



House of Commons
Foreign Affairs Committee

China and the Rules- Based International System: Government Response to the Committee's Sixteenth Report

Twenty-First Special Report of Session
2017–19

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The Foreign Affairs Committee

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Twenty-First Special Report

On 4 April 2019, the Foreign Affairs Committee published its Sixteenth Report of Session 2017–19, on [China and the Rules-Based International System](#) (HC 612). The Government response was received on 7 June 2019. The response is appended below.

Appendix

The Government notes the Foreign Affairs Committee's report on 'China and the Rules-based international system', published on 4 April 2019.

This Report sets out the Government's response to each of the Committee's conclusions and recommendations. The Committee's text is in **bold** and the Government's response is in plain text. Paragraph numbers refer to the Committee's report.

The Belt and Road Initiative

“Chinese-led investment in foreign countries, and particularly developing countries, need not inherently conflict with British interests. Asia’s infrastructure gap is real, and exporting the fruits of China’s spectacular growth could be a way to close that gap while addressing China’s own economic needs. The UK could potentially help China in this effort and can secure economic benefits from doing so, especially by focusing on areas in which the UK has particular value to offer, such as in the provision of legal and financial services. The UK’s early support for the Asian Infrastructure Investment Bank provides a positive example of how UK engagement can help to encourage China to adopt higher standards, in a way which might be relevant to the UK’s approach to the Belt and Road Initiative (BRI) in the coming years. (Paragraph 32)

However, the Belt and Road Initiative, in the form it is currently being pursued, raises concerns regarding UK interests. These include the risk that Chinese investment will encourage countries to strike deals that undermine international standards that the UK seeks to promote, or that leave countries with unsustainable debt that undermines development and political stability. There is also a risk that the promise of Chinese investment, or the coercive leverage of indebtedness to China, could encourage countries to join China’s efforts to undermine certain aspects of the rules-based international system, and could weaken the alliances and partnerships that help preserve international peace and prosperity. We therefore commend the Government’s decision not to sign a Memorandum of Understanding in support of the Belt and Road Initiative on the basis of these risks. Further, the Government is right not to accede to China’s request for the UK to give what would be in effect a blanket endorsement of a key pillar of its foreign policy. (Paragraph 33)

The Belt and Road Initiative is likely to have geopolitical effects that are as important as, and potentially more important than, its economic impact. As such, crafting and monitoring the Government’s response to and engagement with the BRI is solidly within the FCO’s remit, and the FCO should take an activist approach in ensuring that the work of other departments on BRI is in line with UK strategy as a whole. The Government must ensure that economic considerations do not crowd out questions of

UK strategic interests, values and national security. In several reports we have noted the need for the FCO to lead and coordinate across the entire range of the Government's internationally focused activities. This is a prime example of that need, and the FCO must rise to the challenge. (Paragraph 34)

We encourage the Government to employ a strictly case-by-case approach to assessing Belt and Road Initiative (BRI) projects, and to refrain from expressing an overarching view on the merits of the initiative as a whole. A Memorandum of Understanding endorsing the Belt and Road Initiative would be an inappropriate response, given that the project does not follow a single coherent approach, and that it represents a foreign policy ambition with repercussions for other states, as well as both positive and negative implications for UK interests. We urge the FCO to provide "health warnings" to other Government departments, and to UK businesses, on the strategic context surrounding the Belt and Road Initiative and the risks outlined above. Given that other Government departments, including the Treasury and the Department for International Trade, have a structural incentive to promote the gains on offer from participating in BRI projects, it is the FCO's job to identify those projects in which UK involvement will serve the whole spectrum of UK interests. The FCO's role in providing such strategic context and advice on BRI projects should be explicitly acknowledged in the UK's China strategy. Lastly, the position of the Chancellor's Special Envoy on the Belt and Road Initiative should be subsumed into the UK's existing diplomatic mission in China". (Paragraph 35)

As the Committee has recognised, China's Belt and Road Initiative (BRI), and China's increasing importance as an international investor and development actor, presents both opportunities and risks. If well implemented, the BRI could help support development and global economic growth across Asia and beyond. However, to achieve positive, sustainable results, it is important that BRI projects meet recognised international standards and best practice. These include transparency in financing and tendering processes, adherence to social standards such as labour rights, and ensuring debt sustainability. Robust environmental standards including climate change mitigation also need to be fully reflected in BRI projects. Many of the existing BRI energy projects and those planned in the future involve coal power generation, which risks locking in high carbon energy production for years to come.

