

# After the Golden Age: Resetting UK-China Engagement

Sophia Gaston and Rana Mitter

## Executive Summary

### Resetting UK-China Relations

- The substance of the political conversation in the UK around China has become increasingly fractious, and the dichotomous framing of China as either simply an economic competitor or an entirely malevolent presence set on global domination does not advance the UK's understanding of a complex nation, with an utterly distinct approach to its national governance and international relations. Nor do these frames provide a pathway around which the UK can reasonably formulate an engagement strategy.
- There is no obvious precedent from which the UK can draw to in developing a UK-China engagement strategy; however, it will be necessary to first acquire a deeper understanding of China's history, values and its interests.
- A UK-China Engagement Strategy must consider how the UK can both chart a course distinct to our strengths, opportunities, and our vulnerabilities, but also where we can build productive relationships to amplify and project strength around our convictions and shared interests.
- Our diplomatic narrative on China needs to be confident, friendly and firm: a confidence based on deep knowledge and nuanced judgement about what the UK can and cannot accept about China, a friendship that understands its boundaries, and stands firm in a principled and consistent manner.
- There also must be a realistic calculation as to what the UK can feasibly do to alter China's internal politics – which is, in practice, relatively little. China is not on a path to become a democracy; therefore, we should rather seek to prioritise more achievable goals to be achieved through engagement, such as greater transparency.
- The UK has many strengths that project and showcase its values, and it is feasible to advance our national prosperity while also not increasing our vulnerability to supply-chain dependencies or to political pressure.
- The UK also has a significant degree of soft power, based on a history of global influence and global respect for its education, language, governance and culture, which could be deployed carefully and strategically to slowly shift China's position on a range of issues.

## Strengthening the UK's Resilience

- In approaching the security issues at stake in engagement with China, the UK should focus on a more expansive and nuanced approach to conceptualising the nation's critical infrastructure, and on ensuring this definition is 'fit for purpose' in the digital age.
- In collaboration with our traditional allies and other democratic nations, the UK should consider how the state and market can work together to better rival China's economic strengths.
- The UK's higher education sector will be a crucial asset in our engagement with China, and should be given the appropriate tools and investment to achieve its full potential. Moreover, the presence of so many Chinese students in our own environment, presents a tremendous opportunity to interact with the nation's future leaders, and to project our soft power and foster goodwill. Nonetheless, the potential for malign influence and interference must be taken seriously.
- Similarly, a higher degree of collaboration between the Governments and universities in the UK will be needed to oversee and counteract intellectual property theft and security risks coming from the People's Liberation Army – the CCP's armed forces.
- The UK would be wise to proactively consider the types of land, particularly arable land, which may appear attractive to Chinese investment and ownership, in order to prevent a 'slow creep' of acquisitions that could ultimately threaten the livelihood of smaller producers and the security of the UK's agricultural markets.
- It is also important to be aware that economic engagement with China also carries its own security risks. Reports have frequently emerged that the acquisition of trade secrets or the imposition of technology transfer requirements have been made conditions of conducting business in China, allowing the CCP extensive access to foreign IP. Other concerns centre particularly on the efforts Chinese companies are making to secure controlling stakes in international firms, as well as hostile cyber-attacks against both military and commercial organisations.

## Harnessing the UK's Domestic Advantages

- The UK possess inherent domestic advantages that could be realised as a source of power and influence and interest for China. Many of these could also be brought together to help more concretely fuse the Global Britain and Levelling Up agendas. Central to both of these projects should be maximising the UK's research and scientific expertise. For example, our capacities for building efficient and productive clusters of medical and scientific advancement, and bringing these to commercialisation, are of great interest to China.
- The UK remains one of the most popular destinations for Chinese investment, and is seen as a key market for firms with global ambitions. The UK's global reputation makes it an attractive investment opportunity for Chinese businesses, which have stated that the legitimisation afforded by a presence in the UK improves the acceptability of Chinese businesses with other nations, acting as a stepping stone into global markets.

- Furthermore, our service-oriented economy, international legal markets and liberal economic environment put the UK in an appealing position for Chinese investors – not least of all as a gateway to Europe. Maintaining this ‘gateway’ role after Brexit will be crucial.
- The UK’s soft power also continues to hold an impressive and growing degree of influence in China. The English language is spoken by around 350 million Chinese people, and the rising numbers of Chinese students at British universities speaks to the appeal of the UK’s higher education sector. China’s domestic media and digital sectors have significant numbers of workers with UK educational experience, many of whom have a great affection and respect for the country as a whole.

