After the Golden Age
Resetting UK-China Engagement

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Conceptualising a UK-China Engagement Strategy

This report provides a conceptual framework for developing a UK-China Engagement Strategy, to underpin the full spectrum of our relations with China. It is both inwardly and outwardly facing, exploring the ways in which the UK state, businesses, education institutions and citizens will need to strengthen their resilience to China’s influence and potential incursions, while also setting out the productive forms of engagement that could continue to flourish between Britain and China in the future. It gives thought to the poorly understood historical, social, economic and geopolitical motivations of China, and how these are likely to evolve over the short and medium term, as well as the lessons that can be gleaned from the experiences of the Australian Government in their own rapidly evolving relations with China.

The report’s primary objective is to help to build a more constructive, informed and realistic form of engagement with China – a nation whose interests and values will often continue to diverge from our own. It seeks to chart a better balance between complacency and paranoia – frankly assessing the myriad risks posed by the Chinese authoritarian state to the United Kingdom’s security and sovereignty, and to the democratic world order, while also better highlighting the areas where economic, diplomatic and education partnerships could reap mutual benefits.

The authors have made every effort to strike a pragmatic and measured tone, in the face of a dramatically escalating political conversation. As ever, writing about an evolving relationship and current affairs mean that certain aspects of the report may be resolved or superseded over the coming weeks and months. Nonetheless, they hope that others – whether China experts, hawks or novices – will find this report a useful contribution to the important public debate around the UK’s relationship with China in the 21st Century.

With thanks to Evie Aspinall, Katarina Kosmala-Dahlbeck and Nadia Nelson, for their exceptional assistance in bringing this report to publication. All mistakes are the authors’ own.

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Contemporary Political and Diplomatic Context

The UK’s political and diplomatic relationship with China has experienced constant flux and evolution over the past decade, with the COVID-19 pandemic further enhancing the already rising prominence of China-scepticism within Westminster. The primary political concerns regarding China relate to three specific spheres: the potential security risks posed by partnerships with China-led companies; the challenge in balancing the economic opportunities presented by China’s rising economic strength and its authoritarian system; and the diplomatic capacities of influence held by the United Kingdom, and our allies, to advocate on human rights and other international law disputes with China within its territory and the broader Asia-Pacific region.

The substance of the political conversation around China has become increasingly fractious, with China hawks warning of the authoritarian state’s ambitions for global dominance, and China itself – and its firms operating in Western markets – presenting its intentions as simply benevolent, humanitarian and arguing that more controversial issues are relevant only to its own domestic sphere.

The strength of the former position lies in its acknowledgement that much of the goodwill expressed by Western allies over previous decades towards China was predicated on simplistic expectations that economic growth and prosperity would inevitably lead the nation to adopt a more liberal, democratic model of governance, and aspire to become a trusted global actor. Instead, China is now often framed as an entirely malevolent presence, with plans to assume not only the United States’ traditional economic hegemony, but also its long-established role as the moral compass of the world order. The latter position is a reminder that China’s claims have to be acknowledged, rather than automatically treated as illegitimate, even when they should be vigorously disputed.

Yet neither of these frames help to advance the UK’s understanding of a complex nation with an utterly distinct approach to its national governance and international relations, nor do they provide a pathway around which the UK can reasonably formulate an engagement strategy.

It is patently clear that China has not taken a path towards a more liberal, democratic future, and that in many ways, its economic strength enables it to deepen its authoritarian behaviour at home, and its confidence in advancing its interests in its region and beyond. Moreover, its presence in many multilateral institutions has led to a significant drift away from liberalism within them, and that both the ‘carrots’ and ‘sticks’ of Western influence are rapidly being eroded. Yet, to condemn China as entirely preoccupied with a zero-sum game towards world domination misses something important about the essence of its ambitions, not least in terms of its own domestic security – which historically has been under frequent threat from the West – and risks rendering this vision a self-fulfilling prophecy.

Another approach must be identified, one which respects the genuine potential risks China poses to the UK’s values and security interests and acknowledges the troubled public mood towards the authoritarian state, and which also enables room for constructive engagement on an economic level and towards shared global challenges – such as climate change and international trade. One of the most crucial aspects of any UK-China Engagement Strategy must centre around better preparing the UK Government to take choices in the nation’s interest – setting out a clear, consistent and principled framework that allows for nuanced, but timely decisions, which can be clearly communicated to the British people.

Over recent years, there have been a number of issues where the security dimensions of Chinese investment have been called into question, and the UK Government has struggled to chart a course through these decisions in a manner that feels both grounded in a clear set of principles,
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and also which allows for a degree of responsiveness to shifting public attitudes. Increasingly, it has felt as though China is becoming more proactive in its strategic intent, while the UK has become reactive in its engagement. Taking note of the experiences of our allies around the world, discussed in greater detail below, it is clear that we cannot afford to travel further down the path wielding an ad hoc approach on a decision-by-decision basis. Clear parameters for engagement will be essential.

This report is heavy on both facts and analysis. It seeks to create light, not heat. However, it does not shy away from recommendations about the future relationship, and it makes no apology that those recommendations are nuanced, and assume a long period of complexity in a range of areas where Britain holds interests – some of which are at times in competition with each other. While advocating for a much stronger position on transgressions of our values, and the need to build a greater degree of resilience into our democratic and commercial infrastructure, the authors do not believe it is feasible, nor productive, to shift our relationship with China to something akin to our relations with hostile states such as North Korea. Therefore, the report is written in the belief that the UK and China will need to engage with each other for years to come, while being mindful that dealing with China is a geopolitical issue perhaps more complex than any we have dealt with in the post-1945 era.

Resetting our Approach on China

Over the course of a matter of months, the UK’s public and private spheres have moved from a position of relative indifference toward China, to a much broader and deeper hostility. One thing that has not changed, however, is that most judgements are made without any very deep understanding of China itself – including by many policy-makers, both elected politicians and within the civil service.

This is not sustainable. The UK will have to deal with China for a long time to come, and needs to make strategic, not just tactical choices, about what to do – one, two and three steps beyond any single decision. It is more natural, and simpler, to do this with old friends such as our Anglosphere partners; although we of course cannot expect that these relationships too will not further evolve over the coming years. In terms of our engagement with China, however, the problem is precisely the opposite of the challenge framing our engagement with an established ally such as the United States: the obvious lack of any appropriate precedent to draw on.

The distinct absence of any deep understanding of China and its behaviour needs to be remedied so that policy-makers can make judgements on the basis of the need to maintain a long-term relationship with China, which serves UK interests, without ceding core values. This cannot be done on the hoof: it demands resources, and a deep investment in a certain amount of forensic research, to build experienced and skilful experts. The UK Government has begun to recognise this need with Michael Gove, Minister for the Cabinet Office, recently highlighting the need for the civil service to develop “deep subject knowledge”, to ensure it best serves the public interest. In the same speech, he also noted the tendency for the UK’s foreign policy-making to be characterised by a “lack of deep knowledge of the language, culture and history of the nations with whom we are negotiating or whom we seek to influence”. China is not an easy subject for busy policy-makers grappling expansive portfolios to understand; but like understanding technological change, it must be done, or grave mistakes are likely to ensue.

The UK’s engagement with China needs to be both more holistic and more granular at the same time – holistic, because it is currently too easily swayed by competing interests, such as businesses wanting better relations to ease market access, and security interests seeking much more caution; granular because it should acknowledge that it is important to understand the different interests and motivations of distinct regional and sectoral elements within China, just as the UK would engage in different ways with our economic and strategic interests in Silicon Valley and in Texas.
It is also true that the past history of UK-China relations matters a great deal in shaping the contemporary relationship between the two nations. While Britain believes it is a nation uniquely steeped in its own history, in reality, China's policy-making is shaped much more than the UK's by reference to past events, and to historical analogy.

This in part reflects the fact that China's recent history involves both indigenous and foreign-inflicted trauma. For a Chinese policy-maker, the British role in the Opium Wars of the 1840s, or the burning of the Summer Palace in 1860, continue to be deeply relevant. On a more positive note, so too are Britain's alliance with China in World War II – a fact we rarely engage with in contemporary Britain – and for certain circles, the role of British business and policy figures in helping to reshape China's economy post-1978. While the public discussion in Britain often frames the two nations as 'chalk and cheese', in fact, Britain has been highly entwined with China over the past two centuries. Unlike our history with India or the Caribbean, whose memory is kept alive through the Commonwealth and the large diaspora populations, our connection with China is rarely made in British public life. This should change.

The UK 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 firm in a principled and consistent manner. As we set out below, 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 either to supply-chain dependencies or to political pressure. Undoubtedly, that calculus bodes better for some areas, such as legal services, than others, but it will demand careful thought.

There is something for the UK to learn in the manner in which Germany approached its engagement with China in the 1990s, building up a position where it is the European country most respected by China, even while it is highly critical of Beijing. In 1993, Helmut Kohl's government introduced the 'Asia Concept' which highlighted the important economic opportunities the region would create in the future and the need to capitalise on them. In order to do this, and inspired by 'Ostpolitik', Germany's approach to China since the 1990s has been one of dialogue and diplomacy, on the basis that economic exchange ultimately leads to social change as well.2

During his time in office, Chancellor Gerhard Schröder visited China at least once a year to build diplomatic and economic ties, and to promote German businesses, a tradition that endures, with regular diplomatic visits between the two nations.3 They have also sought to collaborate on areas of common interest, such as technology, setting up the Sino-Germany Joint Committee on Scientific and Technological Co-operation, which has allowed extensive cooperative partnerships between the countries' research institutes. In doing this, Germany has managed to foster opportunities for friendly dialogue with China, leading to the creation of the 'Rechtsstaatsdialog' in 1999 – a forum designed to allow bilateral discussions of modernisation of the Chinese judicial system and improvements to human rights, which has resulted in 14 symposia on these issues.4

While Germany's contemporary leadership is now under pressure to take a tougher line on its engagement with China, giving greater prominence to the CCP's authoritarian transgressions and human rights violations, it is also true that this friendly business-first relationship with China has been of significant economic benefit to Germany, while also providing opportunities for constructive dialogue on areas in which the two nations disagree.

There is no shying away from the fact that Brexit was a blow to the UK's reputation among Chinese elites and much of its public sphere, where is it regarded as a reflective of a degree of social and political structural weakness and decay, and an unwelcome foray into unpredictable behaviour within the international community. It is important that the Global Britain agenda moves fast to correct the impression that the United Kingdom is losing confidence in its global position, and to reinstate the soft power advantages we have carried as a nation known for our commitment to a rules-based order, and to pragmatic cooperation.
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 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,4 which could be deployed carefully and strategically to slowly shift China's position on a range of issues, without damaging relations between the two countries.

## The Chinese Diaspora in the UK

The United Kingdom is home to a sizeable and growing Chinese diaspora, which will necessarily become an important part of the UK Government's future engagement with China.

According to the 2011 Census, there were 393,141 people of Chinese heritage living in England and Wales, making up about 0.7% of the population. The local authority areas with the highest numbers of Chinese residents were Manchester (13,539), Birmingham (12,712) and Barnet (8,259).5 The Chinese ethnic group in the UK is disproportionately young, with around half of all Chinese people living in the UK aged 18-34. This demographic makeup is largely explained by the large numbers of Chinese students immigrating to the UK following their studies.

Almost all students from the Chinese ethnic group in 2011 went into higher education, the highest of all ethnic groups, and Chinese students had the lowest rate of school exclusion of all ethnic groups, at 0.5%. However, five years after graduating, only 72.7% of Chinese graduates were in sustained employment or education, the lowest of all ethnic groups. The destinations of 21.8% of ethnic Chinese graduates could not be captured. These numbers have been attributed to active and structural forms of discrimination, a tendency for Chinese people not to promote themselves culturally, and many going to live or work in China following their studies.

The British Chinese Project, a non-profit organisation seeking to cultivate mutual understanding and cooperation between the Chinese community and wider UK society, says that the British-Chinese community is now the third largest ethnic minority in the UK.6 There are many Chinese community associations in the UK's cities, most notably in London, Manchester, Liverpool and Leeds.7 Sometimes called the 'silent minority', Chinese communities in the UK have grown more politically and culturally engaged as their numbers have increased. Part of the traditional disengagement within the Chinese diaspora has stemmed from the diversity of Chinese communities in the UK, as many are geographically and socio-economically widespread, impeding the growth of a single British-Chinese identity.

The first Chinese Peer was appointed to the House of Lords in 2001. In the 2015 election, 11 British-Chinese people ran for seats in Parliament, and the first ethnic Chinese person was elected as an MP.8 Many UK cities have twinning arrangements facilitating business and people-to-people links with Chinese cities, most notably Manchester with Wuhan, Liverpool with Shanghai and Yorkshire with Zhejiang Province.9 Although most first-generation ethnically Chinese people are descended from people of former British colonies, such as Hong Kong, Malaysia, and Singapore, there is a growing community of first generation British Chinese people born to immigrants from mainland China.

The integration of the Chinese community into Britain has not been without its challenges. In 2017, 15% of the Chinese community in Britain reported discrimination, the highest level of racially motivated harassment reported by any ethnic group.10 Reported hate crimes against Chinese people in the UK have allegedly skyrocketed during the COVID-19 pandemic, with at least 267 recorded offenses in the first three months of 2020.11 There are concerns that a hardening political stance towards the Chinese Communist Party could bear deeper consequences for the safety and security of Chinese people in the UK, and considerable political thought will need to be given to ensuring that this does not happen.
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In sum, there is a relatively small but growing Chinese population in the UK. Whilst this community has a high educational success, 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 actualisation of cultural exchange. With large numbers of the diaspora returning to China post-education, and with the size of the diaspora growing in the UK, they play an increasingly important role in perceptions of Britain within China and should be regarded as an extension of the UK’s soft power.
Contentious Areas of Engagement

The Economic Relationship

Chinese companies began to enter British markets around China’s admission to the World Trade Organisation in 2001. Whilst the UK, and indeed London, was the premier target for Chinese investment in Europe between 1997 and 2007, China’s overseas foreign direct investment into the UK remained relatively low compared to that of other countries. In 2008-09, China was ranked eighth in terms of its number of investment projects in the UK, creating only marginally more jobs in the UK than did Sweden.12

However, Chinese investment in the UK grew exponentially as China gained global economic momentum, and its economic involvement was especially welcomed in Europe after the global financial crisis. In 2014, China announced plans to invest US $133 billion in UK infrastructure by 2025, with energy, property and transport the main industry targets for direct funding. At this point, the China Investment Corporation already held a 10% stake in Thames Water, Britain’s largest water utility.13 In 2015, China’s global OFDI stock exceeded a record of US $1 trillion, triple the levels of five years earlier – and state-owned Chinese companies began to increasingly diversify investments, from manufacturing into infrastructure and services contracts.14 The key Chinese investment targets in the UK in 2015 were computers and electronics, professional services, real estate and transportation, although investment has subsequently moved into more strategically important areas, such as energy generation, transmission structure and R&D.15

With its rapid growth, the ‘race for Chinese investment’ over the past decade has inevitably raised political and security issues, such as whether Chinese state-owned corporations could be used to undermine the UK’s own geopolitical interests, or whether the UK could successfully regulate industries saturated by Chinese sovereign economic actors.16 Eventually, the ‘Golden Era’ of UK-China collaboration under the leadership of David Cameron and George Osborne gave way to a more hawkish national security stance under Theresa May, which has continued into the Johnson era.

While the Brexit vote affected some Chinese investors dependent on the UK’s market access and the ‘gateway to Europe’ function the UK has traditionally played, Brexit has thus far not proven to be a lasting deterrent to investment from Beijing. In fact, the UK received a larger amount of Chinese investment between 2016-18 than any EU Member State – although this was partially explained by Brexit’s depreciating effect on the pound.17 Chinese investment in the UK reached US $8.3 billion between January and August 2019, compared to US $6.1 billion in all of 2018, and has continued to grow.18 There is, therefore, a considerable economic relationship at stake.

China has invested heavily in its commercial infrastructure capabilities in recent years, which has enabled it to tender competitively for a range of different large-scale government investment projects in the UK. The two most contentious of these have been the decision to enable China’s state-owned General Nuclear Power Corporation to secure the tender to provide significant parts of the UK’s nuclear energy production infrastructure, and the decision to allow Huawei – a major China-owned technology firm – access to the market for construction of the UK’s 5G digital infrastructure.
Contentious Areas of Engagement

The Huawei Debate

While the political debate over whether to involve Huawei in the development of the UK's 5G network has reached a fever pitch, the disputes around such a decision within the nation's security community have been circulating for much longer. The Government's National Security Strategy Update in 2009 acknowledged the cyber-security threats faced by critical national infrastructure facilities, and since 2010, cyber-attacks have been treated as a 'top-tier threat to national security'. The Huawei Cyber Security Evaluation Centre, also known as 'The Cell', was founded by GCHQ in 2010 to ensure that the UK's critical infrastructure was not compromised by the Chinese firm, operating through a partnership between Huawei and UK regulatory authorities.

In 2014, as Huawei's role in the UK's telecoms network expanded, the National Cyber Security Centre began publishing additional annual reports overseeing HCSEC's findings on Huawei's activities, with a July 2018 report finding that shortcomings in engineering processes had "exposed new risks in the UK telecommunications network". The NCSC's 2019 report, published weeks before the Government's plans to select 5G vendors, again found that "HCSEC has continued to find serious vulnerabilities in the Huawei products examined. Several hundred vulnerabilities and issues were reported to UK operators to inform their risk management and remediation in 2018. Some vulnerabilities identified in previous versions of products continue to exist".