The UK Government's approach to China policy reflects the Foreign and Commonwealth Office's (FCO's) leading role on a wide range of issues, including on BRI. This is reflected in the existing mechanism for ensuring that HMG's engagement with the BRI is consistent and aligned with UK strategic objectives. The Head of China Department at the FCO chairs a cross-Government BRI Board which looks at proposals for BRI-related activity. Other departments represented on the Board currently include HM Treasury, Department for International Development, Ministry of Defence (MOD), Department for International Trade, Department for Business, Energy and Industrial Strategy, Ministry of Justice, Department for the Environment, Food and Rural Affairs and the Cabinet Office. Other departments may be invited to join the Board as new areas of work are considered. Through the Board, the FCO ensures that other departments considering engagement with the BRI are aware of the wider spectrum of UK interests, the strategic context, and priorities such as adherence to international standards. This applies to both engagement with specific BRI projects and to HMG activities intended to influence BRI at a more systemic level, such as engagement with Chinese banks and State Owned-Enterprises.

The Board ensures that proposed BRI-related activities can be considered on a case-by-case basis and that advice to Ministers on HMG engagement can take full account of UK interests, the broader strategic projects, and whether projects will contribute to sustainable prosperity outcomes.

As reflected in the oral evidence given to the Committee by the Minister for Asia and the Pacific, the Rt Hon. Mark Field MP, the UK did not agree to sign an MOU endorsing the BRI as a whole when this was proposed last year. The UK's engagement with China on the BRI initiative is focused on practical steps and collaboration to help ensure that projects are delivered in line with the highest standards in order to deliver sustainable development outcomes and deliver opportunities for UK and international businesses. We note the Committee's recommendation regarding the position of HM Treasury's Financial and Professional Services Envoy to the Belt and Road Initiative.

The South China Sea

“We welcome the Government's commitment to exercise freedom of navigation in the South China Sea. The UK has a firm interest in preserving the principle and practice of freedom of navigation worldwide, and it is entirely proper that the Government should demonstrate to China that rules will be upheld. (Paragraph 43)

However, we are concerned that the Government has not yet constructed a clear strategic narrative for its participation in specific naval operations to uphold freedom of navigation in the South China Sea. The strict, and clearly expressed, purpose of UK operations in the South China Sea should be to uphold international law, rules and norms, in collaboration with allies and like-minded partners. We believe that to use freedom of navigation purely to demonstrate military power, or as a sign of Britain's global presence, would be a mistake. By leaving the Government open to cynical accusations of belligerence and militarisation of the region, it could undermine the legal principles that the UK is trying to protect. This is not the right instrument to send broader strategic messages to China. (Paragraph 44)

***The Government should continue to exercise freedom of navigation in the South China Sea, and to uphold the UK's role in ensuring regional stability. However, it should ensure that its actions sit within a clear strategic narrative and are not open to misinterpretation. The Government should make a public statement about the purpose of its naval operations in support of freedom of navigation in the South China Sea in future, which identifies the legal basis on which they are conducted, and the specific claims or practices they are intended to challenge. This statement could do some or all of the following: make reference to the Permanent Court of Arbitration's ruling on the validity of claims to “historic rights” in the South China Sea; reject the drawing of straight baselines around groups of islands in the case of a continental state; and assert the validity of the right to innocent passage. The Government should also urge the United States to ratify the UN Convention on the Law of the Sea”.* (Paragraph 45)**

The UK Government's long-standing position on the South China Sea remains unchanged: we continue to challenge any coastal nation's excessive maritime claims or undue restrictions on the activity of military vessels as permissible under international law. Our commitment is to international law, to upholding existing Arbitration rulings, and to freedom of navigation and overflight. This has been and remains a key part of our

public messaging (e.g. PQ 243407), including with allies and partners (as demonstrated in the 2019 G7 Foreign Ministers' joint statement and the EU Declaration on the Award rendered in the Arbitration between the Philippines and China). We have explained our position in detail to the Chinese Government privately on numerous occasions, including at the annual UK-China Legal and Maritime Affairs Dialogue.

Wherever UK ships and planes operate in the world, they do so in full compliance with international laws and norms, and exercise their rights in relation to freedom of navigation and overflight as provided for in the UN Convention on Law of the Sea (UNCLOS).