### **The Future of the Trading Relationship and the Situation in Hong Kong**

- The UK does not, as a whole, have an integrated and wide-ranging experience of how to work with very large, diverse markets that are run by non-democratic governments; many of the other non-democratic states we engage with, such as Saudi Arabia, are smaller and less integrated across different sectors of the global economy.
- One key task will be to find markets that can realistically be expanded in China without making the UK vulnerable to security risks, including: financial services, international legal services, healthcare and science and technology cooperation.
- Aside from the symbolic, historical and moral value of the UK-Hong Kong relationship, Hong Kong also remains of deep strategic and economic importance to the UK and other Western nations, in part as a gateway to Asia and due to the sophistication of its financial, regulatory and legal services markets.
- Hong Kong also remains of significant economic importance to China, particularly because of its offshore status. It is therefore critical to appreciate Hong Kong’s practical and symbolic centrality to China’s economic dynamism, and the role this plays in China’s efforts to bring the territory under a greater degree of control.
- The issue of Hong Kong’s sovereignty will be made more sensitive in the short term by the UK’s principled decision to expand the rights for BN(O) passport holders. Having taken a strong stand, the UK should show consistency, and should stress its legal obligations, as well as its moral ones.
- Consequent issues that may also arise in the medium term, and which are important to consider as part of the UK’s diplomatic engagement, include: the future of the judiciary in Hong Kong, including the status of visiting British judges; the prospect of maintaining press freedoms, including for British journalists and outlets; threats to Hong Kong’s status as a pool of capital for the burgeoning tech sector across the border in Shenzhen; and the provision of legal services for Belt and Road (BRI) projects, and the use of Hong Kong as a key venue for common law commercial dispute litigation.
- A particular concern is the extraterritorial provisions of the new Hong Kong National Security Act, which seeks to criminalise speech about China, outside of China’s own borders.

## China Engagement in the Context of the UK's Global Relationships

- In the same moment as we are seeking to define our relationship with China, we also need to reconfigure our relationships with many of our most enduring allies, and consider which of the relationships that we need to develop with other emerging powers should be prioritised.
- Missing from much of this discussion, due to the highly politicised and polarised nature of the Brexit debate, is an examination of the specific partnership we could be forging on China with the European Union as a whole. The trading importance of the bloc for China, as well as its power as one of only three establishers of global commercial norms, along with the US and China itself, provides a unique window through which the EU is able to exercise a degree of influence.
- While the UK holds its own specific specialist strengths through which to conduct diplomatic and economic negotiations with China, it would be a missed opportunity not to also take advantage of other opportunities presented by our geography and our historical relationship with the European Union.
- On issues of shared interest – such as cyber security, climate change, and technology infrastructure, as well as the rising threat of Sino-Russian cooperation – it is evident that there is something to learn from the experiences of the EU's institutions and member states, and the UK should consider the European Union a strategic partner.
- The UK has expressed an interest in the D10 alliance creating an alternative pool of 5G resources to limit the influence of Huawei and China on global infrastructure. However, these countries remain at very different stages of integration of 5G, and the economic duress caused by the coronavirus pandemic will likely dampen any appetite for potential trade conflicts that could emerge from a head-to-head with China.
- Managing relations between the ten countries will also demand care and tact. These states have a long history of interaction, and the UK's intervention will need to take account of that sensitive history, since many democratic states in the region have poor relations with each other.
- In short, language about creating an 'alliance of democracies' is a useful starting point, but such a strategy needs more nuance: in particular, it will need to think more carefully about where increasingly illiberal democracies, such as the Philippines and India, which are also concerned with China, fit into the values piece of the strategy.
- Alliances of nations that are technically democracies may not be enough to create a shared consensus of values – not all democracies have the same priorities, and democratic governance is not an automatic sign of hostility to China. Equally, some non-democracies are strategic allies on China who should not be ignored.
- In engaging with nations such as Vietnam, it will be important to have a consistent narrative about why it is appropriate to be close to one authoritarian state, when creating a relationship to balance against another. This dilemma highlights the need for a UK-China

Engagement Strategy to also be lodged deeply within a more holistic approach to our global international engagement.