Although the Government had previously believed the risks of Huawei involvement in critical national infrastructure could be managed, concerns surrounding China's actions during the COVID-19 pandemic and its incursions into the semi-autonomous territory of Hong Kong have reignited the Huawei debate within Westminster. Arguments against involving Huawei in 5G development have shifted from the more technical disputes prominent in the 2019 debate, to become primarily geopolitical in 2020.

In May 2020, Downing Street announced plans to foster the development of alternative 5G technology among Britain's democratic allies. The new 'D10' Club of 5G democratic partners is expected to include the Group of Seven, plus Australia, South Korea and India. The decision has generated speculation around the UK's future position on Huawei's involvement in the UK's 5G network; however, significant economic and practical obstacles remain unresolved. The full removal of Huawei technology would significantly delay the development of the UK's 5G infrastructure, and could cost the UK economy up to US $8.6 billion. In the context of the COVID-19 pandemic, where short-term government spending has reached an unprecedented scale, these figures may appear more manageable; equally, the urgent need to stimulate economic growth – much of which will be reliant on cutting-edge technology and digital services – may also dampen the desire to take further risks.

In June 2020, Prime Minister Boris Johnson declared himself a 'Sinophile' and indicated that, while the security dimensions of engagement with China must be taken seriously, he intended to take a pragmatic path on the question of future engagement. Nonetheless, in July 2020, the UK Government announced a ban on UK mobile providers buying new Huawei 5G equipment after the 31st December 2020, and mandated that all of Huawei's 5G equipment must be removed from UK telecommunications networks by 2027. The cumulative cost of the UK's restrictions on Huawei are expected to be up to US $2.5 billion, and will delay the rollout of 5G by up to three years. The decision to allow a seven-year transition process was largely viewed as a compromise to minimise economic and service disruption, and reflects the deep level of integration already held within the UK's 3G and 4G networks.
China's Investment in the UK's Nuclear Energy Production

As the UK seeks to diversify its energy production towards a more carbon-neutral approach, it has increasingly sought to explore the potential of nuclear energy as a source of large-scale production. The General Nuclear Power Corporation (CGN) has begun to play a growing role in the development of the UK's nuclear grid. Eight sites have been identified for future UK nuclear reactors, with new-build proposals developed for six of these, and some already under construction with Chinese investors. In 2018, the CGN was considered as a potential buyer in a multi-billion-pound deal for a majority share in all eight sites. Following the failure to secure private funding from German and Japanese investors between 2012 and 2018, the CGN was approved, after significant controversy, to fill the funding gap for new nuclear projects.

The most high-profile of these projects is the US $25 billion Hinkley Point C station in Somerset, which is being primarily built by French energy giant EDF Energy, but was made financially possible by CGN's 33.5% stake. Doubts were cast on whether the project would go forward when former Prime Minister Theresa May ordered a re-examination of the deal with CGN on security grounds in July 2016, after it had already been negotiated by her predecessor David Cameron. The May government did ultimately approve the deal three months later; however, the project has remained controversial due to its high cost, concerns about its ‘unproven’ technology, Chinese Government involvement and increasingly outdated equipment. The Government estimates that Hinkley Point C will cost consumers US $38 billion throughout its 35-year contract, while advances in other renewable technologies are beginning to present cheaper, less politically divisive, opportunities for renewable energy production.

Other nuclear plants in the UK underpinned by Chinese investment include Bradwell B in Essex (66.5% CGN stake), and Sizewell C in Suffolk (20% CGN stake), where Chinese companies are set to use their own nuclear reactor technology in addition to operating the stations. The CGN has also entered into a partnership with UK aerospace group Rolls-Royce over the control systems of nuclear stations, and Rolls-Royce systems are being considered to be used at Bradwell to increase political support of their construction.

Aside from the debate around security issues, China's stake in the UK's nuclear power industry has generated concern over the UK's ability to successfully regulate its own energy infrastructure. Citizens Advice, the consumer watchdog, has warned that foreign investment in the nuclear power industry may curtail the Government's ability to act in British consumers' best interests, even if the costs of projects were to escalate. The UK Government has tried to ease controversy in the case of Hinkley Point C, by preventing the sale of EDF's stake in the project without its approval, with the UK taking a share itself in all future nuclear build projects to ensure national security.

The majority of UK nuclear power is still operated by EDF, although financial difficulties continue to stall projects and spur the search for other investors. According to China analyst Isabel Hilton, no other OECD country has allowed Chinese state-backed investment into strategic energy infrastructure in the manner of the UK. The United States has placed the CGN on its commerce department's 'entity list', which requires US companies to seek government approval before trading with the firm due to significant national security risk.

The escalating unease around China's involvement in the UK's nuclear energy and digital networks has sparked a debate in Westminster around the definition and conceptualisation of the nation’s ‘critical infrastructure’. Analysts and security experts have emphasised that identifying the boundaries of critical infrastructure, and ensuring these cannot be transgressed, will be a crucial element to developing a robust engagement strategy with China. As technology becomes more embedded in our social, economic and political activities, it has become increasingly important to 'future-proof' the scope of what we deem to be critical infrastructure.
Contentious Areas of Engagement

The UK defines its Critical National Infrastructure as assets “the loss or compromise of which would have a major, detrimental impact on the availability or integrity of essential services, leading to severe economic or social consequences or to loss of life”, including assets such as energy supply lines, transport infrastructure and water supplies. Many of these assets are run by private enterprises, which poses a potential conflict between commercial incentives and national security. Furthermore, the BT/Huawei case in 2013 exposed a number of vulnerabilities in the UK's CNI, particularly in the fact that there were no general requirements on companies owning CNI assets to inform or consult the Government before awarding contracts, and there was a lack of clarity on whether the Government has the power to intervene to stop the agreement of potentially dangerous contracts.

However, the UK does also have some important systems in place to protect this infrastructure, such as the Centre for Protection of National Infrastructure, which provides security advice and assistance to businesses involved with national infrastructure. As of 2016, the National Cyber Security Centre has taken on the task of ensuring the UK's protection against cyber security threats.

As the debate around Huawei is coming to some degree of a denouement, following the Government's announcement in July 2020, attentions are now turning towards nuclear energy, and it is expected that this will provide the next major stage for difficult choices to be made trading off economic prosperity, national security, public opinion, and, in this case, environmental objectives.

Supply Chain and Manufacturing Independence

The COVID-19 pandemic has further highlighted the expansive thinking required around critical infrastructure and supply chain dependencies, opening up a more nuanced conversation around agricultural, bio- and energy security – which will necessarily extend well beyond the need to protect and prepare for health pandemics.

China is a centre of global manufacturing, with high levels of production in the technology, pharmaceutical, aviation, electronics, textiles, automobiles, and furniture industries, among others. Its dominance in the medical and scientific manufacturing sectors has been laid bare in the COVID-19 pandemic: prior the outbreak of the virus, China already produced half of the world’s medical masks, and it is also a major source of pharmaceuticals and personal protective equipment. Nonetheless, it is worth noting that China's medium-term strategy is to move away from low value-added manufacturing to stress high value-added manufacturing and services, along with the indigenous production of key sectors – as set out in its 'Made in China 2025' strategy.

Chinese manufacturers are deeply connected to international supply chains, and many Western companies are especially dependent. As of March 2020, 81% of global companies relied on Chinese suppliers, according to German supply chain consultant Kloepfel Consulting. However, during the ensuing crisis, China’s global market share in the textiles, machinery and footwear industries has fallen sharply, most impacting small businesses abroad that could not quickly move production elsewhere. The COVID-19 pandemic brought losses of about 50 billion USD in global exports in aviation, pharmaceutical and medical industries from China by late April. The COVID-19 pandemic has created pressure in the UK to reduce the nation's supply chain dependencies on China, with Prime Minister Boris Johnson calling for a plan to end dependence on China for medical supplies and repatriation of key industries. The initiative, entitled Project Defend, is part of a new approach to national security, boasting strategic intersections with the domestic ‘Leveling Up’ agenda to rebalance regional inequalities. Pharmaceutical and technology industries are expected to reduce manufacturing in China, in order to increase the resilience of their supply chains in the UK, although the details of how this is to be achieved are yet to be specified.
Contentious Areas of Engagement

The UK is not the only nation to consider on-shoring its supply chains with the United States, Australia and the European Union also engaging in similar policy conversations. The United States has long been working to reduce reliance on China within its supply chains, but is now “turbo-charging” the process. Proposed measures include re-shoring subsidies, tax incentives and a US $25 billion ‘reshoring fund’ which would directly pay firms to move manufacturing back to the US.

The wider concerns germinating during the COVID-19 pandemic regarding China’s capacity to act as ‘a responsible actor’ on the world stage, have also heightened the political impetus in the UK and other Western nations to consider how the state and the market can work together to better rival China’s economic strengths. For some years, security analysts have sought to highlight the challenges for private sector firms owned by Western companies in competing with the state investment underpinning Chinese companies in the global market. While the pandemic has undoubtedly highlighted some of the strains currently being experienced within the traditional frameworks of Western multilateralism, it has also renewed the impetus to reinvigorate and reconceptualise liberal cooperation around shared goals. As previously mentioned, the UK is now seeking to collaborate with other democracies to explore pooling resources and investment to develop technology solutions to rival the cost and efficiency of suppliers supported by or connected to non-democratic states.

If they can be achieved, the impact of these on-shoring initiatives and new multilateral projects on the political and diplomatic relationship with China will be significant. They are likely to compel China to refocus its soft power and investment priorities even more firmly on emerging markets – especially if the new means of cooperation focus exclusively on Western and Anglosphere participation. Henceforth, any decision by the UK to repatriate its manufacturing supply chains must also consider the flow-on impacts for developing nations and their resilience around Chinese efforts to establish dependencies, which could ultimately be accompanied by political influence and even coercion.

The UK-China Higher Education Relationship

The presence of Chinese cultural and learning institutions, Chinese investment, and Chinese students, in the higher education sector has also become an increasing area of focus for the discussion around Chinese influence in the UK, and the potential for malign influence and interference must be taken seriously. It is also true that 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, that 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.

The number of Chinese students in the UK has increased by 34% in the last 5 years, from 89,540 in 2014-2015 to 120,385 in 2019-2020, meaning Chinese students now make up 23.2% of all international students in UK higher education.

COVID-19 is expected to reduce the number of Chinese students in the UK for the 2020-2021 academic year, as an April British Council survey found that about 60% could still cancel plans to study in the UK in Autumn 2020. It remains to be seen whether COVID-19 will permanently affect the number of Chinese students in the UK.

The rapidly growing presence of Chinese students on UK campuses, however, has also become an issue of political contention. In particular, concerns have been raised regarding the CCP’s efforts to control narratives about China abroad, and how these may be realised and projected via the academic and student community. Whilst debates around these issues have been most ferocious in Australia, New Zealand and the United States, inquiries into foreign interference in
The UK higher education sector have recently voiced concern about these patterns manifesting in Britain – although thus far, there are few well-documented examples. Concerns are most acute regarding the potential for Chinese students’ tremendous economic potential to constrain choices universities make regarding the defence of liberal values and the research independence of their academic staff. The fear centres on the prospect that, through the financial contribution of Chinese students and the direct funding of research centres, scholarships and other opportunities, the CCP could wield undue influence over academic outputs and reduce the independence and transparency of the British research community. In 2019, MI5 and GCHQ warned UK universities of national security risks concerning funding and research partnerships with China, especially against financial reliance on Chinese postgraduate students, many of whom conduct sensitive research and pay high tuition costs. While existing evidence is scant, this potential should not be underestimated, and appropriate safeguards should be put in place.

A November 2019 Foreign Affairs Select Committee inquiry into autocracies’ influence in academia declared that there was a lack of FCO attention to this issue, writing that “the FCO’s role in advising universities on the potential threats to academia from autocracies is non-existent... we believe that it is vital for the FCO to take the lead across government on this issue, given that foreign influence falls directly within the Department’s remit”. China has denied interference with academic freedom in the UK, with its Foreign Ministry spokesman Geng Shuang calling the inquiry report’s claims “fictitious” and stating that “China has always adhered to a principle of non-interference in internal affairs”.

Chinese students in the UK are represented and supported by the Chinese Students and Scholars Association, which, under the guidance of the CCP and registered by the Chinese Embassy in the UK, holds over 90 chapters across the country. The CSSA aims to help Chinese students integrate with Western culture and create a link between universities and the Chinese Embassy, although it has also been accused of being an instrument of political interference with university policies. Concerns have been brewing for some time that the Chinese Communist Party has been leveraging its students and other agents on campuses to intimidate Taiwanese and Hong Kong international students studying in the UK, seeking to discourage them from participating in protest movements around Chinese domestic and regional issues.

In February 2017, the CSSA had students barricade the building where the Durham University Debating Society had invited a Falun Gong-supporting speaker. According to reports, the Chinese Embassy also asked the Society to cancel the speaker’s invitation, accusing it of harming the UK-China ‘Golden Era’. Similar occurrences have been reported with CSSA chapters at numerous universities in the United States.

The other major forum through which China has sought to involve itself in the UK higher education sector has been via the Confucius Institute Network UK. Confucius Institutes are Chinese educational centres teaching Chinese language and culture, often found at universities and schools overseas. They are directly funded, controlled and staffed by the Hanban, an organisation under the Chinese Language Council International, which is comprised of representatives of 12 state agencies. According to 2017 data, 525 Confucius Institutes and 1,113 Confucius Classrooms (found in schools) exist in 146 countries around the world. There are 29 CIs and 148 Confucius Classrooms in the UK, second in number only to the United States.

In 2017, China’s CI programme had 46,200 teachers, 1.7 million registered students and 621,000 online students around the world. Its worldwide budget was US $400 million in 2016. Starting in 2004, CIs have been a key part of China’s internationalisation and public diplomacy strategy, acting as a vehicle of China’s soft power overseas. However, they have become increasingly controversial due to evidence in some countries, notably the United States, of their alleged involvement in CCP interference in Western higher education.
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The CI Constitution states that these institutes “shall not involve or participate in any activities that are not consistent with the missions of Confucius Institutes” and “shall not contravene... the laws and regulations of China”.52

Unlike Western cultural organisations, CIs feature prominently in centres of higher education, leading to criticism that CIs intentionally aim to suppress academic discourse and control taught narratives about China overseas.53 In their 2019 report on China, Human Rights Watch wrote that “Confucius Institutes are extensions of the Chinese Government that censor certain topics and perspectives in course materials on political grounds, and use hiring practices that take political loyalty into consideration”.54 However, when asked about authoritarian interference in academia by the November 2019 House of Commons inquiry, the Russell Group said that “we are not aware of any significant or systematic attempts to influence university activity by foreign actors in any of the ways outlined in your letter”.55

The experience of Confucius Institutes varies significantly from country to country. Confucius Institutes in the UK have not yet been proven to be vehicles for significant improper influence on university freedoms, and the reported experience of most directors of such institutes is that they have been given leeway to organise events as they see fit. For example, Professor Aaron Moore stated in June 2020, “During my time as Director of the Confucius Institute at the University of Manchester, I did not experience any direct interference in academic affairs from the Manchester CI. Nor have I seen evidence of this as Head of Asian Studies at Edinburgh, which also has a CI. If such an attempt was made, we would resist it in order to defend the academic freedom of our programmes and students”.A

At present, China and the UK both benefit greatly from their close interaction in the sphere of higher education. However, it is imperative to ensure that engagement with China does not in any way damage the UK’s key values of academic freedom, and the ability to research and teach without any political control or hindrance. The UK university sector should be proactive in making it clear that this is a ‘red line’ in its international engagement, and closely monitor any efforts made by student associations or institutes on campus to move towards an approach of interference. As in other areas, while there are clearly immense advantages to the UK’s higher education sector to engage with Chinese researchers, funding and students, we cannot afford to be naïve about the potential for these means of engagement to evolve over time to become a potential source of vulnerability. The UK’s strategic engagement through higher education should prioritise an open and productive relationship with China and its people, ensuring the necessary safeguards are in place to defend the very academic independence and research excellence for which the UK has come to be known.

Intellectual Property and Research Security

An estimated 500 Chinese military scientists have spent time at UK universities in the last 10 years. The Australian Strategic Policy Institute reports that the People’s Liberation Army (PLA) – the CCP’s armed forces – has sent 2,500 military scientists to study internationally, and that it has developed partnerships with universities around the world.56 Rather than collaborating with their host country’s military activities, many researchers do not disclose their military connections to the PLA.57 “Military-civil fusion” is a central part of Xi Jinping’s national defence reform, referring to the PLA’s objectives of utilising the creativity of China’s civilian sector and ‘picking flowers in foreign lands to make honey in China’. In 2017, the UK was second only to the United States in having the largest research collaboration with the PLA. The University of Southampton and the University of Manchester in the UK ranked third and fifth globally for their collaboration with the PLA, according to the number of peer-reviewed publications between 2006 and 2017.

A Statement by Prof Moore for this report; conversations with three other current directors of UK Confucius Institutes confirmed that they had not received any direct interference.
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The National University of Defense Technology (NUDT) in China claims that it has recruited 20 teachers from overseas and ‘established academic relationships with over 100 universities and research units in over 50 countries and regions’. For example, NUDT’s Quantum Information Interdisciplinary Talent training program cooperates with the University of Cambridge’s Cavendish Laboratory. NUDT only sponsors CCP party members to study overseas, stating that the ‘consequences would be inconceivable’ if students were to ‘develop issues with their politics and ideology’. NUDT students have established many CCP branches overseas. NUDT also requires that students who study abroad move into Chinese military service afterwards.

