

Business and Trade Committee

Oral evidence: Export led growth, HC 649

Tuesday 25 March 2025

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Members present: Liam Byrne (Chair); Antonia Bance; John Cooper; Sarah Edwards; Charlie Maynard; Gregor Poynton; Mr Joshua Reynolds; Matt Western; Rose Wrighting.

Questions 179 - 192

Witnesses

I: Charlie Humphreys, Director of Corporate Affairs, Asia House, Ian Gibbons OBE, Chief Executive Officer, UK-ASEAN Business Council, and Douglas Barrie, Senior Fellow for Military Aerospace, International Institute for Strategic Studies.

Examination of witnesses

Witnesses: Charlie Humphreys, Ian Gibbons OBE and Douglas Barrie.

Q179 **Chair:** Welcome to today's session of the Business and Trade Select Committee's inquiry into export led growth. Today we are looking at Asia-Pacific. My apologies to the witnesses, but because of the very heavy democratic obligations of members downstairs, we are going to try to run just two panels today. We will try to give them 20 minutes each, because there will be six votes at 10 to and it will take us an hour and 20 minutes to vote. If you can keep answers short and punchy, we will get through as much as we can. Thank you again for your patience and for being with us this afternoon.

Ian Gibbons, I will start with you. We have new challenges from the President of the United States, an economic slowdown in China. Give us a sense of how leaders and business people across Asia-Pacific are thinking about the joys of working more closely with the UK and Europe, given everything else.

Ian Gibbons: I will, Chair. One slight correction, if I may. I will be focusing on south-east Asia. It has been—an understatement—an interesting start to the year. In our interactions with all the 10 ASEAN countries, there is, I wouldn't say trepidation, but a bit of nervousness about how they will be able to interact with the new President in the United States. ASEAN, for those who have not travelled to the region, is a collection of countries that literally operate in a purely democratic manner and they like to find a way to work with everyone.

Q180 **Chair:** How do they see the opportunities for UK and Europe right now, as a result of what is going on around them?

Ian Gibbons: I think it is a matter of opportunity. It is for us to continue to make the case and say that the UK is a trusted partner. We have had dialogue partner status in ASEAN for the last three years, so that is tremendous thing for the United Kingdom. ASEAN is all about partnership and collaboration and working together for the longer term. What you can't do is just go there and make deals. You have to invest time, effort and resource to get the long-term results, and that is what ASEAN expects.

Q181 **Chair:** Charlie Humphreys, what is your view on how countries in the region are looking at the UK and Europe now, given some of the challenges elsewhere?

Charlie Humphreys: Given the challenges, the decisions being made at government and business level across Asia—south-east Asia, China, Japan, Korea, India—are very much looking at spreading risk, hedging, given the unpredictable nature of trade based on Donald Trump's rapid policy changes, and we don't know how far that will go. That is opening up opportunities for the UK potentially by offering additional options that may not have existed there previously.



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Some of that could be through the trade deals that the UK has been engaging with. CPTPP could be particularly interesting if you think of a country like Japan. The UK and Japan are the biggest economies there. They have a trade deal but the CPTPP brings them together with a number of other Asia-Pacific countries. This is very much insulating against some of the tariffs and protectionism that may arise. If you think of the US and China entering into perhaps an escalation of the trade war, the principle behind the CPTPP is the reduction of all tariffs, steel, aluminium, everything, but also you could move from one member market as a business.

Q182 **Chair:** Do the geopolitical shifts mean that the UK and Europe are becoming more attractive now?

Charlie Humphreys: There is obviously concern about reliance on China, the slowdown, in other parts of Asia. China is looking to shore up its market through domestic consumption, so imports are particularly interesting. Looking for wider opportunities, particularly if it is China, away from the US might benefit Europe and the UK in particular.

Q183 **Chair:** Douglas Barrie, what is your view on how the shift in geopolitics now affects the attractiveness of the UK and Europe as a partner?

Douglas Barrie: I think we are seen as an alternative to the US in many ways. In defence aerospace we have a tri-national programme that involves the Japanese and Italy. I am sure the US will be looking to see if there are ways to unpick that but I doubt very much whether that will happen, given some of the views that the senior US Administration have been coming out with recently.

Q184 **Gregor Poynton:** This is a question to all three about export led growth. We are keen that we nail down the specifics of what the UK Government should be doing in the region to drive that growth, be it by investment or trade. I am keen to get from you, in the areas in which you are particularly knowledgeable, what are the specifics that we should be saying the Government need to be doing to take advantage of the opportunities. We will start with Mr Barrie and work our way across.

Douglas Barrie: On the Global Combat Air Programme, the Government need to continue to provide some more of what they have been providing up to now and to get behind the programme and emphasise that it is a certainty. We remain wedded to that project.

Q185 **Chair:** Is that too ambiguous at the moment, Mr Barrie?