- It is reasonable and appropriate for us to strengthen our cooperation on Chinese engagement with Asian democracies, in particular Japan and South Korea, which are crucial in the increasingly important Asia-Pacific centre of diplomatic and economic power. It is also important for us to consider our relationship with Australia in this respect, not simply as a representative of the Anglosphere in Asia, but as a democracy with a long history of independent relationships in this part of the world, and which provides a gateway to a deeper level of UK engagement across the region.
- The UK should also continue to review its defence capabilities regarding China, and assess where we can work best with allies to uphold freedom of navigation operations, and strengthen the regional safeguards against its territorial incursions. We hold many strengths in areas critical to maintaining peace and freedoms in the Asia-Pacific region, however, our modern role in this part of the world needs to be more clearly defined.
- We should also note the special status of Taiwan, on which the UK recognises China's 'One China' policy. However, we should make it clear that we are supportive of the lively liberal democracy that has flourished in Taiwan, and make sure that our cultural and trade links with the island continue to evolve.
- The UK's capacity to carve out a role for itself in the region is complicated by the fact that its departure from the European Union will remove its access to the Dialogue Partnership with the Association of Southeast Asian Nations (ASEAN), and cannot automatically carry its access over, as a moratorium on new ASEAN members remains in force. The recently announced UK Mission to ASEAN is a step in the right direction, but the UK must develop an offer for the region that extends beyond security interests, and the desire to 'rebalance' power against China's growing dominance.

## Understanding China

- There is no modern precedent for a state in the world order that is profoundly entwined into the global security and economic architecture, while holding strongly to core political and social values which have very little overlap with the norms of any liberal society – nor any short-term prospect of converging in a liberal direction.
- There is a profound imbalance of knowledge between the two nations, in that Chinese knowledge of the UK is, in general, much greater than British knowledge of China.
- China is a globally pivotal state that is both central to certain key UK international ambitions, such as climate change and the maintenance of the WTO, and also in clear opposition to others – particularly, the advocacy of liberal values in international organisations.
- There is little prospect of China and the UK sharing a general world-view; the UK is always going to be a member of the liberal world order, and will fundamentally disagree with China on a range of issues. The question is how to reach reasoned accommodation on disagreement, rather than an ongoing impasse, in practice.

- A large portion of the British rhetoric up to this point has taken a holding position along the lines that it is important to ‘call out China’, but we must also trade and engage with them. This is a stop-gap rather than a strategy. Drawing red lines with China may well be appropriate in certain circumstances. It will also have consequences, which need to be understood, debated and thought through – not least for the many areas where engagement with China will continue to be necessary.

### **China’s Self-Perception and Strategic Objectives**

- One of the single greatest obstacles to achieving a meaningful dialogue is the frequent dismissal in the West of Chinese views of their own Government’s legitimacy as invalid. China does not have, nor claim to have, democratic or liberal norms underpinning its governance.
- Instead, it regards the basis of its legitimacy as coming from a variety of sources: the historical confrontations of the nineteenth and twentieth centuries; the political framework of Marxism-Leninism; Confucian ideas of community and hierarchy; and the ‘political contract’ it holds with its citizens via its well-established narrative of economic growth as a basis of legitimacy.
- There is a strong case that China’s new global reach means that other countries have a legitimate concern with its behaviour even beyond its borders; but this case, if accepted, has to be made as a distinct argument, rather than being subsumed into a wider, often rather vague, condemnation of all of China’s actions both at home and overseas. A degree of consistency in our approach around values-based leadership will be both necessary and desirable.
- Overall, China will draw on a range of factors that interact with one another, to create a highly distinctive strategic proposition using the combination of authoritarianism, consumerism, globalisation, and technology.
- Both at home and abroad, China’s capacity to offer improvement to individual economic circumstances, as well as to demonstrable technological progress, will be used to argue that its authoritarian system of rule is as valid as liberal-democratic systems, and possibly more successful.
- This project will extend beyond China’s own borders, as the nation moves to become a power with global economic, technological and military reach. The premises are very different from that of the United States, but need to be understood in their own terms – not simply as a distorted or deficient version of a liberal model of the world.

### **China’s Authoritarianism and Domestic Issues**

- At least since the global financial crisis of 2008, China has made it clear that it does not regard the liberal world as a model to emulate, but rather as a rival with serious flaws. Chinese political thinkers increasingly make the case for their state as an example of how ‘meritocracy’ beats democracy when it comes to careful planning and the selection of

leaders. In 2019, Xi announced that the ‘three critical battles’ for China’s development would be reducing financial risk, addressing pollution and addressing political reform – with the objective of solidifying the Leninist system, rather than changing it.