There are concerns that PLA researchers, especially those who do not disclose their ties to military institutions, may also pose a risk to their host countries in terms of espionage or intellectual property theft. In 2014, the US publicly indicted five Chinese hackers for cyber espionage. Particular issues have emerged around China’s ‘Ten Thousand Talents Plan’, which seeks to recruit top research talent from around the world to pass on research advancements to China. Participants are required to keep the contract secret and sign over any intellectual property rights to a Chinese institution. In some cases, ‘shadow labs’ have been set up in China, allowing the Chinese state to track the American institutions’ research progress, often without the knowledge of the institutions themselves.

As links grow between China’s military and civilian population, however, military institutions are not the only organisations that may pose a threat to national security. Indeed, 15 civilian universities in China have been implicated in cyberattacks, illegal exports or espionage. The ASPI’s China Defence Universities Tracker ranks Chinese institutions based on very high, high, medium or low risk that international relationships with these institutions can be leveraged for military purposes, including the suppression of human rights in China. The report recommends a higher degree of collaboration between governments and universities in Western countries to oversee and counteract intellectual property theft and security risks coming from the PLA.

Agricultural Security

Since the early 2000s, Chinese investors have increasingly begun purchasing agricultural land in Africa, Europe and Australia, to meet the demands of their growing domestic market. Chinese investors have acquired US $121.4 billion worth of French land alone since 2010, including a large proportion of Bordeaux’ famous vineyards. Investors have exploited a legal loophole which allows them to buy a large proportion companies that own land, rather than the land itself, to circumvent national restrictions on sales of farmland. As a result, French land has become increasingly concentrated in the hands of a few Chinese investors, at the expense of small, local farmers. After a public outcry and protests following news that Chinese billionaire, Hu Keqin, bought 2500 hectares of prime cereal-growing farmland, President Macron was forced to promise to crack down on the foreign purchase of agricultural land.

China has made increasing inroads into Australian agricultural land, with the largest Australian cotton plantation being sold off in 2012, and the largest ranch in the world being sold in 2016. In the UK, an influx in investment buyers, particularly from abroad, has led to a surge in the prices of large estates, rising 210% between 2004 and 2014. Only a few country estates enter the market each year, yet demand for arable land keeps rising, leading to demand far outstripping supply. In 2019, farmland market supply in the UK reached a new low at 117,000 acres, down 38% from 2018. 58% of farmland was bought by non-farmers and 21% cited investment as the motivation for the purchase.

With Chinese investors wielding unique purchasing power, the issue of land security will continue to hold political significance. It will be important for the UK 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
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the livelihood of smaller producers and the security of the UK’s agricultural markets. This is, of course, a task that is not only relevant to the UK’s engagement with China, and will also encompass our trading relations with democratic actors – as has become politically sensitive in the early phases of the negotiations towards a UK-US Free Trade Agreement.

The Uighur People

One of the main global concerns in relation to China is its treatment of the Uighur population in Xinjiang. There are approximately 11 million Uighurs, a Turkish speaking ethnic minority, most of whom are Muslim, living in Xinjiang, an autonomous region in the far west of China.65 In August 2018, the UN human rights committee heard that China had turned the Uighur region “into something that resembles a massive internment camp”. According to reports, between 800,000 and 2 million Uighurs have been detained often without charge.66 Among those imprisoned are those with relatives abroad and those who have contacted people abroad via Whatsapp.67 In camps, it is reported that residents are taught Mandarin, made to renounce their religion (including eating pork and drinking alcohol)68 and swear loyalty to President Xi.69

China initially denied the existence of such camps70 but has since stated that “vocational education centres” have been set up to stave off terrorism71 and to help the Uighur people learn skills and the Chinese language.72 China’s argument is that it is having to act due to the “toxicity of religious extremism”73 and to quell the threat of separatist Islamist groups in the region.74 Stability in the region is also important to China’s Belt and Road Initiative due to its large coal and natural gas reserves which are threatened by separatist activity.75 According to Human Rights Watch, surveillance extends throughout the region and is not just confined to the camps, with facial recognition cameras and QR codes on doors used to control the Uighur population.76 Thousands of mosques are also reported to have been destroyed or converted into Communist centres.77

The UK has consistently been at the forefront of condemnation of China’s treatment of the Uighur population. In October 2019, the UK led 22 nations in condemning China’s actions in Xinjiang and called for China to implement UN recommendations on the region “including by refraining from the arbitrary detention of Uighurs and members of other Muslim communities”.78 In response, 54 other countries including Russia, Belarus and Pakistan praised “China’s remarkable achievements in the field of human rights” and efforts to deal with counterterrorism in Xinjiang.

In November 2019, the UK called on China to give the UN “immediate and unfettered access” to detention camps after leaked Communist party documents suggested that there was systematic forced ideological re-education at camps in Xinjiang and that suspects were being identified, sometimes before even committing a crime, through a digital mass surveillance programme. More recently, the UK led 26 nations in reaffirming their calls for China to allow the UN access to the camps, condemning the “arbitrary detention, widespread surveillance and restrictions” in Xinjiang after reports emerged of China forcing women to be sterilised or be fitted with contraceptive devices to limit Uighur population growth.79 After drone footage authenticated by the Australian security services emerged of Uighurs being transported, blindfolded, to re-education camps, the UK’s Foreign Secretary accused China of “gross and egregious” human rights abuses, and said that economic sanctions against Chinese officials could not be ruled out.80
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Hong Kong

The issue of Hong Kong's sovereignty has held special resonance in the United Kingdom, as a signatory to the Joint Declaration forged in 1985 to uphold a 'one country, two systems' form of governance in the semi-autonomous territory, following the British handover to Chinese sovereignty in 1997. Britain's handover of Hong Kong to China was predicated on the agreement that Hong Kong's semi-democracy and economic system would not be brought under China's direct control, and would remain politically liberal and capitalist until 2047.

There is an anomaly inherent within the agreement, in that sovereignty resides wholly with the PRC in Hong Kong, but the international agreement, lodged at the United Nations, specifies various guarantees on the territory's way of life and its mini-constitution (the Basic Law). While over the 23 years since the handover there have been various instances of popular discontent against attempts to use the Basic Law to strengthen Beijing's control of the territory, there is a widespread sense that since 2012, the Beijing authorities have been seeking more actively and systematically to tighten their grip on Hong Kong, with Chinese-language media in particular much less able to report freely on China.

Protests exploded in 2014 against the imposition of a system of wider suffrage widely regarded as biased toward Beijing's choices, and gained renewed momentum in 2019 against a proposed law to allow extradition to the mainland from Hong Kong. These mass demonstrations highlighted the strong feeling about the issues in the territory – particularly amongst Hong Kong's youth – but also convinced Beijing that the Hong Kong authorities were unable to restore order.

On 28 May 2020, China's National People's Congress approved the passing of national security legislation that stretched the 'one country, two systems' principle well beyond what had been envisaged in Hong Kong civil society. The legislation proposed loosely-defined crimes of 'sedition', which have not yet been subjected to the jurisdiction of Hong Kong's own courts, and therefore remain vague and threatening. It also opened the pathway for Beijing's own security services to establish a presence in Hong Kong. These developments have unleashed a global backlash against the actions of the Chinese Government, following over a year of dramatic street protests against restrictions on democracy in the region.

Speaking to the House of Commons in May about the proposition of the law, Foreign Secretary Dominic Raab said that “the proposed national security law, as it's been described, raises the prospect in terms of the substance and the detail, of prosecution in Hong Kong for political crimes, which would undermine the existing commitments to protect the rights and the freedoms of the people of Hong Kong as set out in the joint declaration”. He was joined by Shadow Foreign Secretary Lisa Nandy, who said that “we share the Government's opposition to the National Security Law, we want to see real action to address police brutality and the steady erosion of the joint declaration”. On 28 May, the UK released a joint statement with the US, Australia and Canada expressing deep concerns over the security legislation.

Following early criticism of a perceived weak UK response to the erosion of democracy in its former territory, the UK Government's stance on the issue has since hardened. On 3 June, Boris Johnson wrote in The Times that if China imposed its national security law, any holder of a British National (Overseas) passport in Hong Kong would be granted the right to immigrate to the UK for a renewable period of 12 months, creating a path to British citizenship for millions of Hong Kong residents. Currently, about 350,000 people in Hong Kong hold a British National (Overseas) passport, and another 2.5 million are eligible to apply for them.

China has responded with hostility, with Foreign Ministry spokesman Zhao Lijian threatening “counter-measures”, and dismissing international concerns by emphasising that “Hong Kong is purely an internal Chinese matter”, which no other country has the right to interfere with. Zhao also spoke about efforts by the US to hold a UN security council meeting on the issue,
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saying that, “We urge the US to immediately stop such pointless political manipulation and do something useful for the international community”. China has repeatedly asserted that the law, which criminalises separatism, terrorism and foreign interference, is necessary to control the Hong Kong protests. Various commentators in Hong Kong have also argued that the effects of the law may be rather less extreme than the worst-case scenario. However, the symbolic intent of China’s efforts of coercion are impossible to ignore.84

Attention will now turn to the Hong Kong legal system’s willingness to provide a robust and liberal interpretation to Article 4 of the new law, which declares that “The rights and freedoms, including the freedoms of speech, of the press, of publication, of association, of assembly, of procession and of demonstration, which the residents of the Region enjoy under the Basic Law of the Hong Kong Special Administrative Region and the provisions of the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights as applied to Hong Kong, shall be protected in accordance with the law”.85

US Secretary of State Mike Pompeo has removed Hong Kong’s special trading status with America because of the national security law, saying on 27 May 2020 that the region is no longer autonomous from China. This has placed many Chinese and foreign firms’ bases in the region in jeopardy, and could enable the United States to place the same harsh tariffs on goods exported from Hong Kong as it has on mainland China. The United States is widely regarded by Chinese elites to be the international enforcer of United Kingdom resistance against China regarding Hong Kong86 – a function of its own Hong Kong Policy Act of 1992, which also seeks to uphold the terms of the Sino-British Joint Declaration, and also the escalating geopolitical tensions between Washington and Beijing.

Beyond the democratic dimensions of the escalating crisis, it is important to consider the ongoing economic importance of Hong Kong to China, and to Western nations – including the United Kingdom. According to 2015 DIT data, Hong Kong was the world’s eighth-largest trading economy, and has been ranked as the world’s ‘freest’ economy for 20 consecutive years.87 In 2015, 120 British companies had regional headquarters in Hong Kong, and another 200 had regional offices. China has threatened that there will be “consequences” to the UK if Boris Johnson stands by his statement on extending visa status for people in Hong Kong, and it is reasonable to assume that these could hold economic dimensions.

Although Hong Kong’s GDP relative to the rest of China has fallen from 16% in 1997 to 3% in 2018,88 Hong Kong remains of significant economic importance to China, particularly because of its offshore status, with three-quarters of all funding from offshore initial public offerings being raised in Hong Kong89 and 60% of FDI into and out of China being channelled through Hong Kong.90 Furthermore, Chinese banks hold US $1.1 trillion in assets in Hong Kong, many companies including stated-owned enterprises are listed on the Hong Kong Stock Exchange,91 and Hong Kong is home to 3184 start-ups, employing 12,478 people.92 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 Evolving World Order and COVID-19

The liberal world order entered the coronavirus pandemic during a period of unprecedented strain. One of the most significant, and troubling, trends over recent years has been the growing degree of fragmentation within the Western alliance – manifested most prominently in the retreat of the United States from several multilateral institutions, and the rising tensions between the United States and the European Union. The United Kingdom has often found itself playing the role of a spectator to this phenomenon over recent years, with the fraught social and political debate around Brexit drawing attention and resources inwards. At other times, it has been able deftly to triangulate between the United States and European leaders, helping to broker compromises and maintain the survival of crucial forums of collaboration.

There is a strong sense that, until the Integrated Review is able to put forward a clear vision for the tone and the parameters of the UK’s global engagement, we will remain in a dizzying state of reactive policy-making ‘on the hoof’. The coronavirus pandemic has forced the postponement of the Review, although a skeleton staff continue to maintain momentum behind the scenes. The complex and fast-moving geopolitical dimensions of the pandemic, however, have at times required swift and responsive action.

The pandemic has played into the heart of the evolving dynamics in the world order, exposing in stark light the dysfunctions coalescing within the liberal alliance, the breakdown of relations between China and the United States, and the rising degree of concern amongst other Western nations towards China’s domestic and international ambitions. It has also highlighted domestic challenges of social cohesion in many advanced liberal democracies – further intensified against the backdrop of the concurrent consolidation of the dynamic and powerful Black Lives Matter protests against systemic racial inequalities.

While the early phases of the pandemic emphasised the importance of the nation state, in doing so, they have also provided a wake-up call regarding the fragility of the globalised, liberalised world order, emphasising the need for new and creative forums of cooperation. The crisis forced governments to turn inwards, and competition around scarce access to critical resources began to flare. In the European Union, a microcosm of liberal cooperation, member states struggled initially to reconcile the demands of their national electorates with a call from the institutions to uphold the principle of solidarity, and the freedom of movement of people, goods and capital.

One of the longer-term consequences of the pandemic, as previously discussed, is likely to be a greater emphasis on biosecurity, agri-security, and the on-shoring of domestic manufacturing capabilities. So too are governments likely to reset established thinking around other areas of the globalised economy, with national debates around restoring the asymmetrical effects of globalisation on local economies, and more restrictive border control policies, likely to remain topical for some time.

Despite the wider issues of upheaval and inertia within some prominent liberal institutions, international cooperation during the pandemic has begun to move in a more productive direction. So far, the World Health Organisation (WHO)’s COVID-19 Solidarity Response Fund has received donations totalling US $214 million,\(^{23}\) while the United Nation’s humanitarian appeals have raised more than US $1.14 billion since March.\(^{24}\) Global cooperation has been particularly strong in efforts to find a vaccine. China shared its genomic sequence, normally
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competitive companies are cooperating with each other, and the WHO has launched the ‘Access to COVID-19 Tools Accelerator’ backed by global leaders, to ensure equal access to the vaccine. Furthermore, on the 4th May, world leaders pledged €7.4 billion to support global efforts to find a coronavirus vaccine.

The central question at the heart of the Integrated Review and the entire Global Britain project pertains to the ambitions of the UK as a mid-sized power, carrying many first-rate assets with the capacity for global influence, but also struggling to reconcile these factors with our past, our polarised society, and the challenge of defining our own identity. In many ways, the task of articulating our foreign policy is a means of asking who we are, and how we wish to be seen on the world stage. We are also compelled to conceptualise our identity against and alongside our allies and strategic rivals. The same is true of a UK-China Engagement Strategy, which 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.

We possess inherent domestic advantages that could be realised as a source of power and influence and interest for China. These could also be brought together to help more concretely fuse the Global Britain and Levelling Up agendas, ensuring that domestic regional growth and international engagement are no longer positioned as mutually exclusive. For example, the UK has established experience as a pioneer in the development of new technologies across a range of industries with high growth potential, including life sciences, bio-medical, space and fin-tech. Our capacities for building efficient and productive clusters of medical and scientific advancement, and bringing these to commercialisation, is of great interest to China. There is already a substantial science collaboration between British and Chinese institutions, for instance in large-scale medical trials, which are undertaken on the Chinese side with a genuine admiration for the UK's capacities as a leader in global science, and the important contribution of world-class researchers from both the UK and China.

Since 2014, the UK and China have jointly committed to US $254 million of funding through the UK-China Research and Innovation Partnership Fund, and in 2017, a UK-China Joint Strategy on Science, Technology and Innovation Collaboration committed to further collaboration on science and innovation. This cooperation was deepened during several visits undertaken by senior UK Government representatives to China in 2018, including one during which US $635 million of healthcare and life sciences deals were signed between the two nations, including collaboration on personalised medicine, medical big data and new care models.

The UK has also built constructive means of engagement via ‘Track 1.5 dialogues’, an informal diplomacy mechanism incorporating a mix of governmental officials and non-governmental experts meeting in a relaxed atmosphere, to build trust and advance diplomatic relationships. Most notably, there has been significant engagement through track 1.5 Sino-UK cyber dialogues, an area where trust is particularly lacking. Due to their informal nature, Track 1.5 dialogues are multi-pronged and organised by a number of UK organisations – for example, in 2019 the University of Manchester China Institute launched a UK-China Diplomatic Dialogue, modelled on their well-established US-China Diplomatic Dialogue. As the relationship between China and the United Kingdom becomes more security-conscious, some may question the value and meaning of these dialogues; however, we should not underestimate the constructive purpose of establishing face-to-face relationships in these forums, nor the persuasive capacities of British voices to navigate areas of mutual interest.

Another well-established, productive means of engagement with China has been through the Great Britain China Centre (GBCC), which was established in 1974 as a non-governmental public body funded by the Foreign and Commonwealth Office. It primarily aims to advance the rule of law in China through a multitude of dialogues and projects. It has facilitated extensive judicial dialogues between the two countries, coordinating judicial engagement between the UK and China, running an annual UK-China judicial roundtable and working with the Supreme
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People's court to strengthen professionalism and independence of China's judiciary. There is now a network of UK-trained judges in China, and the GBCC has also helped to facilitate a more predictable and stable legal environment in China, improving the environment for UK companies and citizens in China.