Douglas Barrie: I don't think it is ambiguous but it does not do any harm to restate how important the programme is for the UK at the Government level.

Ian Gibbons: Bilateral trade between the UK and the ASEAN region now stands at £50 billion a year, so it is not insignificant, but it is important to maintain the trajectory there. That will only be achieved by huge dialogue



at ministerial level, senior official level and organisations like mine at the UK-ASEAN Business Council, which is private sector-led. That could be financial services, education, healthcare, infrastructure. My region—grandly saying “my region”—is based on long-lasting relationships that have been going for years. You don’t just go there. You build up partnership and collaboration, so we need to do more of that but we need to do it in an holistic manner from top to bottom.

Charlie Humphreys: In our outlook for the Asia region for this year we see three key drivers of economic growth: growth in consumer spending across the region, digitisation of the economy and the adoption of sustainable energy technologies and, in addition to that, development of carbon markets and green finance. For eight major economies in the region, that is worth a total of about US\$31 trillion GDP this year. For the UK to benefit from the growth that those factors are driving in the region, supporting particularly the sectors and areas that can facilitate that—and that is a much wider range of sectors, of course, financial services being one of them that cuts right across—if we meet those markets at their need, increased exports are likely to follow.

Q186 **Antonia Bance:** There is CPTPP, negotiations are recommencing on the UK-India free trade agreement, the UK-China economic and financial dialogue has begun and the UK-Japan 2+2 framework is in place. How effective do you think the Department for Business and Trade is at turning talk and treaties into greater trade and investment? I will start with Mr Humphreys this time.

Charlie Humphreys: From what we see, DBT has done a great deal, given limited resources and it has merged, when it was previously the Department for International Trade, so it has a dual role. I think the biggest challenge is to be able to focus on what the demand is in those markets. Understandably, a lot of the DBT support for businesses, outside the trade policy side, focuses on what UK businesses are ready to export and what they are looking to do to expand their markets. Perhaps what would improve what it can achieve for UK businesses is to connect more closely with the dynamics on the ground in Asia.

Ian Gibbons: Overall I think DBT is doing a good job, echoing Charlie’s points about limited bandwidth, but it is about how you use that bandwidth and I think it does it effectively. It is fortunate that it has an outstanding trade commissioner in Martin Kent, based in Singapore but covering the whole of the Asia-Pacific region. He gets business. He is from business and he gets it. For CPTPP, which is important for my particular part of the region, it is what the region itself is looking for. There is an amalgam of countries that want to be a part of it and the fact that we have that now means that there is effectively a free trade agreement between the United Kingdom and Malaysia that was not there before we acceded to CPTPP. That is good. The more countries we can get to join the better it will be. Overall, I think DBT is doing a good job.

Douglas Barrie: I have nothing to add to my two partners.



Q187 Antonia Bance: Building on that, I have listed a number of the particular treaties and conversations that the UK is engaged in. We have a long-standing position on the upholding of labour rights around the world and yet in CPTPP Vietnam and Brunei don't recognise independent trade unions, there are questions about forced labour in Malaysia, we know the concerns about the Chinese labour market and the labour chapter in the UK-India FTA has been closed but they still don't recognise independent trade unions. Do you have any concerns that the UK's trade strategy is not paying enough attention to forced labour in the deals that we make? That is open to whoever would like to start.

Charlie Humphreys: The main concern that we have is supporting increased trade and investment. Clearly labour standards and rights are an issue across the world. We focus on the principle that by increasing economic engagement and trade it is then a lot easier to deal with these issues at the political level. We would focus on opening up the opportunity for more economic exchange, which gives more of an opportunity to deal with that politically.

Ian Gibbons: I don't have much to add to that, but I will say that it is better to be in those relationships and contracts now. It is incumbent particularly upon the Government to make sure that those important issues are raised at ministerial and senior official level, not just once but continuously.

Q188 Sarah Edwards: How will the UK's involvement in the Global Combat Air Programme, also known as GCAP, AUKUS or the Five Power Defence Alliance boost UK trade in the Asia-Pacific region? I will start with Douglas Barrie and work backwards.

Douglas Barrie: GCAP's flagship programme, if nothing else, enormously raises the profile of UK defence aerospace capabilities in the region. They are already pretty well known but just the scale of the project, the level of ambition, is a boost in itself. There will then be the spinoff activities, so it is not just the combat aircraft. It is the sensors, the guided weapons propulsion, all of which in the fullness of time may be spun out into other projects as well. You start to build up a network and infrastructure on which you build additional sales of the aircraft itself and the skillset that you come out with.

Ian Gibbons: I don't have a huge amount to add to that but it ties in with the broader aims and objectives and the broader collaboration and partnership and supply chain imperatives. I think that it is something my council would focus on and look to our members who have an interest in boosting that, but it would be from within rather than a direct engagement.