- The COVID-19 pandemic has proved an important milestone in the testing the resilience of China’s system of government. By the spring of 2020, there was a widespread feeling amongst the Chinese middle class that, overall, the authorities’ heavy-handed approach had ultimately enabled them to contain and respond to the crisis effectively after the first phase.
- China’s Government stresses collective and economic freedoms over individual ones, and argues towards its citizens and on the world stage that this is a legitimate alternative to the liberal model promoted elsewhere. Debate around the top leadership is off-limits for discussion on social media, as are conceptual issues such as ‘constitutional government’. There have been widespread arrests of lawyers and activists involved with civil liberties, including direct critics of the Government, over recent years.
- One of the main global concerns in relation to China is its treatment of the Uighur population in Xinjiang. In August 2018, the UN human rights committee heard that China had turned the Uighur region “into something that resembles a massive internment camp”. China initially denied the existence of such camps, but have since claimed that “vocational education centres” have been set up to stave off terrorism and to help the Uighur people learn skills and the Chinese language.
- China’s rapid economic growth has come at the cost of a severe environmental and public health problem, with incidents of respiratory diseases and cancer steadily on the rise because of the pollution engulfing large parts of China’s territory. While China remains one of the world’s major polluters, significant sums have been spent on developing green energy. It is now the largest producer of clean energy technologies and has the highest number of renewable energy patents.
- China is rapidly becoming a ‘surveillance state’. During the COVID-19 pandemic, China has used its capacity to track and trace citizens as a case study of why its system is superior in ensuring public health. The party-state has also taken advantage of its technological prowess to enable the mass collection of data to control society. The ‘social credit’ system being established in China aims to bring together a range of state and private networks to provide a variety of financial, social and political information about individuals on a centralised database.

## China’s Economic Future

- Given the centrality of economic growth to its model of governance, above all, the CCP will prioritise actions that boost the Chinese economy.
- China has developed globally leading capacity in areas including artificial intelligence, biotechnology, and space exploration, and is actively developing capacity in areas such as quantum computing. China’s approach to technology combines civilian and military approaches, allowing the development both of a powerful consumer economy powered by new tech, as well as a highly innovative military sector.

- After a long period of growth, China's economy is reported to be operating at around 20 per cent below the levels of the same time last year. Meanwhile, Chinese policy institutions have been taking action: for instance, stimulating domestic consumption with credit vouchers, creating credit for local government infrastructure through local bond issuance, and propping up State-Owned Enterprises.
- In the medium term, China is tying its future to creating an increasingly indigenous, high-tech economy where labour and capital produce very significant added value. In the short term, however, it will need to revive the economy to recover some of the lead it has lost because of the effect of the pandemic, with its place in global supply chains particularly vulnerable.
- Current policy suggests the Chinese party-state is hesitant: it wishes to stimulate growth, but is deeply worried about creating a credit bubble that could foster the levels of near-unsustainable debt seen in the 2010s after the global financial crisis. This has led to a series of somewhat tentative initiatives, allowing greater borrowing and mild fiscal stimulus.

### **Nationalism, Diplomacy and China's Global Ambitions**

- We are likely to see a forthright projection of the idea of China as a strong nation on the 75<sup>th</sup> anniversary of VJ day in August 2020, on which China will celebrate its victory over Japan in the Pacific War. More broadly, Chinese nationalism has been placed under Xi into a framework that advocates concepts such as 'The China Dream' and 'the great revival of the Chinese people'. While such slogans are clearly nationalistic, they draw more on a sense of patriotic pride in Chinese identity than a real sense of opposition to any other country.
- Another element of Chinese nationalism, as expressed through its international diplomacy, has become notably more confrontational during the COVID-19 pandemic. This 'Wolf Warrior' strategy is driven primarily by the desire to create a sense of nationalist cohesion at home, during a period of economic vulnerability.
- China has drawn on Russia's playbook – aiming to confuse public debate in foreign states, by propagating multiple conflicting theories about the origins of coronavirus, sharing conspiracy websites, and using state-backed media and official Twitter accounts to spread disinformation about the pandemic.
- The 'Wolf Warrior' strategy is highly controversial within China itself, and there have been frequent public reports that prominent figures in China's foreign policy and think-tank world recognise that it has been very damaging to China's public image.
- It is also true that the erratic behaviour of the United States in the international community under the leadership of President Trump has provided some degree of cover to China for its nationalistic language and its hostile behaviour towards American and Western interests.
- China's relations with the United States may not be significantly reset under a Biden Presidency. There is a strong bipartisan and institutional basis to the rising American antipathy towards China, and the structural conflict between the two powers is unlikely to diminish. Nonetheless, it is to be expected that if elected as President, Joe Biden would seek

to redress some of the dysfunction seeping into the United States' relationships with its liberal allies.