The GBCC also facilitates political and economic dialogues between governmental officials in both countries, and over 200 Chinese and UK politicians have attended these dialogues since the centre was established. Through knowledge exchange between a range of officials in both the UK and China, the GBCC has been effective in influencing national-level legislation and policy and improving the independence and accountability of law enforcement in China. A review of the GBCC in 2019 found that it “continues to perform an important function in the UK-China relationship (and) makes a positive contribution to UK priorities in China”. The review did, however, flag concerns about the Centre's financial sustainability, and its ability to monitor the effectiveness of its events and how to coordinate with other non-governmental dialogues occurring between China and the UK. Nonetheless, the GBCC remains an important institution through which engagement can and should continue to take place, even as we seek to re-establish relations in a context where issues of engagement and security are rebalanced.

There is no doubt that 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 who have stated that the legitimation 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, its service-oriented economy, international legal markets and liberal economic environment put the UK in an appealing position for Chinese investors – not least as a ‘gateway to Europe’.

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. While there are barriers to the projection of British culture in China because of the CCP's heavy-handed censorship of newspapers, radio, television and the arts, cultural relations have become an increasingly important aspect of bilateral engagement. It is worth noting the rise in the number of Chinese students in the UK studying courses in the cultural and creative industries, almost trebling from 1,500 in 2008-9 to 4,300 in 2013-4. By 2016-17, 13% of Chinese students studying in the UK were registered to arts courses. China’s domestic media and digital sectors have significant numbers of workers with UK educational experience and a great affection and respect for the country as a whole.

British Council research has found that Chinese people who engage with UK cultural activities are more likely to trust the British people, and to be interested in undertaking business opportunities with UK firms. Initiatives spearheaded by the Council in 2015 as part of the ‘UK-China Year of Cultural Exchange’ saw leading British cultural institutions, and sporting groups such as the Premier League, establish inroads into Chinese markets. As such, the UK has many first-rate assets, valued by both the Chinese Government and the Chinese general public, which can be successfully harnessed to secure a productive relationship with China.
One of the most pressing central questions at the heart of the Global Britain project necessarily pertains to the expression of our power and influence through our engagement with other nations, and with multilateral institutions. 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 relationships 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. 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, as discussed, 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.

The European Union is pursuing a distinct strategy on China through its institutions, and its member states also continue to approach bilateral relations with China through differing frames. Before the COVID-19 pandemic, certain EU states, including Italy and Greece, were becoming extremely favourable to Chinese investment, while others, such as Germany, were becoming more hostile. Groupings such as the 17+1 set of states – China, and states from the South and East of the EU – were proving useful forums for China to engage with EU members on issues such as infrastructure, while avoiding having to go via Brussels. Whilst a number of countries, such as Poland and the Czech Republic, have distanced themselves from the 17+1, others such as Serbia and Albania, who have yet to succeed to the EU, are proving more receptive – especially after China sent a medical team to help Serbia to tackle the spread of coronavirus.

Public opinion of China in the European Union remains relatively diverse. In some member states, attitudes have significantly worsened in the last five years, with just 33% of French people having a favourable opinion of China in 2019, down from 47% in 2014. In others, notably Italy, public opinion improved drastically following the Government’s decision to sign up to China’s Belt and Road initiative in early 2019. 25% of Italians stated that China had been their most useful ally during coronavirus, compared to just 4% who said the EU. As a result, in April 2020 52% of Italians said they saw China as a ‘friend’ up from just 10% in January.

However, since the pandemic, views about China appear to have generally hardened across most of the rest of the EU, with 36% of Germans stating that coronavirus had worsened their opinion of China and in France only 12% of people saw China as best placed to meet the challenges of the next decade. It is worth noting though that 73% of Germans stated that their opinion of the United States had worsened as a result of coronavirus, almost double the number who said the same about China.

The EU’s approach to China has often proved inconsistent – in part because the issue remains a source of disagreement between the EU’s institutions and a number of its member states. In 2019, the European Commission called China a “systemic rival”, yet just a few months later, Italy signed up to the Belt and Road initiative, President Macron of France and President Xi signed a joint statement calling for closer collaboration between China and the EU, and the EU-China Comprehensive Investment Agreement was signed.

As in the UK, during the coronavirus pandemic, national politicians across the European Union have become increasingly critical and sceptical of China and its intentions, with France and Germany both criticising China’s lack of transparency over coronavirus. Furthermore, Josep Borrell, EU Foreign Minister, has acknowledged that the EU has been “too naive” in the past in its relationship with China, and stated that in talks held in June 2020 he had brought up a number
of issues including the security law in Hong Kong, the spread of disinformation and a number of human rights issues, including Tibet. However, he also acknowledged that the EU had to balance its “concrete disagreements” with China with the need for cooperation, particularly on issues such as climate change, calling for “more cooperation and less confrontation”.

This tougher language, however, lost some degree of its power following the revelations that an EU report condemning China’s spread of misinformation on coronavirus had in fact been watered down following pressure from the Chinese Embassy. The original report had referenced Beijing’s “overt and covert tactics” to divert blame for the pandemic and improve its international image. It included references to Beijing’s attempts to divert attention from the virus’ origins in China, including its attempts to blame the United States instead, and referenced Beijing’s criticism of France’s handling of the pandemic and attempts to spread false accusations that French politicians used racist slurs against the Head of the World Health Organisation.

Leaked emails indicate that European diplomats expressed concerns about China’s propensity to retaliate towards the European Union, should the critical report be published in its original form. The language in the report was subsequently toned down, and the references to the dispute between France and China were removed. When questioned about the incident, Josep Borrell confirmed that Chinese officials had raised objections to the report, but stated that the revisions that were made were “part of the normal editing process” and were not a watering down of findings.

It is clear that many of our allies, including our regional neighbours, are experiencing similar challenges in their engagement with China, and the EU’s internal dynamics reveal the difficulties in developing consistent models of behaviour amongst democracies, when such considerable economic stakes are in play. However, despite no longer being in the European Union, on issues of shared interest – such as cyber-security, climate change, and technology infrastructure, as well as the rising possibility 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.

There has been much focus on the centrality of the CANZUS/CANZUK alliance for the United Kingdom, and the appeal of deepening our engagement with the Anglophone nations appears to have heightened during the Brexit debate. More recently, as previously mentioned, discussions have begun to emerge around developing a new form of liberal alliance – the D10 – which would bring together liberal and semi-liberal democracies, including non-Western nations such as India and South Korea, to seek to build productive cooperative frameworks to uphold the liberal world order and rival China’s authoritarian system.

In particular, 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, since these states have a long history of interaction with each other; 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 liberal democracies, such as the Philippines and India, which are also concerned with China, fit into the values piece of the strategy. Alliances of countries 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.
UK-China Relations in the Global Britain Period

It is reasonable and appropriate for us to strengthen our cooperation on Chinese engagement with East 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 United States, of course, projects military power via its bases on Australian soil. The UK has the opportunity to also consider how it can individually and collaboratively assume a greater presence in the region, via its friendly relationships with other democracies.

The Global Britain project will also need to consider our diplomatic and military engagement with China and its ambitions – especially with regards to its expansions into the South China Sea, and the need to maintain safe passage in territorial waters. 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. Our tentative forays into a more robust military presence in the Asia Pacific, including the HMS Albion’s 2018 Freedom of Navigation exercise in the South China Sea, and the planned 2021 deployment of HMS Queen Elizabeth Carrier Strike Group, send a strong message of intent, although the precise nature of that intent has not yet been clearly defined. In any case, we should also consider the ‘softer’ areas of our capabilities that could enhance our regional presence – in particular, our expertise in maritime law, mediations, and the establishment of governance frameworks.

It will also be important for us to note the special status of Taiwan, for 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. Taiwan currently has a unique relationship with the United States, through the 1979 Taiwan Relations Act, which authorises support for the island to defend itself against external attacks. The UK, on the other hand, does not have any such relationship. However, as the UK seeks to play a greater role in the economic and security ecology of the Asia-Pacific, it will be important make sure that the environment remains calm and that the PRC’s commitment to ‘peaceful’ reunification, repeated annually by the Beijing Government, continues to shape any engagement with the island.

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. We should especially consider the value of our Commonwealth relationships, including India, Australia, Malaysia and Singapore, for regional commitments around climate change, women’s rights and education, and environmental degradation.

Finally, we should also examine how best to begin making inroads with the rising powers of Vietnam and Indonesia. Both are populous and important regional actors who could provide important strategic opportunities for the UK as it seeks to build ties in Southeast Asia post-Brexit. The UK and Vietnam recently partnered on the building of smart cities and in 2019 agreed to deepen relations with Indonesia on cyber security, education and climate change. However, the complexities of dealing with both Indonesia and Vietnam need to be noted. For instance, both have strong economic relationships with China, and large ethnic Chinese populations.

In addition, Vietnam is in the unusual position of being a major non-democratic, communist state with a strong, emerging orientation toward the West, as a result of its disputes with China. In engaging with 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.
Understanding China

Convergence and Divergence of UK-China Interests

The UK is still under-equipped conceptually to understand the importance of China in the wider world. 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 prospect of converging in a liberal direction. Analogies are often drawn with the USSR as a geopolitical disrupter – or Russia or Iran in the contemporary world – and with Japan as an economic disrupter. However, neither set of comparisons is remotely sufficient for understanding the central issue of geopolitical significance combined with profound political and cultural difference. Also problematic for the UK’s political engagement is the imbalance of knowledge between the countries, in that Chinese knowledge of the UK is in general much greater than British knowledge of China.

China is a globally pivotal state, which 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. The China dilemma lies largely in the fact of its deep existing entanglement with the UK and the Western world more broadly, a factor that makes it unique among states with a non-democratic structure.

There is little prospect of China and the UK sharing a general worldview; 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. Across the political spectrum, Westminster appears to have, in the space of a short few months, come to a realisation of China’s fundamental importance; yet, thus far, most rhetoric 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 stopgap 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.

The Future of the Trading Relationship

Around 5.1% per cent of the UK’s current trade is with China, making it the UK’s fifth-largest trading partner. At one point, there was relatively unqualified enthusiasm in parts of the UK business and political community to increase that proportion; that enthusiasm is now tempered by wariness about possible consequences. 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**: This is a sizeable area for potential expansion, but is vulnerable to technological capture as the provision of such services in China would necessarily take place through a Chinese infrastructure. There are also pressures to use indigenous actors, and efforts to exert political influence, as seen in the recent efforts to influence major British banks and firms with strong interests in Hong Kong and China to support the new Hong Kong National Security law, are likely to be significant.
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• **International legal services:** This is an area where the UK holds a robust international reputation, and China itself has little capacity or credibility. However, there will be substantial pressure to leverage the size of China's BRI footprint to encourage legal norms to conform to Beijing's 'illiberal norms' – as in Hong Kong, where common law is maintained but individual liberties are being restricted.

• **Healthcare:** Another growth area also carrying important security risks. The pharmaceutical sector in particular needs to be concerned about intellectual property (IP) capture, as well as the seizure of IP from facilities based in China. There will be growing pressure to indigenise as much pharmaceutical innovation within China as possible, replicating the trend towards on-shoring such capabilities within Western nations, discussed above.

• **Science and Technology Cooperation:** Much cutting-edge technology today does indeed come from China – to an extent not true ten years ago – and a significant proportion of the UK's scientific productive output is reliant on Chinese researchers and students. This means that complete exclusion of Chinese scholars would cause problems for the UK knowledge base, as well as being discriminatory, and a partial ban would necessarily impact on the UK's reputation as a country open to scientific talent regardless of nationality.

China's Self-Perception

China's view of its own behaviour in the world, and toward the UK, starts from very different premises from the assessment made in most developed countries. 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.\(^1\)

The first of these is the historical confrontations of the nineteenth and twentieth centuries, which culminated in 1949 with Mao's victory over his Nationalist opponents. There is a powerful collective memory of the Opium Wars of the mid-nineteenth century, when British force was used for the violent opening of China's doors. Much of the period from then to the 1940s is remembered as a 'century of humiliation', never to be repeated. Collective memory of the Chinese phase of World War II, when it fought Japan essentially alone from 1937 to 1941, before the Western Allies joined the Asian war at Pearl Harbor, is a major shaper of China's world-view – rather as World War II analogies continue to be powerful in British politics. History remains a profoundly important part of the way in which the CCP perceives its own legitimacy, and China perceives the West as being profoundly ignorant of that history and its significance.\(^2\),\(^3\)

There are consequences to this for China's world-view. China continues to suffer from the complexes of a weak country, even while it is objectively a strong one. Again, this very much reflects its interpretation of its twentieth-century history. China's leaders and the wider society are obsessively interested in their past, and the record of foreign powers who interacted with it.

The political framework of Marxism-Leninism is also deeply embedded in Chinese political thinking, and has been very actively revived under Xi Jinping. This factor tends to be under-considered, because very little of that phrasing is used in the English-language material for overseas consumption. However, the domestic discourse is still highly shaped by ideas of 'struggle', 'antagonism' and conceptions of 'socialism' as opposed to 'capitalism', even though China is now a highly capitalist society.\(^4\) Major journals, such as the Party's theoretical organ Qiushi, regularly debate the 'contradictions' in Chinese society in terms that draw extensively from Marxist theory.

China also draws on concepts that come from traditional Chinese thinking. Although these are not the simplistic stereotypes sometimes evoked, Confucian ideas of community and hierarchy do shape contemporary Chinese perceptions of the 'good society,' and by extension, the role of China and other hegemonic states in the global order. China believes quite sincerely that its
large size gives it particular standing in the global community. It also believes in its own moral role in shaping that community, as well as having a strong sense of its own virtue, regardless of whether that sense is more widely shared.132 133

Finally, the economic narrative is at the heart of the Chinese party-state's contract with its population, although it is not, as often suggested, the only factor that creates a genuine level of connection between state and society. The most recent manifestation of economic growth and development is China's impressive level of technological achievement, which the state and the private sector in China both portray as an example of how a non-liberal system of government can nonetheless produce innovation.134

These are some of the influences on Chinese thinking about themselves, and they should inform the manner in which Britain approaches its strategic engagement with China. A very important task, which is central to British narratives about China, will be to decide how much distinction to make between stories about abuses inside China's borders – such as human rights violations in Xinjiang, and ongoing reports of the arbitrary arrests of lawyers, artists and so on – and unacceptable actions outside of China's borders, such as allegations of the theft of intellectual property.

There is an internally consistent, if morally unattractive, argument that the UK employs towards a number of other countries, such as Saudi Arabia, that human rights abuses at home are ultimately 'an internal matter'. If this standard is to be applied differently to China, the reasons to do so should be articulated explicitly, and differentiated clearly from concerns over security or overseas influence. 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.

This issue treads on one of China's most notable characteristics: an obsession with sovereignty. China's modern history of being invaded – not least of all by Britain – has played a strong role in the construction of this national preoccupation. Engagement with China needs to carve out the difficult path of respecting its particular sensitivities about sovereignty, without conceding the idea that there are no universal values on rights whatsoever, as Chinese maximalists on this issue do sometimes claim. China was, for instance, one of the shapers and signatories to the Universal Declaration of Human Rights in 1948, and since the China of today explicitly defines itself as a key participant in the formation of the United Nations, it is important to observe that China could and should be required to engage with the full responsibilities that entails, not simply the elements it chooses to highlight.135 136

One of the most notable elements of China's involvement on the world stage is its intervention, public or private, in the public sphere – specifically, its efforts to influence the way that China itself is portrayed. China's elites – and this is a sentiment also carried into the wider population – strongly believe that its achievements, such as large-scale poverty reduction, the use of FDI to boost overseas economies, development as a tech innovator, and action on climate change, are rarely acknowledged in Western media. The obvious riposte is that China itself does not allow free and balanced reporting of its actions, demanding that its own and foreign media stress only positive areas and promote a purely benign framing of its actions.137

However, this should not minimise our understanding of China's perception that it holds legitimate grievances, and they should be analysed so that UK responses are substantive and informed, rather than merely rhetorical. The UK's long-term responses to China need to make some acknowledgement that economic and social success, as well as repressive politics, has played a role in China's dramatic rise to its contemporary global status. We would not, after all, base the entirety of our focus on our engagement with the United States on representations around the use of the death penalty and police discrimination against African-Americans, vitally important though it is to maintain a position on these issues. While we will necessarily continue to prioritise the deepening of our relationships with democratic allies, old and new, as
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a position of strategic and moral legitimacy, and we should stand confident in our distinction between the illiberal acts of fundamentally liberal nations, and those of fundamentally authoritarian states, it is also true that a degree of consistency in our approach around values-based leadership will be both necessary and desirable.

As previously discussed, there is something for the UK to learn from the approach of Germany. Germany has been impressive in its capacity to build up public figures, often fluent Mandarin-speaking Europeans based in China, both able and willing to appear in Chinese media, and who carry a voice that is respected by the Chinese, even when they disagree.\textsuperscript{138} There are clearly difficult and legitimate questions to be asked about the engagement of public officials with state-controlled media in non-democratic regimes. Nonetheless, British business and the political sphere need to consider how to expand their presence on the ground in China, especially as we will no longer be able to draw on EU allies so easily – although initiatives such as the Inter-Parliamentary Alliance are a welcome sign of a new engagement.

