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Foreign Affairs Committee

China and the Rules-Based International System

Sixteenth Report of Session 2017–19

*Report, together with formal minutes
relating to the report*

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The Foreign Affairs Committee

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Summary

China under President Xi Jinping has become more ambitious, more confident, and more assertive in its approach to foreign policy. China is seeking a role in the world commensurate with its growing economic power, and the United Kingdom should welcome China's desire to participate in global governance. However, the UK needs to recalibrate its policy towards China to fully take into account the consolidation of power in the hands of the Chinese Communist Party under President Xi. Chinese foreign policy is shaped by the need to serve the interests and perceived legitimacy of the Communist Party. This makes China a viable partner for the UK on some issues, but an active challenger on others.

The current framework of UK policy towards China reflects an unwillingness to face this reality. The UK's approach risks prioritising economic considerations over other interests, values and national security. 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. Yet there does not appear to be a clear sense either across Government or within the Foreign and Commonwealth Office 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.

In this report, we call for the Government to develop a single, detailed, public document defining the UK's China strategy, crafted via a cross-Government process led by senior Ministers and directed by the FCO. We call on the Government to publish this strategy by the end of 2020.

China's engagement with the rules-based international system presents opportunities and risks to which the UK Government must respond. For example, Chinese-led investment in foreign countries, and particularly developing countries, need not inherently conflict with British interests. However, China's Belt and Road Initiative (BRI), in the form it is currently being pursued, raises concerns regarding UK interests. We encourage the Government to employ a strictly case-by-case approach to assessing BRI projects, and to continue to refrain from signing a Memorandum of Understanding endorsing the BRI.

We welcome the Government's commitment to exercise freedom of navigation in the South China Sea. However, we recommend that the Government make a statement clarifying the purpose of its future naval operations in support of freedom of navigation in the South China Sea, identifying the legal basis on which they are conducted, and the specific claims or practices they are intended to challenge. In communicating its broader strategy in the Indo-Pacific region, the Government should not permit a mistaken impression to arise that the UK seeks direct military confrontation with China. Instead, it should focus on core principles: freedom of navigation; the rights of states to form and maintain alliances of their choosing; and the importance of maintaining a balanced and consensual regional security order. The Government should not permit these principles to become a matter for negotiation in economic dialogue with China.

The continued health of the World Trade Organization is a major point of overlap between British and Chinese interests, although a number of China's economic practices

do pose challenges for the principles on which the global trading regime is based. The UK can play an important role in the US–China trade dispute, by encouraging both countries to focus on the protection of the integrity of the trade regime, including reciprocal market access, in their negotiations.

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. We are extremely concerned by the treatment of the Uighur-Muslim population and other minorities in China's Xinjiang province. 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.

There are a number of success stories from UK partnership with China in other multilateral fora, including in the areas of climate change, counter-proliferation, global health and the illegal wildlife trade. We call for the FCO to lead an internal “lessons-learned” exercise across Government examining successes and failures in shifting Chinese positions on specific policy issues.

The Sino-British Joint Declaration on Hong Kong is a legally binding international treaty registered at the United Nations, and 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. 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 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.

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. 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. We see considerable grounds for concern about Huawei's involvement in the UK's 5G infrastructure. In the course of this inquiry, we have also heard troubling allegations concerning attempted Chinese interference in the UK's domestic affairs, especially in academia. This is a topic we will pursue in our new inquiry into autocracies and UK foreign policy.

The challenges and opportunities presented by China's rise deserve no less than the comprehensive and ambitious strategic approach we recommend in this report. 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.

1 Introduction

1. This inquiry was established to explore the implications for UK foreign policy of China's growing role in the rules-based international system. It began from a recognition that the United Kingdom's relationship with China is of special importance to British interests, and is a key issue in debates about post-Brexit foreign policy. Our intention was not simply to examine the Sino-British bilateral relationship; instead, we sought to understand China's approach to international laws, norms, rules and institutions, and in turn to understand what this means for the UK. Likewise, our intention was not simply to analyse and comment on China's domestic affairs in their own right; instead, we sought to examine the link between China's domestic political, social and economic governance, on the one hand, and its foreign policy, on the other.

2. We launched our inquiry on 21 November 2017.¹ Our predecessor Committee in the previous Parliament had launched an inquiry into UK–China relations which was interrupted by the 2017 general election. Ours was a separate inquiry, but we were able to refer to evidence submitted to the previous inquiry. We would like to thank Mike Gapes MP and Ian Austin MP, two former Members of the Committee, who contributed hugely to this inquiry. We appointed two specialist advisers, Professor Katherine Morton (Chair of China's International Relations at the University of Sheffield),² and Charles Parton

1 For the inquiry's terms of reference, see [New inquiry: China and the international rules-based system](#), Foreign Affairs Committee, 21 November 2017

2 Katherine Morton made the following declaration of interests: My current academic work is not externally funded. I am an Associate Fellow of Chatham House (unpaid). Other interests: Keynote Address on "Can China Lead? Governing Security Risks along the Belt and Road", European University Institute, Florence, 13 December 2017 (travel expenses and honorarium). Keynote Address on "Maritime Security" to British military officers under the Ministry of Defence training programme at Bradford University, 20 April 2018 (travel expenses and honorarium). Keynote Address on "China and Foreign Policy" to the Open Society Foundation, London, 23 April 2018 (travel expenses and honorarium). Track II dialogue on "The Fourth Industrial Revolution" with the State Council of the People's Republic of China and Chatham House, 14 June 2018 (travel expenses only). "The Regional Balance of Power" and "The Belt and Road Initiative", guest lectures at the ToChina Summer School, University of Torino, 27–28 June 2018 (travel expenses and honorarium). Conference Speaker, "China", Global Horizons, Oxford Analytica Annual Conference 2018, 19–21 September 2018 (travel expenses and honorarium). "China's Global Ambitions in the Age of Xi Jinping: Multiple Future Scenarios", Robert Schuman Centre for Advanced Studies, European University Institute, Italy, 1–3 October 2018 (travel expenses and honorarium). "China and Global Leadership" and "Maritime Security" at International Symposium on Chinese Strategies, University of Vienna, Austria, 18–19 October 2018 (travel expenses and honorarium). Distinguished Speaker, "US–China Strategic Relations", UK–France Strategic Military Forum, Royal College of Defence Studies, 24 October 2018 (travel expenses and honorarium). I have been awarded the Visiting Schwarzman Boeing Chair in International Relations. Schwarzman College, Tsinghua University (unpaid leave from current position for academic year 2019/20)

OBE (Senior Associate Fellow at the Royal United Services Institute and a former British diplomat).³ We would like to thank our advisers for their excellent work in support of this inquiry.

3. After receiving and considering written evidence, we held five oral evidence sessions. The first, in March 2018, examined China's engagement with the international economic order. We heard from Dr Jan Knoerich, Lecturer in the Economy of China at King's College London; Dr Yuka Kobayashi, Lecturer (Assistant Professor) in China and International Politics at SOAS, University of London; and George Magnus, Associate at the University of Oxford China Centre and Research Associate at SOAS. Our second evidence session, in October 2018, explored China's regional relationships. We spoke to Nigel Inkster, Senior Adviser at the International Institute for Strategic Studies (IISS); Shashank Joshi, Defence Editor of *The Economist*; and Helena Legarda, Research Associate at the Mercator Institute for China Studies (MERICS). In our third session, in November 2018, we took evidence from the Hon. Kevin Rudd, 26th Prime Minister of Australia and President of the Asia Society Policy Institute. Our fourth session, on 8 January 2019, covered the ways in which China's domestic affairs interact with its foreign policy, as well as the present status and future of Hong Kong, including the UK's role as a signatory to the Sino-British Joint Declaration. We heard from the Rt Hon. the Lord Patten of Barnes CH, former Governor of Hong Kong; Professor Eva Pils, Professor of Law at the Dickson Poon School of Law, King's College London; Paul Roseby OBE, CEO and Artistic Director of the National Youth Theatre of Great Britain; Professor Steve Tsang, Director of the SOAS China Institute; and Professor Sebastian Veg, Professor of Intellectual History and Literature of 20th Century China at the School of Advanced Studies in Social Sciences (EHESS), Paris. In our final session, on 15 January 2019, we questioned the Minister for Asia and the Pacific at the Foreign and Commonwealth Office (FCO), the Rt Hon Mark Field MP, about UK policy towards China.⁴ We are most grateful to all our witnesses, and to all those who submitted written evidence, for their contributions to this inquiry.

3 Charles Parton made the following declaration of interests: Director of my own consultancy company China Ink, which provides advice on the implications of China's politics to businesses and other organisations. London Director of China Policy, a Beijing based research and analysis company, which provides briefs and reports to companies and organisations on developments in a number of economic, financial, social and political sectors. Associate Fellow of the Royal United Services Institute (RUSI). Other interests: RUSI paper on China and the UK (paid). Trustee of Chinadialogue, an organisation which works on environmental questions in China. Chatham House article on China and the use of big data, artificial intelligence and recognition systems in the control of society (paid). Great Britain China Centre lecture on China's domestic politics (paid). Jamestown Foundation conference on Chinese interference in Europe (travel expenses). Speaking at Centra Technology Washington conference on Chinese interference (fee and travel expenses). Leading Royal College of Defence Studies session on Chinese domestic politics (paid). Speaking at FCO conference in Shenzhen on environmental issues funded by UK, Australian, Netherlands and Norwegian consulates, Chinese commercial sponsors and Shenzhen trade promotion body (travel expenses and accommodation). Paid and unpaid lecturing for universities and schools on Chinese politics. Speaking on China to Tonbridge School parents association (paid). BBC disturbance fees for appearing on World Service and Today programmes. Flight and two nights' hotel paid by Finnish MFA to take part in discussions on China. Flights to London–Canberra–Sydney–Wellington–Melbourne–London, and 9 nights' hotel and meals paid by British High Commissions in Canberra and Wellington as part of discussion programme with Australian and New Zealand governments and think tanks. Guidepoint: paid talk on China commissioned by Jeffries Group.

4 Mr Field was accompanied by James Kariuki, Multilateral Policy Director, FCO; and Kate White, Asia Pacific Director, FCO.

4. From 16–22 September 2018, between our first and second evidence sessions, we visited Beijing and Hong Kong.⁵ We travelled to China on the invitation of the Foreign Affairs Committee of the National People’s Congress of the People’s Republic of China. We were graciously hosted in Beijing by Zhang Yesui, Chairman of the Foreign Affairs Committee of the National People’s Congress, and in Hong Kong by Ip Kin-Yuen, Chair of the Parliamentary Liaison Sub-Committee of the Legislative Council. We would like to express our sincere thanks to our counterpart Committees for their kindness and hospitality. We would also like to thank all those we met in Beijing and Hong Kong for their thoughtful and productive contributions. We also express our sincere gratitude to the Ambassador and staff of the British Embassy in Beijing, and the Consul-General and staff of the British Consulate General in Hong Kong, for their professionalism and considerable effort in facilitating our visit.

5 In Beijing, we met officials and legislators including Wang Chen, Member of the Political Bureau of the Central Committee of the Communist Party of China and Vice Chairperson of the Standing Committee of the National People’s Congress; Zhang Yesui, Chairman of the Foreign Affairs Committee of the National People’s Congress, and members of the Committee; Guo Yezhou, Vice Minister of the International Department of the Central Committee of the Communist Party of China; Li Junhua, Director General of the Department of International Organisations and Conferences at the Ministry of Foreign Affairs; and Gou Haibo, Special Representative for Climate Change Negotiations at the Ministry of Foreign Affairs. We met think-tank and academic researchers, including Yi Peng, President of the Pangoal Institution; Long Guoqiang, Vice-President of the Development Research Center of the State Council; Zhang Xiaoqiang, Executive Vice-Chairman of the China Center for International Economic Exchanges; and Wang Dong, Associate Professor in the School of International Studies at Peking University. We also spoke to business leaders, NGO representatives and journalists, as well as representatives of international organisations based in Beijing, and held a Q&A session with students at Peking University. In Hong Kong, we met Carrie Lam, Chief Executive of the Hong Kong Special Administrative Region; Edward Yau, Secretary for Commerce and Economic Development; and Patrick Nip, Secretary for Constitutional and Mainland Affairs. We met legislators including Andrew Leung, President of the Legislative Council; Ip Kin-Yuen, Chair of the Parliamentary Liaison Sub-Committee, and members of the Sub-Committee. We also convened meetings and roundtables with business leaders, lawyers and legal experts, journalists, academics, and other members of Hong Kong civil society.