- There is a widespread perception among Chinese officials that a second Trump administration would be much more favourable for China's interests than the election of Joe Biden, as a second term for the incumbent would, in Beijing's judgement, create further chaos in the Western alliance.
- China will continue its push to recreate international institutions in its own image, including the World Health Organisation, and growing its role in United Nations peacekeeping operations. The UK will have to find new pathways to create alliances that reorient the direction of travel back toward liberal norms – including, perhaps, a creative use of its UNSC-P5 seat.
- China also aspires to much closer involvement with many regional institutions, including the new CPTPP; as the UK has expressed an interest in involvement with this, a clearer understanding of China's intentions toward it will be important.
- The increasingly confrontational mood between the United States and China will remain a fact of geopolitical life for years, perhaps decades, to come. We should consider our role in reinvigorating and strengthening global institutions as part of our strategic engagement with China, as these will provide strategic ballast against China's interests and crucial ecosystems in which we can defend our own.

### **China's Development and The Belt & Road Initiative**

- Over the past 40 years, China has transformed itself from a major recipient of international aid to a provider of aid and investment to much of the developing world. China's Belt and Road Initiative (BRI) is expected to cost over \$USD1 trillion and connect 65 countries across Asia, Europe, Africa and the Middle East. Large amounts of infrastructure investment and construction have been beneficial for Chinese companies, as well as for participating B&R countries.
- The BRI project has been one of the strongest sources of China's soft power and economic expansion in the last decade – although its future has become less certain in 2018-20, particularly as China's economic situation means that it has less FDI to offer overseas.
- Global response to the initiative has been mixed, with India vocally cautious about the project due to concerns about the impact on sovereignty and the likelihood that the project will saddle communities with an unsustainable debt burden to China. The coronavirus pandemic is also likely to bring a number of challenges to the initiative, as economies slow and countries default on loans.
- However, the project remains important for economic trade and expansion, and with Western nations such as Italy signing on, the project is gaining a degree of legitimacy. Furthermore, analysis shows that overall the view of the BRI globally is positive, largely because of the trade and socio-economic benefits it is expected to bring.
- In 2018, China established its International Development Cooperation Agency (CIDCA) to oversee its international aid, joining its international counterparts of the UK's Department

for International Development and USAID in the United States. DFID was the first international aid agency to collaborate with China on developments in other countries, launching the Global Development Partnership in 2011, and China has in fact turned to DFID for assistance in improving its transparency standards.

- In many ways, the intensification of integration across the UK's international activities could in fact enable the UK to better mirror the approach of the BRI, which has skilfully combined investment, diplomatic, geopolitical and soft power objectives. Crucial to achieving this will be ensuring that the immense goodwill and esteem projected by the brand-building achieved for DFID is not unravelled during its incorporation into the FCDO.

### **Climate Change Cooperation**

- The UK-China Cooperation on Climate Change Risk Assessment has been a multi-year bilateral cooperation since 2015, with its third phase (2020-2022) being led by Chatham House, under the guidance of the China Expert Committee on Climate Change and the UK Committee on Climate change.
- The UK and Chinese governments are also participating in a pilot project on climate-related environmental risk disclosure, seeking to improve information disclosure in both countries. The pilot has 10 participating financial institutions, including the Bank of England, the City of London and the People's Bank of China.
- Keeping China at the table of talks on climate change will be essential in tackling this global issue. Not only is China the world's largest carbon emitter, over the past decade it has become a leader in climate action, enacting over 100 policies designed to reduce emissions and leading on technological innovation on climate change.
- An important point of context is that Chinese officials have stated that the economic pressure and uncertainty created by the Sino-US trade war has forced them to prioritise employment and the economy in ways that may not fit with their efforts to tackle climate change.
- While it can feel counter-intuitive to praise China's efforts in climate change action, given its own emissions record, there should be no doubt in Western policy-makers' minds that a China motivated to lend its technological expertise to addressing global warming and inspiring action amongst others is considerably more favourable to global interests than a China that continues to produce emissions without any efforts to exercise a domestic or international responsibility to counter them.

### **Public Opinion, Political Parties and the Media**

- Public opinion towards China has been experiencing a period of rapid change as political debate around the terms of the UK's engagement with the authoritarian economic powerhouse has become more prominent and more contentious. In short, we can observe a hardening of opinion around China's intentions and its capacity to act as a 'responsible

actor' on the world stage, and an increasing willingness to sacrifice an economic relationship to uphold British liberal values.