China’s case for the virtue of its own stances draws heavily on emphasising what it believes to be hypocritical behaviour by Western countries. This phenomenon has been strikingly on display during recent disputes with the United States administration. It is important that Western actors, including the UK, stress and indeed celebrate the importance of free media, independent judiciary, personal privacy and open dissent in our own societies as a point of differentiation. The challenging reality is that, in defining our image under the Global Britain project, and our tactical engagement with our allies and strategic rivals, we are compelled to ensure that the soft power and values we seek to project are based on authentic, resilient foundations.

China’s Current State

This section does not aim to provide a comprehensive overview of contemporary China, which can be found elsewhere.\textsuperscript{139, 140, 141} Instead, it seeks to delineate certain key assumptions that should guide judgements on dealing with China over the next five years and beyond.

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.\textsuperscript{142} 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 – if not 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, the liberal hegemon of the twentieth century, but they are internally consistent, and need to be understood in their own terms – not simply as a distorted or deficient version of a liberal model of the world.

Authoritarian Government

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.\textsuperscript{143} The idea that the CCP would move toward a pluralist democracy was always something of a chimera – a notion that has weakened further since the rise to power of Xi Jinping since 2012. 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. China’s Government makes it increasingly clear that the achievement of these goals is to be realised by reinforcing the current political system, not liberalising it.\textsuperscript{144}
Regional differences will continue to shape Chinese political goals. In particular, there is still great concern that the Western part of China is economically less developed, and a great deal of current economic policy has been oriented toward poverty alleviation and urbanisation in that part of the country. Xi Jinping’s own political experience was heavily shaped by childhood exile to a remote part of Shaanxi province in northwest China during the Cultural Revolution, which seems to have given him a particular interest in issues relating to economic disparities and regional differences between rural and urban China – a topic that seemed to be of less immediate concern to some of the leaders of the 1990s and 2000s, whose lives and careers were more based in urban areas such as Shanghai.145

The COVID-19 pandemic has proved an important milestone in testing the resilience of China’s system of government. In the first phase of the crisis, there was considerable domestic criticism of the official response to the virus, including anger at the concealment of information about the developing outbreak. Internet censors worked on an hourly basis to erase much of the criticism, which was clearly heartfelt and extensive. According to WeChat, 41 news stories written by major Chinese publications were removed between January and March 2020, and hundreds of keywords and phrases such as ‘Wuhan sea market’ were censored in December.146 Dr Li Wenliang, a doctor who tried to raise the alarm on a then-unknown new disease to his colleagues, was detained by police for “spreading false rumours” and forced to sign a document admitting that he had breached the law and disrupted social order; only later was the disease identified as the novel coronavirus by other doctors, not least Zhong Nanshan, one of the medics who had called out the authorities on the earlier SARS epidemic of 2003.147 The interrogation of Dr Li shocked the public in retrospect because of his eventual death from the virus, and he was treated as a martyr on many posts on Chinese social media in February 2020.

Nonetheless, 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 – an impression further boosted by horrific news coverage of Italy, where the virus overwhelmed the health system, and criticisms of countries including the UK and US, which were perceived to have locked down late or insufficiently. One political scientist collected data in April 2020 that suggested satisfaction levels of 80 per cent or above among the general population.148

While the Chinese news media is heavily controlled, there is a significant Chinese middle-class diaspora able to provide accurate information about the wider world to friends and family within China. It seems clear that favourable international comparisons with China’s ‘successes’ in controlling the virus have fuelled the perception that while the Chinese authorities made serious mistakes, overall, their response was appropriate and effective.

In short, there does not appear to have been a widespread sense of disillusionment with China’s Government among its own citizens as a direct result of the pandemic. This ‘close shave’ will come as a source of great relief to the CCP, who regarded the potential of such a pandemic to serve as a test of their contract with citizens as a prospect of great concern – fuelling not only their authoritarian behaviour in the early stages of the crisis, including the suppression of information, but also the activation of the state’s full powers to contain the spreading virus.

More recent outbreaks in June in Beijing have been greeted with swift and decisive action from the government, keen to ensure they maintain a tight grip on the pandemic and its potential to inspire social unrest. Officials quickly contact-traced 200,000 people who had been to the Xinfadi wholesale market,149 which was at the centre of the new cluster of coronavirus cases, testing close to 100,000 citizens and placing the city immediately back under lockdown. With the potential social and economic and geopolitical costs of the pandemic now well-understood, the CCP will proceed into the next phases of the pandemic with a stronger resolve towards unflinching discipline and the swift deployment of the full capacity of the state.
Civic Freedoms

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. The nation’s rapid move to urbanisation – over 50 per cent of the population now live in cities – and the fast rollout of broadband technology have served to create the kind of state that the CCP feels comfortable with: one where citizens may recognise the very real economic opportunities they have – including unprecedented possibilities for consumption, education, travel and leisure – enabled by technology, while being prevented from holding any meaningful democratic agency.

Xi’s China has moved to restrict some areas of civil society that were emerging in the 2010s, including a surprisingly free and critical social media sphere, and a burgeoning NGO culture. It is not accurate to characterise Chinese social media as entirely uncritical even now; for instance, in 2020 there was widespread anger online about a proposed change to divorce law.¹⁵⁰ Yet, it is patently clear that the Chinese state plays an active and increasingly sophisticated role in the censoring of information around a range of politically and socially sensitive areas, and the promotion of western culture and representation of western political events are highly controlled. Debate around the top leadership is off-limits for discussion on social media, as are conceptual issues such as ‘constitutional government’. The latter was one of the topics listed in ‘Document Number 9’, thought to have been issued by the Party in 2013, which outlined plans to police and prevent public discussion regarding a range of politically taboo issues, including media freedom and judicial independence.¹⁵¹

The CCP’s reach extends beyond the information sphere. Civil rights activists and their families regularly voice complaints of daily surveillance, harassment and intimidation by the CCP.¹⁵² There have been widespread arrests of lawyers and activists involved with civil liberties, including direct critics of the Government, over recent years. The charges are often vague, citing “subverting state power” or “picking quarrels and provoking trouble”, frequently resulting in the impositions of “residential surveillance in a dedicated location”, in which they are denied access to legal counsel or families.

For example, in 2018, prominent human rights lawyer Yu Wenshang was arrested on suspicion of “inciting subversion of state power”, a charge rumoured to be a response to an open letter he wrote criticising President Xi’s leadership as totalitarian. He was sentenced to four years’ imprisonment in 2020 and a further three year suspension of political rights.¹⁵³ NGO workers have also been targeted with three anti-discrimination NGO workers being held in incommunicado detention since summer 2019 on suspicion of “subversion of state power”.¹⁵⁴

A particular new concern is the extraterritorial provisions of the new Hong Kong National Security Law. Article 38 declares that “This Law shall apply to offences under this Law committed against the Hong Kong Special Administrative Region from outside the Region by a person who is not a permanent resident of the Region”.¹⁵⁵ Interpreted most broadly, this Article suggests that critical speech made illegal under the terms of the law could be a criminal offence under Chinese law, even when presented by a non-Chinese citizen in countries outside China. It is reasonable to assume that these efforts to mediate the public sphere through the monitoring and restriction of information will continue as political pluralism in Hong Kong comes under pressure from Beijing, and there will be immense international attention paid to how far existing freedoms of speech, assembly and judicial independence are maintained.
Technology

China has, within a decade, become one of the liveliest technology ecologies in the world, defying predictions that lack of freedom of speech would inhibit its capacity to innovate. It 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 – for example, e-commerce by the likes of Alibaba and Tencent – as well as a highly innovative military sector.156

In the race to becoming a technological powerhouse, China has been accused of taking advantage of foreign intellectual property. 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.157 As a result, the United States currently has 1000 open investigations into Chinese technology theft, which the United States believes costs it US $300 billion - $600 billion a year.158 China has consistently denied such claims.

One key area of development is environmental technology. 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 and in 2017 China invested US $126.6 billion in renewable energy, representing 45% of global investments.159 It is now the largest producer of clean energy technologies and has the highest number of renewable energy patents.160 As such, the Global Commission on the Geopolitics of Energy Transformation declared that, “No country has put itself in a better position to become the world’s renewable energy superpower than China”. However, it is worth emphasising concerns that China’s BRI project effectively exports polluting technology to other countries; for instance, co-funding a US $2 billion coal-fired power plant that opened in Pakistan in 2019.161

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 – although, of course, some democracies such as South Korea have achieved even greater success in this area. In cities across China citizens are required to scan a QR code, which gives them a red, amber or green mark depending on their exposure to the virus, before entering buildings. This allows the state to ensure that anyone out and about is healthy and to allow effective contact tracing when cases emerge. In Shenzhen, the extensive use of such surveillance mechanisms has been found to reduce the time infectious people interacted with others by two days, a contraction which has greatly reduced the spread of the virus.162

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, which both unlocks possibilities, such as access to financial credit, and cuts them off – for example, individuals with low ‘social credit’ scores could be denied the right to buy train or air tickets. There is increasing use of face-recognition technology, as well as drones and phone apps, to give the state greater power to recognize and intercept citizens in public places.163

Overall, China is working at the intersection of technology and society to create a state unlike any other on earth: one that has control over a huge population, heavily constraining individual civil rights and allowing the state near-total, unregulated control of immense amounts of personal data. At the same time, China is creating a technological ecology which allows socio-economic change and growth to take place at a vastly different scale from what other democracies, both established and emerging, could realistically manage.
Economy
Given the centrality of economic growth to its model of governance, above all, the CCP will prioritise actions that boost the Chinese economy. The economy is reported to be operating at around 20 per cent below the levels of the same time last year, and this year's National People's Congress broke with precedent and refused to set a growth target for the year, aware that COVID-19 will have gravely affected the projected growth rate. 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.164

The CCP is extremely concerned about a spike in blue-collar unemployment, as well as the extremely fragile position of many SMEs.165 Without making facile comparisons, some of these issues are comparable to the challenges facing the UK and other developed economies in the aftermath of the pandemic, and in the wake of much longer-term processes towards deindustrialisation. It is important for other aspects of Chinese behaviour, such as the CCP's very confrontational diplomacy during the pandemic, to be understood in the context of major economic challenges.

In the medium term, China is tying its future to creating an 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, without any very clear acknowledgement that China's economy may need more radical changes, such as drastically reducing the size of its powerful State-Owned Enterprises, in the near future.

The Chinese Government may yet find itself having to pivot from its highly confrontational language on the world stage, to foster economic partnerships that will enable it to maintain prosperity at home. Over the years, it is notable that China's boycotts and economic campaigns against other countries, such as South Korea and Japan, have rarely been allowed to continue long enough to bring about any lasting damage to China's own economy.

Hong Kong
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, discussed earlier. Having taken a strong stand, the UK should not show inconsistency, and should stress its legal obligations, as well as its moral ones.

However, it is also worth thinking about some of the issues that may also arise in the medium term, including:
• The future of the judiciary in Hong Kong, given the Court of Final Appeal still includes a foreign judge, often UK-based (Lady Hale and Lord Sumption are recent examples).
• The prospect of maintaining press freedoms, including for British journalists and outlets with global standing and the capacity to influence in Hong Kong and mainland China, such as the BBC, The Economist and the Financial Times.
• Threats to Hong Kong's status as a pool of capital for the burgeoning tech sector across the border in Shenzhen – which, as discussed above, remains one of the few reasons that China is concerned to keep some autonomy in Hong Kong.
• As the UK seeks to expand its provision of legal services for Belt and Road (BRI) projects, it will likely use Hong Kong as a key venue for common law commercial dispute litigation. Again, this is both an opportunity and a vulnerability for the UK.
• Hong Kong remains economically important – the UK currently exports over US $10 billion worth of goods to Hong Kong every year, 600 UK companies have a presence in Hong Kong, and its position in the Asia-Pacific gives the UK valuable access to Asian markets.166
Nationalism, Diplomacy and China’s Global Ambitions

There are many elements of Chinese nationalism that are more an expression of national pride than of confrontation with other states. We may well see a forthright projection of the idea of China as a strong nation on the 75th anniversary of VJ day in August 2020, on which China will celebrate its victory over Japan in the Pacific War. While there is the possibility of a certain amount of anti-Japanese sentiment forming part of these celebrations, the precedent of the 2015 commemorations – when a parade was held in Tiananmen Square – is that the ceremony is much more likely to concentrate on the healing of old historical divides in China between the Communist Party and their former Nationalist enemies. 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.\textsuperscript{167}

However, there is another element of Chinese nationalism that has become notably more confrontational during the COVID-19 pandemic. Chinese diplomacy has traditionally been renowned for being ‘subtle and indirect’,\textsuperscript{168} with China’s true power and influence being conveyed discreetly. In recent months, however, Chinese diplomats have come to earn the nickname ‘Wolf Warriors’, due to their increasingly aggressive style, particularly in the online sphere. This is, in part, a reaction to the framing of China’s own actions by other actors, but is driven primarily by the desire to create a sense of nationalist cohesion at home, during a period of economic vulnerability. Therefore, while it is important to take such language seriously, it should be understood as largely directed towards a domestic audience; for example, Foreign Ministry spokespeople have huge followings on Chinese social media, in a way unthinkable for civil servants in the UK.

China has always utilised online networks to spread pro-regime propaganda and improve public perceptions of China and the Chinese Communist Party (CCP).\textsuperscript{169} However, with the global spread of coronavirus, China has changed tactics and 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.

Chinese Government Twitter accounts, embassies and media outlets have been at the centre of efforts to promote conspiracies about the origins of the coronavirus in a confrontational manner. These accounts produce significant amounts of pro-regime content daily, with the number of posts from these accounts increasing four-fold since April 2019.\textsuperscript{170} With new diplomatic accounts being frequently established, there are now 17,000 tweets a month being produced by a few hundred official Chinese and embassy twitter accounts. One such account belongs to Zhao Lijian, a spokesman for China’s Ministry of Foreign Affairs, who tweets and retweets nationalistic content to his 600,000 followers, including claims that the United States brought the virus to Wuhan, some of which have been subsequently ‘fact-checked’ as inaccurate by Twitter.\textsuperscript{171} The general themes of these accounts’ tweets are accusations of violence in Hong Kong protests, and praise for China’s handling of the pandemic – promoting the CCP discourse that reporting of China’s troubles are largely due to inaccurate framing from hostile foreign media.\textsuperscript{172}

Social media platforms are seeking to combat this spread of disinformation from China, and in June 2020, Twitter shut down a network of 23,750 accounts posting pro-Beijing narratives, and 150,000 accounts that were being used to boost these accounts.\textsuperscript{175} On the 10th of June 2020, the European Commission released a statement arguing that, “Foreign actors and certain third countries, in particular Russia and China, have engaged in targeted influence operations and disinformation campaigns around COVID-19 in the EU, its neighbourhood and globally, seeking to undermine democratic debate and exacerbate social polarisation, and improve their own image in the COVID-19 context”.\textsuperscript{174} In response to the growing cyber activity of Chinese diplomats during the pandemic, Australia established...
Understanding China

a Special Taskforce within the Department of Foreign Affairs and Trade to combat online material spreading disinformation. China argues, in turn, that foreign forces, notably the United States, are seeking to undermine China’s sovereignty at home.

China has also started taking an increasingly combative approach to foreign journalists. Before 2020, it had been over two decades since China directly expelled any foreign journalists, although it had indirectly forced journalists to leave by refusing to renew their reporting credentials. In February 2020, China expelled three writers from the Wall Street Journal, following the publication of an opinion piece in the paper which critiqued the CCP’s handling of the coronavirus pandemic. A month later, China refused to renew reporting credentials for journalists from three major US publications (the New York Times, Washington Post and Wall Street Journal) in response to the US Government’s decision to classify Chinese state media as foreign missions, to which a Chinese Foreign Ministry spokesperson responded on Twitter: “Now the U.S has kicked off the game, let’s play”. China also demanded that these newspapers, and two others, provide the Chinese Government with detailed information about their operations. In June 2020, the Trump administration reclassified certain Chinese outlets in the United States, including the People’s Daily, the Global Times and CCTV as “foreign missions” allowing the United States greater scrutiny of their activity.

Chinese diplomats have also sought to extend their influence by attending think tank public events in London, Washington D.C. and Germany, regarding these events as an opportunity to defend China’s stance on global issues. Their attendance is usually characterised by overly assertive interventions during Q&A sessions, in which they will set out the well-trodden CCP viewpoint of China as a respectable global citizen, and fiercely condemn discussion about issues such as Hong Kong or the treatment of the Uighur people as domestic issues. This behaviour was evident at a British Foreign Policy Group’s event in February on ‘What the UK can learn from Australia on China’.

It is important to note that 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. Vice-Minister of Foreign Affairs, and former Chinese Ambassador to the UK, Fu Ying, declared in May 2020 that China should show “the spirit of humility and tolerance, and adhere to communication, learning, and openness”, and Cui Tiankai, the long-serving Chinese Ambassador to the United States, has dismissed the conspiracy theories put forward by the Foreign Ministry spokespeople as “crazy”.

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. It is therefore important for the United Kingdom to both demonstrate its solidarity with the liberal alliance, and emphasise its depth outside of the influence of any individual President, while also marking out a position of consistency and principle as an individual actor. As part of the Global Britain project, the United Kingdom also has the opportunity to forge in its own citizens a sense of patriotic pride, in a manner that moves beyond the aggressive, imperialist, or exclusionary conceptions of nationalism. Leading by example will send a powerful message and cultivate respect.