Charlie Humphreys: I don't have much more to add other than obviously anything that strengthens supply chains has additional economic benefits and allows additional supplies to enter new markets, which has a cumulative effect.



Q189 Rosie Wrighting: As we know, Asia is digitalising fast. What opportunities do you think exist for the UK to integrate digital trade frameworks to strengthen its economic ties with the region?

Ian Gibbons: Huge. Digital integration, engagement and enlargement is an ASEAN priority. We already have the Singapore-UK FTA that covers a lot of those areas, but one of Malaysia's huge deliverables as chair of ASEAN this year will be to sign off on the digital economic framework agreement. It is something that the UK is completely for and with, so I am not talking as a politician but certainly it matters from a business perspective. It matters. It is huge for companies like Pearson, our members, and it is massive across all the areas we are trying to do, but it is a single objective as far as ASEAN is concerned to get interoperability across the region, so we are fully behind it.

Charlie Humphreys: To extend that beyond ASEAN to Asia more widely, Ian mentioned interoperability at the end there. We have a lot of data localisation rules. Broadly there are three data regimes—the US style regime, the European style and the China style—but south-east Asia and other parts of Asia are picking one path or another. One thing that will help enormously—it will help the UK and many other countries and companies engaged in the digital economy opportunities—is to push for a greater alignment. The UK has a very advanced digital economy, a lot of excellent digital companies and digital economy company start-ups. There is a great deal of experience to lend.

I think if that is done in a very humble way and a collegiate way with Asian partners, either via deals like CPTPP, which has a very advanced digital chapter ripe for expansion, or bilaterally through considered engagement, there is a way to move forward to a more joined-up market. That would definitely be beneficial to UK firms operating internationally in the digital space.

Q190 Rosie Wrighting: On the back of that, what steps do you think should be taken to balance market growth with fair trade practices and consumer protection in regulating e-commerce platforms like AliExpress, Shein, Temu in the light of increasing volume of small-value imports?

Ian Gibbons: You are probably stretching me a little bit on that one. The broad aim and the broad goal needs to be the main objective but the access for workers' rights and everything that is with that is hugely important. The more we can articulate that in some of the forums and panels that we have here and that we talk as one voice, the better. Organisations like mine can feed that into Government; it is only Ministers that can make a difference there. It is important that we do that but do it regularly and have a large number of voices.

Q191 Rosie Wrighting: Mr Humphreys, to back to your point where you said they will be choosing a path, do you have concerns about data centres, like US and China data centres, in close proximity in south Asian countries?



Charlie Humphreys: Not specifically. The concern is that the market would be fragmented. If we are looking for opportunities for export led economic growth, with digital services being a major export of the UK, if each market operates very individually and there is not an opportunity for a digital business to operate across markets, whereas in Asia we are seeing huge amounts of intra-regional growth and US tariffs, for example, pushing more intra-regional trade, the digital economy is then not joined up. That is a very big concern. It is a concern for policymakers across the region. We speak to them very regularly but it is a very difficult challenge because technology is moving fast, there is the geopolitical background and data and digital assets are an economic interest but also connected to people's personal lives through data privacy.

It is a very complex problem. The UK, as a complex market with a very developed digital economy, may have lessons. If that is shared in a collegiate manner, it may be helpful to open up some of that market.

Q192 **Chair:** The clock is slightly against us, so I will have to wrap us up here, but let me conclude with one very broad question and if you could give us pithy answers that would help us. Mr Barrie, what are the one or two big things that you would like to see Ministers do over the course of this Parliament now to grow the UK's Asia-Pacific trade?

Douglas Barrie: As I said, reiterating support for GCAP. Looking to the region for opportunities for an additional partner or some kind of observer status, if there was interest in the region, I think would be welcome.

Ian Gibbons: Flexibility, willingness to travel, albeit there are parliamentary difficulties with votes sometimes. I think it is about being flexible about the needs of the region and the region being able to articulate the conferences and meetings that really matter. That should be fed into organisations like mine where we can work with the civil servants, particularly in the Department for Business and Trade, to say, "These three or four events are key; your attendance really matters and you need to be there".

Chair: That is very good advice.

Charlie Humphreys: I agree with what Ian said about getting out to the region and being present. That is really important for UK officials and Government Ministers. The thing to remember is that much of Asia is developing. These are societies that are aspiring to get to a high level of prosperity, a high level of economic development and they have all sorts of needs partly met through international trade and investment, but there are other ways in which, with an understanding of the region, countries like the UK can be a very good partner to help facilitate those needs. Understanding the broader picture and increasing the options for trade and investment in that context and understanding where they are coming from would be very helpful in moving the dial.



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Chair: Thank you very much indeed. I am sorry that our time together was cut short but that has helped us. You have helped us set the stage and the scene for our work in this area. That concludes this panel. Thank you very much.