UK presence in the “Indo-Pacific”

“We support the Government’s efforts to increase the UK’s presence in the Indo-Pacific, including its military presence, in line with its capacity and other defence commitments. The Indo-Pacific is a vitally important region for global trade, and home to a number of UK partners and allies. The manner of communication of these efforts is crucial. Military deployments are not simply a matter of defence policy: they fit into a broader picture of foreign policy. Poorly communicated military deployments in the Indo-Pacific could be misperceived or depicted by China as a crude attempt to contain the expansion of its influence, while undermining the UK’s own strategic goals. We note that even if that were the UK’s intention—which we strongly believe is not the case—a modest military presence would not be a credible instrument. While recognising this context, however, the UK should not feel inhibited from exercising its right to cooperate with its partners and allies in the Indo-Pacific, and this right should not be a matter of negotiation in economic dialogue with China. (Paragraph 50)

While exploring further opportunities to engage with regional actors, including through the Quadrilateral Security Dialogue and the Five Power Defence Arrangements, UK policy in the Indo-Pacific should remain tightly focused on preserving key rules and principles of international order. The Government should not permit a mistaken impression to arise that the UK seeks direct military confrontation with China. The UK should focus on core principles: freedom of navigation; the rights of states—including China’s neighbours—to form and maintain alliances of their choosing; and the importance of maintaining a balanced and consensual regional security order. We urge the Government to ensure that initiatives to expand the UK’s military presence in the Indo-Pacific are explained with reference to these principles. The Government must ensure in future that both the content and the messaging of UK policy towards the region is closely coordinated across departments, and especially between the FCO and the Ministry of Defence. Confident in these principles, the Government should not permit them to become a matter for negotiation in economic dialogue with China”. (Paragraph 51)

The UK’s military deployments in the Asia Pacific region are agreed across Government and form part of our overall strategic approach to the region meeting a broad range of foreign and security policy objectives as well as providing impetus to our prosperity agenda. Whilst the UK has maintained a regular presence in the region over a number of years, a recent increase in our engagement has led to a near persistent Royal Navy

presence in 2018. We continue to maintain our Garrison in Brunei at the Sultan's request and expense. We have also increased our interaction with key regional allies and partners and are considering how, in future, the UK can sustain a more persistent presence.

We agree on the importance of maintaining a clear narrative of the UK policy, principles and intent, on which our individual diplomatic and military deployments are based. Indeed, Ministers and senior officials from the FCO, MOD and other departments have regularly set out the UK's reasons for maintaining a military presence in the region. Being persistently engaged helps ensure that the UK is able to work with regional allies and partners to deal with the full range of defence and security issues that exist both in and out of the area. Royal Navy ships have played a significant role in helping to enforce UN Security Council endorsed sanctions against North Korea, upholding the Rules-Based International System. Their presence has also underlined the UK's position on freedom of navigation, in line with international law. We will continue to work with regional partners on other issues in and beyond this region that directly affect the UK, such as the countering of international terrorism and the promotion of participation in peacekeeping operations.

Taiwan

“We are concerned at the possibility of an escalation in tensions between China and Taiwan, and by the potential for China to apply increasing pressure on the UK to weaken its links with and support to Taiwan. We call on the Government publicly to restate the position that it supports Taiwanese participation in international organisations where there is precedent for its involvement, where Taiwan can contribute to the global good, and where there is no prerequisite of nationhood for involvement. This position should not be treated as a bargaining chip in the UK's bilateral relations with China”.
(Paragraph 54)

We have noted China's more assertive actions to isolate Taiwan, including reducing its participation in international organisations and President Xi's address on Taiwan earlier this year. We believe firmly that it is in the interests of all sides that differences are resolved peacefully, and that Taiwan's upcoming elections are able to proceed without interference.

We have frequently restated our longstanding position of support for Taiwan's meaningful participation in international organisations, where there is precedent for involvement, where Taiwan can contribute to the global good, and where there is no pre-requisite of nationhood for participation. Recent examples of this include our responses of support for Taiwanese participation in World Health Organisation (WHO) meetings and the annual World Health Assembly (WHA) (PQ 239932; 10 April 2019), UN Framework Convention on Climate Change (UNFCCC) (PQ 192926; 27 November 2018) and the INTERPOL General Assembly (PQ 188779; 15 November 2018). The position was also laid out in the Westminster Hall debate on the UK's Relations with Taiwan on 24 October 2017. When China raises these issues with us, we continue to make clear that our longstanding approaches are unchanged.