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. This in large part reflects the fact that the strategic, system-level approach to China holds a high degree of bipartisan support. Notably, the Democrats have backed President Trump’s more confrontational approach with China on multiple occasions during his first term, including passing legislation to support Hong Kong protestors and offer military aid to Taiwan. Nonetheless, it is to be expected that Vice President Biden would seek to redress some of the dysfunction seeping into the United States’ relationships with its liberal allies, should he chart a pathway to the White House.
Understanding China

Trump’s decision to withdraw American funding from the World Health Organisation and the Paris Agreement on climate change, his removal of US troops from Germany, the precipitation of a trade war with the European Union, as well as clashes with the UK and Canada over Huawei, have strained relations with the United States’ traditional allies. As President, Joe Biden would likely seek to rebuild these relationships to some degree, and demonstrate a clean break with the Trump Presidency, through symbolic acts of global leadership. With regards to China, this may involve a more forthright approach towards China’s transgressions on human rights and democracy, as President Trump has tended to deprioritise these issues in US-China diplomatic engagement. 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.\(^{182}\)

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 unwillingness of the United States to take leadership in international organisations has enabled China to attempt to portray itself as a responsible actor in international society, albeit with more success in the Global South than amongst Western nations.\(^{183}\) The United Kingdom will have to find new pathways to creates alliances that reorient the direction of travel back toward liberal norms – including, perhaps, a creative use of its UNSC-P5 seat.

Moreover, China is currently the second-largest donor to the United Nations, and any desire by liberal states to reclaim a stake in the organisation will need to match Chinese offers on funding. 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.

In conclusion, the increasingly confrontational mood between the United States and China will remain a fact of geopolitical life for years, perhaps decades, to come. The United Kingdom will always hold a critical position in the liberal world, and that certainty should afford us the confidence to develop a nuanced understanding the motivations and intentions of China’s new nationalistic turn – not in any sense in order to agree with or excuse this trajectory, but in order to develop responses as both an individual nation and as part of a broader liberal community. 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 through which we can defend our own.

China’s Development and The Belt & Road Initiative

Over the last 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.\(^{184}\) China’s Belt and Road Initiative (BRI) is expected to cost over US $1 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.\(^{185}\) The project has been one of the strongest sources of China’s soft power and economic expansion in the last decade.

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.\(^{186}\) The coronavirus pandemic is also likely to bring a number of challenges to the initiative, as economies slow and countries default on loans. There is already controversy over China declaring that many BRI loans will not be eligible for debt relief during the coronavirus pandemic, leaving many countries struggling. Djibouti, for example, has taken on US $1.2 billion in loans from China after signing a ‘strategic partnership’ in 2017, which is equivalent to 80% of the country’s entire economic output,\(^{187}\) and which the country’s finance minister has stated is impossible to repay during the global crisis.\(^{188}\)
However, the project remains important for economic trade and expansion and with Western nations such as Italy signing on, project is gaining a degree of legitimacy. Furthermore, analysis shows that overall the view of the BRI globally is positive, largely due to the trade and socio-economic benefits it is expected to bring. By positioning itself as a partner who can support economic wellbeing, up to around 2018, China has been winning allies and improving its public image, while simultaneously aiding its own economy.

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. The motivation behind this was largely to differentiate between China's international and government departments focused primarily on trade and investment, as Beijing has been criticised for opaque funding and debt trap diplomacy – raising questions over whether it is truly aiding countries’ development or primarily creating trade opportunities for China.

DFID was the first international aid agency to collaborate with China on developments in other countries, launching the Global Development Partnership in 2011. The AgriTT program, running from 2013-2017, was a DFID-funded initiative for China to transfer agricultural technologies to Malawi and Uganda. In 2012, the China-UK Global Health Support Programme was launched with funding from the UK to encourage collaboration on global health and international development aid in health assistance. Transparency has been a problem for CIDCA since its inception, and China has in fact turned to DFID for assistance in improving its transparency standards.

The future scope and prioritisation of British foreign aid is currently uncertain, as the UK Government moves to finalise the merger of the Department for International Development and the Foreign and Commonwealth Office, as Prime Minister Johnson seeks to create a ‘unified Whitehall voice’ on post-Brexit foreign policy. Crucial to achieving this will be ensuring that the immense goodwill and esteem projected by the brand-building achieved for DFID is not unravelled.

There is an opportunity here worth considering more deeply, as the future of the BRI currently hangs in the balance. The project was losing some momentum even in 2018-9, and will be gravely affected by the crisis in China’s economy in 2020. Despite the insecurities hanging over the BRI as a whole, however, the core elements of the Initiative will certainly remain attractive to many actors. These include the prospect of cheap loans, swiftly-built infrastructure, and above all, inexpensive and reliable technology infrastructure. Many countries in Sub-Saharan Africa, for instance, have no plausible alternative non-Chinese provider for 4G technology, let alone 5G. There is, therefore, an urgent need for the UK to proactively set out its conceptual and practical framework for aid and development provision under the new integrated model, in order to ensure the immense strategic advantages the UK holds in terms of our access to investment, the promotion of democracy and our global soft power, are upheld.

Climate Change Cooperation

In 2015, climate experts from the UK, US, China and India published a joint report titled Climate Change: A Risk Assessment, and a delegation of the China Expert Panel on Climate Change came to London to discuss the development of a framework discussing climate risks between China and the UK. A two-year Bilateral Cooperation Agreement on Climate Change Risk Assessment and Research was signed later that year. The agreement focused on three main issues: future global greenhouse gas emissions pathways, direct risks from the climate’s response to global greenhouse gas emissions, and indirect risks generated by the interaction of climate change and complex human systems.

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. A scientific partnership between the University of Birmingham and the Jiangsu Industrial Technology Institute in China and the Fraunhofer Institute for Environmental Safety and Energy Technology in Germany has connected sister cities Birmingham and Nanjing with raw materials experts in Germany, developing new energy storage solutions.

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. China, the world’s largest emitter of carbon, has been a leader on addressing climate change in recent years, although the escalating trade war with the United States has hampered the acceleration of its climate efforts. 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.

China’s state-run National Centre for Climate Change Strategy and International Cooperation has encouraged the government to include carbon emission peaks into its 2021-2025 five-year plan, although it remains unclear whether they will be included in the current economic climate.

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. As a global leader, it possesses both the hard and soft power to influence change in other countries – especially in the Global South – and its cooperation with the United States proved pivotal in securing the 2015 Paris Climate Agreement, with many other countries following their lead and committing to plans significantly to reduce emissions. With the United States under President Trump rolling back fuel efficiency standards, abandoning the Clean Power Plan and withdrawing from the Paris Agreement, it is more important than ever to keep China at the table in tackling 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.
The Evolution of UK Public Opinion

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 values important to the UK.

This evolution has been taking place over the past decade, and accelerating rapidly over the course of the past year. In 2013, just a quarter of Britons supported the UK demanding the improvement of human rights in China, even if this threatened good trade relations between the two countries, with 44% wanting the UK to lead on human rights, but only to the extent that they did not threaten bilateral trade.208 These hard-nosed views likely reflect the particular emphasis placed on economic growth in the period after the financial crisis, and the birth of the ‘Golden Era’ of engagement with China, with senior political figures including the then-Prime Minister and Chancellor of the Exchequer lauding a close and deepening relationship.

By 2015, around the time of the Hinkley Point deal, 18% of Britons believed the UK should prioritise a special relationship with China over seeking closer trading relations with all countries equally. The specific issue of the nuclear site, however, split Britons, with 31% approving of the plant and its Chinese-backed investment, and 28% supporting the project but not Chinese investment.209 Over time, the concerns around Chinese involvement in major national infrastructure projects have become more robust. By early 2019, 34% of Britons said they opposed Huawei’s involvement in building the UK’s 5G systems, with 22% in favour. A year later, an even larger portion of the population, 39%, opposed China taking a role in the HS2 high-speed train project210 211 and when asked in general terms, 65% of Britons oppose China holding a major role in national infrastructure projects.212

Recent surveys have found that 41% of voters want the UK Government to take a tougher stance on relations with China. 48% of voters identified China as a threat to the UK and its interests, and 43% would like to see the Government pursue more distant relations with the PRC.213 Conservative voters are especially inclined to express concern and scepticism towards engagement with China, and this is particularly interesting within the context of the broader framing of regret that has penetrated public opinion, with political leaders increasingly mistrusted regarding their past intentions and actions on UK-China engagement. 37% of voters in the UK now believe David Cameron and George Osborne pursued the wrong approach in welcoming a ‘Golden Era’ of cooperation with and investment from China, including 45% of Conservative voters.

The COVID-19 pandemic has accelerated an established trend of British public opinion becoming increasingly hostile towards China. When asked whether they trust Chinese coronavirus death numbers reported by the Chinese Government, 82% of respondents said they did not trust China’s reporting, and just 1% said they fully trusted China’s reporting of COVID-19 deaths.214
The British Foreign Policy Group's own research in May 2020 found that 83% of Britons now do not trust China to act responsibly in the world, with negative opinions towards China having risen by 4 percentage points since January. Unfavourable opinions regarding China are thus quickly closing the gap on negative opinions on Iran, at 85%, and North Korea, at 88% – two nations we commonly frame as ‘existential global threats’, and the subject of economic sanctions. London residents are a notable exception to this trend, with positive opinions of China having risen 3 percentage points to 31% since January – likely because of the outsized connectivity London holds with China, through economic and people-to-people ties.

Other recent surveys conducted in June 2020 found that just 3% of Britons regard China as a force for good in the world, with 60% of Britons regarding China as a negative force. More Britons blame the Chinese state (49%) than the UK Government (40%) for the severity of the pandemic in Britain, with just 6% trusting the Chinese Government to tell the truth about the pandemic. Furthermore, fewer than one in ten Britons think that Britain should have a fully open trading relationship with China following the pandemic with 34% stating that Britain should not agree a trade deal with China and should only maintain relations 'where necessary'.

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. In Australia, for example, the long-standing Chinese communities in major cities support widespread citizen-level engagement with Chinese culture and people of Chinese backgrounds, and facilitate a framework of political communication around the ‘contribution’ of the Chinese people. 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.

It is also clear that there is an increasingly strong relationship between public perceptions of a nation’s ‘brand’ as both a domestic and global actor, and attitudes towards consumer products and other forms of engagement in the economic sphere. During the course of the pandemic, for example, Britons have become increasingly reticent towards China-made goods, and becoming aware of the Chinese origins of products and brands can dramatically dissuade British consumers from their previously favourable opinions. Britons are more likely to regard Chinese products as of poor quality, and now claim to be willing to pay more for products to avoid purchasing Chinese goods – fundamentally undermining the business model of globalisation, which increases consumer choice and reduces barriers of access.

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.

This project will need to begin in Westminster, where attitudes towards China are rapidly hardening. Surveys of MPs ahead of the UK Government’s reversal decision on Huawei, indicated that 83% were concerned about the national security risks of allowing Huawei to partake in the development of the UK’s 5G network, and 62% believed Huawei should be banned from strategically sensitive parts of the network – with just 34% supporting allowing Huawei’s involvement in non-sensitive parts of the network. A more hawkish approach towards China in Westminster is gaining bipartisan momentum, with Shadow Foreign Secretary Lisa Nandy attacking the political complacency towards China’s human rights record, and criticising a diplomatic approach that favoured “growth and trade” above all else. The emerging bipartisan consensus towards a tougher position on engagement with China brings the United Kingdom closer towards the situation in both Washington and Canberra, where robust security positions are often seen as a matter of the ‘national interest’.
Manufacturing Consent: Public Opinion, Political Parties and the Media

The political unease in Westminster towards China is also matched by the increasingly vocal presence of civil society organisations in the United Kingdom, with established NGOs expressing concerns about China's human rights record. In 2015, NGOs and campaigners led by Amnesty International UK wrote an open letter to then – Prime Minister David Cameron asking him to address concerns over detention of human rights lawyers, the repression of ethnic minorities, and the crackdown on freedom of worship in China when he met with President Xi.222 These national political interventions from civil society groups are reinforced by global partners, condemning China's surveillance state,223 its crackdown on ethnic minority rights,224 and media freedoms.225

Despite the turbulence in political, public and civic opinion towards China, the UK's business community has been considerably more inclined to ensure the two nations maintain a positive relationship. Although 48% of UK companies surveyed in 2019 state that doing business in China had become more difficult, 60% of all businesses said they would still increase investments in China in 2020 due to the economic opportunities accessible in China.226 Businesses also expressed concern about the UK Government's hardening stance on Huawei, fearing delays and interruption to the rollout of the UK's 5G networks, and urged the Government to pursue a ‘practical compromise’ over a blanket ban227 – a point of advocacy on which they at first seemed to be successful, until the reversal of the decision on Huawei in July 2020.

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 consistent relationship whose boundaries are understood on all sides, 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.

A Regional Engagement Framework

The BFPG's National Engagement Programme has highlighted how Britain's approach to China will need to take account of regional differences in needs, assets and experience. Manchester, for example, is paired with the Chinese city of Wuhan and has spent the last few years building a strong city-to-nation partnership with China, underpinned by a sophisticated strategic approach to fostering economic and cultural exchange.

In 2013, Manchester developed the Manchester China Forum, with the goal of securing direct flights between Manchester and China, and developing Manchester's profile in China.229 In 2016, the first ever direct flights from Manchester to China were launched, and since then, Manchester has been able to leverage this relationship to significant economic benefit. By 2018, export values from Manchester airport to China had increased 41%, Northern attractions reported a 200% increase in bookings, boosting the economy by over US $330 million, and the number of Chinese students in Greater Manchester grew 9%.230 Greater Manchester now houses a substantial Chinese student population, rendering the financial stability of the five universities in the region heavily dependent on the presence of Chinese students.

Stakeholder engagement events hosted by the BFPG 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.
Chinese Language Skills

One of the key disparities in understanding between the Chinese and British elites and the populations more generally stems from the relatively low degree of Chinese language provision in the United Kingdom. It is true that Chinese language learning in the UK has grown in recent years, albeit from a very low baseline, thanks to a number of initiatives – including the Confucius classroom programme, which provides UK schools and districts with teachers and instructional materials, the Swire Chinese Language Foundation, the Department for Education’s Mandarin Excellence Programme (MEP) which allows schools, with the help of the UCL Institute for Education, to provide four hours of taught study and four hours of self-study to students, and the British Council’s Schools Partnership programme which provides school partnerships, Chinese language assistants and language immersion classes. As a result, over 3600 students sat GCSE Chinese exams in 2017, up from 2480 in 2011.\(^{231}\)

However, a significant number of challenges remain. This is partly because of staff shortages, with schools often relying on temporary teachers from China, of whom numbers are heavily constrained. There is also a stark disparity in the provision of Mandarin language classes between state and private schools, with just 8% of state schools offering Chinese language tuition at GCSE level, compared to 32% at private schools, which tend to have more resources. The lack of resources to support teaching Chinese also means it is largely confined to secondary schools, with very few primary schools studying Chinese history, culture or geopolitics in any significant depth. The statistics of language learning are also somewhat misleading, as a large number of Chinese examination entries are from native speakers with the language often being framed as “too difficult” for non-native speakers, and therefore seen as predominantly an enrichment activity. The numbers of native-English speakers taking Chinese up to examination level therefore remains low.\(^{232}\)

Should Britain seek to strengthen its understanding of China as an economic partner, and even as a geopolitical rival, it will be important to deepen the degree to which British diplomats, policy-makers, businesspeople and even citizens are able to interact with Chinese politics, culture and communications. Enhancing Mandarin language provision will be central to achieving this objective, and it is entirely possible to frame this exercise as a mechanism by which to gain a more competitive advantage in the international community, as well as understanding an increasingly important global power.

Chinese Public Opinion towards Britain

A 2014 survey found that the UK came third in the rankings of Chinese views on the most important leaders on the world stage, following the United States and Russia. 92% of Chinese people polled thought it was important for the UK and China to have a close relationship, and 68% wanted to learn English – far ahead of any other world languages. 84% thought the UK had ‘some’ or ‘significant’ influence on the world stage. Although most thought the UK’s influence had decreased over the last 20 years, many also said they thought the UK’s influence will increase again in the next 20 years (40%).\(^{233}\) In a GlobeScan survey that identified rapid falls in positive views of the UK across EU and Commonwealth countries in 2017 following the Brexit vote, also revealed that favourable opinions of the UK in China had grown significantly, from 39% to 73%.\(^{234}\)

There is, therefore, is a layer of genuine regard for the UK in China itself. However, to draw up a realistic model 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 in 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. There is no doubt that it is an authoritarian state which tolerates major restrictions of individual liberties; but it is much more than that, and it is important to know how a range of Chinese, from the most critical to the most supportive,
see their own country. Fundamentally, there is an imbalance of knowledge because the UK is a well-known quantity in China because so many middle-class tourists, students, business people come here, and speak good English.

Furthermore, it is important to gain an understanding of the views and experiences of the Chinese diaspora in the UK. Since the outbreak of coronavirus, discrimination against Chinese people living in the UK has been on the rise with recorded incidents tripling between January and March 2020 compared to the same period in 2019. In a survey by the Evening Standard, over half of Chinese participants said they had experienced discrimination since the start of the pandemic. An investigation into the effects of such discrimination in America showed that exposure to xenophobic discrimination led to an increase in support for autocracy and higher levels of trust in the Chinese Government among Chinese students who were pre-disposed against the Chinese regime. Understanding and respecting the Chinese diaspora in the UK will therefore play a key role in building public consensus on creating a closer relationship between China and the UK.

