

Brexit liberating if May seizes the chances in Asia, says Lord O'Neill



Lord O'Neill says the Government is overlooking the bigger picture CREDIT: PA

- [Ambrose Evans-Pritchard](#), in cernobbio, italy

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“I’m a Remainer but there are more important issues for the British economy than whether or not we are members of the European Union. Maybe even some good could come from leaving,” he said.

Whether Theresa May’s Tory Party is culturally disposed to meet this challenge is an open question. In his view the May government has been exasperatingly slow out of the starting gate: it has dropped the ball badly in Asia; and risks starving the country of vitally needed foreign talent with the wrong kind of immigration curbs.

Jim O’Neill, who [resigned from his post as Treasury minister last year](#) after a string of policy disputes, said Theresa May has been skillful in handling talks with the EU. Nobody in sophisticated circles pays much attention to the tabloid dichotomy of “hard” and “soft” Brexits at this stage, an issue that has been overtaken by events.

Yet she is surrounded by advisers with insular views who do not understand how fast the wider world is changing. “These people lack strategic perspective. We should have a minister almost permanently camped in China trying to do trade

deals, but they simply don't think about China when they get out of bed. It is not in their DNA," he said.

"You've got to follow through on Global Britain with substance, and they are not doing that. The Chinese are confused about what is happening," he told the *Daily Telegraph*, speaking at the Ambrosetti forum of global economists in Italy.



Liam Fox is at risk of becoming a symbol of the wrong thing

The trade deal with New Zealand pioneered by Liam Fox risks becoming a symbol of the wrong thing. "New Zealand is a lovely place but it is a very long way away and its economy is smaller than Greece," he said

Lord O'Neill, the former chief global strategist for Goldman Sachs and inventor of the "BRICS" acronym, is a highly appreciated figure in China and India. He was recruited as a minister in 2015 by then chancellor George Osborne in part to help open doors and flesh out Britain's "Asian Pivot", but instead found himself dealing with a self-preoccupied Tory Party fighting its internal battles. This became excruciating after Brexit. He now sits in the Lords as a cross-bencher.

Like other Remainers with a genuinely global outlook, he is less worried about leaving the EU single market than those British-oriented Remainers who often make more static, backward-looking, assumptions about the economic balance of power. He thinks EU divorce could be the catalyst needed to shake Britain out of bad habits and could ultimately force the country to adapt earlier than others to a post-Western economic order.

To do this requires tackling the country's dire productivity performance and the failings of basic education, and entirely changing the approach to China, India, and the mini-BRICS of Asia – where the world's growth is concentrated.

Not all is well on these fronts, although the fall in sterling towards its “equilibrium rate” after years of overvaluation has boosted manufacturing exports, halved the current account deficit, and helped slightly to narrow the UK’s North-South divide.



Jim O'Neill was Theresa May's first ministerial resignation back in September CREDIT:CLARA MOLDEN

Yet Lord O'Neill says the Government is so narrowly focused on the every twist and turn of Brexit drama that it is neglecting the bigger picture. There is general consternation in informed circles over the visa clamp-down for university students.

It is far from clear whether the Tory leadership fully understands the role that human know-how – much of it imported foreign skill – plays in a cutting-edge advanced economy. “Access to the world’s skilled talent is more vital than any trade deals, or whether we are in or out of the EU,” he said.

For all his criticism of the Government, he says the headline posturing over Brexit is largely aimed at placating elements of the Tory party and press. “The actual policy is much more nuanced,” he said.

There will have to be some kind of free trade deal for the car industry given the complex cross-border supply chains. “It must be something close to the single market. If we fall back to WTO rules, there will be serious trouble,” he said.

Surprisingly, Lord O'Neill is less worried about the City, where he had a ring-side seat for decades and learnt to judge the reflexes of the American and Asian finance houses.

“People have exaggerated the risks. As we creep through the weeks it is pretty obvious that the big global players are going to shift marginal operations out of London, but the idea that large swaths of the financial industry will decamp to Frankfurt and Paris is just crazy,” he said.

“They don’t have the social and human infrastructure, and the more imaginative EU leaders know that a flourishing City is actually good for Europe,” he said.

“I didn’t want Brexit but, basically, we can cope.”