Global Trade and the WTO

“China has benefited greatly from its membership of the World Trade Organization (WTO), and the organisation's continued health is a major point of overlap between British and Chinese interests. China clearly seeks a role in global governance in this

area. A number of China's economic practices do pose challenges for the principles on which the global trading regime is based, even taking into account China's circumstances as a developing economy, and in this regard there is a valid basis to some of the complaints made by the United States. However, the US approach to this dispute, including the use of punitive tariffs, has put the stability of the global trade regime at risk. The UK can play an important role in this dispute, by encouraging both countries to focus on the protection of the integrity of the trade regime, including reciprocal market access, in their negotiations. (Paragraph 59)

In its response to this report, the Government should set out how it will continue its efforts to increase market access for UK and foreign companies in China, and to encourage China to strengthen intellectual property protections. Through the Economic and Financial Dialogue, the Government should make the case to China that the continued health of the global trading regime, and the WTO in particular, depends on China making progress on these areas. The Government should be clear that UK support for China's aspirations for WTO reform will be boosted by evidence that China is working towards these goals". (Paragraph 60)

The UK Government is a strong supporter of the rules-based multilateral trading system, with the World Trade Organisation (WTO) at its centre. We share some of the concerns held by the US Government about China's trade practices. We believe any action to tackle these concerns must be WTO-compliant and avoid escalation. We want to see China engage fully with multilateral mechanisms, including by further addressing market distortions. The joint language from April's EU-China Summit to "deepen economic ties based on openness, non-discrimination, and fair competition, to follow international standards in intellectual property protection, and to strengthen the multilateral trading system" represent important commitments from China that the UK and EU member states will work to ensure China upholds.

The UK Government works constructively with China to develop our trading relationship—opening up new opportunities while openly discussing our concerns at all levels. The UK-China Economic and Financial Dialogue (EFD) and Joint Economic and Trade Commission (JETCO) are two important mechanisms for discussing with China how best to support the WTO and how to deliver concrete improvements towards equal market access and treatment for UK and foreign businesses. We continue to discuss intellectual property (IP) reforms with China. The Prime Minister made clear on her visit to China last year that our mutual commitment to global free trade also means ensuring mutual respect for intellectual property rights. We welcome recent announcements by China regarding reforms to their intellectual property laws, and look forward to their implementation.

Over 2018–19, official and Ministerial engagement created over £1bn of new market access for UK firms in China. Through Prosperity Fund programmes, which are designed to promote inclusive growth, we work with China on issues such as improving its investment regulation, IP enforcement, commercial dispute resolution and greater alignment with international standards.

International human rights mechanisms

“In the area of human rights, the evidence suggests that China does not intend to reform the rules-based international system but rather intends to subvert it, by promoting an alternative version of human rights which stresses economic development at the cost of the universality of individual civil and political freedoms. It also appears that China may have an increasingly favourable international audience for such efforts. (Paragraph 67)

We welcome the Government’s efforts to hold China to account through UN mechanisms, public statements and private diplomacy for its human rights violations. We urge the FCO to redouble these efforts, and in particular to seek international support to uphold the principle of the universality of human rights, the coherence of the current international human rights legal framework, and the legitimacy of country-specific human rights scrutiny”. (Paragraph 68)

We believe strongly that everyone everywhere should enjoy equal rights and protections under the law. That is why we are promoting and defending the full range of human rights, including the right to freedom of religion or belief, as a fundamental part of our own foreign policy.

China clearly takes a different view of the universality of human rights, but we believe that those rights protected under the UN Declaration on Human Rights should apply to all. The Human Rights Council is an important forum in which we can cordially engage with China and other countries on these issues, and highlight the importance of states living up to their human rights commitments. It is important that we and other partners continue to resist attempts by China to close down discussion in the Human Rights Council.

The UK has worked on a case-by-case basis with international partners, such as the US, EU and others, to give careful scrutiny to proposed language in international fora. We will continue to argue against proposals that we judge would undermine existing human rights principles.

We are extremely concerned by the treatment of the Muslim population in China’s Xinjiang province, where there is credible evidence to believe that more than a million Uighur people and other minorities have been held in detention camps. This is a violation of universal human rights norms and laws, including the International Covenant on Civil and Political Rights, to which China is a signatory. China is sowing the possibility of conflict into its future. The persecution of Xinjiang’s Muslim population and other minorities is not just wrong in itself—it is likely to breed resentment and extremism, storing up the potential for grave future security threats, which could have repercussions far beyond China. As such, it is a potential national security threat to the United Kingdom. (Paragraph 69)