The UK would benefit from having some means to monitor that sense of Chinese public opinion – there are excellent diplomats in Beijing who are well suited to providing this sort of information, for instance. Social media and contacts with UK-savvy Chinese influencers living in the UK and in China would also be helpful. The main issue is not what any one person says, but to gather a broad range of understanding of what the society thinks, as a whole. In short, a UK-China Engagement Strategy must prioritise learning, listening and understanding.

**Chinese Media Networks in the UK**

The Chinese media have a longstanding presence in the UK, and the majority of correspondents report news on British life for consumption by domestic Chinese viewers and readers. Chinese media is a globally unusual hybrid, which combines strong state censorship with commercial imperatives, to identify stories that will attract attention and advertising. Some of the most famous outlets, such as the People's Daily, are generally more useful as indications of party thinking than a guide to what actual readers in China tend to consume.

One of the more visible aspects of Chinese media in the UK is the Chinese state-owned China Global Television Network (CGTN), which has based its European hub in London since December 2018. CGTN is unusual, in that it is purely state-controlled with no particular commercial element – unlike most popular media within China itself. The organisation presents itself as an independent media company reporting to international standards; however, it has repeatedly found itself embroiled in disputes around the nature of its reporting and framing of sensitive issues. After repeated complaints, five different China Global Television Network news programmes were found by Ofcom to have committed “a serious failure of compliance” with the UK's broadcasting rules on impartiality when covering the Hong Kong protests in 2019. Ofcom announced in May 2020 that it was minded to sanction the CGTN in response to these violations.

The CGTN said in response to the allegations that viewers already understood that it would provide an alternative perspective, saying that its purpose was to inform international viewers of the Chinese view that is “often alternative to the mainstream Western media”. The report follows the 2019 resignation of Nick Pollard, a former Ofcom board member who had been recruited to fill an advisory position at the CGTN's London office.

The CGTN is still facing investigations into allegations that it had broadcast forced confessions by Chinese prisoners as well as inquiries into its funding base. Most notable of these is a 2018 incident where Peter Humphrey, a British corporate investigator imprisoned in China, filed a complaint to Ofcom saying that he was forced under duress amounting to torture to confess to crimes he did not commit, later broadcast on-air by CGTN (then called CCTV). Humphrey also cited two other cases of Chinese police filming him under conditions of duress before he was...
tried or convicted, also broadcast on the network. Similar allegations have since been reported by Hong Kong bookseller Lam Wing Kee, the daughter of Chinese publisher Gui Minhai, and Swedish human rights activist Peter Dahlin. It is reported that the CCP practice of forcing confessions from dissidents on-air had previously been practiced against Chinese citizens, but began to be used against foreigners in 2013.241

It is worth noting that a significant shift has taken place in recent years in the orientation of Chinese-language media in Australia, both newspapers and online, which have taken on a distinctly pro-PRC tone. While Chinese-language media for the indigenous UK market is still limited, it is important to be aware of whether it genuinely reflects a wide range of views, and to be aware of any sizeable shifts in its framing.

Nonetheless, given the relatively low audiences for Chinese media in the UK – CGTN, China’s state Television channel, is only available via Sky, Virgin Media and Freesat, and its viewership is so low that it used its “small audience” as a defence argument in Ofcom complaints about its content242 – rather more attention should instead be paid to social media, where the Chinese presence is not always evident. It is also worth noting the extent to which material critical of China on Chinese-owned outlets, such as the immensely popular TikTok app, is being removed.

Documents leaked in 2019 suggested that ByteDance, the Beijing headquartered company that owns TikTok, uses its broad guidelines on what content can be posted on the site to clamp-down on anti-Beijing content. Criticism of China’s socialist system is banned under a ban on “criticism of policies (and) social rules of any country”, discussion of the incidents at Tiananmen Square are banned under “demonisation or distortion of local or other countries’ history” and there is also a broader ban on “highly controversial topics”. Tiktok has however stated that these guidelines are no longer in use, and that it does not censor anti-China content. Documents revealed in March 2020, once again showed moderators being told to censor political speech banning accounts that harmed “national honour”.243  A spokesperson for TikTok admitted that “like all platforms, we have policies that protect our users, and protect national security”, though they would not clarify precisely what policies and regulations were in place.

The case of TikTok highlights the complexities of the Chinese information environment in the UK – both in terms of its reach and influence with its expatriates, with the British ethnic Chinese community, and also amongst British citizens as a whole. The presence of CGTN consumes much attention and is the subject of active political scrutiny; however the less visible influence of the CCP on a range of other media platforms and forums, whether directly or via their successes in imposing self-censorship, will ultimately be worthier of greater attention.

Reporting UK-China Engagement in Britain

It is difficult to report on China well in Western media, in the sense of rigorous and in-depth reporting that can explain issues to a general audience. This opens a gap for China to claim, wrongly, that Western (and British) coverage of China is biased and narrow. In fact, one major obstacle is the level of Chinese censorship, which comes up against the relative indifference in the UK’s domestic marketplace to stories about China – not least of all, because place names and individuals are difficult to grasp, and many of the crucial developments in China are procedural or lacking a compelling visual quality. Nonetheless, it is crucial for the British media, and the politicians who engage with the general public, to develop a more sophisticated understanding of Chinese events, and for these to be presented in a balanced manner.

The UK does, however, have a major soft power asset that is taken much more seriously by the Chinese than it is sometimes by the British themselves, in a number of highly respected global media outlets that are regarded as key to shaping global elite opinion. It should be a matter of greater pride for the UK that the BBC, 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 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.

Chinese censorship of both traditional and social media not only undermines China’s claims to legitimacy as a world actor but also makes it difficult to build a sense of trust among the UK public of the Chinese Government. Chinese media and stories on China written by the UK media struggle to receive sufficient traction to sway public opinion, and it will be important to find ways to encourage the UK public sphere to gain a deeper understanding of all aspects of China if it wishes to pursue closer relations with the country. While government plays a role here, in a society with a free and lively media, the sense of responsibility to do this has to be generated within civil society, not through a Whitehall edict.
Spotlight on Australia

In developing a UK-China Engagement Strategy, it is important for the UK to learn from the experiences of our allies. As an Anglosphere nation on the doorstep to Asia, Australia in particular provides fertile ground – and the relevance of its experience appears to be deepening further as the island nation is forced into a reset of its relations with China, coinciding with our own reckoning about a new framework for engagement.

Australia’s Strategic Framework for Engagement with China

Under the Whitlam government, Australia established diplomatic relations with China in 1972 and opened an embassy in Beijing in 1973.244 This new phase of engagement followed a prolonged period of political and diplomatic hostility from Australia toward the Chinese Government between 1949 and 1972, during which the Australian Government refused to recognize the PRC and opposed its entrance into the United Nations. Australia did, however, trade with China, and trade between the two countries reached over US $110 million by the end of the 1960’s.245 Early trade with China was largely centred around the export of Australian wheat to Chinese markets, with metals and minerals becoming increasingly important over time.

This growing trade relationship ultimately provided the basis for the diplomatic rapprochement, and opened a crucial phase of engagement that forced Australia to take decisions about its position on human rights and regional diplomacy. Having recognised the PRC as China’s ‘only government’, Australia ceased its official relations with Taiwan. Australia’s strained political relations with the Soviet Union at the time also encouraged stronger relations with China, as Australia increasingly focused on China as a centre of its regional diplomacy efforts. The Australia-China Council was established in 1978 to promote mutual understanding and people-to-people links between the two countries.246 247

By the end of the 1980s, however, Australia’s political class could no longer ignore the rising public concerns around China’s human rights record. In particular, the Tiananmen Square ‘incident’ had a significant impact on Australia-China relations, with then-Prime Minister Bob Hawke issuing a statement calling for a more prominent role of human rights within the Australia-China relationship. Australia also issued sanctions against China in the wake of Tiananmen, including the suspension of political visits and withholding support for loans to China from international financial institutions.248

By 1991, Australia lifted the restrictive measures it had placed on China in 1989, claiming that the situation on human rights in China had improved. Tensions escalated again, however, in 1996, as China and the United States entered into a military standoff over presidential elections in Taiwan. Australia supported the United States’ position, and invited the Dalai Lama to meet with Prime Minister Howard later that year, angering the PRC.

Once again, however, the strong trading relationship between the two countries enabled the diffusion of their diplomatic disagreements. Since 1997, relations between Australia and China have expanded greatly, including increased trade, development assistance, education, regular dialogue on human rights and defence issues, tourism to Australia and increased investment. The Australia-China Council, established in 1978, has now been replaced by the National Foundation for Australia-China Relations, the first such foundation of its kind.249
The Asian Century

In the early 1990s, Australia’s Prime Minister, Paul Keating, sought to build cultural and economic ties with Asia, signing a security treaty with Indonesia in 1995 and setting up the National Asian Languages Study in Australian Schools programme (NALSAS), designed to build Australian students’ familiarity with Asia. Australia also loosened its borders with Asia, such that by 1996 there were one million Asian migrants in Australia, out of a population at the time of 18.3 million.250

It was against this backdrop that Liberal Party Opposition leader John Howard was elected, on a platform that committed to reducing Asian immigration and abandoning proactive multiculturalism as a state policy. The 9/11 terror attacks in New York, ensuing events in Iraq, and rising concern over the threat posed by neighbouring Indonesia, hardened public opinion, brought Australian foreign policy closer to the United States, and further distanced it from Asia.251 The NALSAS programme was abandoned, and many of the Australia-Asia entanglements established by Keating and his predecessor, Bob Hawke, were removed.

The situation turned once again with the return of a Labour government under Kevin Rudd in 2007 who, with a BA in Asian studies and proficiency in Mandarin, was keen to rebuild relationships with Asia, which comprised one of the ‘three pillars’ of his foreign policy.252 Rudd proposed plans for an Asia Pacific Community, which was met with a varied response from the region, over concerns Australia was trying to shift power away from ASEAN.253

In 2012, Australia released the ‘Australia in the Asian Century’ whitepaper, which, recognising the pace of Asia’s economic rise, was designed as a road map for how Australia could take advantage of this economic opportunity. The paper called for closer collaboration with Asia, including working with Asian educators to facilitate language learning and student exchanges, developing closer trade links and building stronger diplomatic relations.254 To equip the nation to take advantage of Asia’s growth, the whitepaper also called for improvements to Australia’s own economic structures, to ensure its businesses would remain competitive. This included proposals to build a top innovation system, create a more business-friendly tax system and commitments to regulatory reform to lower costs for businesses. It also committed to improving Australian infrastructure including transport and broadband links to help facilitate this.

In 2015, Australia and China signed a Free Trade Agreement, after nearly a decade of negotiations. As China is by far Australia’s largest export market, comprising 32% of total exports already in 2013, the Australian Government estimated that ChAFTA would generate nearly US $13 billion in a decade.255 The Australian Government said at the time that ChAFTA created the “best ever market access provided to a foreign country by China on services”. Two-way trade between Australia and China is currently worth around US $194.6 billion annually, over twice the value of trade with Australia’s next-largest partner, Japan.256 257 Nonetheless, the deepening economic links between China and Australia have not been sufficient to overcome the volatility in its political engagement. When relations became strained once again in 2016-18, due to concerns and criticisms expressed by senior Australian Government representatives around China’s domestic and international actions258 259 and efforts to interfere in Australia’s national security and sovereignty, Prime Minister Malcolm Turnbull called for a reset of relations. In a speech at the University of New South Wales, Turnbull praised the positive dividend of engagement between the two nations, particularly in science, energy and education, and called for a relationship based on “mutual respect and understanding”.260 The speech was welcomed by China’s Foreign Ministry and celebrated by the Chinese press.

This rapprochement was relatively short-lived, however, as China’s emboldened infringements on Australia’s national security, some of which are detailed below, and Australia’s decision to ban Huawei from its 5G networks, ushered in another period of fractious relations. By the end
of the Turnbull premiership, while the economic and strategic relationship between China and Australia remained strong and productive, irreconcilable differences had developed between the nations, and diplomatic engagement was fragile. This mood has continued, with relations further deteriorating, under the Morrison Government.

Race Relations and Multiculturalism

Australia’s relations with China have been heavily shaped by people-to-people connections, and the evolving nature of Australia’s immigration policy. Throughout the Twentieth Century, the Australian Government pursued a ‘White Australia’ immigration policy, designed to limit non-British immigration, and specifically Asian immigration to Australia. The Immigration Restriction Act outlining this policy was first passed in 1901, and by 1947, only 2.7% of Australia’s population had been born outside of the country.261 This policy was gradually eroded after WWII, to be finally eliminated under the Whitlam government in the 1970s with policies like the Racial Discrimination Act of 1975, which aimed to foster the creation of a ‘multicultural Australia’.

Over the ensuing decades, this policy approach of actively embracing cultural diversity has, at times, proved controversial, and the subject of fierce political debate. Pauline Hanson, the founder of right-wing populist party One Nation – and now a Senator for the state of Queensland – was a key figure in the Australian debate on race and immigration in the 1990s, and continues to play a role in contemporary discourses. In her maiden speech to the House of Representatives in 1996, Hanson claimed that Australia was being “swamped by Asians” and called for the abolition of multiculturalism as a government policy.262

The immigration and race debate has ebbed and flowed in Australia, as the nation has struggled to come to terms with its evolving identity within the Asia-Pacific region, and its own colonial past. Today, around half the population is first or second-generation Australian, and migration from outside of the UK – particularly China and India – continues to grow. In 2016, 5.6% of Australians reported having Chinese ancestry, and over 500,000 people born in China are now living in the country, out of a population of around 25 million.263

The lived experiences of the diaspora are mixed. Chinese-Australians educational attainment is significantly above the national average, and they are three times more likely to have a bachelor’s degree.264 The size of the diaspora has also enabled a thriving community spirit amongst the Chinese-Australian population. However, China’s increasing global presence and the debates surrounding it has led to a rising level of concern around Chinese economic and political infiltration in Australia, which can flow through towards pressures on the diaspora community, accused of acting as ‘spies’ or ‘hostile actors’ within the Australian population.265

Tensions around rising house prices have focused attention on the presence of wealthy Chinese migrants and investors in inner-Sydney and Melbourne266 as have economic insecurities sparked debates around job competition with ‘native’ Australians. Reports of racial discrimination are fairly common, with 40% of non-Anglo or European students reporting that they have experienced such incidents267 and 82% of adult Asian-Australians stating that they have experienced racism.268

Community relations have weakened during the coronavirus pandemic, as reports have emerged of a spike in hate crimes towards Chinese-Australians, or people of Chinese appearance in Australia, coinciding with the Australian Government’s tougher stance towards relations with the Chinese state. The growing discord around the origins of the pandemic in China, and community fears that residents of Asian appearance may be more likely to have travelled to infected areas, encouraged a fearful and febrile atmosphere. In April 2020, 16 prominent Asian Australians created a petition calling for Unity over Fear and an end to anti-Asian racism during the pandemic, after 178 racist incidents were recorded over just a two-week period.269 Australia’s current Prime Minister, Scott Morrison, has condemned anti-Asian and anti-Chinese racism during the pandemic.270
Spotlight on Australia

National Security

One of the most contentious aspects of the Chinese-Australian relationship has been around the issue of national security. In 2005, Chinese diplomat Chen Yonglin defected to Australia, exposing a network of 1,000 government informers working for the CCP in "a structured effort to infiltrate Australia in a significant way".\(^{271}\)

In 2016, financial links were exposed between Chinese billionaire Huang Xianmo and Sam Dastyari, a Labour Party Senator from New South Wales. Dastyari opposed the federal government to speak up for China on the South China Sea issue and reportedly lobbied Shadow Foreign Minister Tanya Plibersek against meeting a pro-democracy activist in Hong Kong. Dastyari was demoted from his post and later resigned in 2017, as reports were released of Huang Xianmo donating around US $1.5 million to major political parties through his companies. This incident, along with other reports of corruption among Australian politicians, led to increased regulation of foreign political donations, the establishment of a Transparency Register, and an Electoral Amendment on Funding and Disclosure Reform in 2018.\(^{272}\)

Around this time, Bob Carr, a former Australian Foreign Minister and New South Wales Premier, was appointed the Director of the Australia China Relations Institute (ACRI), following its establishment at the University of Technology in Sydney and a sizeable donation by a Chinese billionaire. Carr, who had spoken out against the pro-China business community prior to his appointment, subsequently used his term at the ACRI to advocate a much more positive position towards the CCP, including undermining the Australian Government's stance on the South China Sea. Concerns began to circulate in Canberra that the CCP would expand their efforts to build political influence through other former and currently serving political figures.\(^{273}\)

In May 2018, a cyber-attack targeting the Australian Parliament and its three main political parties was directly attributed to China's Ministry for State Security.\(^{274}\) In May 2019, a repeated data breach was discovered at the Australian National University, including the hacking of 19 years' worth of data from the University's Enterprise Systems domain. Tom Uren, a Senior Analyst at the Australian Strategic Policy Institute, said at the time that China was the only likely culprit. Australian National University Vice Chancellor Brian Schmidt wrote that "the level of sophistication" of this cyber-attack had "shocked even the most experienced Australian security experts".\(^{275}\)

A cyber-attack targeting the Australian Parliament and its three main political parties in February 2019 has since been attributed by several sources to China's Ministry for State Security. The attack, known to be conducted by a "sophisticated state actor", prompted an investigation by the Australian Signals Directorate (ASD), the results of which have not been publicly announced in order to "avoid disrupting trade relations with Beijing", according to sources with direct knowledge of the report.\(^{275}\) Mike Burgess, Head of the ASD, said in April 2019 that whilst the attack had resulted in the loss of data, none of it was considered sensitive.\(^{276}\)

In November 2019, Australia's Nine Network exposed a Chinese plot to recruit a spy to run for the Australian Parliament. A Chinese espionage group had allegedly offered a Chinese-Australian man over US $700,000 to run for a parliament seat in the currently ruling Liberal Party, representing the Division of Chisholm in Melbourne, which has a large number of voters of Chinese heritage.\(^{277}\) The man approached with the offer, Bo ‘Nick’ Zhao, reported the plot to the Australian Security Intelligence Organisation (ASIO) in 2018, and was found dead in a Melbourne hotel room in March 2019 in unexplained circumstances.