2 China's new ambition

China in the world

China's global role under Xi Jinping

5. Through written evidence to this inquiry, in oral evidence sessions with experts, and on our visit to Beijing and Hong Kong in September 2018, one thing has been made overwhelmingly clear to us: China under President Xi Jinping has become more ambitious, more confident, and more assertive in its approach to foreign policy. As Professor Steve Tsang, Director of the SOAS China Institute, told us, Xi Jinping has decided that “China’s moment has come”. Xi’s China is a country, said Tsang, that “requests and requires the rest of the world to pay China due respect”.⁶

6. Since taking office, Xi has emphasised two centenary goals for China: the achievement of a “moderately prosperous” society by doubling 2010 per capita income to \$10,000 by 2021 (the anniversary of the founding of the Communist Party), and the building of a “modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious” by 2049, the centennial of the founding of the People’s Republic of China.⁷ These have now been supplemented by a third interim goal to achieve a “basically” modernised socialist society by 2035.⁸

7. Xi has also articulated a Chinese global vision, captured in the slogan of a “community of shared future for mankind”, although its precise meaning remains unclear.⁹ Xi’s signature foreign policy, the Belt and Road Initiative (BRI), stretches across continents and sits at the nexus of China’s geopolitical and economic ambitions.¹⁰ These policies were reinforced at the 19th Communist Party Congress in October 2017 (the five-yearly meeting to review and set Party policy), where Xi pledged greater assistance to developing countries, and promised that China would “take an active part in reforming and developing the global governance system”, as well as declaring that China’s military would be modernised by 2035 and would comprise “world-class” forces by the middle of the century.¹¹ The BRI has now been enshrined in the Party Constitution.¹²

8. Xi’s more assertive outlook is an outgrowth of China’s increased economic and military power. At the beginning of Deng Xiaoping’s “reform and opening up” of China in 1978, China’s GDP (measured in current US dollars) was approximately \$150 billion; in 2017, it exceeded \$12 trillion. The UK’s GDP, for reference, grew from \$336 billion to \$2.6 trillion over the same period.¹³ China is now the world’s second-largest economy by GDP, and the largest measured by purchasing-power parity.¹⁴ A stimulus of over RMB 4

6 [Q96](#)

7 See [Q51](#) and [China a step closer to centenary goals](#), Xinhua, 9 October 2017

8 Xi Jinping, [Report to the 19th National Congress of the Communist Party of China](#), 18 October 2017, page 24

9 Dr Yu Jie ([CIR0014](#))

10 Dr Yuka Kobayashi, Lecturer in China and International Politics at SOAS, told us that the BRI amounts to an attempt at “Global Governance with Chinese characteristics”. Dr Yuka Kobayashi ([CIR0022](#))

11 Xi Jinping, [Report to the 19th National Congress of the Communist Party of China](#), 18 October 2017, pages 54 and 48

12 [Resolution of the 19th National Congress of the Communist Party of China on the Revised Constitution of the Communist Party of China](#), 24 October 2017

13 [GDP \(Current US\\$\)](#), World Bank.

14 See [GDP \(Current US\\$\)](#), World Bank; and GDP, [PPP \(current international \\$\)](#), World Bank

trillion (\$586 billion) in 2008–9 enabled China to weather the global financial crisis with less disruption than Western economies, although in the longer term it has left China with a serious debt problem. As China's economy has grown, so has its spending on defence: from \$19.3 billion in 1989, according to one independent analysis, China's annual defence spending rose to \$228 billion in 2018, second only to the United States.¹⁵ China has also made significant funds available for international institutions: it is the second largest contributor to the general UN budget, and the second largest contributor to the peacekeeping budget.¹⁶

9. As Dr Kobayashi told us, China has gone from being a “silent watcher ... moving on to participating, and finally to revising and reforming” the rules-based international system.¹⁷ However, the rapid growth in China's ambitions under Xi marks a decisive shift from the approach captured in Deng Xiaoping's famous instruction that China should hide its capabilities and bide its time.¹⁸ This change in China's foreign-policy trajectory, Dr Yu Jie of LSE IDEAS¹⁹ reminded us, is framed in historic terms: Xi believes in restoring China to its “rightful” place as a preeminent global power.²⁰ China's standing was lost in what is known as the “century of humiliation”, stretching from defeat at the hands of the British in the First Opium War up to the proclamation of the People's Republic of China by Mao Zedong in 1949. Against this backdrop, there is a strong nationalist core to Xi's “Chinese Dream”, the slogan used to describe his project of “rejuvenation of the Chinese nation”, which includes the righting of historic wrongs.²¹

China's attitude towards the rules-based international system

10. The central question for this inquiry has been what China's new global ambition means for the rules-based international system. Several witnesses said China recognises that international rules and institutions have provided a stable platform for its economic development, and that China has a strong incentive not to seriously disrupt or damage the existing system. Nigel Inkster, IISS Senior Adviser and former Assistant Chief of the UK Secret Intelligence Service, otherwise known as MI6, told us that this distinguishes China from Russia:

[W]hile Russia has adopted this disruptive persona in international affairs and sees its interests as being served by keeping other states off-balance, where China is concerned, order is the main priority. China does not want a disrupted international order; it wants an international order that is more aligned with its interests and priorities.²²

15 Figures in constant 2016 US dollars. [Military expenditure by country, in constant \(2016\) US\\$ m](#), Stockholm International Peace Research Institute, 2018

16 See [Assessment of Member States' contributions to the United Nations regular budget for the year 2019](#), ST/ADM/SER.B/992, 24 December 2018; and [How we are funded](#), UN Peacekeeping

17 [Q9](#)

18 See, for example, [Q166](#)

19 Dr Yu represented LSE IDEAS at the time of providing written evidence to the inquiry, but is now a Research Fellow at Chatham House

20 Dr Yu Jie ([CIR0014](#))

21 As the Minister put it, Xi “has overseen great growth in patriotism and nationalism in China”. See [Q167](#). See also Center for China and Globalization ([CIR0009](#)); Dr Lee Jones ([CIR0003](#))

22 [Q25](#)

11. This does not mean China is satisfied with the current international system. As Dr Yu put it, “Within Chinese Communist Party elites, there is a clear dissatisfaction with the distribution of power within the major institutions of global governance, and some of the norms and principles that underpin them”.²³ The University of Oxford’s George Magnus told us that for China, “these multilateral institutions reflect a certain order—a certain political agenda—which they do not really find all that agreeable or acceptable any more”.²⁴

12. We heard this message very clearly from Chinese officials in Beijing, who emphasised both the benefits brought to China under the current international system and the need for reform. Chinese officials and state-affiliated researchers, with remarkable consistency, described what they saw as a rapidly changing global order, characterised by increasing multipolarity, globalisation, and technological change. We were told that the international order should be updated to reflect these shifts, while preserving those features which remain fit for purpose—most of all, the principles enshrined in the UN Charter. In particular, our Chinese interlocutors emphasised that global institutions needed to do more to accommodate the interests of developing countries, among which China counts itself. Chinese officials and researchers were keen to stress that China seeks peaceful relations with other countries as it pushes these reforms, and in this context referred frequently to Xi Jinping’s concept of a “community of shared future for mankind”.

Domestic developments

The Communist Party of China: strengthened control

13. We asked our witnesses what changes they had observed to China’s political system under Xi Jinping. The near-unanimous verdict was that Xi’s time in office has seen a strengthening of the Communist Party’s determination to remain in power, consolidation of power *within* the party in the hands of Xi himself, and a shrinking of space for political dissent. This runs counter to liberalising trends in other areas of Chinese society since the beginning of Deng’s reforms. As former Australian Prime Minister Kevin Rudd told us:

Where things have changed under Xi Jinping most recently is the absolute centrality he attaches to the future of the Communist party. A doubling down on the centrality of communist ideology and orthodoxy is now being reflected in what is acceptable or unacceptable in university curricula, in what is acceptable or unacceptable in what we might call the political arms of the media, and in a greater contraction of the space for what I describe as political conversation.²⁵

14. Professor Eva Pils of King’s College London went further, assessing that Xi and the Communist Party have been mounting “an intensified attempt to control all aspects of society and the economy, and to repress those parts of civil society in particular that have posed challenges and been critical of the Government”.²⁶ George Magnus told us that the Party “is devouring the state in China, [and] collective and state institutions are being downgraded or made less important”.²⁷ The 19th Party Congress codified many of

23 Dr Yu Jie ([CIR0014](#))

24 [Q1](#)

25 [Q65](#)

26 [Q92](#)

27 George Magnus ([CIR0023](#))

these changes, including by enshrining “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era” in the Communist Party Constitution.²⁸ These changes have drastically tempered international expectations that China’s political system might liberalise along with its economy, and give the sense that China’s leadership is determined to avoid the paths trodden by other countries before it. As the Minister put it, “going down the route of perestroika or glasnost, in terms of reform and opening up, is something that is absolutely not on the cards as far as modern-day China is concerned”.²⁹

Economic growth and challenges

15. Our meetings in Beijing reinforced to us the emphasis Chinese officials and state-affiliated researchers place on China’s status as a developing country. We were reminded several times of China’s achievement in bringing some 800 million people out of poverty.³⁰ But we were also told of the challenges involved in meeting both the 2021 centenary goal and the new interim goal that “socialist modernization is basically realized” by 2035. Our witnesses back in Westminster emphasised to us the problems that acute wealth disparities, including regional inequalities, pose for the Chinese party state. Professor Tsang said that “the scale of disparity in China has now reached a point that is probably higher than at any time since 1949”, and that as a consequence the Chinese government is “incredibly worried about the risk of social instability”.³¹ Our witnesses noted that government anxiety about inequality extends even to a “crack down” on researchers attempting to gather data to measure China’s Gini coefficient, a statistical measure of inequality.³² These inequalities include sharp regional wealth disparities, which the government is attempting to solve by means including subsidies of poorer regions by richer ones.³³ Aside from inequality, China’s debt has risen considerably in the years following the financial crisis—standing at 255.7% of GDP in 2017, according to the Bank for International Settlements—and industrial overcapacity has not proven easy to cut.³⁴ China’s reliance on heavy industry is a contributing factor to serious environmental problems, which have sparked numerous and high-profile popular protests.³⁵

The relationship between China’s domestic and external affairs

16. In a number of areas, we were told that China’s domestic affairs have shifted its attitudes towards international governance. One example is areas where China has become more engaged in international mechanisms in part as a potential solution to problems at home, such as environmental sustainability and financial regulation.³⁶ Dealing with

28 Among the items enshrined in the Party Constitution at the 19th Party Congress were: Xi’s policies and slogans, including “Xi Jinping Thought”, the two centenary goals and the “Chinese Dream”; and an obligation on party members to study Xi Jinping Thought; the Party’s “absolute leadership” over the military, and Xi Jinping’s thinking on strengthening the military; and the principle that “the leadership of the Communist Party of China is the most essential attribute of socialism with Chinese characteristics, and the greatest strength of this system; the Party exercises overall leadership over all areas of endeavor in every part of the country.” [Resolution of the 19th National Congress of the Communist Party of China on the Revised Constitution of the Communist Party of China](#), 24 October 2017

29 [Q167](#)

30 A figure endorsed by the World Bank. See [The World Bank in China](#), World Bank

31 [Q104](#)

32 [Qq104–106](#).

33 [Q104](#)

34 See [BIS Statistical Bulletin](#), Bank for International Settlements, September 2018

35 See, for example, Yan Shuang, [Seeking justice from pollution](#), Global Times, 31 October 2012

36 See [Q2](#)

environmental concerns, the Minister told us, “is fundamental to the legitimacy of the Communist Party in China”.³⁷ Perhaps more significantly, the strengthening of Party control in China is having a significant impact on foreign policy. “The big thing that Xi Jinping has done since he came to power”, Professor Tsang told us, “is to put emphasis on revitalising the Leninist nature [of the state] and institutions in China to make them much more effective in controlling the country and controlling foreign policy.”³⁸ This matters because the interests of the Party are not the same as those of the Chinese people, or of the country as a whole. As Kevin Rudd told us:

[W]hat are the core priorities of Xi Jinping’s Administration at home and abroad? They intersect in this institution called the Party. The interest of the Chinese political leadership is for the Party to remain in power. That is the No. 1 priority, the No. 2 priority and the No. 3 priority.³⁹

17. Witnesses argued that a core foreign-policy goal for China under Xi Jinping is to shape international order to protect China’s domestic political system. This means resisting the spread of liberal norms and the encouragement of democratic governance, and inveighing against any proposals to enforce international norms that could be seen to undermine the sovereignty of individual states, on the basis that this could set a precedent that could be used to challenge CCP rule in China. Several witnesses told us that this amounted to an attempt by the Chinese government to “make the world safe for authoritarianism”.⁴⁰ This is consistent with China’s behaviour in a number of policy areas, and in evidence to us the FCO seems to endorse such a reading (although not necessarily the specific phrase), commenting that “China engages with international institutions on issues like internet governance and human rights in order to promote internationally its own authoritarian approach in these areas, and to reduce external criticism”.⁴¹ China is, for example, the only permanent member of the UN Security Council not to have ratified the UN Covenant on Civil and Political Rights.

18. We asked witnesses whether, given this context, the UK should be concerned that China was trying to encourage other countries to adopt its political system. We heard that China is trying to increase the international appeal of its political and economic model, but not necessarily because it wants other countries to follow suit. Rather, it seeks to bolster the international image of China’s political system for a domestic audience, and to export themes of governance, such as in the area of human rights or non-intervention, that suit China’s interests.⁴² We consider more evidence on this theme in Chapter 4.

19. China is seeking a role in the world commensurate with its growing economic power, and the UK should welcome China’s desire to participate in global governance. There is no evidence to date that China wishes to jeopardise the benefits it has reaped from a stable, rules-based international system. The UK should, however, recalibrate its policy towards China to fully take into account the consolidation of power in the hands of the Chinese Communist Party under President Xi Jinping. The nature of the Chinese state goes to the heart of China’s attitude towards the international system,

37 [Q168](#)

38 [Q96](#)

39 [Q69](#)

40 See, for example, [Q96](#), [Q15](#), and [Qq22–23](#)

41 Foreign and Commonwealth Office ([CIR0018](#))

42 See [Qq92–97](#)

and is fundamentally important for the UK in considering its China strategy. On this basis, Chinese domestic politics cannot be treated as if they were separate from foreign policy. The Government must recognise this reality and adjust to it.