“We welcome the efforts that the Government has made to date to publicise conditions in Xinjiang and to raise concerns about related serious and systematic human rights violations there; we encourage the Government to continue those efforts. The consequences of radicalisation may not be restricted to China. We urge the Government to support efforts at the United Nations to create targeted international mechanisms to investigate the situation in Xinjiang, and to insist on the use of existing mechanisms such as visits by relevant special rapporteurs, including on freedom of religion or belief,

and the Office of the High Commissioner for Human Rights. The Government should also raise the plight of the Uighur-Muslim population of Xinjiang with other countries, including in forthcoming senior-level bilateral talks with Muslim-majority countries, and should urge those countries to express concern both publicly and privately in their own discussions with Chinese officials.” (Paragraph 70)

As Minister for Asia and the Pacific, the Rt Hon. Mark Field MP stated in a recent Westminster Hall Debate, we believe that China’s actions against its ethnic minorities in Xinjiang are disproportionate and indiscriminate. We also judge that they will be counterproductive in the long term because they will exacerbate ethnic tensions. We also contend that in Xinjiang, China is contravening its own constitutional provisions on freedom of religion and its obligations under the 1948 Universal Declaration of Human Rights.

We are working closely with a wide range of international partners, including those representing Muslim populations, to share credible, up to date information about developments in Xinjiang and to persuade the Chinese authorities to change course from their current approach towards minorities in the province, in particular towards Uyghur Muslims.

The UK Government issued a specific recommendation to China during its Universal Periodic Review in November 2018 that it implements the UN Committee on the Elimination of Racial Discrimination’s recommendations on Xinjiang and allows the UN to monitor implementation.

More recently at the 40th session of the UN Human Rights Council in March 2019, Lord (Tariq) Ahmad of Wimbledon, the Prime Minister’s Special Envoy for Freedom of Religion or Belief, addressed the situation in Xinjiang in his opening statement, and we raised specific concerns in our “item 4” national statement later in the session. We also co-sponsored and spoke at a side event on Xinjiang, which was well attended by our international partners.

We shall continue to work closely with the international community on this important and worrying situation, calibrating our approach to try to maximise our and others’ positive impact.

Cooperation in multilateral fora

“There are a number of success stories from UK partnership with China in multilateral fora, including in the areas of climate change, counter-proliferation, global health and the illegal wildlife trade. The scale of the challenges in several areas of the UK-China relationship makes it important for the UK to emphasise and build on those areas that are functioning well. We also see a clear desire on China’s part to appear as a constructive partner in global governance, for example on trade and climate change, which provides a platform to build on. As China’s presence in international fora grows, the ability to exert effective influence on China will become an increasingly important aspect of UK diplomacy. However, in our session with the Minister, we did not get the impression that a systematic effort has been made to understand to what extent, and how, the UK has managed to shift Chinese policies. (Paragraph 76)

The FCO should lead an internal “lessons-learned” exercise across Government examining successes and failures in shifting Chinese positions on specific policy issues. This exercise should seek to identify what sources of leverage, if any, the UK drew on; what Chinese interests were at stake; which institutions within the Chinese government were most amenable to UK positions; and which diplomatic tactics were most effective. This exercise should include an effort to determine whether quiet diplomacy with China works, or whether public pressure, criticism or encouragement is necessary, especially in areas where our interests diverge. We recommend that the FCO report back to us the headline outcomes of this exercise before the end of 2019”. (Paragraph 77)

As is the case with all FCO Posts, those in China each have a comprehensive set of objectives that represent a number of departments’ interests. The FCO carries out an annual process of evaluating Posts’ progress against their objectives, as is also the case for Directorates in London. In addition, the UK Government now has a robust governance structure for work related to China. The China National Strategy Implementation Group (NSIG) meets approximately monthly and reports to the National Security Council (Officials). The China NSIG brings together Departments from across Whitehall that work on China, and is an important forum to provide for policy to be developed with reference to lessons learned from previous policy challenges. We do not plan to conduct a separate lessons-learned exercise, which we believe would duplicate existing work and divert resources away from delivering our objectives.