In a rare public response to these reports, ASIO Director-General Mike Burgess said that ASIO was aware of the allegations and was actively investigating them, adding that “hostile foreign intelligence activity continues to pose a real threat to our nation and its security”. Australian Prime Minister Scott Morrison called the allegations “deeply disturbing”, whilst China has denied them. Chinese foreign ministry spokesman Geng Shuang accused the media and public opinion of having “become seized with imaginary fears” and fabricating stories of Chinese infiltration.
As China’s confidence in its efforts to subvert Australian national security have grown, anxieties have risen around the extent to which the growing Chinese diaspora in Australia could choose to align their loyalties towards their new homeland or country of residence. Following his retirement as head of ASIO in 2019, Duncan Lewis said that “the Chinese-Australian community could and should be as vital in the work against foreign covert influence... including against political corruption and against Beijing’s United Front Work Department that works to organise the Chinese diaspora”.278

Beyond Australia’s political institutions themselves, a number of important voices have fed into the debate around the nation’s engagement with China. The Australian Strategic Policy Institute (ASPI), a highly respected defence institute based in Canberra, has published a variety of influential reports informing Australia’s strategic policy framework towards a rising China – most notably on the impact of China’s technology industry on cybersecurity issues.279 The Institute has exposed major human rights issues in China, the strategic risk inherent in infrastructure investments by Chinese corporations, as well as the links in Australian universities to the CCP. The presence of think tanks such as ASPI has been crucial in shaping the political debate in Australia around relations with China, and reinforces the complex touchpoints of the ‘ecosystem’ of public opinion around geopolitical relations.

When visiting Canberra today, one will encounter a regular refrain that the ‘Chinese are always listening’, and many internal communications are exchanged with the knowledge that the CCP is likely to be monitoring and recording information sent via email servers. There is now a direct acknowledgement that the data-gathering operations of the Chinese state are regularly being directed to infiltrate Australian security institutions and organisations. The level of infiltration appears to have grown exponentially over recent years, not only as a result of the rising sophistication of digital techniques, but in direct alignment with the deepening of the scale and importance of the bilateral relationship.

Safeguarding Critical Infrastructure

Concerns around China’s penetration of national security extend beyond the information sphere. In 2012, Australia launched a Significant Investor Visa (SIV) program that granted immigrants residency in Australia if they invested US $3.5 million into complying significant investments. The scheme became more tightly regulated after 2015, due to high numbers of wealthy Chinese immigrants entering Australia on an SIV, and rising concerns about the impact of foreign investors on rising house prices in Melbourne and Sydney. Since the 2015 regulations, 693 people have entered Australia on an SIV visa.280 281

The tensions that amassed around the real estate market during this period would prove one of the most important galvanising forces behind the shifts in public opinion around China-Australia relations – fostering the impression that Australian citizens’ needs, and the nation’s deeply embedded sense of ‘fairness’, were being deprioritised in favour of the economic relationship with China.

Chinese investments in national infrastructure have also come under increased scrutiny over recent years. In 2016, the Australian Government intervened to stop New South Wales electricity company Ausgrid from selling a 50.4% stake in its electricity grid to the State Grid of China. Then-Treasury Secretary, now Prime Minister, Scott Morrison cited the national interest, saying that “national security issues were identified in critical power and communications services that Ausgrid provides to businesses and governments”.282 The Foreign Investment Review Board was reconstituted in 2017 to review foreign investments into critical infrastructure, under the leadership of David Irvine, former Ambassador to China and head of the Australian Secret Intelligence Service.283

Spotlight on Australia

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Spotlight on Australia

The United States has watched Australia’s evolving relationship with China with a high degree of agitation. In 2015, the strategically important Darwin Port – bombed by the Japanese during the Second World War – was handed over to investor Landbridge Industry, a subsidiary of the Shandong Landbridge Group, which has close ties to both the CCP and the People’s Liberation Army. The deal angered the United States, and encouraged the Australian Government to accept the deployment of thousands of US Marines to a new base in the Northern Territory. The political fall-out from the Darwin deal led to a re-evaluation in Australia of Chinese investments into strategically important infrastructure, specifically into assets sold by states rather than the Federal Government.

In August 2018, Australia became the first member of the Five Eyes to ban the participation of Huawei in its 5G network. A statement by the ministers of communications and home affairs said that Huawei was prohibited from bidding even for the network’s periphery, as “5G is designed so that sensitive functions currently performed in the... separated core will gradually move closer to the periphery of the network”.

During the coronavirus pandemic, Australia signed into law new legislation to prevent the hostile takeover of vulnerable businesses. Under the temporary rules, which may well be extended, all foreign investments – regardless of size – must be approved by Australia’s Investment Review Board, in order to prevent distressed domestic firms coming under the control of foreign investors during a time of economic weakness. Although the Australian Government has denied that the policy is aimed at Chinese investors, the move came after a surge in Chinese foreign investments globally, with 57 Chinese outbound M&A deals worth, US $9.9 billion, and 145 Chinese outbound investments, worth US $4.5 billion made between January and April 2020.

Higher Education

The Australian Higher Education sector is one of the nation’s primary sources of economic prosperity. It is also heavily reliant financially on the presence of Chinese students, who make up 10% of students in Australian Universities. Chinese students are attracted to Australia due to its academic reputation, its relatively liberal student visa policies, and the high chance of admission, relative to British and American universities. International students pay up to three times as much as home students for the privilege of attending Australian universities, and generate 9% more revenue for universities than other international students. As a result, questions have been raised about the extent to which Australian universities may be liable to compromise academic standards, by providing alternative admission routes to international students who achieve lower grades, in order to increase fee income.

Although Australian universities rarely report the intake of international students by country, evidence suggests that in 2017, Chinese students’ course fees contributed over US $350 million to the University of Sydney alone, equating to 23% of its total income. The University of Adelaide made 12% of its revenue through Chinese student course fees, and the University of New South Wales made 22%. When non-course fee expenditure such as accommodation and living expenses are accounted for, these figures rise further.

There are a number of risks associated with this reliance on income from Chinese students, most notably the financial risk to the higher education sector and local economies if any interruption is made to the attendance of Chinese students at Australian universities. The consistent quality and reputation of Australian universities means that such a disruption has largely been viewed as a small risk; however deteriorating diplomatic relations and the coronavirus pandemic are now fuelling anxieties that this may well become a reality. The Chinese Ministry of Education has advised students to reassess their choices before returning to their studies in Australia, citing the surge in reported cases of discrimination, and the unpredictable nature of the COVID-19 pandemic.
Higher education has also become a focus of political concern around incursions into
democratic freedoms on Australian university campuses. In August 2019, mainland Chinese
students clashed with pro-democracy activists at Australian universities over demonstrations
in Hong Kong. The Chinese Students and Scholars Association is alleged to have led an
intimidation campaign against pro-democracy protestors, for what it called “insults to the
homeland”, drawing praise from the Chinese embassy in Brisbane for patriotism on behalf
of the students. Foreign Minister Marise Payne subsequently issued a statement warning
diplomats against undermining students’ right to protest and “encouraging disruptive or
potentially violent behaviour”.292

In August 2019, the Australian Government set up a task force examining foreign interference
in universities, comprised of four working groups on cyber security, the protection of
intellectual property and research, transparency in collaboration with foreign entities, and
fostering a positive security culture. Speaking about the task force, Education Minister Dan
Tehan said that it was necessary to “protect against deception, undue influence, unauthorised
disclosure or disruption to our research, intellectual property and research community…
It would also work to prevent the transfer of defence and dual-use technology to those who
may use it contrary to Australia’s interests”.293

In August 2019, following a probe into Confucius Institutes at 12 of Australia’s leading
universities, all universities hosting Confucius Institutes in Australia must now comply
with registration requirements under the Foreign Influence Transparency Scheme.
A November 2019 ASPI report into CCP influence in Australian universities found that at
least 15 civilian universities have been implicated in cyberattacks, illegal exports or espionage
surrounding cooperation with China’s defence industry.294

**Soft Power and the Australia Network Project**

In 2014, the Australia Network, formerly the ABC Asia Pacific, a public broadcast network that
broadcast to 46 countries in the Asia and Pacific region, secured a deal with Shanghai Media
Holdings, rendering Australia the third Western country to receive broadcasting rights in China,
after the US and the UK. Unlike the BBC and CNN, however, the Australia Network secured
permission for its broadcasts to be available widely across China, rather than exclusively at
international hotels.295 The Network deal was seen as a public diplomacy victory for Australian
media, offering an entrance point into China for the promotion of Western values, and
Australian culture, education and tourism.

However, days before the network was meant to sign its contract, the Australian Government
reduced its funding and closed the network, as part of a cost reduction programme for public
broadcasters. Despite an election promise to avoid cutting funding to the national broadcaster the
ABC, identify budgetary savings and pressure from conservative commentators and
backbench MPs who regarded the network as exhibiting a liberal bias, encouraged the
Government to identify ‘efficiency savings’.

Then-Foreign Affairs Minister, Julie Bishop, claimed the decision to cut all funding from the
Australia Network was due to the network’s failure to meet its contractual obligations to the
Department for Foreign Affairs and Trade in promoting Australia abroad, a fact which was
denied by the network’s officials.296 The Government subsequently had to pay the network
over US $7 million in compensation for breaking its contract.297 The Coalition government had
previously considered excluding the Australia Network from its budget, but the deal did not
cause the Government to reconsider.

The collapse of the Australia Network is widely regarded as a failure of Australian diplomacy,
in which short-term domestic economic and political constraints sacrificed an opportunity for
Australia – and the West more generally – to disseminate soft power and influence in China.
Geopolitical Tensions

One of the most principally challenging areas of diplomatic relations between Australia and China has centred around the degree to which the CCP seeks to leverage influence within Australia as a means of projecting power throughout the wider region and amongst the Western liberal alliance. In 2013, Professor Zhu Feng, Director of the China Centre for Collaborative Studies of South China Sea at Nanjing University, said that Australia’s role as a member of the liberal world order effectively positioned it as a “tool by which Beijing can win friendships and retain the gains we want”.297

China’s growing presence in the South China Sea has been met with apprehension from Australia, which has significant economic interests in the region, and is also facing growing pressure from the United States to show military support against China’s expansion.298 In July 2016, the Permanent Court of Arbitration at The Hague ruled that China had no historical title over the South China Sea, and that it had violated the sovereign rights of the Philippines and caused “irreparable harm” to the marine environment through its construction of artificial islands. Beijing did not participate in the arbitration process and rejected the court’s decision.299 Australia’s then-Foreign Minister, Julie Bishop, urged all sides to respect the decision, drawing a bitter rebuke from China, which threatened that such unwelcome responses from Canberra would result in a setback of bilateral relations.300

Efforts have been made to mobilise the Chinese community in Australia to support China’s ownership of the South China Sea, saying that “overseas Chinese should... come together to jointly make a call for justice in joint response to the motherland... this is the correct attitude which we the overseas Chinese elite should hold”. These developments have created tensions within the Australian Chinese community.301

In April 2020, Australia became one of the earliest advocates for an independent inquiry assessing China’s role in the early phases of the COVID-19 pandemic – a proposition that has now been supported by 122 countries around the world, including the United Kingdom. Beijing has responded aggressively to the investigation, starting what may become the beginning of a trade war with Australia by placing an 80.5% tariff on Australian barley imports and blocking 35% of Australian beef entering China. China’s ambassador to Australia, Cheng Jingye, threatened that Chinese tourists may have “second thoughts” about traveling to Australia and Chinese parents may reconsider whether Australia is really the “best place to send their kids’ to university”.302 303

Lessons for the United Kingdom

It is clear that Australia offers a ‘canary in the coalmine’ opportunity for the United Kingdom to draw from as we seek to define our own relationship with China.

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. In doing so, the relationship evolved from one of economic alignment to one of economic dependence, and the social ramifications of the political coercion endemic in this inextricable partnership ultimately became too great.

Ultimately, this dependence contributed to the sense of an imbalanced relationship, which afforded a sense of loss of control to citizens. Australia’s political leaders could no longer rely on simply an economic contract with its citizens around seemingly endless growth; pressures around housing prices in Eastern cities and the ‘balkanising’ of universities as student populations grew, compounded together with deeper concerns around the political influence
of Chinese investors, brazen efforts to infiltrate national security, and the cultural implications of a fundamental pivot towards Asia’. Australia’s relationship with China had become as much a social issue, as an economic one. These insecurities within the population sometimes came to a nasty conclusion, with a sense of paranoia coalescing around the Chinese-Australian community and their loyalties.

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 CCP has retaliated aggressively against Australia over recent months, unravelling some of the foundations a long-established relationship. While former Prime Ministers sought a ‘reset’ with China, 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.

There are also much more positive lessons around the constructive contributions of the Chinese community in Australia, and the benefits of cultural and education exchange, which could be harnessed. Both the federal and state governments in Australia pursue complex, nuanced and sensitive community engagement strategies with a wide range of diaspora groups, 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. These efforts have helped to build cultural understanding, and a persuasive narrative around the contribution of migrant communities, including the Chinese, to the enrichment of Australian social life.

While not without its controversies, the extraordinary success of the higher education sector in attracting capable and enthusiastic Chinese students has provided a financial 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, positioning travel to Australia – with its abundant natural beauty, sense of space and clean air – an investment in health as well as leisure. Australian soft power has also been leveraged to position its agricultural and vinicultural sectors as highly desirable, with ‘Australian-made’ becoming a stamp of quality and enabling farmers to retain higher margins for their produce.

There is much to learn for Britain from each of these strategies about how to build effective and productive relationships with the Chinese state and Chinese consumers, and how to build a national brand marketing strategy through a ‘premium’ positioning, which can reap profitable dividends. Nonetheless, despite the areas of clear congruence, there are also structural factors that make it difficult directly to compare the British and Australian experience, and which will necessitate a unique approach to the development of a UK-centric Strategy.

Firstly, as has previously been noted, the size and the nature of the Chinese diaspora in the UK is vastly different to the Australian context, where there is a well-established nineteenth-century community and a deeply embedded sense of the ‘contribution’ of the Chinese-Australian people and their visibility in public life. This necessitates a much more community-centric model of international engagement, where the diaspora becomes a crucial point of access and leverage to diplomatic, business and other relationships. It also requires the Federal Government and the state governments to be responsive and sensitive to Chinese-Australian public opinion, to Chinese-language media in Australia, and to the Chinese student community – many of whom continue to stay on in the country after their degree is finalised.

The trading relationship between Australia and China is also considerably more significant than the United Kingdom is likely to ever seek to emulate, not least of all because of the structural differences in the make-up of the nations’ export industries. Australia’s outsized production of raw natural resources, in particular steel and iron ore, and its large-scale agricultural export industry, have been instrumental in driving economic cooperation with China, as it has sought to rapidly transform its society through large-scale infrastructure projects.
While both nations hold similar strengths in terms of their higher education sectors, the significance of this sector to Australia’s GDP places special importance on maintaining and deepening links, and complicate efforts to uphold standards of academic freedoms and promote the integration of Chinese students with the native student population.

Crucial distinctions in the national psyche are also important. As a young nation, Australia has striven to forge its own unique path in the world, and its deepening relations with China have often been framed – sometimes to some political controversy – as a deliberate act of ‘breaking away’ from its former life as a British colony. Its security relationship with the United States – which holds defence bases on the Australian mainland – also means that Australia’s strategic choices are increasingly framed as a dichotomy between closer engagement with China or the United States.

Nevertheless, Australia acts as a valuable case study from which the UK can learn as it seeks to solidify its position on China. It highlights the important economic benefits that the UK could accrue from building a positive relationship with China but also the constant precariousness of such relations. Moving forward, any relationship the UK seeks to build with China will need to be carefully balanced and will need to bring the public with it, if it is to avoid uncomfortable conflicts between public opinion and foreign policy.

**Spotlight on Australia**

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The UK's engagement with China has thus far been defined by a deep lack of strategic intent, a naivety regarding potential security risks, 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 ‘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 possibly better to coordinate them 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, that is often in areas that may not be immediately obvious, such as British strengths in creative industries, media and broadcasting, the provision 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 points of sensitivity, 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.

Conclusions and Recommendations

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Conclusions and Recommendations

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. The UK 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, with which China also wishes to improve its poor relations.

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. Save time by drawing 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.
Conclusions and Recommendations

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 of 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 compete fairly with 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 be fully aware 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. Ensure that the UK assesses, recognises and then uses its 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 21st 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.
Conclusions and Recommendations

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 points of encounter from which to draw genuine insights about the state of the relationship.
End Notes and References


End Notes and References


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The British Foreign Policy Group  

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