- Public opinion towards our allies and strategic rivals is forged through the public sphere, and mediated by our social experiences. The relatively contained size and the 'newness' of the Chinese diaspora in the UK presents an entirely different framework of engagement with the broader general public than that which is held with other, more established communities. The British people are therefore more inclined to regard engagement with China through a nation-state framing around economic or geopolitical relations, rather than in terms of cultural ties.
- The process of building public consent, even towards a more limited, strategically focused relationship with China, is becoming increasingly challenging. A new framing for the conversation will need to take place, one which builds trust and permission, helps to bridge a seemingly insurmountable cultural divide, and is perceived to deliver tangible benefits for the British people.
- Given the volatility and increasing hostility in the UK public's opinion on China, building consensus and support for a closer relationship between the two countries may prove difficult. It will be important to reframe the conversation, highlighting the benefits of a sustainable relationship, particularly during the current period of social and economic turmoil, and to build public trust and a sense of community between the two nations to enable a positive, stable relationship with China.
- Stakeholder engagement events hosted by the BFPG alongside the FCO, in towns and cities and devolved nations around the UK, have made clear that sophisticated and nuanced international engagement planning and activities are already taking place within councils and devolved administrations, and that these will need to align with broader national strategies in order to be effective. Cities such as Manchester hold their own economic and strategic relationships with China, and there will therefore need to be a proactive effort to work closely with their leaders, to ensure that the national strategy is sensitive to local needs, and the national message is therefore able to be expressed in a consistent voice.

## **Engagement with the Chinese People**

- There is no doubt that there is a layer of genuine regard for the UK in China itself. However, to draw up a realistic mode of engagement with China as it actually is, the UK also needs to understand a great deal more about China itself; not just reading the tea-leaves of what China's top leaders may or may not think, but understanding the society as a whole, and particularly the emergent middle class that will be a driving force in its next phase of development. In particular, an understanding of the everyday lived experiences of its citizens might add nuance to an often rather monolithic view of the country.
- The UK would benefit from having some means to monitor that sense of Chinese public opinion – above all, UK-China Engagement Strategy must prioritise learning, listening and understanding.

- Chinese language learning in the UK has grown in recent years, however Mandarin provision in schools remains extremely limited – particularly within the state system. The tremendous disparity in language expertise between China and Great Britain will continue to be an impediment to deepening relations and fostering public understanding of Chinese culture in the UK.
- The UK is home to a sizeable and growing Chinese diaspora, which will necessarily become an important part of the Government's future engagement with China. While this community has a high educational success rate, problems around access to employment, discrimination and difficulties building a British-Chinese identity should be addressed in order to maximise the positive benefits of this important heritage-based connection.
- With large numbers of the diaspora returning to China post-education, and with the size of the diaspora growing in the UK, the British-Chinese community play an increasingly important role in perceptions of Britain within China and should be regarded as an extension of the UK's soft power.
- It should be a matter of greater pride for the UK that the BBC, the *Financial Times*, and *The Economist* are regarded as three of a very small number of core media sources by the Chinese political and business elite, and stand alongside *The New York Times*, *Washington Post*, and the *Wall Street Journal* in a prestigious cadre.
- What the UK, and the West more generally, gains from these publications is a level of influence that is almost impossible to reproduce elsewhere. The UK authorities should be more forceful about insisting that UK media be allowed to report freely on China, arguing that China benefits from allowing itself to be scrutinised. Rather than being reactive, and especially in light of the expulsions of American journalists discussed above, the UK needs to portray itself as a friend of global press freedom throughout the world, not just in China, and make it a point of principle to uphold this role.

### **Spotlight on Australia: Lessons for the United Kingdom**

- It is clear that the experience of Australia offers a distinct comparative opportunity for the United Kingdom to draw from as we seek to define our own relationship with China.
- Some of the lessons Britain can learn from Australia are in fact positive instructions on how to forge meaningful economic, cultural and educational ties. For example, both the federal and state governments in Australia pursue complex, nuanced and sensitive community engagement strategies with the Chinese diaspora, and invest heavily – financially and politically – in integration support, such as language provision, funding for community organisations and events, and the promotion of intra-cultural dialogue.
- While not without its controversies, the extraordinary success of the higher education sector in attracting capable and enthusiastic Chinese students has provided a lifeline for tertiary institutions and driven education to rank as the third-largest component of Australia's GDP.

- Similarly, the nation has successfully adapted its tourism industry to accommodate Chinese visitors, and Australian soft power has also been leveraged to position its agricultural and vinicultural sectors as highly desirable.
- Other lessons should be embedded in our resilience framework. For example, the disturbing degree of infiltration of Australia's security and defence systems by Chinese cyber operations suggests that digital security must form a critical part of any engagement strategy.
- So too are there lessons in the sophisticated manner in which China sought to involve itself in every economic touchpoint of Australia's financial security – transitioning from a trading relationship, to investment in the housing market, agricultural land, infrastructure, energy industries, and higher education.
- The decision of the Australian Government to chart a more forthright approach in its relations, and speak more openly against incursions into its national sovereignty, and China's global actions, shocked and alarmed Beijing. The price of moving from a reset to a retreat has been significant, underscoring the need to build resilient parameters of engagement with sufficient room to manoeuvre.