Hong Kong

“The Sino-British Joint Declaration on Hong Kong is a legally binding international treaty registered at the United Nations. Its validity and implementation are of deep importance both to UK national interests and to the health of the rules-based international system. China’s adherence to the letter and spirit of the Joint Declaration is a key test of the sincerity of its commitment to global governance. We are therefore deeply concerned by the evidence that Hong Kong’s autonomy is at risk, especially in the area of the rule of law, which is the lifeblood of Hong Kong’s future as a vibrant economy and society. (Paragraph 94)

The Chinese government, the UK Government and witnesses to this inquiry have reaffirmed the importance of “One Country, Two Systems”. But we fear that Hong Kong is in reality moving towards “One Country, One and a Half Systems”. We also believe that the Chinese government’s approach to Hong Kong is moving closer to “One Country, One System” than it is to maintaining its treaty commitments under the Joint Declaration.” (Paragraph 95)

The apparent targeting by the Hong Kong authorities not only of independence advocates but journalists who give them a hearing, and the use of the Societies Ordinance to ban the Hong Kong National Party, is a matter of deep concern. We believe in the principle of One Country, Two Systems, and the UK Government has the right to say that independence is not a realistic option for Hong Kong. But citizens of a free society have the right to express their views freely. If the Hong Kong authorities’ approach to the independence movement were to be replicated more broadly, this would be a very grave threat to the autonomy promised to Hong Kong under the Joint Declaration. (Paragraph 96)

We support the FCO's efforts, recognising the UK's commitments under international law, in drawing attention to threats to Hong Kong's autonomy, including via the Six-Monthly Reports to Parliament. We urge the Government to continue to raise these concerns both publicly and privately with the Hong Kong authorities. The Government should commit to including the topic of Hong Kong on the agenda for every Ministerial visit to China—whichever department the Minister represents—and for every Ministerial-level Chinese visit to the UK". (Paragraph 97)

The UK has an enduring interest in the stability and prosperity of Hong Kong. It is vital that Hong Kong's rights and freedoms and high degree of autonomy, as set out in the Sino-British Joint Declaration and Hong Kong Basic Law, are fully respected. We continue to raise the issue of Hong Kong with the Chinese Government at all levels, and to judge when Ministerial discussions with Chinese counterparts will be best placed to influence positive progress. For example, the Prime Minister and the Foreign Secretary both raised Hong Kong with senior Chinese interlocutors during their visits to China last year, and the Prime Minister raised Hong Kong with Chinese Premier Li Keqiang in October 2018 when they met during the ASEM Summit in Brussels.

In Hong Kong, the British Consul General has recently spoken to senior figures in Hong Kong's administration, including the Secretary for Security, to note the possible impact of the current extradition proposals on business confidence in Hong Kong and to explain our view that more time should be allowed for a full and wide consultation with interested parties.

Where there are particular developments of concern, we express our view publicly, which helps to maintain international attention on Hong Kong. A recent example is the Foreign Secretary's expression of concern following the sentences handed to the 'Occupy' activists in Hong Kong. The Foreign Secretary referred to the sentences as deeply disappointing, and underlined the centrality of respect for civil and political freedoms within the 'One Country, Two Systems' framework and the Sino-British Joint Declaration.

Cybersecurity and critical national infrastructure

"This inquiry has not taken detailed evidence on Huawei's involvement in the UK's 5G network. However, we see considerable grounds for concern about Huawei's involvement in the UK's 5G infrastructure. Indeed, the very caution with which Huawei has been treated to date by the Government is evidence of this proposition. As concerns grow about the long-term strategic intentions of the Chinese state, so should the Government's caution about the involvement of Chinese companies in any aspect of UK critical national infrastructure, including telecommunications. The debate over Huawei, which combines complex technological issues with sensitive geopolitical concerns, is a perfect example of the need for a clear national strategy towards China, and a strong FCO voice in interdepartmental debates about implementing that strategy". (Paragraph 103)

The security and resilience of the UK's telecoms networks is of paramount importance. We have robust procedures in place to manage risks to national security and are committed to the highest possible security standards. The Government will take decisions on the 5G supply chain based on evidence and a hard-headed assessment of the risks. The UK will want to work with international partners to develop a common, global approach to

improving telecoms security standards. As part of the National Security Council (NSC) the FCO plays a key role on all issues related to national security to ensure that any foreign policy and geopolitical considerations are always reflected in Ministerial discussions. Decisions about the UK 5G network will be announced in due course and to Parliament.

We respond to the Committee's points about a national strategy towards China under the dedicated section on this below.