20. **China is a force for order—but not liberal order. China wants rules to be enforced—but not rules which encroach on what it sees as its core interests. Protecting core interests is what all states try to do in foreign policy, but what makes China different is that those interests are inextricably linked with the interests and perceived legitimacy of the Communist Party. This makes China a viable partner for the UK on some issues, but an active challenger on others. On the positive side of the balance sheet, the Party’s requirement to deliver economic growth in order to maintain legitimacy makes China an advocate, like the UK, for a stable trading order. The threat that environmental degradation poses to the Party’s legitimacy has led China to join in, along with the UK, with international efforts on climate and sustainability. On the negative side, the Party’s need to maintain domestic control leads China to oppose global initiatives, supported by the UK, which promote free societies and protect human rights. China’s fear of domestic disorder and external influence aimed at regime change makes it exceptionally cautious about any attempts to enforce international norms over the objections of individual sovereign states, which puts it in opposition to some UK efforts at the UN Security Council.**

3 China's strategic outlook

The Belt and Road Initiative

21. The Belt and Road Initiative, first announced in 2013, is presented by the Chinese government as Xi Jinping's signature foreign policy. Its stated purpose, according to a key 2015 policy document, is to

promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries along the Belt and Road, set up all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries.⁴³

In practical terms, it is organised around land connections (the Silk Road Economic Belt) and sea connections (the 21st Century Maritime Silk Road). At its core is Chinese financing and construction of infrastructure in Asia, but as the FCO notes, its vision has expanded dramatically: it is no longer regional but global in vision, and is not only concentrated on infrastructure, but encompasses “trade policy and financial integration; shared standards; a ‘digital BRI’; cultural, media and tourism exchanges; a Chinese ‘model’ for developing countries to follow; and new ‘Chinese solutions’ on global goods and global governance”.⁴⁴ A major component of the BRI, in an area in which the UK has significant interests, is the \$60 billion China–Pakistan Economic Corridor (CPEC).⁴⁵ It includes plans for motorways, railways and energy pipelines in Pakistan, accompanied by power plants and industrial facilities, as well as a Chinese-operated port at Gwadar.

22. Popularly cited estimates of China's intended investment in the BRI range from \$1 trillion to \$8 trillion.⁴⁶ We were told, however, that precisely defining the size, scope and purpose of the BRI is difficult, because of the tendency for pre-existing and overlapping projects to be badged as BRI activities, the challenge of distinguishing hypothetical projects from concrete plans, vagueness in official descriptions of BRI, and bureaucratic complexity. Nigel Inkster said that although he did not know how much had been spent by China on the Belt and Road Initiative in the past five years, he was “in good company, because the Chinese government itself does not know”.⁴⁷ As Helena Legarda, Research Associate at the Mercator Institute for China Studies, put it, the BRI descriptor “covers projects new and old, failed and successful. A project may be Belt and Road today and not Belt and Road next month.”⁴⁸ These remarks tally with the impression we were given in Beijing: the ambition and scale of the BRI, and its importance to Xi Jinping's government, is obvious—but the definition of what it covers and why is not. This may be a product of its bureaucratic structure: as George Magnus observed, the BRI has no single, clearly

43 [Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road](#), National Development and Reform Commission, 28 March 2015

44 Foreign and Commonwealth Office ([CIR0018](#))

45 [Total investment under CPEC rises to \\$60b](#), Radio Pakistan, 29 November 2017

46 See, for example, [China has a vastly ambitious plan to connect the world](#), The Economist, 26 July 2018. One Deloitte report refers to the BRI as a “\$900 billion” initiative; quotes a senior Chinese official promising \$600–800 billion of outward investment over the next five years, a large proportion of which will be BRI-related; and notes media estimates of a total capital cost for future BRI projects of between \$4 trillion and \$8 trillion. [Embracing the BRI ecosystem in 2018](#), Deloitte, 12 February 2018.

47 [Q33](#)

48 [Q33](#)

identified secretariat.⁴⁹ Dr Yu Jie assessed that 15 ministries and agencies influence which projects are selected to become part of the BRI, and noted that more than thirty administrative areas are also contributing to the process.⁵⁰

23. We were told both of an objective need for some of the investment that China is offering under the Belt and Road, and of an appetite among developing countries to accept it. In 2016, the Asian Development Bank estimated that total investment needs for infrastructure in the bank's 45 developing member countries between 2016 and 2030 amount to \$26 trillion, or \$1.7 trillion per year.⁵¹ Dr Knoerich told us that China's infrastructure investments under the BRI "can have a huge positive impact on development" in recipient countries if "done the right way".⁵² Dr Yuka Kobayashi noted that in geographic terms "the scale and breadth of the BRI is much more ambitious" than previous infrastructure-focused initiatives in Asia, that the resources China is contributing are several times those offered by the UN, the EU and the United States, and that, unlike other investors, China has not "shied away from investing in regions seen as too unstable and presenting investment risks".⁵³ Recent media and expert commentary, however, has noted some pushback on the part of recipient states wary of excessive debt burdens, and Chinese officials have been reported as advising some caution in China's lending strategies.⁵⁴

24. The UK was the first major Western country to express its support for the Asian Infrastructure Investment Bank, a new Chinese-led financial institution established in 2016. It did so despite US opposition at the time.⁵⁵ We were told that the UK's support, and that of other developed countries, had had a positive impact in shaping the governance and standards of the AIIB. What was "going to be very much a Chinese institution", as George Magnus put it, became something much closer to a traditional multilateral development bank.⁵⁶ This claim applies both to the AIIB's lending practices and its governance structure, leading many observers to argue that the AIIB now complements, rather than seeks to substitute for existing institutions.⁵⁷ However, although the AIIB was set up with reference to the Belt and Road Initiative, its financing accounts for only a small fraction of the massive funds pouring into the BRI: the vast majority to date comes from China's policy banks and state-owned commercial banks.⁵⁸ As Dr Kobayashi put it,

49 [Q17](#)

50 Dr Yu Jie ([CIR0014](#)). Drs Lee Jones, Zeng Jinghan and Shahar Hameiri suggested that the "agglomeration of many competing interests and schemes" in the BRI's structure mean that it is unlikely to follow a single, coherent strategic purpose. Dr Lee Jones ([CIR0002](#))

51 Asian Development Bank, [Meeting Asia's Infrastructure Needs](#), 2016. These figures include the cost of climate-change mitigation and adaptation.

52 [Q17](#). See also Overseas Development Institute ([CIR0019](#))

53 Dr Yuka Kobayashi ([CIR0022](#)). See also [Q34](#)

54 See, for example, Keith Bradsher, [China Taps the Brakes on Its Global Push for Influence](#), New York Times, 29 June 2018

55 See Geoff Dyer and George Parker, [US attacks UK's 'constant accommodation' with China](#), Financial Times, 12 March 2015

56 [Q2](#)

57 See, for example, Dr Lee Jones ([CIR0002](#))

58 Providing exact figures is challenging because of a lack of public data. However, the AIIB reported \$4.22 billion in loans approved at the end of 2017. [AIIB Annual Report](#), 2017. By comparison, a May 2017 report in the Chinese state-run Global Times newspaper said that the China Development Bank and the Export-Import Bank had \$200 billion in outstanding loans to BRI countries, and that Chinese state-owned commercial banks had "so far offered a total of \$527.2 billion in loans and equity investments for 1,012 projects in Belt and Road countries". Wang Cong, [Chinese banks expand loans in Belt and Road nations](#), Global Times, 12 May 2017.

the BRI “is actually a product of the policy banks—the China Development Bank and the Exim Bank ... They are not going to the standards of the AIIB, and oftentimes they are pushing Western donors out”.⁵⁹

25. One motivation for the BRI is that it serves China’s domestic economic needs, allowing China to export industrial overcapacity (especially in construction) and capital. This helps China to maintain the economic model that it used to overcome the effects of the 2007–8 financial crisis, but which is now reaching saturation point at home—although in doing so, it risks reinforcing problems with that existing model.⁶⁰ The BRI provides a market for Chinese companies, including state-owned enterprises. In 2018, Jonathan Hillman of the US-based Center for Strategic and International Studies (CSIS, a think tank), told the U.S.–China Economic and Security Review Commission that CSIS had studied 2,200 Asian transportation infrastructure projects, and found that, of all contractors participating in Chinese-funded projects, 89% were Chinese, 7.6% were local companies, and 3.4% were foreign. By contrast, projects funded by multilateral development banks had 29% Chinese contractors, 40.8% local, and 30.2% foreign.⁶¹ Witnesses also told us of other domestic motivations for BRI. For example, BRI could be a mechanism for channelling investment into the underdeveloped western regions of China in particular, as the BRI’s gateway into Eurasia—regions which have been plagued by instability.⁶² A further benefit for China, as Dr Knoerich put it, is that BRI “multiplies the routes for the transportation of much-needed natural resources imports to China, potentially enhancing China’s resources and energy security”.⁶³

26. Various concerns have been raised about the implications of the Belt and Road Initiative, including the standards that apply to BRI deals.⁶⁴ For example, Drs Jones, Zeng and Hameiri told us in written evidence that BRI standards “still fall well short of international ‘best practice’”, citing “poor” investment risk management, and a risk of “social, environmental and other costs”. They wrote that examples of such projects in the past included the construction of pipelines, dams and ports “that have forcibly displaced populations, led to militarisation as armed forces move in to protect investments, and sparked widespread social protest”.⁶⁵ The Overseas Development Institute noted that the BRI “could make fragile situations worse by failing to consider local conflict dynamics”, and said that BRI projects in Pakistan had already been targeted by separatists, “being perceived as driven by central government and not benefitting local groups”.⁶⁶

27. A related concern is whether loans are being offered to states that they will simply be unable to repay on time. The most high-profile evidence in support of this concern, cited by the Minister in his evidence session with us, is Sri Lanka’s signing of a 99-year lease for the port of Hambantota to Chinese state-controlled entities, in exchange for being freed from its debt payment obligations to China.⁶⁷ Other states that have encountered

59 [Q2](#)

60 See [Q98](#) and Dr Yu Jie ([CIR0014](#))

61 Jonathan E. Hillman, [China’s Belt and Road Initiative: Five Years Later](#), statement before the U.S.–China Economic and Security Review Commission, 25 January 2018.

62 See [Q17](#). For an argument that China’s repression of the Muslim community in Xinjiang is motivated by a need to make a success of the BRI, see Robert D. Kaplan, [Why China Is Brutally Suppressing Muslims](#), Wall Street Journal, 16 September 2018

63 Jan Knoerich ([CIR0024](#))

64 See Foreign and Commonwealth Office ([CIR0018](#)); [Q16](#); [Q37](#)

65 Dr Lee Jones ([CIR0002](#))

66 Overseas Development Institute ([CIR0019](#))

67 [Q195](#)

or anticipated difficulties with repayments to China include Myanmar, where the Government downsized plans for a Chinese-built port,⁶⁸ and Malaysia, where incoming Prime Minister Mahathir Mohamad suspended a Chinese-funded rail project and natural gas pipeline.⁶⁹

28. A further set of concerns relate to the impact of Chinese investment in fragile or conflict-affected areas. One such area where UK policy has had to adapt is disputed Kashmir. The planned route for the China-Pakistan Economic Corridor—which the Department for International Trade’s guidance to British businesses says “presents huge opportunities for Pakistan and the wider region, bringing economic development, greater connectivity and regional security”⁷⁰—runs in part through Pakistan-administered territory claimed by India. The FCO told us in its submission to our inquiry on Global Britain and India that “the UK recognises the potential of BRI in helping to meet Asia’s infrastructure needs whilst noting it is only one of many regional and sub-regional initiatives in Asia. The UK does not support commercial projects in disputed territories.”⁷¹ Shashank Joshi, Defence Editor of *The Economist*, noted that in this area UK has to “walk a fine line”, and that the Government’s support for CPEC while opposing projects in disputed areas “is an effort to assuage Indian sensitivities while reflecting what we perceive as the importance of investment in Pakistan”.⁷²

29. The apparent geopolitical drivers behind the BRI include a desire to improve China’s global image, especially among developing countries; to hedge against American containment in China’s near seas; and to increase China’s influence in Eurasia and the Indo-Pacific.⁷³ Regardless of the intent behind BRI, it appears to be having geopolitical effects, and will continue to do so. In hard power terms, BRI provides a physical platform for expanded Chinese state presence worldwide. Under the framework of the BRI, China has gained control of a collection of ports in the Indian Ocean, and some see this “string of pearls” as a conduit to geopolitical and even military influence.⁷⁴ Mr Joshi suggested that the question surrounding Chinese controlled facilities abroad was not one of their use in a direct conflict with the West, but instead “for thinking about how China might intervene in other places in smaller contingencies and scenarios ... in ways that may be problematic for our interest or that may run against it, particularly in weaker states with less capacity.”⁷⁵ Witnesses also told us that Chinese investment via BRI has also led recipient countries to align with China politically.⁷⁶ Such alignment could be particularly useful in diplomatic terms when it comes to smaller states, such as in the Pacific islands, whose votes carry equal weight in the United Nations.