## Conclusions and Recommendations

The UK's engagement with China has thus far been defined by a deep lack of strategic intent, a naivety regarding the potential security risks it can inspire, and a weak structural framework to facilitate proactive decision-making. More recently, a confrontational and aggressive tone has emerged, without a clear sense of how to adapt these 'red lines' to any degree of economic or diplomatic engagement. There is, therefore, an urgent need to develop a comprehensive UK-China Engagement Strategy – one built on robust moral foundations, and a long-term vision, but which also enables some degree of flexibility around engagement on crucial areas of productive collaboration.

It is inevitable that the UK will need to contest China's priorities, choices and actions, on a wide range of issues. While it will never be possible to reconcile the multifarious interest groups with a stake in the UK-China relationship, it is possible to better coordinate these and to ensure a more consistent and considered approach to UK-China engagement. The UK possesses a number of domestic strengths favourable to such a relationship, and there is much about British culture, industry and diplomacy that is admired by China's elites and amongst the Chinese people. This soft power, and our sectoral advantages, should be more effectively harnessed.

The UK Government needs to hold a realistic view of the UK's place in China's own approach to international affairs. The UK is much better respected in China than is sometimes grasped – however, often in areas that may not be immediately obvious, such as British strengths in creative industries, the provisions of education, and our open business markets. It is also true that China's history of enmity and alliance with Britain is much more widely remembered in China than in

Britain itself, and it will therefore be crucial for British policy-makers, and businesses, to immerse themselves in understanding these historical touchpoints, and develop a more sophisticated understanding of contemporary China and its people.

We miss many crucial nuances in our understanding of China by framing the nation as an enormous, unknowable land. Significant variations exist within China, regionally, politically and socially. China is authoritarian but not monolithic – there will always be voices offering a more complex picture beneath the official rhetoric, which often veers between an unbearably shrill and unpalatably saccharine tone.

Engagement with China should not be seen as mutually exclusive to developing a more robust infrastructure to securitise the nation's resilience. For example, the higher education sector offers a crucial gateway to cultural and diplomatic engagement. There is an immense value in attracting Chinese students and researchers to the UK, but the benefits of this exchange can only truly be realised so long as firm measures can be put in place to safeguard academic freedoms and protect UK intellectual property. So too will areas of cooperation, such as on the issue of climate change, remain a source of mutual interest and therefore demand a respectful and sensitive degree of attention.

Britain is currently deeply under-powered on China expertise. Only tiny numbers of Britons study the Chinese language, certainly in comparison with the millions learning English in China. More attention to learning about Chinese language, society, politics, and history – institutionally, commercially, and societally – will be essential to creating a sustainable UK-China relationship.

The Global Britain project is, at its heart, an exercise in defining our values, and we need to be utterly confident in these in our engagement with China. Great Britain will always instinctively stand as a liberal nation, which believes in diversity, dissent, the rule of law and media freedoms. We must continue to regard these values as universal, and advocate for them abroad, while robustly defending them at home. In seeking to ensure that our global message on these is consistent, we will need to consider not only how we uphold them in our relations directly with China, but also in our engagement with other nations that will become increasingly important to the liberal paradigm – including semi-liberal states such as India, or non-liberal states such as Vietnam.

It is therefore essential that a UK-China Engagement Strategy should stand at the centre of a much wider process of defining and investing in our global relationships. While, as emphasised, Britain holds some areas of distinct advantage in our direct engagement with China, we can also amplify and strengthen our voice through meaningful collaboration with other nations. As the United States experiences a transformation of its own conception of its international role, our security and foreign policy partners in the Anglosphere and in the European Union will necessarily become more central to the projection of our interests and values. Productive engagement with the D10 and a more modern conception of 'liberal partners' should be welcomed; however, the central mission of

the UK as an advocate of liberal democracy, and the prioritisation of liberal democratic partners, must not be diluted in the process.

Finally, it is crucial to remember that the necessarily more defensive and robust form of engagement with China that has been developing over recent months must not become conflated with the Chinese people themselves – whether in China or the diaspora in the UK. Cultivating xenophobia and fear regarding the intentions of the Chinese community would not reflect positively on Britain, and would indeed erode some of the inherent strengths the UK holds through its strong moral foundations.