Detention diplomacy

“The detention of two Canadian citizens in apparent retaliation for Canada’s arrest of Huawei Chief Financial Officer Meng Wanzhou is deeply concerning. Today, Canadian citizens are being detained. Tomorrow, it could be Britons. All countries which respect the rule of law should condemn cases such as these where it appears to have been flouted. In this regard, we deplore the remarks made by US President Donald Trump which gave the impression that the indictment of Meng Wanzhou was connected in political terms to the ongoing trade dispute between the United States and China. (Paragraph 105)

The Foreign Secretary’s expression of concern regarding the detained Canadians is welcome, but this matter cannot be allowed to stand. The Government should continue to make clear to China, in public and in private, that the UK stands with Canada, and that the threat of such retaliation will not inhibit the rule of law in democratic countries—instead, it damages China’s public image in the world, and is only likely to discourage our citizens from travelling to China, doing business there, and learning about Chinese society”. (Paragraph 106)

We are deeply concerned by suggestions of a political motivation for the detention of two Canadian citizens by the Chinese authorities. As the Foreign Secretary said on 21 December 2018, they should be treated in a fair, unbiased and transparent manner. We are in close contact with the Canadian Government on this and other cases of concern and we will continue to offer Canada our full support, including by raising the cases with the Chinese authorities.

Interference

“In the course of this inquiry, we have heard troubling allegations of attempted Chinese interference in the UK’s domestic affairs. This is a topic we will pursue in our new inquiry into autocracies and UK foreign policy. However, it is evident that the combination of a China characterised by strengthened Communist Party control and a desire to project its influence outwards, on the one hand, and ever-increasing economic, technological and social links between the UK and China, on the other, presents serious challenges for the UK. The openness of the UK’s political system and its society is a fundamental source of strength. However, in the face of an autocratic state seeking to increase its influence abroad, that openness can also be a source of vulnerability. The UK needs to decide how to draw the line between legitimate attempts to exercise influence, on the one hand, and illegitimate attempts at interference, on the other. (Paragraph 112)

In its response to this report, the Government should tell us whether it believes that the Chinese government, or individuals or entities acting on behalf of the Chinese government, have improperly interfered, or attempted to interfere, in the UK's political institutions and processes, the rule of law, UK media or UK academia. It should further set out what it is doing to counter such interference, or the prospect of it. (Paragraph 113)

The UK Government, together with its allies, will expose malicious activity by other governments and take necessary steps to ensure the rule of law is upheld. In December 2018, the UK and a number of our allies and partners announced that a group known as APT 10 acted on behalf of the Chinese Ministry of State Security to carry out a malicious cyber campaign targeting intellectual property and sensitive commercial data in Europe, Asia and the US.

The UK Government takes state-based threats seriously and employs a range of coordinated measures to counter them. The National Security Capability Review, published in March 2018, commits the whole of the UK Government to hardening its defences against all forms of hostile state activity. The Review sets out the actions being taken, and considers the powers the UK has to counter state-based threats. The FCO works closely with the intelligence community, police and other domestic agencies to understand the threat and ensure a strong, coordinated approach.

“The Government should act on the proposal to nominate a single point of contact to provide advice to academic institutions on the political, diplomatic and legal implications of accepting funding and pursuing collaboration with institutions based in non-democratic states. The FCO network in China should also ensure that it is giving appropriate support to UK higher education institutions in China, including UK-Chinese joint ventures, to ensure that their campuses are not vulnerable to or provide leverage for interference”. (Paragraph 114)

The Government recognises the importance of overseas collaboration for UK universities and academic institutions, and has initiated work, including a round of proactive engagement with universities and academia to further understand the sector's concerns and needs regarding protection from interference. The Government's work in this area aims to ensure higher education institutions have access to relevant and timely information relating to the risks of interference and are aware of the compliance procedures associated with both the recruitment of international staff and students, and collaboration with overseas partners. Written guidance on these issues will be issued to Universities shortly. We agree with the Committee that it is important that the University sector has clarity on who to approach in government to seek advice on these issues, and that the FCO network in China has an important role to play in proactively supporting UK higher education institutions as they pursue collaboration in the country. The FCO is working closely with the Department for Education, the Department for Business, Energy and Industrial Strategy and across government on these issues, and will take account of the Committee's recommendations in doing so.

The making of UK strategy towards China

“The current framework of UK policy towards China reflects an unwillingness to face the reality of China's strategic direction. In some fundamental areas of UK national

interest, China is either an ambivalent partner or an active challenger. This does not mean that the Government should seek a confrontational or competitive relationship with China, or that it should abandon cooperation. But we must recognise that there are hard limits to what cooperation can achieve; that the values and interests of the Chinese Communist Party, and therefore the Chinese state, are often very different from those of the United Kingdom; and that the divergence of values and interests fundamentally shapes China's worldview. (Paragraph 125)