30. The UK has engaged substantially with the Belt and Road Initiative as it has developed. The Government told us that it has “regular senior engagement” with China on the BRI, including through the Economic and Financial Dialogue, and has set up a

68 [Myanmar scales back Chinese-backed port project due to debt fears - official](#), Reuters, 2 August 2018

69 [Malaysia’s Mahathir cancels China-backed rail, pipeline projects](#), Reuters, 21 August 2018

70 Department for International Trade, [Doing business in Pakistan: Pakistan trade and export guide](#), updated 16 August 2018

71 FCO ([CBI0015](#))

72 [Q32](#)

73 See [Qq33–35](#) and George Magnus ([CIR0023](#))

74 See Dr Yukā Kobayashi ([CIR0022](#)) and George Magnus ([CIR0023](#)). Nigel Inkster noted the “potential for military deployments”, although he urged us to keep this in context, arguing that China “doesn’t want to do colonies—that’s for sure—and it doesn’t want very expensive basing commitments all around the world”. See [Q35](#)

75 [Q35](#)

76 See, for example, [Q2](#).

variety of mechanisms including the appointment of Douglas Flint as the Chancellor's Financial and Professional Services Envoy to the BRI.⁷⁷ However, as the Minister told us, concerns about certain aspects of the BRI have led the UK to stop short of signing a formal Memorandum of Understanding proposed by China in support of the initiative.⁷⁸ In March 2019, the Italian government signed a memorandum of understanding in support of the BRI on the occasion of a visit by Xi Jinping, making Italy the first G7 country to sign such a document.⁷⁹

31. A number of witnesses, including Dr Knoerich, Nigel Inkster and Shashank Joshi, suggested that there was no obstacle in principle to the UK providing support to specific BRI projects, but emphasised that appropriate standards must be met.⁸⁰ Dr Kobayashi argued that the UK was missing a particular opportunity to provide legal services in support of the international joint venture contracts involved in the BRI.⁸¹ Mr Joshi implicitly endorsed the UK's decision not to sign a Memorandum of Understanding, remarking that "we can endorse Chinese investment abroad in very welcome, positive and enthusiastic ways without rubber-stamping an overarching, world-straddling scheme that covers absolutely everything under the sun".⁸² Helena Legarda expressed scepticism that there were very considerable gains on offer for the UK, and advised the Government to ensure that, if it was to formally sign up to the BRI, "it is key to make sure that you get in writing something tangible in return."⁸³

32. 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.

33. 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

77 Other mechanisms include a Financial and Professional Services BRI Expert Board, a UK-China Infrastructure Alliance, and an "Infrastructure Hub" which "catalyses joint collaboration in third countries along the Belt and Road". The Government says it is "scoping opportunities to establish London as the BRI financing hub." Foreign and Commonwealth Office ([CIR0018](#)).

78 [Q195](#)

79 [Italy endorses China's Belt and Road plan in first for a G7 nation](#), Reuters, 23 March 2019

80 See Jan Knoerich ([CIR0024](#)), [Q31](#) and [Q37](#)

81 [Q17](#)

82 [Q37](#)

83 [Q37](#)

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.

34. 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.

35. *We encourage the Government to employ a strictly case-by-case approach to assessing Belt and Road Initiative 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.*

The South China Sea

36. The maritime features of the South China Sea are claimed by a number of regional coastal states, including China. These include, to the north, the Paracel Islands (occupied by China since 1974, but also claimed by Taiwan and Vietnam); to the south, the Spratly Islands (claimed in their entirety by China, Taiwan and Vietnam, and partially by Brunei, Malaysia and the Philippines, and also occupied by several parties); and, to the east, the Scarborough Shoal (claimed by the Philippines and by China, which has maintained a constant coastguard presence since a standoff with the Philippines in 2012). The sovereignty claims in this region are complex, and it is not only China whose claims in the South China Sea are considered questionable.⁸⁴ However, many observers, including witnesses to this inquiry, have argued both that China's claims in the South China Sea are particularly excessive, and that China's actions in support of those claims run counter to the principles of the rules-based international system.⁸⁵

84 [Q40](#)

85 See Bill Hayton ([CIR0026](#)) and Henry Jackson Society ([CIR0020](#))

37. China has used a map with a nine-dashed (or “U-shaped”) line to assert that, as a 2009 diplomatic note put it, “China has indisputable sovereignty over the islands in the South China Sea and the adjacent waters, and enjoys sovereign rights and jurisdiction over the relevant waters as well as the seabed and subsoil thereof.”⁸⁶ China refers to its “historic rights” in the South China Sea, asserting that there is history of Chinese activities there dating back over 2,000 years, and that it recovered and resumed the exercise of its sovereignty over its islands after the Second World War.⁸⁷ In 2013, the Philippines brought a case against China at the Permanent Court of Arbitration in the Hague, under the UN Convention on the Law of the Sea (UNCLOS). In 2016, the Court ruled conclusively in favour of the Philippines. Among its findings was that China’s claim to historic rights via the nine-dashed line was contrary to UNCLOS and “without lawful effect” to the extent that it exceeded China’s entitlement under UNCLOS.⁸⁸

38. China refused from the outset to accept the legitimacy of the arbitration or to participate, and when the Court’s award was issued the Chinese Ministry of Foreign Affairs declared that it was “null and void and has no binding force”, and that China “neither accepts nor recognizes it”.⁸⁹ The FCO told us that since the 2016 ruling, China “has increased private dialogue with other claimant states, but has also continued to strengthen military facilities on the features it occupies”.⁹⁰ China has reportedly installed military equipment and weapon systems on features in the South China Sea including Subi, Mischief and Fiery Cross reefs in the Spratly islands, and Woody Island in the Paracel Islands.⁹¹

39. In written evidence, Bill Hayton, Associate Fellow at Chatham House, noted that aside from the sovereignty claims themselves, China insists on its right to request a foreign state to seek advance approval or give notification of passage, which is not specified as a condition of innocent passage under UNCLOS.⁹² China has also drawn straight baselines around its coastline, including around the Paracel Islands.⁹³ In the case of the Paracels, other states see this as a violation of UNCLOS, which permits only archipelagic states

86 [Note verbale from the Permanent Mission of the People’s Republic of China to the United Nations to the Secretary-General of the United Nations, CML/18/2009, 7 May 2009](#)

87 See, for example, [Statement of the Government of the People’s Republic of China on China’s Territorial Sovereignty and Maritime Rights and Interests in the South China Sea, 12 July 2016](#)

88 The Court also found that: the Spratly Islands do not generate extended maritime zones and none of the features claimed by China were capable of generating an EEZ; Scarborough Shoal falls within the exclusive economic zone of the Philippines; China had breached the Philippines’ sovereign rights under UNCLOS; China had failed to prevent harmful fishing; China’s island-building activities had breached several articles of UNCLOS, causing “devastating and long-lasting damage to the marine environment”; the conduct of Chinese law-enforcement vessels had “created serious risk of collision and danger to Philippine vessels and personnel”; and China had “aggravated and extended” its dispute with the Philippines “through its dredging, artificial island-building, and construction activities”, thus destroying evidence of the natural condition of features in the South China Sea that formed part of the Parties’ dispute. Permanent Court of Arbitration, [Award in the matter of the South China Sea arbitration](#), PCA case no 2013–19, 12 July 2016.

89 [Statement of the Ministry of Foreign Affairs of the People’s Republic of China on the Award of 12 July 2016 of the Arbitral Tribunal in the South China Sea Arbitration Established at the Request of the Republic of the Philippines, 12 July 2016](#)

90 Foreign and Commonwealth Office ([CIR0018](#))

91 For an overview, see [China’s Actions in South and East China Seas: Implications for U.S. Interests—Background and Issues for Congress](#), Congressional Research Service, 31 January 2019, pages 15–16. See also Katherine Morton, [China’s ambition in the South China Sea: is a legitimate maritime order possible?](#), International Affairs, 2016

92 Bill Hayton ([CIR0026](#))

93 For the Chinese government’s declaration of baselines, see [Declaration of the Government of the People’s Republic of China on the baselines of the territorial sea](#), 15 May 1996. See also Bill Hayton ([CIR0026](#))

to draw straight baselines around the entirety of a collection of islands.⁹⁴ The FCO told us that the UK “does not support any claimant over another” in the South China Sea—though it does regard the Court of Arbitration’s ruling as binding on both China and the Philippines—but it “calls on all sides to refrain from activity likely to raise tensions”. The Government says its “commitment is to international law, and to freedom of navigation and over-flight, both commercial and military”.⁹⁵

40. The United States has conducted a number of “freedom of navigation operations” (FONOPs) in the South China Sea since 2015, designed to challenge various maritime claims, including operations to assert innocent passage and to challenge straight baselines.⁹⁶ The US has signed UNCLOS, but not ratified it. In the past year or so, the UK has stated its support for freedom of navigation in the South China Sea and reportedly conducted at least one specific operation to that end. In February 2018, the Defence Secretary said that the anti-submarine frigate *HMS Sutherland* would return from its Australian tour through the South China Sea, “making it clear our navy has a right to do that”. He did not specify whether *Sutherland* would pass within the 12 nautical miles territorial sea of disputed features, as US warships have done, but stated that “we very much support what the US has been doing”.⁹⁷ In June 2018, the French Minister of the Armed Forces announced that the UK would join a French maritime task group when it sailed through the South China Sea.⁹⁸ In August 2018 the British amphibious warship *HMS Albion* reportedly sailed close to the Paracel Islands and was challenged by a Chinese frigate and two helicopters.⁹⁹ Reuters quoted a UK spokesperson as saying that *Albion* “exercised her rights for freedom of navigation in full compliance with international law and norms”, but giving no more specific detail. An anonymous source told Reuters that *Albion* had not passed within 12 nautical miles of any features, but had “demonstrated that Britain does not recognise excessive maritime claims around the Paracel Islands”.¹⁰⁰

41. Although it concerns a distant region, the UK has specific interests in the South China Sea debate. It is a vital shipping lane for global and UK maritime trade: one think tank study estimated that in 2016 some 12% of the UK’s total trade in goods passed through the South China Sea.¹⁰¹ A broader UK interest is the need to uphold UNCLOS.¹⁰² In October 2018, the First Sea Lord said that he expected the UK would do more operations in support of freedom of navigation in the South China Sea when British ships transit through the region, saying that China’s interpretation of UNCLOS “has to be resisted”, because otherwise “you could see right around the world nations who will start to make their own interpretations”.¹⁰³ The UK also has commitments to countries of the region with a stake in the dispute, including the FPDA that include Malaysia and Singapore,

94 Bill Hayton (CIR0026). For the relevant provisions of UNCLOS, see [United Nations Convention on the Law of the Sea](#), Articles 7 and 47

95 Foreign and Commonwealth Office (CIR0018)

96 For an explanation of some of these operations, see Eleanor Freund, [Freedom of navigation in the South China Sea: A practical guide](#), Asia Maritime Transparency Initiative, 10 August 2017.

97 Greg Sheridan, [Brits to assert right of navigation in claimed sovereign waters off China](#), *The Australian*, 13 February 2018

98 Florence Parly, [remarks at the Shangri-La Dialogue](#), Singapore, 3 June 2018

99 [British Navy warship sails near South China Sea islands, angering Beijing](#), Reuters, 6 September 2018

100 [British Navy warship sails near South China Sea islands, angering Beijing](#), Reuters, 6 September 2018. See also Bill Hayton (CIR0026)

101 CSIS China Power, [How much trade transits the South China Sea?](#)

102 [Q49](#)

103 David Bond, [Royal Navy chief vows to send ships through South China Sea](#), *Financial Times*, 22 October 2018

and a forward defence presence in Brunei.¹⁰⁴ Mark Field told us that during his visit to Vietnam in January 2019, he found that “many countries are pleased to see that the United Kingdom, along with others, is standing up to ensure that there is that free navigation”.¹⁰⁵

42. We were told that there are risks to the UK becoming directly involved via freedom of navigation operations. The China–US confrontation has become tense and at times dangerous, as Chinese coastguard and naval vessels have challenged US operations; and although the risk of all out conflict over the South China Sea may be low, the possibility of accidental escalation is real.¹⁰⁶ Moreover, as with any diplomatic dispute, there is also a risk that the deployment of military forces will simply heighten tensions, rather than contribute to settlement of the underlying issues. Some witnesses also had sympathy with certain aspects of China’s position, noting the South China Sea’s importance to China’s strategic interests and the tendency of other countries to attempt to bend international rules.¹⁰⁷ Others pointed out, however, that China has made use of the right to innocent passage in its own naval activities, making its position inconsistent.¹⁰⁸

43. 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.

44. 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.

45. 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.

104 See [Q49](#); and Bill Hayton ([CIR0026](#))

105 [Q207](#)

106 [Q43](#)

107 See [Q47](#) and [Q102](#)

108 See Bill Hayton ([CIR0026](#)) and [Q47](#)

UK presence in the “Indo-Pacific”

46. UK allies and partners in Asia have been debating their own responses to China’s increasing strategic influence. One product of these debates is the concept of the “Indo-Pacific”, and the related elaboration of the Quadrilateral Security Dialogue between Australia, India, Japan and the United States. The UK has endorsed the idea of a “free and open Indo-Pacific”, including in recent joint statements with Japan and India.¹⁰⁹ The Government does not appear to have given an independent national definition of what it means by the term, but on being asked for one the Minister referred us back to the Japanese joint statement.¹¹⁰ The two joint statements refer primarily to “connectivity” between countries of the region, to maritime security, and to freedom of navigation. The UK already has structures of military engagement with Quad nations, including participating in joint naval exercises. The UK also participates in the Five-Power Defence Arrangements with Australia, Malaysia, New Zealand and Singapore, which provide for consultation in the event of armed attack and, more broadly, are a platform for defence cooperation between these five Commonwealth countries. The FPDA’s agenda has broadened in recent years to include discussions of counter-terrorism, piracy, cyber security and disaster relief. Supporters of the arrangements have argued for them to be strengthened, including seeking greater interoperability of the FPDA countries’ military forces, and playing a greater role in regional maritime security, potentially involving consultation with non-FPDA members.¹¹¹

47. In addition to the freedom of navigation issue discussed above, the broader context for these developments is that China and the UK disagree significantly over the role of alliances in regional security. As we heard one senior Chinese official phrase it in Beijing, China promotes “partnership, not alliance”. China particularly opposes US alliances in the region, which it sees, as Professor Katherine Morton put it, “as a bulwark against the advancement of Chinese strategic interests”.¹¹²

48. Kevin Rudd told us that a greater UK military presence in the region would be welcome, and that “it is incumbent on those who wish to maintain the continuing robust, forward-leaning Western presence in multiple theatres around the world to physically be there, not simply declare that you are from time to time”.¹¹³ In an interview with the *Sunday Telegraph* in December 2018, Defence Secretary Gavin Williamson said that he was

very much looking at how can we get as much of our resources forward based, actually creating a deterrent but also taking a British presence. We are looking at those opportunities not just in the Far East but also in the Caribbean as well.¹¹⁴

109 See [UK-Japan Foreign and Defence Ministerial Meeting 2017 - Joint Statement](#), 15 December 2017; and [UK-India Joint Statement during the visit of Prime Minister to UK](#), Indian Ministry of External Affairs, 18 April 2018. The UK-Indian joint statement refers to a “secure, free, open, inclusive and prosperous Indo-Pacific”.