The following recommendations are as much about encouraging a new attitude toward planning for long-term engagement with China, as offering specific policy prescriptions. They are intended to foster a reinvigorated mind-set in government, and British society more broadly, which facilitates a much deeper knowledge of China, and a more consistent, confident and proactive form of policy-making.

In conclusion, in conceptualising a UK-China Engagement Strategy, the UK Government should:

1. Invest heavily in building the knowledge and experience base regarding China within the UK civil service, including a sensitive understanding of China's intellectual and moral foundations, and assist British businesses to become better prepared to engage with China's business culture. Draw on existing, well-respected resources, which have experience in education and engagement, such as the Great Britain China Centre.
2. Work to enhance knowledge of China within the UK as a whole, investing in language training, and knowledge of politics, society, culture and history. Existing initiatives exist to encourage Mandarin language and Chinese studies knowledge in the school and university sectors, but they are scattershot, and have often been short-term. Draw on the experience of existing educational institutions, and fund and support long-term growth of China Studies knowledge for the longer term.
3. When planning our engagement with China around a full spectrum of policy areas, it is important that in all scenarios, the UK Government matches the disciplined approach of the CCP and thinks at least two steps ahead about possible outcomes.
4. Identify the values of special importance to the UK as a liberal actor on the world stage, and develop a consistent approach to advancing these in our engagement with China, but also other global institutions and in other international relationships. At the heart of these should be a consistently demonstrated degree support for British media operating in China and Hong Kong, and reporting in these regions, and absolutely no room for ambiguity about Britain's leading role in the defence of media freedoms, and free speech more broadly.

5. Better harness our existing assets and soft power, building confidence from the degree of genuine respect China's leaders hold for the UK's strengths in culture, scientific discovery and research – and leverage these to make representations around shared issues of importance, such as climate change.
6. Think creatively and expansively about the UK's 'critical infrastructure', so we can better safeguard national interests and future-proof emerging areas of technology that may become more important in the coming decades. Be fully aware of the security implications of investment and technological cooperation with China, and think through a range of possible scenarios well in advance – as well as the outcomes of difficult conversations with China. Allowing Chinese firms to bid for competitive tenders the UK is uncomfortable with them winning is diplomatically and politically costly, and a phenomenon that should be confined to the past.
7. Seek new business opportunities, and continue multilateral efforts to open China's markets. Be aware of which sectors become more vulnerable – for instance, because of intellectual property capture or technological path dependency – and ensure they are given the resources and capacities to protect themselves. Positive outcomes and vulnerabilities must constantly be assessed against one another.
8. Lead conversations with our democratic allies and new strategic relationships around the development of commercial capabilities and technology infrastructure that can rival the competitive tenders of China-owned firms.
9. Study the experiences of other nations at a more advanced stage of their engagement with China, such as Australia, and take heed of the sophisticated manner in which economic and political coercion can develop. Standards of conduct for parliamentarians and other political officials will need to be strengthened and robustly upheld.
10. The UK should ensure that it recognises and then uses its specific defence and diplomatic capabilities more creatively and productively in the Asia-Pacific, working alongside allies old and new to uphold freedoms, the supremacy of international law, and to support democracy in the region.
11. Rather than allowing them to fall into competition, seek to integrate the Global Britain and Levelling Up projects as a means of building national resilience through strengthening the UK's 21<sup>st</sup> Century manufacturing capacities. On-shoring projects, which could seek to redress regional inequalities, should also be balanced by other efforts to defend and uphold globalised markets and trade.

12. Forge closer relationships with the UK's globally-respected higher education sector, to ensure this economically productive and culturally outstanding sector can maximise the benefits of engagement with Chinese students and researchers, while also building the resilience to make it clear that academic freedoms and free speech on China will not be compromised, and prevent intellectual property capture.
13. Take stock of the varied forms of strategic engagement with China already taking place in the UK's cities and devolved governments, and ensure a national strategy is sensitive and responsive to the needs and assets of the UK's regions – providing a cohesive, over-arching approach and a consistent message, under which local autonomy can flourish.
14. Develop forums through which to engage constructively with the Chinese diaspora in the UK, recognising the importance of shielding them from the potential for geopolitically driven xenophobia and their crucial role in forming perceptions of the UK amongst the Chinese population, and China's political elites.
15. Develop methods to take the temperature of Chinese public and elite opinion on the UK within China itself –for instance, with regular public opinion panels, and the monitoring of social media. The UK should also draw more systematically on evidence from the diplomats and FCDO staff working on China, an outstanding British resource that should be better harnessed. Nurture existing Track 1.5 dialogues in different areas (policy, education, international relations, arts) and create new ones; it is vitally important that we expand the touchpoints from which to draw genuine insights about the state of the relationship.