

Rather than banging on about Europe, some of us have been banging on about China for quite [some time](#). However, the two are closely related.

When I first returned to these shores, after several years at the European Central Bank, one revelation I brought with me was [the middle kingdom](#). Here, China was still remote then, a far away place of the economic future. During that period though everyone has finally woken up to the economic giant already the world's second largest economy and soon to be its first. Few argue now this is one for "the long-term" (a euphemism for back burner) as its sheer size and breakneck speed of growth, slowing now to a mere 8%, mean that firms and cities like ours not strongly yoked to that expanding and investing market are doomed to economic decline. It's as simple as that.

If you add in echoes of that same understanding to India and places like Brazil and the Gulf states, it is pretty indulgent to spend precious policy time arguing instead about Europe. Yet, Brussels and Beijing are intrinsically-linked.

Although hard for a London-based policy establishment to accept, Britain is a rather small country with an oversized economy which is largely a legacy of empire. When Whitehall no longer had a quarter of the world to govern, it turned its gaze home, slowly but surely usurping its great cities of the power to set things like trade policy, or build things like the Manchester Ship Canal, the High-Speed rail of its day. Over the last 30 years, they have seen powers seep away to the European polity, and while some (like the Foreign Office) understand the rationale for voluntarily pooling sovereignty in some areas, others resent their lack of total control, and feed the backlash we have seen gather pace over the last decades. This fervour would be better aimed at meeting Beijing's demand rather than crippling Brussels's means to supply. In fact, the latter is our only viable route to the former.

Like it or not, Britain is not a global power any more in its own right. It is a second-tier player of declining influence. The only way we can achieve things is by boxing clever through alliances like NATO and our relationship with Washington (which is seen as "special" only on this side of the Atlantic). Our value to the US these days lies almost exclusively in our ability to influence the EU, the largest single market in the world, its second largest reserve currency and the only global power (albeit still today a stunted one) capable over the long-term of challenging the global duopoly that the US and China are very firmly becoming. The UK is a significant part of that prospect. However, whatever Europe might or might not become were Britain not in Europe, it is clear what Britain would quickly become in those circumstances: irrelevant.

Economically, we would also be tying two hands and two legs behind our backs. One of our biggest achievements over the last decades is the establishment of free trade across the

world, enabling British products, people and ideas to flow and conquer markets in a way not seen since empire. We have remained rich because we have replaced force and military might with an armoury of world trade organisations, free trade agreements, visa-free travel arrangements, more level playing fields and open markets and skies. Yet, we have done this not with British battalions, but with European ones. It would be foolish to think we could have done anything such alone or could do so in the future.

Thus, to win the battle for Beijing, and so our economic future, by embedding our economic wares deep into those rapidly-mushrooming markets that will define this century, we need all the help we can get our hands on. This means powerful local initiatives (like the [Manchester-China Forum](#)), national championing (like Airbus, the bedrock of our whole aerospace industry) and a solid regulatory framework in our favour, which the EU is the only powerbroker in town able to provide.

The growing uncertainty caused by the current debate and our gradual self-imposed removal from the corridors of power in Brussels is a significant impediment to what we need to do to increase growth and prosperity, but is nothing to the impact that cutting ourselves off from our main route of global influence entirely would have.

*This blog was first published in the manchester evening news on 5 june 2013, <http://www.manchestereveningnews.co.uk/business/business-opinion/baron-frankal-blog-road-beijing-4049397>*