110 [Q203](#)

111 See, for example, Tim Huxley, [Developing the Five Power Defence Arrangements](#), IISS, 1 June 2017

112 Professor Katherine Morton ([CHI0039](#))

113 [Q80](#)

114 [Britain to become ‘true global player’ post-Brexit with military bases in South East Asia and Caribbean, says Defence Secretary](#), Daily Telegraph, 30 December 2018

A “source close to Mr Williamson” told the *Sunday Telegraph* that new UK bases “could be sited in Singapore or Brunei in the South China Sea”.¹¹⁵ We asked the Minister whether the Defence Secretary’s remarks had been coordinated with the FCO. He said that although he had not been party to discussions between the FCO and MOD on the issue, he understood that they had taken place.¹¹⁶

49. In a speech to the Royal United Services Institute in February 2019, the Defence Secretary announced that “the first operational mission of the HMS Queen Elizabeth will include the Mediterranean, the Middle East and the Pacific region”. The same speech included a reference to the need for Global Britain to mean taking “action to oppose those who flout international law”.¹¹⁷ The speech was widely reported in the UK press as sending a strategic message to China, and it was subsequently reported that the speech had led the Chinese government to cancel a scheduled visit by the Chancellor of the Exchequer to Beijing.¹¹⁸ The Chancellor commented on BBC Radio 4’s Today programme that the UK-China bilateral relationship is “complex” and “hasn’t been made simpler by Chinese concerns about Royal Navy deployments in the South China Sea”. He further commented that:

The aircraft carrier isn’t going to be at full operational readiness for another couple of years, no decisions have been made or even discussed about where its early deployments might be. And when those decisions are made, they’ll be made in the National Security Council.¹¹⁹

In March 2019, the Chinese Ambassador to the UK published an op-ed in the *Daily Telegraph* claiming that freedom of navigation “has long been an excuse for certain Western politicians to flex their military muscles by sending naval vessels to the South China Sea”. He stated that some countries “still choose to steer their navy warships close to the waters adjacent to China’s islands and reefs” and that some “even illegally enter China’s territorial waters”. Referring to the Government’s ambition for Global Britain, the Chinese Ambassador called for the UK to make an “active contribution to world peace and development, rather than the old-fashioned gunboat diplomacy I have heard being suggested in some quarters”.¹²⁰

50. 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

115 [Britain to become ‘true global player’ post-Brexit with military bases in South East Asia and Caribbean, says Defence Secretary](#), *Daily Telegraph*, 30 December 2018. This appeared to be information that had not previously been announced in public, although it was announced in 2016 that a new regional British Defence Staff—a much less significant measure than a new base—would be established in Singapore. [Britain extends global Defence reach](#), Ministry of Defence, 12 December 2016

116 [Qq209–210](#)

117 The Rt Hon Gavin Williamson MP, [Defence in Global Britain](#), speech at RUSI, 11 February 2019

118 See, for example, George Parker and Henry Mance, [‘Gunboat diplomacy’ dispute upsets UK trade mission to China](#), *Financial Times*, 15 February 2019

119 [Today](#), BBC Radio 4, 21 February 2019

120 Ambassador Liu Xiaoming, [‘Gunboat diplomacy’ does not promote peace](#), *Daily Telegraph*, 20 March 2019

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.

51. *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.*

Taiwan

52. The UK recognised the People's Republic of China as the sole legal government of China in 1972, and acknowledged the Chinese position that Taiwan is a province of the PRC. Since then, the UK has not engaged with Taiwan on a government to government basis. Since the election of Taiwanese President Tsai Ing-Wen in 2016, China has taken an increasingly assertive posture towards Taiwan, pressuring Western companies not to refer to Taiwan in a way which implies it has sovereign status, opposing official contacts with the Taiwanese government, and urging countries to recognise China instead of Taiwan. A Chinese policy paper on the European Union issued in 2018 is representative of this assertive posture.¹²¹ In January 2018, we wrote to the Foreign Secretary to express concern when China's civil aviation authority approved new flight routes over Taiwan without consulting Taipei. The Foreign Secretary said in response that the Government encouraged both sides to settle such matters through dialogue and that “on the issue of cross-Straits relations, we are concerned by any move which creates tensions”.¹²²

53. The Minister told us “Obviously, one has recognised the sense in which the space for Taiwan is being crowded out on the international stage” and referred to pressure from China on countries to rescind recognition of Taiwan. He said “the change of Government in Taiwan in the last 18 months or so has had an impact on relations” between the

121 The paper states: “The EU should explicitly oppose ‘Taiwan independence’ in any form, support China’s peaceful reunification, and handle Taiwan-related issues with prudence. Exchanges between the EU and Taiwan should be strictly limited to nonofficial and people-to-people activities, and there should be no official contact or exchanges in any form. The EU should refrain from signing with Taiwan any agreement with sovereign implications or official in nature. No institutions of an official nature should be established. The EU should not endorse Taiwan’s membership in any international organization where statehood is required, not sell Taiwan any weapons or any equipment, materials or technologies that can be used for military purposes, and not carry out military exchanges or cooperation in any form.” [Full text of China’s Policy Paper on the European Union](#), Xinhua, 18 December 2018

122 [Letter from the Foreign Secretary to the Chair](#), 9 February 2018

two sides, “so we step back. We want dialogue to ensure that those relations remain as cordial as possible”.¹²³ In answer to a written question in 2017, the Government said that it “support[s] Taiwanese 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.”¹²⁴

54. 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.

123 [Q223](#)

124 [Taiwan: World Health Organisation](#), HC Deb 19 July 2017 4281W

4 China's approach to global governance

Global trade and the WTO

55. We heard very clearly in Beijing that China acknowledges the international economic order as one which has brought it considerable benefits—and in particular that China's membership of the World Trade Organization (WTO) has underpinned a spectacular era of growth. We also heard that China is keen to affirm the centrality of the WTO in global trade, and that China deplores the United States' use of punitive tariffs in their bilateral trade dispute, as opposed to the WTO's dispute mechanisms. However, our interlocutors in Beijing emphasised that China still seeks WTO reform, with an emphasis on increasing the voice of developing countries.

56. From our witnesses, we heard mixed evidence about China's progress in implementing the commitments it made when it joined the WTO. Dr Kobayashi pointed out that China's accession protocol was the “longest ever” in the WTO's history, and “had transparency commitments going beyond what exactly WTO ensures”, reflecting the fact that China's “start line” was “very far” from WTO standards.¹²⁵ Dr Kobayashi argued that China has adopted “significant measures, if you look at basic regulatory standards. They did not have competition law; now they have an anti-monopoly law, which is a huge step ... I think you have to see this as a kind of progression.”¹²⁶ Dr Knoerich told us that in “many areas, China did implement what they committed to when they entered, but there are lingering areas where they have not”. China has, he told us, “selected aspects that work well, and waited and kept back on other aspects, even when China might have committed to them—for example, allowing market access in certain sectors, such as finance and telecommunications, which they had to some degree agreed to”.¹²⁷ Kevin Rudd told us that objective analysis of China's membership of the WTO would produce a “mixed picture”, highlighting two specific areas in need of change in China's approach: intellectual property protections, and “the range of administrative mechanisms that China deploys as non-tariff barriers”.¹²⁸ George Magnus made similar comments, noting that the United States “may be clumsy in the way that it is going about dealing with China at the moment [by applying punitive tariffs], but it is fundamentally not wrong” in drawing attention to the difficulty of getting market access in China, including for services.¹²⁹

57. Dr Scott Kennedy, Senior Adviser of Freeman Chair in China Studies at CSIS, argued in written evidence that China is “probably content with over 90% of the WTO's current rules”, noting that China has been able to take advantage of the differential treatment afforded to developing countries, and that “the existing rules for all WTO members place relatively limited constraints on Chinese industrial policy”. Dr Kennedy said that China has had to “scale back explicit state-directed planning”, but that it had used other rules in defence of its interests, and even when it lost cases it had found ways not to fundamentally liberalise its domestic industry.¹³⁰ Dr Kennedy suggested that China would in future seek

125 [Q4](#)

126 [Q5](#)

127 [Q8](#)

128 [Qq75–76](#)

129 See [Q6](#) and [Q21](#)

130 Scott Kennedy ([CIR0027](#))

to avoid new constraints on industrial subsidies or state-owned enterprises, and would not want the WTO or other bodies to “expand deeply into competition policy” or adopt rules that would constrain its ability to control the internet.¹³¹

58. The Minister told us of various concerns relating to China’s economic and trade practices, including “burdensome and uneven conditions” facing UK companies in China, such as the requirement to create joint ventures as a condition of market access in China, which is not reciprocated for Chinese companies entering the UK market.¹³² In a March 2019 speech in Washington DC, EU Trade Commissioner Cecilia Malmström said that the Chinese state had “undue” influence in the economy: “economic diplomacy can be used as a threat or a reward, the intellectual property of our companies is stolen, and state subsidies, either direct or indirect, are common.”¹³³

59. **China has benefited greatly from its membership of the 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.**

60. *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.*

International human rights mechanisms

61. Because this inquiry was designed to examine China’s engagement with the international rules-based system, China’s domestic human rights record was not initially a primary focus. Nevertheless, we received extensive evidence that China’s domestic human rights record is indeed poor and worsening, including a tightening of censorship, a crackdown on human rights activists and lawyers, targeting of student Marxist protestors, and repression in Tibet.¹³⁴ Most concerning of all is the developing situation in Xinjiang, which Professor Tsang told us was on a scale not seen since the end of Chairman Mao’s time in power.¹³⁵ The UK Government’s own assessment is that “over a million Uighurs

131 Scott Kennedy ([CIR0027](#))

132 [Q212](#)

133 Cecilia Malmström, [The Next Transatlantic Project](#), speech at Georgetown University, 7 March 2019

134 See Scottish Centre for Himalayan Research ([CIR0005](#)), Human Rights Watch ([CIR0006](#)), Free Tibet ([CIR0016](#)), and Professor Eva Pils ([CIR0029](#)).

135 [Q113](#)

and other minorities” have suffered oppression in Xinjiang, through detention in “political re-education” camps, extensive cultural restrictions, and monitoring through “extensive use of sophisticated technologies ... supported by a heavy police presence”.¹³⁶ The experts we spoke to found the allegations of the scale and severity of China’s repression of the Uighur population to be credible.¹³⁷ There have also been extensive reports that advanced surveillance technologies are being tested and used in Xinjiang to monitor the Uighur population, for application elsewhere in China and potential export to other countries.¹³⁸ This was a clear preoccupation of informed international observers we spoke to in Beijing, and it is one that the UK Government shares. The Minister told us that the Government’s “particular worry is for the implications of the surveillance and monitoring; presumably, if they are focused on 1 million dissidents, as the Chinese authorities might see it, they could be pushed out to a far larger number of people”.¹³⁹

62. Professor Pils noted that the Chinese government’s defence for its actions in Xinjiang is to present it as a “response to terrorism”.¹⁴⁰ We asked witnesses whether this might in fact backfire, breeding resentment and potentially fuelling violent extremism. Professor Tsang agreed, telling us that China “will end up with a scale of Islamist terrorism that will make the one that we face dwarf into insignificance.”¹⁴¹

63. The Chinese constitution states that “The State respects and preserves human rights”; that citizens “enjoy freedom of speech, of the press, of assembly, of association, of procession and of demonstration” and “enjoy freedom of religious belief”; and that “freedom of the person is inviolable”.¹⁴² When we expressed our concerns about human rights in Beijing, we were reminded again of China’s unique achievement in pulling 800 million people out of poverty, and asked to respect the fact that China has a different conception of human rights, deriving from its distinct history. We have sympathy with the argument that China’s extraordinary economic achievements represent a form of progress on human rights in itself. However, as multiple evidence submissions to this inquiry made clear, this line of argument from China appears to be used as a way of deflecting valid criticisms, and to promote alternative international human-rights norms which lead to less criticism of China for its repression of individual and political freedoms.

