shared heritage, built on the foundations of democratic values, the rule of law, sport and culture. We are both active supporters of the international rules-based system.... Many UK businesses already view Australia as an attractive base for their regional operations, and Australia's connections in Asia makes [sic] it an excellent partner for the UK to launch into a region which stands to deliver nearly two thirds of global growth to 2030."

Target: Belt and Road

The *Sydney Morning Herald* inadvertently provided an insight into the real agenda, commenting on Fairhead's interview that Britain "will also look to establish London as a funding and facilitation hub for China's US\$2 trillion Belt and Road initiative—a program that Australia has been wary of as China's power grows in the Pacific—but that Australian companies could take advantage of via Britain".

Firstly: Australia has been wary of the BRI due to the explicit warnings of our allies the UK and USA, who continue to demonise both China and Russia, casting initiatives such as the BRI as cover for an imperial or colonial agenda. Jettisoning these entirely baseless concerns is all that is required to take advantage of the BRI; there is no need for British mediation.

Secondly: the effort to make London a hub for funding and facilitating the BRI via Australia is a rehash of a 1995 strategy revealed in "Discussion Paper 60: Economic Opportunities for Britain and the Commonwealth", issued by the Royal Institute of International Affairs (Chatham House). The paper identified the British Commonwealth as the core of a new British Empire—"an informal financial empire"—in which Australia would be a British "bridgehead into Asia" for the

thousands of British corporations which have their Asia-Pacific headquarters in Australia.

In a submission to a 2017 Australian parliamentary committee scoping out a future Australia-UK free trade agreement, HSBC Australia revealed that the 1995 plan was still live and that it is all about Britain's advantage, not Australia's: "One significant opportunity that Australia can offer the UK is the potential for British investors to invest in Australia as a way of capturing growth in Asia. Australia's participation in the Regional Comprehensive Economic Partnership (RCEP) places it strategically in the emerging Asian regional trade architecture...." (See Documentation, below.)

Baroness Fairhead was cut out for bringing this plan to fruition. Upon her appointment as minister, International Trade

Secretary Liam Fox said Fairhead's "focus and wealth of business experience" would be crucial to expand UK trade. Fairhead's last three stations were as Chief Executive of Financial Times Group (publisher of London's *Financial Times*), a board member of HSBC Holdings, and chair of the BBC Trust—all crucial conduits for the City of London's control of the UK's population and economy. Fairhead chaired the Audit and Risk Committees for HSBC during the years it laundered drug money for Mexican cartels and terror-financing for Saudi Arabia, for which it was eventually fined by the US government in 2012. Britain's biggest bank, HSBC was incorporated in 1866 as the Hongkong and Shanghai Banking Corporation, to facilitate the British Empire's opium trade by which it waged war on China.

Documentation

'Inquiry into Australia's Trade and Investment Relationship with the UK'

Excerpts of HSBC Australia's submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade, 2017

HSBC believes the UK, as an enthusiastic advocate for free trade and a service-driven economy that is now seeking to redefine its role in the global trading system, can work with like-minded countries including Australia as a leading voice for market openness, collaboration and trade facilitation.

2. Bilateral investment now and opportunities in the future

The historic relationship between Britain and Australia is today reflected most strongly in terms of investment flows between the two countries. The UK remains the second biggest foreign investor in Australia, with a total stock of nearly \$500bn,¹ and it is the largest foreign investor in agricultural land in Australia.² Similarly, as at the end of 2015, total Australian investment in the UK was \$353.2bn, making the UK Australia's second most important foreign investment destination.³

Some of Australia's largest companies, in sectors as diverse as mining, industrial services and media, proudly retain a strong Anglo-Australian identity. According to the Department of Foreign Affairs and Trade, approximately a third of all international businesses using Australia for regional headquarter operations are European, of which almost half are British. ...

Accessing the Asian growth story

One significant opportunity that Australia can offer the UK is the potential for British investors to invest in Australia as a way of capturing growth in Asia. Australia's participation in the Regional Comprehensive Economic Partnership (RCEP) places it strategically in the emerging Asian regional trade architecture, just as agreements such as TTIP [Trans-Atlantic Trade and Investment Partnership] and TPP in certain other regions appear to be stalling.

UK businesses can take advantage of Australia's familiar legal, business and social systems to establish offices from which they can tap into China and ASEAN [Association of Southeast Asian Nations] consumer markets. Even in advance of the RCEP accord, there are opportunities available via the three North Asian FTAs that Australia has signed with China,

Japan and South Korea.

Second, British investors whose policies restrict them from investing in non-OECD countries across Asia can access Asian growth indirectly by investing in Australian assets with

a high degree of exposure to Asian trade, for example ports and airports, agricultural producers, tourism providers and commodities firms.

As previously mentioned, the UK is already the second largest source of foreign direct investment (FDI) in Australia, and further incentives such as corporate tax changes could make the country even more attractive as a destination for foreign investment. ...

Maximising opportunities directly in Asia

As well as bilateral investment within the Service sector, there is the potential for British and Australian firms to work together to maximise opportunities directly in Asia. To take one major example, China's Belt and Road Initiative is an ambitious, multi-faceted, multi-decade strategy aimed at boosting the flow of trade, capital and services between China and more than 60 other countries to its West and South. Attracting the right international expertise and investment will be critical for the success of the Belt and Road Initiative, as delivering projects that offer long-term value for partners will require that they meet global standards for governance, planning and execution.

This is where UK and Australian firms can make a real difference. Engineering firms, designers, construction companies, law firms, financial services companies and others offer a broad range of world-class expertise. Many British and Australian firms in these areas benefit from decades of experience in international and cross-border infrastructure projects. These firms, often working together, can advise on what is required to make a specific project—whether it is a road in Malaysia, an airport in India or a railway in Central Asia—investable, deliverable, legal and sustainable.



1. ABS catalogue 5352.0 (May 2016)

2. Australian Tax Office, Farm Register (Sept. 2016)

3. Australian Department of Foreign Affairs and Trade, United Kingdom country brief