Building a deeper partnership with China is still desirable, but it is not sufficient as a single, overarching goal for UK policy towards China. In particular, it risks prioritising economic considerations over other UK strategic interests, values and national security. This is clear from the current contradictions in UK policy. If the Government had not already committed in rhetorical terms to a "Golden Era" in UK-Chinese relations, we question whether it would be appropriate to do so now. There does not appear to be a clear sense either across Government or within the FCO of what the overarching theme of a new policy towards China should be, or how the UK should work with European partners and other allies to implement it. (Paragraph 126)

The Government has not been able to present a China strategy to us. It has a strategic goal set out in the 2015 National Security Strategy and Strategic Defence and Security Review, and it has what it refers to as an "approach to China", with a group under the National Security Council to implement that approach and to update "the strategy underpinning that approach". This is not sufficient. The UK needs a single, detailed document defining a national strategy towards China, endorsed at Cabinet level. This will be an essential guide to all Government departments in shaping China policy, and will make sure that the Government is speaking with one voice. It will also send a clear public message to businesses, media, academia and civil society, to the UK's allies, and to China itself. (Paragraph 127)

The Government should develop a single, detailed, public document defining the UK's China strategy. This cannot wait until the next Strategic Defence and Security Review process. The strategy should not assume that the existing strategic goal for China policy will be maintained (to "build a deeper partnership with China, working more closely together to address global challenges"). The overall goal should be defined based on a realistic assessment of China's long-term strategic trajectory and how that trajectory affects UK interests. Economic considerations should be set in the context of the UK's strategic interests, values and national security. UK policy on China should acknowledge not just areas of difference, but areas where China is actively working against UK interests. Government departments should produce their own work plans for implementing this new strategy. (Paragraph 128)

The crafting of the UK's China strategy should be led by senior Ministers and directed by the FCO. It must set out an assessment of the ways in which China has changed since the direction of the UK's China policy was set in 2015, and the ways in which the changes affect UK interests, values and national security. It must also address the following questions:

- a) *What are the drivers of Chinese foreign policy? How is Chinese foreign policy made, by whom, and for whose benefit?*

- b) *What are the major goals we seek to achieve in UK policy towards China?*
- c) *What is the bottom line of UK interests, values and national security considerations on which we are not prepared to compromise?*
- d) *What are the points of convergence and divergence in UK and Chinese values, interests and national security? How is this likely to change in future?*
- e) *What scope is there for the UK to work with China in strengthening the integrity of, and respect for, global rules, norms, and institutions?*
- f) *What balance should be struck between the need to trade freely with China and the upholding of international human rights, intellectual property, the rule of law, regional security, alliance commitments and UK national security?*
(Paragraph 129)

We call on the Government to develop a new draft China strategy by Spring 2020, and to consult widely upon it, including with this Committee. We recommend that the FCO appoint an independent advisory council of non-governmental experts on China to feed into this process. The Government should be in a position to publish a single, detailed, coherent cross-Government China strategy by the end of 2020. The challenges and opportunities presented by China's rise deserve no less than this comprehensive and ambitious approach. A constructive, pragmatic and often positive UK relationship with China is possible. But achieving this will require strategy, rigour and unity in place of hope and muddling through.” (Paragraph 130)

As the Foreign Secretary set out in his letter to the Chair of the Committee on 7 February 2019, the overall strategic approach towards China is agreed by the National Security Council (NSC). The NSC co-ordinates across Government and is central to ensuring an effective and strategic policy which promotes UK values and interests.

The policy covers the depth and breadth of UK-China engagement and the implications of China's growing geopolitical and global role. The Deputy National Security Adviser is the Senior Responsible Officer (SRO) for China, as assigned under the Fusion Doctrine and reporting to the National Security Adviser. The policy is underpinned by detailed cross-Whitehall implementation plans against which progress is monitored and directed through regular and frequent meetings of the China National Strategy Implementation Group (NSIG), led by the SRO, reporting to the NSC(O) and through that body to the NSC. For reasons of national security we do not publish NSC strategies, however the broad areas of focus are: trading safely to ensure maximum economic benefit to the UK while protecting national security; China's global role and the rules based international system; countering security threats; Hong Kong; human rights; people to people links; and digital and technology. Underpinning these areas of work is a further strand to increase capability and expertise on China across government. We agree on the value of continuing to ensure strong input from non-governmental experts into policy-making processes.

The FCO provides input and China expertise across this wide-ranging sphere of UK Government activity. Naturally, the FCO leads directly on the bilateral, foreign policy and geo-strategic strands of our China relationship, how this relates to our other global partners and international organisations, as well as the rules-based system, Hong Kong,

our values, and the work to increase cross-government capability on China. We will find opportunities to set out more detail on the UK Government's approach to China over the next 18 months.