64. Professor Eva Pils told us China is

increasingly attempting to use the UN-based mechanisms in which it participates to manipulate how human rights norms are internationally understood. In my view, it does so with a clear purpose of undermining the principle of universality, which is central to the practical functioning of public international human rights law, of weakening the principle of freedom of speech and associated rights within the human rights system,

136 [Human Rights: Xinjiang](#), HC Deb, 29 January 2019, c343WH

137 [Qq113–121](#)

138 See, for example, [China: Big Data Fuels Crackdown in Minority Region](#), Human Rights Watch, 26 February 2018; and [Data leak reveals China is tracking almost 2.6m people in Xinjiang](#), Financial Times, 16 February 2019; Charles Parton, [China’s bigger brother](#), The World Today, August/September 2018; and Sui-Lee Wee, [China Uses DNA to Track Its People, With the Help of American Expertise](#), New York Times, 21 February 2019

139 [Q187](#)

140 [Q114](#). See also Didi Tang, [Muslim detention camps help the war on terror, claims China](#), The Times, 19 March 2019

141 [Q116](#)

142 [Constitution of the People’s Republic of China](#), Articles 33, 35, 36 and 37

and of undermining the legitimacy of human rights defenders, whom it tends to portray as subversive and whom it subjects to systematic and increasingly vicious persecution.¹⁴³

65. Witnesses drew our attention to the December 2017 “South-South Human Rights Forum” hosted by Xi Jinping in Beijing, with what Chinese authorities said was the participation of more than 300 representatives of over 70 countries. The forum resulted in a statement labelled the “Beijing Declaration”, which stated that each country should “choose a human rights development path or guarantee model that suits its specific conditions”; emphasised that “all civilizations should be recognized as equal and should be respected”; and asserted that “all countries, big or small, have the right to determine their political systems, control and freely use their own resources, and independently pursue their own economic, social and cultural development”.¹⁴⁴ This represents an alternative vision of human rights, more favourable to China and potentially at odds with the universality of human rights, including political and individual rights.¹⁴⁵

66. At China’s Universal Periodic Review (UPR) at the UN Human Rights Council in November 2018, the UK noted that political and civil rights in China have deteriorated, and said it was “very concerned about the treatment of ethnic minorities—including Uyghurs and Tibetans”. The UK recommended that China ratify the International Labour Organisation’s Forced Labour Convention and its 2014 Protocol, implement the recommendations by the UN Committee on the Elimination of Racial Discrimination on Xinjiang, and allow the UN to monitor their implementation, and ratify the International Covenant on Civil and Political Rights.¹⁴⁶ In its response to the UPR, China rejected the UK’s recommendations, along with several others made by participating countries.¹⁴⁷ Our witnesses also noted that China has taken an increasingly activist role at the Human Rights Council to ensure that its interests are protected, and had achieved apparent success in enlisting other countries’ support for its positions and deflecting criticism.¹⁴⁸

67. 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.

68. 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.

143 Professor Eva Pils ([CIR0029](#))

144 [Full text of Beijing Declaration adopted by the First South-South Human Rights Forum](#), Xinhua, 8 December 2017

145 The FCO also referred in its written submission to China’s diplomatic efforts to promote an alternative view of human rights. Foreign and Commonwealth Office ([CIR0018](#))

146 [Universal Periodic Review 31: China](#), UK Mission to the UN Geneva, 6 November 2018

147 Report of the Working Group on the Universal Periodic Review, China, Addendum, [Views on conclusions and/or recommendations, voluntary commitments and replies presented by the State under review](#), 15 February 2019, A/HRC/40/6/Add. 1

148 See [Q101](#); and Professor Eva Pils ([CIR0029](#))

69. 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.

70. 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.

Cooperation in multilateral fora

71. The FCO told us that “Bilaterally, and as permanent members of the UN Security Council, we engage extensively with China on a range of threats to international security”.¹⁴⁹ A major divergence between China and the UK on the UN Security Council has been over Syria, where China has largely supported Russian positions opposing intervention, which the Syrian government was against, to resolve the conflict and hold those responsible for serious violations of human rights and international humanitarian law to account. This reflects China's acute concerns about state sovereignty and what it sees as the right of governments to maintain order. The FCO noted that although China's preference for consensus “means it has used its veto less often than any other P5 member, eight of its eleven vetoes [as of January 2018] have come since 2007, and the last six related to Syria”.¹⁵⁰

72. China has also supported Russian positions on the related issue of chemical weapons use, both over Syria and following the Salisbury attack in the UK. We were struck, in our conversations in Beijing, by the strength of alignment in world views between China and Russia on such topics. For example, we were told that the UK-Russia dispute over Salisbury was, as one influential interlocutor put it, a question of “he said, she said”—despite the compelling evidence presented by the UK and corroborated by the Organisation for the Prohibition of Chemical Weapons (OPCW). It was also reported in the media in December 2018 that China and Russia had boycotted talks on a UK draft resolution at the Security Council to address the Rohingya crisis in Myanmar.¹⁵¹ Although there are significant

149 Foreign and Commonwealth Office ([CIR0018](#))

150 Foreign and Commonwealth Office ([CIR0018](#))

151 Reuters, [U.N. Security Council mulls Myanmar action; Russia, China boycott talks](#), 17 December 2018

political differences between China and Russia, our witnesses were confident that the two countries' alignment in international fora was likely to continue, for reasons on China's side including energy needs, support on governance issues such as cyber sovereignty, support for warding off human rights criticism, and military exercises that improve China's performance in using its forces and modern equipment.¹⁵²

73. The FCO presented in its written submission a number of success stories in UK-China cooperation in multilateral contexts. The most significant is climate change. As the FCO observed, "President Xi has been vocal in his support for the Paris Agreement, and China pressed in multilateral fora for early ratification. Following the US announcement to withdraw, China reaffirmed its commitment and willingness to work with all countries to promote low carbon sustainable growth, and China will play an important role in the negotiations to determine how the Paris Agreement will be implemented".¹⁵³ We got a clear sense in Beijing of the importance China attaches to this issue, including the link it sees between domestic and international environmental concerns.

74. On nuclear non-proliferation, the FCO rightly observed China's important role as a signatory to the Joint Comprehensive Plan of Action (JCPOA) on Iran's nuclear programme. On public health, there are significant joint UK-China projects to develop bilateral partnerships between public and private healthcare institutions in both countries,¹⁵⁴ including a recently announced initiative to tackle the problem of antimicrobial resistance.¹⁵⁵ On the illegal wildlife trade, Mark Field told us that the conference the UK had hosted in October 2018 had seen a "recognition from China of the importance of dealing with illegal wildlife trading."¹⁵⁶ He presented this as an example of an area where "if you scratch beneath the surface, you can suddenly begin to develop a body of trust and good will where you can work together, where values and interests begin to coincide."¹⁵⁷

75. Across all these areas, we believe the key question for UK policy is not simply whether the UK and China can work together on things China agrees with, but instead whether the UK has any influence in shifting China's positions on issues where the UK and China disagree. We asked the Minister to provide an example of a policy area where the UK had managed to change China's mind. His initial response was that "off hand, I can't directly", but he then spoke of China's recognition of the importance of action against climate change.¹⁵⁸

76. 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

152 [Qq22-24](#)

153 Foreign and Commonwealth Office ([CIR0018](#))

154 See HealthcareUK, [China and the UK: Partners in healthcare](#), 2014

155 Department of Health and Social Care, [UK-China partnerships against antimicrobial resistance get funding](#), 24 January 2019

156 [Q173](#)

157 [Q173](#)

158 [Q179](#)

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.

77. 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.

5 Hong Kong

The standing and importance of the Joint Declaration

78. On 19 December 1984, the governments of the UK and the People's Republic of China signed the Sino-British Joint Declaration. The Joint Declaration paved the way for the handover of Hong Kong to Chinese sovereignty on 1 July 1997, establishing principles under which Hong Kong would be governed as a Special Administrative Region (SAR) of China. Although the Joint Declaration stated that Hong Kong SAR would be “directly under the authority of the Central People's Government” of China, it also established that the SAR would “enjoy a high degree of autonomy, except in foreign and defence affairs” and be “vested with executive, legislative and independent judicial power”. The treaty declared that the social and economic systems of Hong Kong would remain unchanged for 50 years following the handover, as would its existing rights, freedoms and “life-style”. Hong Kong would retain its own currency, and autonomy over customs, taxation, and the maintenance of cultural and economic relations with third states and authorities. The concept of Hong Kong being part of China while preserving its autonomy is known as “One Country, Two Systems”. The provisions of the Joint Declaration are enshrined in Hong Kong's Basic Law, and since 1997 the UK has monitored its implementation via Six-Monthly Reports presented to Parliament by the Foreign Secretary.

79. The FCO said in its written submission to this inquiry that the Joint Declaration “remains as valid today as it did when it was signed over thirty years ago”, and that “[i]n response to challenges from some Chinese officials about the status of the Joint Declaration, we have been unequivocal about our position both publicly and privately with the Chinese Government”.¹⁵⁹ One such challenge came at the time of the 20th anniversary of the Hong Kong handover in response to remarks by then-Foreign Secretary Boris Johnson. A Chinese Foreign Ministry spokesman said “the arrangements during the transitional period prescribed in the Sino-British Joint Declaration are now history and of no practical significance, nor are they binding on the Chinese central government's administration of the Hong Kong SAR.”¹⁶⁰ A Chinese Foreign Ministry official a week later reportedly clarified that China had “never denied the fact that the joint declaration is a treaty”, and said the joint declaration is “not without binding effect”.¹⁶¹

80. The Chinese government maintains that it continues to uphold “One Country, Two Systems” and the Basic Law. However, in response to the September 2018 Six-Monthly Report, the Chinese Ministry of Foreign Affairs commented:

It is ridiculous for the UK to pose itself as a supervisor and make irresponsible remarks on Hong Kong affairs. The Chinese side can by no means accept that. China has stressed many times that Hong Kong affairs fall within China's domestic affairs, which brook no interference from any foreign country. The so-called “responsibility” that the British side claimed for Hong Kong does not exist. We are strongly dissatisfied with and firmly

159 Foreign and Commonwealth Office ([CIR0018](#))

160 [Foreign Ministry Spokesperson Lu Kang's Regular Press Conference on June 30, 2017](#), Ministry of Foreign Affairs of the People's Republic of China

161 Joyce Ng, [Beijing says Sino-British treaty on Hong Kong handover still binding but does not allow UK to interfere](#), South China Morning Post, 8 July 2017 .

opposed to the British government regularly issuing the so-called biannual report on Hong Kong and making presumptuous remarks on Hong Kong affairs.¹⁶²

81. We asked witnesses about the standing of the Joint Declaration. Lord Patten, the last British Governor of Hong Kong, told us “One Country, Two Systems” had been a “brilliant way” of resolving China and the UK’s political considerations in the lead-up to the handover. He said that in the first decade after the handover, China had “rowed back” on some commitments on democratic reform but that “Hong Kong still had a great sense of citizenship and still had a good balance between economic and political freedom.”¹⁶³ Professor Sebastian Veg, of the School of Advanced Studies in the Social Sciences (EHES), Paris, cautioned, however, that the letter of the Joint Declaration does not provide a firm basis for action in support of Hong Kong’s autonomy, because the assurances enshrined in the declaration “are very weak”, and because it does not specify a dispute-resolution mechanism.¹⁶⁴

82. This caveat notwithstanding, we were told by a number of our interlocutors in Hong Kong that, even though the UK may have few legally binding means to enforce proper adherence to the Joint Declaration, it remains important for the UK to speak up, privately and publicly, in defence of the autonomy promised to Hong Kong. Back in London, Lord Patten told us that the implementation of the Joint Declaration, as a UN-registered treaty, is an important indicator of China’s attitude to the rules-based international system, and that “if you cannot believe that the Chinese will keep their word on the Joint Declaration and that particular treaty, why should you believe that they will keep their word on other things?”¹⁶⁵ Hong Kong Watch made a similar comment.¹⁶⁶ In oral evidence, the Minister emphasised that the Joint Declaration is a “legally binding treaty ... registered with the UN”, and said that the Government “take very seriously our duty to uphold the faithful implementation of that deal”.¹⁶⁷

83. The UK also has responsibilities towards British citizens facing persecution, such as Lee Po, a Hong Kong-based bookseller who in 2015 “was ‘involuntarily removed’ to mainland China from Hong Kong without any due process under Hong Kong SAR law”.¹⁶⁸

Hong Kong’s autonomy

84. Witnesses told us of concerns about Hong Kong’s autonomy. Professor Veg told us “I would not say that China has openly breached the text of the Joint Declaration or the Basic Law, but it has, as you say, watered down, tried to circumvent and tried to change the meaning of various commitments”.¹⁶⁹ Specific concerns he raised included intervention from Beijing on the exercise of the rule of law in Hong Kong; the elaboration by Beijing of a concept of “comprehensive jurisdiction”; the banning of the Hong Kong National Party under the Societies Ordinance; and the use and adjudication of the Public Order

162 [Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference on September 7, 2018](#), Ministry of Foreign Affairs of the People’s Republic of China

163 [Q135](#)

164 See [Q129](#) and Professor Sebastian Veg ([CIR0030](#))

165 [Q139](#)

166 Hong Kong Watch ([CIR0021](#))

167 [Q220](#)

168 Foreign and Commonwealth Office ([CIR0018](#))

169 [Q129](#)

Ordinance.¹⁷⁰ Lord Patten told us that the Chinese government’s crackdown in Hong Kong mirrored Xi Jinping’s approach to governance on the mainland: “The United Front became more active, the Joint Liaison Office became more active and there was a general tightening of control over all those aspects of Hong Kong’s system ... [T]he rule of law, free speech—all the freedoms we associate with pluralism.”¹⁷¹

85. Professor Tsang told us that the people of Hong Kong did not have confidence in its autonomy being maintained, with more people, particularly younger people, looking to emigrate from Hong Kong that at any time since 1997.¹⁷² This is the result of a tightening of control which Hong Kong Watch told us was “breaking the Basic Law in word and spirit and thus violat[ing] the Sino-British Joint Declaration”.¹⁷³ Human Rights Watch told us that civil liberties in Hong Kong “are increasingly being undermined by the growing interference of the central government”, and “[o]pposition political parties and their supporters [are facing] greater harassment from authorities”.¹⁷⁴ The Hong Kong Civil Hub told us that the Chinese government is using Hong Kong as a “testing ground” for what it calls China’s “sharp power”, using different tools to “pressurise, neutralise, weaken or silence any constraining power [on Chinese Communist rule] that is still active in Hong Kong”.¹⁷⁵

86. In the Government’s most recent Six-Monthly Report on Hong Kong, the Foreign Secretary concluded that “most provisions of the Joint Declaration are being implemented faithfully, and that ‘One Country, Two Systems’ generally continues to function well”. He was concerned, however, “about continued pressure on Hong Kong’s high degree of autonomy and on the rights and freedoms guaranteed by the Joint Declaration and enshrined in the Basic Law.”¹⁷⁶ He highlighted in particular the rejection of pro-democracy activist Agnes Chow’s nomination for a Legislative Council by-election, a ruling of the High Court that said that Returning Officers have substantive powers to block prospective candidates if they are believed not to be sincere in their pledge to uphold the Basic Law; the imposition of a custodial sentence on two former pro-democracy legislators; and growing concern about freedom of expression.¹⁷⁷ The Joint Committee on Human Rights’s recent inquiry into human rights protections in international agreements also received several submissions stating concerns about the degree of protection of human rights offered by the Joint Declaration and about the adequacy of enforcement of the Joint Declaration.¹⁷⁸

China’s central government and Hong Kong’s rule of law

87. Among nearly all the people we spoke to in Hong Kong, there was agreement that confidence in the rule of law is essential to Hong Kong’s future as a free society and dynamic economy. Hong Kong’s judges are appointed by the Chief Executive based on recommendations from a panel comprising the Justice Secretary, current judges and

170 [Qq129–130](#)

171 [Q135](#)

172 [Q131](#)

173 Hong Kong Watch ([CIR0021](#))

174 Human Rights Watch ([CIR0006](#))

175 Hong Kong Civil Hub ([CIR0025](#))

176 [Six-Monthly Report on Hong Kong: 1 January to 30 June 2018](#), Deposited in Parliament by the Secretary of State for Foreign and Commonwealth Affairs, September 2018

177 [Six-Monthly Report on Hong Kong: 1 January to 30 June 2018](#), Deposited in Parliament by the Secretary of State for Foreign and Commonwealth Affairs, September 2018

178 Joint Committee on Human Rights, [Human Rights Protections in International Agreements](#), Seventeenth Report of Session 2017–19, HC 1833, 12 March 2019, paragraphs 71–75

lawyers, and members of the public. This, combined with the use of common law in the British tradition, as distinct from the civil law of mainland China, has traditionally given the judiciary considerable independence from Beijing. Hong Kong also appoints foreign judges, including British judges (most recently Baroness Hale), to sit on its Court of Final Appeal. However, the Standing Committee of the Chinese National People's Congress has the power to interpret Hong Kong's Basic Law, and the Hong Kong judiciary must take its interpretations into account. There have only been five such interpretations issued since the handover.

88. In evidence to this inquiry, Professor Veg, Hong Kong Watch and the Hong Kong Civil Hub drew our attention to an interpretation of the Basic Law by the NPC Standing Committee in November 2016, which they considered exceptional. The case surrounded the invalidation of the oaths of office of two pro-democracy lawmakers, who had modified their oaths during the swearing-in ceremony as a sign of dissent towards Beijing. When their case was taken to judicial review in Hong Kong, the Standing Committee issued an interpretation of Article 104 of the Basic Law, specifying the requirements that had to be met for an oath to be valid.¹⁷⁹ In terms of the rule of law, the point at issue in this matter is not the specific question of whether a modified oath is valid. Lord Patten told us that, on being asked about the swearing-in controversy, he had observed: "Well, you couldn't do it in the House of Commons, so why am I supposed to support it in Hong Kong?"¹⁸⁰ Instead, the particular concern about this interpretation was the manner in which it had been made. Professor Veg emphasised that this was only the second time that an interpretation had been issued without being solicited by a Hong Kong court, and the first time that one had been issued during an ongoing trial.¹⁸¹ He explained the significance: "Basically, something that was conceived as a supreme court mechanism is stepping in to preclude the outcome of a court case that is ongoing at a lower level. That is something that we can safely say is not within the spirit of the Basic Law, although it is not against the letter of the Basic Law."¹⁸²

89. Since the 2016 interpretation, a number of issues have given rise to concern about the potential for intervention by the Chinese government in the rule of law in Hong Kong, including several ongoing cases and disputes relating to candidates' eligibility for office; the possible enacting of new national security laws; a legal dispute over the co-location of Chinese officials at a new high-speed rail terminus; and the bringing forward of legislation for extradition, including to the Chinese mainland. In the 2019 World Justice Project Rule of Law Index, Hong Kong was ranked 16th out of 126 countries surveyed, unchanged from 2018.¹⁸³ The Minister told us that he had raised concerns about the rule of law with

179 [Interpretation of Article 104 of the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China by the Standing Committee of the National People's Congress \(Adopted by the Standing Committee of the Twelfth National People's Congress at its Twenty-fourth Session on 7 November 2016\)](#)

180 [Q149](#)

181 [Q129](#)

182 See [Q129](#). In a speech to the Foreign Correspondents' Association of Hong Kong in 2018, Philip Dykes SC, Head of the Hong Kong Bar Association, reflected: "The interpretation was, in my view, a way of securing a preferred outcome with no risk of a possible embarrassing divergence of views from a judge. The real risk to Hong Kong now is that individuals and bodies will make clear their preferred outcome in legal matters involving the Basic Law in the confident expectation that the Standing Committee will chime in with a convenient interpretation that accords with that preference." See <https://www.youtube.com/watch?v=l653vDMbuSw>

183 [World Justice Project Rule of Law Index 2019](#)

Hong Kong Chief Secretary Matthew Cheung during a visit there in November 2018. However, he assessed that “[d]espite the recent challenges, I believe that the rule of law remains robust”.¹⁸⁴

90. For many observers, confidence in the current operation of the rule of law is not matched by confidence in its future. As the FCO noted in its Six-Monthly Report, a Reuters article in March 2018 carried anonymous quotes from Hong Kong judges who believed that interpretations from the Standing Committee were likely to restrict their freedom of action. One judge reportedly said “There is a marked climate of unease among my peers” that “wasn’t there a few years ago”.¹⁸⁵ In our conversations in Hong Kong, we gained a similar impression: informed interlocutors expressed confidence in the current state of the rule of law, but expressed a growing fear about its future.

Hong Kong independence activists and the SAR’s response

91. A small number of pro-democracy political leaders and activists support independence for Hong Kong. The Hong Kong government stated in March 2016 that “Any suggestion that Hong Kong should be independent or any movement to advocate such ‘independence’ is against the Basic Law, and will undermine the stability and prosperity of Hong Kong and impair the interest of the general public”.¹⁸⁶ In August 2016, Hong Kong’s first major pro-independence rally was held, organised by the Hong Kong National Party (HKNP). Following the rally, a Chinese central government spokesperson was reported as saying that advocating Hong Kong independence is “firmly opposed by all Chinese people”, and “a serious violation of the country’s constitution, Hong Kong’s Basic Law and the relevant existing laws”.¹⁸⁷

92. On 24 September 2018, the Hong Kong Government announced that the HKNP was to be banned under the Societies Ordinance, citing a threat to national security.¹⁸⁸ The FCO had previously told us in its written submission that the Government “has made clear that we do not see independence as a realistic option for Hong Kong and that ‘One Country, Two Systems’ is the best system and we hope it can continue long into the future.”¹⁸⁹ The Foreign Secretary told us that the banning of the HKNP “gives rise to concerns about the rights and freedoms protected by the Joint Declaration”, but was not a breach of the Joint Declaration itself. However, he said the Government “[does] not accept the argument that it is “unconstitutional” to express support for, or advocate, changing the constitutional order”, and noted that the Hong Kong people’s freedom of expression is protected by the Basic Law, the Hong Kong Bill of Rights, the Joint Declaration and the International Covenant on Civil and Political Rights. The Foreign Secretary said the Government has raised concerns over this matter with “senior members” of the Hong Kong government, including the Chief Secretary.¹⁹⁰

184 [Q222](#)

185 [Hong Kong’s judges voice fears over China influence in judiciary](#), Reuters, 15 March 2018

186 [Hong Kong SAR Government statement](#), 30 March 2016

187 Phila Siu, [Beijing slams creation of Hong Kong independence party, saying it endangers national security](#), South China Morning Post, 30 March 2016. The Chinese Ambassador to the UK also wrote an op-ed for the *Daily Telegraph* arguing that no country would “permit indulgence towards attempts that openly betray and insult one’s own country and nation”. See [The Daily Telegraph Publishes A Signed Article by Ambassador Liu Xiaoming Entitled “Oath-deniers are violating Hong Kong’s law”](#), Chinese Embassy in the UK, 21 November 2016

188 [Gov’t orders group banned](#), Hong Kong SAR Government, 24 September 2018

189 Foreign and Commonwealth Office ([CIR0018](#))

190 [Letter from the Foreign Secretary to the Chair](#), 4 December 2018

93. In October 2018, the Hong Kong Government refused a visa renewal for the Financial Times' Asia editor Victor Mallet, a decision seen as being motivated by Mr Mallet's chairing of a discussion meeting with HKNP leader Andy Chan in August.¹⁹¹ The Foreign Secretary told us that he had publicly called on the Hong Kong authorities to reconsider their decision; that the UK Consul General had sought an explanation for the refusal; and that Mark Field visited Hong Kong in November and raised the UK's concerns with Chief Secretary Matthew Cheung, noting that the decision risked undermining business confidence.¹⁹² The American Chamber of Commerce in Hong Kong and the British Chamber both expressed concerns about the decision.¹⁹³

94. 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.

95. 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.

96. 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.

97. 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.

191 [Financial Times journalist's visa renewal denied by Hong Kong](#), Financial Times, 7 October 2018

192 [Letter from the Foreign Secretary to the Chair](#), 4 December 2018

193 See American Chamber of Commerce in Hong Kong, [AmCham statement regarding the non-renewal of FT Editor Victor Mallet's visa](#), 8 October 2018 and British Chamber of Commerce in Hong Kong, [Statement Regarding the Non-renewal of Victor Mallet's Work Visa](#), 12 October 2018

6 Engagement and interference

Cyber security and critical national infrastructure

98. During the course of this inquiry, the issue of Chinese telecoms company Huawei's potential involvement in the UK's planned 5G infrastructure became a matter of high-profile public debate. The Chief of the Secret Intelligence Service, Alex Younger, said in public remarks in December 2018 that "We need to decide the extent to which we are going to be comfortable with Chinese ownership of these technologies and these platforms in an environment where some of our allies have taken quite a definite position".¹⁹⁴ The Defence Secretary later that month expressed his "very deep concerns" about Huawei's involvement in the UK's 5G upgrade.¹⁹⁵ The UK's allies in the five-eyes intelligence partnership have already been wrestling with this issue. In August 2018, amended criteria issued by the Australian government effectively banned Huawei and fellow Chinese company ZTE from providing 5G technology for Australia's phone networks.¹⁹⁶ New Zealand has blocked a proposal for its main mobile carrier, Spark, to buy Huawei 5G technology.¹⁹⁷ The United States has banned Huawei and ZTE equipment from government networks, and banned government agencies from contracting with suppliers that use its equipment.¹⁹⁸ In February 2019, US Secretary of State Mike Pompeo said the United States had for some months been "making sure ... that countries understand the risks of putting this Huawei technology into their IT systems", citing security and privacy risks. He said that "if a country adopts this [Huawei technology] and puts it in some of their critical information systems, we won't be able to share information with them".¹⁹⁹

99. Huawei has had involvement in the UK's telecommunications infrastructure since the early 2000s, when BT awarded it a contract to supply some transmission equipment. In 2013 the Intelligence and Security Committee concluded that "the process for considering national security issues at that time was insufficiently robust".²⁰⁰ Huawei's current involvement in UK telecoms is moderated through the operation of the Huawei Cyber Security Evaluation Centre (HCSEC, also known as the "Cell"). HCSEC, based in Banbury, is a joint initiative between Huawei and the UK Government to provide insight into Huawei's technology and activities, with the aim of providing assurances that the use of Huawei equipment and code does not pose security risks to the UK. An HCSEC Oversight Board, established in 2014 and chaired by the CEO of the UK's National Cyber Security Centre (now a public-facing part of GCHQ), reports annually on HCSEC's work. The Oversight Board's 2018 report said that "shortcomings in Huawei's engineering processes have exposed new risks in the UK telecommunication networks and long-term challenges in mitigation and management".²⁰¹ BT's policy is not to use Huawei equipment

194 [Head of MI6 warns of Huawei security concerns](#), Financial Times, 3 December 2018

195 [MoD warns over spying threat from Chinese tech](#), The Times, 27 December 2018

196 [Government Provides 5G Security Guidance To Australian Carriers](#), Australian Government media release, 23 August 2018

197 [GCSB declines Spark's proposal to use Huawei 5G equipment](#), Spark, 28 November 2018

198 [John S. McCain National Defense Authorization Act for Fiscal Year 2019](#), Section 889

199 [Pompeo slams Huawei: US won't partner with countries that use its technology](#), FOXBusiness, 21 February 2019

200 Intelligence and Security Committee, [Foreign involvement in the Critical National Infrastructure: The implications for national security](#), June 2013, CM 8629, para 16

201 Huawei Cyber Security Evaluation Centre Oversight Board, [Annual Report 2018](#), p 3

in the core of its network architecture, which is what the company said led it to remove Huawei equipment from EE's 3G and 4G networks after its acquisition in 2016, and which means Huawei "has not been included in vendor selection for [BT's] 5G core".²⁰²

100. A principal concern about Huawei's involvement in the UK's future telecoms infrastructure arises from the possibility that the company might be directed by the Chinese state to facilitate espionage. China's 2017 National Intelligence Law stipulates that "an organization or citizen shall support, assist in and cooperate in national intelligence work in accordance with the law and keep confidential the national intelligence work that it or he knows".²⁰³ In January 2019, the Chair of the House of Commons Science and Technology Committee wrote to Huawei Technologies UK asking for a response to concerns raised about the company. In reply, Huawei executive Ryan Ding said that the Chinese Ministry of Foreign Affairs had clarified that "no Chinese law obliges any company to install backdoors". Mr Ding stated that "the relevant provisions of China's National Intelligence Law do not appear to have extraterritorial effect over Chinese companies' overseas subsidiaries and employees, such as Huawei UK".²⁰⁴ Mr Ding acknowledged the HCSEC Oversight Board's finding of engineering shortcomings, but stated that "To date, HCSEC's evaluations have not detected any malicious vulnerabilities or threats in our products or solutions."²⁰⁵

101. The UK's current approach to Huawei's involvement in telecoms infrastructure is based on risk management and mitigation. The NCSC's Technical Director, Ian Levy, recently wrote that in its original decision to permit Huawei's involvement but mitigate the risk, the Government "assumed in the decision process that the Chinese state ... could compel anyone in China to do anything (which they've now codified in their National Intelligence Law) [and] would carry out cyber attacks against the UK at some point (which we've recently publicly confirmed)".²⁰⁶ In a recent speech, NCSC Chief Executive Ciaran Martin noted that the Government has "strict controls for how Huawei is deployed. It is not in any sensitive networks—including those of the government."²⁰⁷ The Government is currently conducting a review, led by the Department for Digital, Media, Culture and Sport, of the telecoms supply chain, which is expected to set out criteria for selecting providers for the UK's 5G network. The Secretary of State for Digital, Culture, Media and Sport told the Chair of the Science and Technology Committee in March 2019 that the FCO is playing a "critical role" in the cross-Government review, noting that the "global nature of the [telecoms] market, and potential decisions of [UK] partners" reinforce the need for the review. The Secretary of State said the Government has "serious concerns surrounding the ability of both state and non-state actors to gain access to our telecoms critical national infrastructure", and that as part of the review the Government is "closely examining Huawei's role, and that of other vendors" in the 5G network. He also said that the Government will "take account of the approaches taken by our international partners".²⁰⁸

202 [BT bars Huawei's 5G kit from core of network](#), BBC, 5 December 2018

203 Translation via [Foreign Ministry Spokesperson Geng Shuang's Regular Press Conference on February 19, 2019](#), Ministry of Foreign Affairs of the People's Republic of China

204 [Letter from Ryan Ding to Norman Lamb MP](#), 29 January 2019

205 [Letter from Ryan Ding to Norman Lamb MP](#), 29 January 2019

206 Ian Levy, [Security, complexity and Huawei; protecting the UK's telecoms networks](#), NCSC, 22 February 2019

207 [Ciaran Martin's CyberSec speech in Brussels](#), NCSC, 20 February 2018

208 [Jeremy Wright MP to the Chair of the Science and Technology Committee](#), 6 March 2019

102. The considerable technical complexities of this topic fall outside the scope of the Committee's current inquiry. However, we note some pieces of contextual information. First, the UK Government announced in December 2018 that a hacking group "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 Government called this a "sustained cyber campaign focused on large-scale service providers", and noted that the campaign showed "that elements of the Chinese government are not upholding the commitments China made directly to the UK in a 2015 bilateral agreement".²⁰⁹ Secondly, a US grand jury indictment recently alleged that Huawei USA and Huawei China employees collaborated to steal information from T-Mobile relating to its proprietary phone-testing robot, and that, at the time that Huawei was assuring T-Mobile that its employees had acted independently and against Huawei's own policies, Huawei China was launching a "formal policy instituting a bonus program to reward employees who stole confidential information from competitors". This, according to the indictment, included an internal Huawei website for posting confidential information obtained from other companies, and a mailbox for encrypted email to receive especially sensitive information.²¹⁰ Thirdly, we note that in explaining the rationale for Australia's decision on its 5G supply chain, the head of the Australian signals directorate commented that "the distinction between core and edge collapses in 5G networks. That means that a potential threat anywhere in the network will be a threat to the whole network."²¹¹

103. 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.

Detention diplomacy

104. In December 2018, Canadian authorities arrested Huawei Chief Financial Officer Meng Wanzhou; a Canadian government spokesman said that Ms Meng was sought for extradition by the United States. Shortly afterwards, Chinese authorities detained two Canadian citizens, including a former Canadian diplomat now working for the International Crisis Group. The Canadian Foreign Minister called their detention "arbitrary" and called for their immediate release.²¹² The UK Foreign Secretary released a statement expressing the UK's "confidence Canada is conducting a fair and transparent legal proceeding with respect to Ms. Meng Wanzhou", and stating he was "deeply concerned by suggestions of a political motivation for the detention of two Canadian citizens by the Chinese government".²¹³ A large group of prominent scholars, former diplomats and others

209 [UK and allies reveal global scale of Chinese cyber campaign](#), FCO and NCSC, 20 December 2018

210 [USA v. Huawei Device Co, Ltd and Huawei Device USA, Inc](#), 16 January 2019

211 [Mike Burgess, Director-General ASD, speech to ASPI National Security Dinner](#), 29 October 2018

212 [Canada deeply concerned by arbitrary detention of two Canadians in China](#), Global Affairs Canada, 21 December 2018

213 [Foreign Secretary statement on Canada and Huawei](#), FCO, 21 December 2018

with interests in studying China signed an open letter requesting the two Canadians' release, warning that their detention risked sending a message that research and outreach is "unwelcome and even risky in China".²¹⁴ Soon after Ms Meng's arrest, US President Donald Trump said that he would consider intervening in the case if it made a trade deal with China more likely: "If I think it's good for what will be certainly the largest trade deal ever made—which is a very important thing—what's good for national security—I would certainly intervene if I thought it was necessary."²¹⁵ On 4 March, three days after Canada decided to proceed with an extradition hearing for Huawei executive Meng Wanzhou, state-run Chinese media reported that the two Canadians were being accused by the Chinese authorities of espionage.²¹⁶

105. 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.

106. 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.

Interference

107. During the course of our inquiry, we heard troubling allegations concerning Chinese interference in UK domestic affairs. This topic has become a matter of public debate for UK allies. After a series of media reports alleging political interference by China in Australia, and a classified investigation into the topic, the Australian Senate in June 2018 passed two bills introducing measures against interference, introducing new spying offences, and creating a register of individuals acting on behalf of foreign countries. In New Zealand, a prominent academic who has published research critical of the Chinese Communist Party has alleged that she has been the target of harassment, including break-ins at her home and office.²¹⁷

108. To date, there has not been a similarly prominent debate in the United Kingdom. However, witnesses to this inquiry indicated that there might be cause for concern about Chinese interference, and specifically in UK academia. Professor Eva Pils told us that there are "many examples of problems [of interference] in the field of academia". She stated that "UK institutions with partners in China have come under pressure from the Chinese party state", and noted concerns that in agreements between Confucius Institutes

214 [An open letter to President Xi Jinping regarding Michael Kovrig and Michael Spavor](#), 21 January 2019

215 [Exclusive: Trump says he could intervene in U.S. case against Huawei CFO](#), Reuters, 11 December 2018

216 [Former Canadian diplomat stole sensitive intelligence from China: authorities](#), Global Times, 4 March 2019

217 [Fingers Point to China After Break-Ins Target New Zealand Professor](#), New York Times, 21 September 2018

and their UK academic hosts “there may be clauses which dictate adherence to Chinese laws and regulations”. Professor Pils also said that, in her experience, “Chinese academics working in the social sciences and humanities visiting the UK today can come under pressure to accept censorship instructions or to self-censor in order to stay safe”.²¹⁸

109. Professor Steve Tsang said that he was aware of specific instances of Chinese interference:

In one Russell Group University a pro-vice chancellor was spoken to by someone in the Chinese embassy and as a result he stood a speaker who was already invited down... I am also aware of a vice-chancellor again under pressure from the Chinese embassy asking one of his senior academics not to make political comments on China at a specified period of time.²¹⁹

In a report for the Royal United Services Institute in February 2019, Charles Parton—Specialist Adviser to this Committee—presented evidence of attempted or actual Chinese interference across seven categories: academia and think tanks, the media and publishing, freedom of speech and rule of law, public policy and politics, espionage, critical national infrastructure, and technological threats.²²⁰

110. We wrote to Professor Dame Janet Beer, President of Universities UK, and Professor Sir Anton Muscatelli, Chair of the Russell Group, about concerns regarding the potential for interference in the UK higher education sector by foreign countries. Dame Janet told us that Universities UK did not know “of any robust evidence of systematic attempts by a country to undermine academic freedom at UK universities”, but said that Universities UK is “aware of individual cases where attempts at foreign influence have been reported”. She said that Universities UK has been “involved in regular discussions” with Government departments including the FCO, and is currently undertaking “a programme of work in partnership with government” which includes examining the process of due diligence universities conduct when accepting money from overseas entities, and “analysing to a greater extent the specific risks and challenges in university interactions with certain countries to inform advice on academic collaboration with them.”²²¹ The Russell Group told us it is “not aware of any significant or systematic attempts to influence university activity by foreign actors” in any of the ways outlined in our letter, and that the Russell Group has not held “any discussions with Ministers or officials about improper foreign influence”.²²² In oral evidence, Lord Patten (who is Chancellor of the University of Oxford) told us that “it would be very helpful if there was more agreement within Government about what is acceptable, and if there were a point of contact in Government to which all universities can turn”.²²³

111. We asked witnesses how they thought a line could be drawn between, on the one hand, the normal pursuit of influence or “soft power” abroad that many countries, including the UK, engage in, and, on the other hand, unacceptable interference in domestic affairs. Professor Tsang offered some distinctions:

218 Professor Eva Pils ([CIR0029](#))

219 [Gordon Corera, UK vulnerable to Chinese interference, report says](#), BBC News, 20 February 2019

220 Charles Parton, [China–UK Relations: Where to Draw the Border Between Influence and Interference?](#), RUSI, February 2019

221 [Dame Janet Beer to the Chair](#), 6 March 2019

222 [Dr Tim Bradshaw and Professor Sir Anton Muscatelli to the Chair](#), 18 March 2019

223 [Q143](#)

Trying to plant and/or buy off elected representatives is off. That should not be tolerated. Employing people to break into the homes of academics who are critical of China is not acceptable. Using visas as a weapon to silence journalists' or academics' comments on any country should not be an acceptable practice. There is a list of the kind of activities that are fairly clearly not acceptable in terms of our basic values.²²⁴

He said that other activities, such as the buying up of Chinese-language media for use as an extension of Party propaganda, were in a “grey area”. Kevin Rudd emphasised the importance of ensuring that protections against interference do not turn into what he called a “new McCarthyism”:

I am concerned about too broad a sweep and too wide an accusation being levelled at either people of Chinese ethnic origin or people who have normal commercial dealings with Chinese corporations, as if, by definition, they are all potential agents of the Chinese state. That is what worries me.²²⁵

112. 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.

113. *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.*

114. *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.*

224 [Q125](#)

225 [Q85](#)

7 The making of UK strategy towards China

“Dealing with” China

115. Some UK allies have been engaged in fundamental debates over their approach to China in recent years. The US has significantly changed its strategy towards China. President Barack Obama’s so-called “pivot” or “rebalance” to Asia involved an expansion of military presence in the region, and increased engagement with US allies, partners and regional institutions. President Donald Trump’s China strategy, however, has departed significantly from two decades of past policy, acknowledging a state of “competition” with China and conceding that previous attempts at engagement have not had the desired effect of changing China’s policies and its political system.²²⁶ Strikingly, as Kevin Rudd told us, there appears to be bipartisan US support for many aspects of this new course.²²⁷ Australia itself is also in the middle of a profound debate over its approach to China, spanning military, diplomatic and domestic political issues. The European Commission and the EU High Representative for Foreign Affairs and Security Policy in March 2019 issued a communiqué describing China as

a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance.²²⁸

The communiqué called on the European Council to adopt “a flexible and pragmatic whole-of-EU approach enabling a principled defence of interests and values”.²²⁹

116. Mr Rudd also told us of his own efforts to fundamentally rewrite Australia’s China strategy during his time as Prime Minister, which he said took two years of effort involving all government agencies, and resulted in a national China strategy at Cabinet level.²³⁰ No such national conversation has taken place in this country, though there have been signs of it beginning over specific issues such as China’s investment in the Hinkley Point nuclear power station, or Huawei’s role in telecoms infrastructure.

117. A common theme for all our witnesses was the need for the UK, whatever course it chooses on China, to work closely with allies. George Magnus said bluntly that he believed that “the UK’s voice in China will be all the smaller as it leaves the EU”, because China sees the EU as one of the “big powers” which govern world affairs.²³¹ Other witnesses said that, regardless of their own views on Brexit, strong priority must be given to the UK working with allies, including the EU, because a collective voice will often carry greater weight with China than the UK’s voice alone.²³² This does not stop the UK speaking out

226 [National Security Strategy of the United States of America](#), December 2017, pages 2–3

227 [Q74](#)

228 European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, [EU-China – A strategic outlook](#), 12 March 2019, page 1

229 European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, [EU-China – A strategic outlook](#), 12 March 2019, page 1

230 [Q71](#)

231 George Magnus ([CIR0023](#))

232 See [Q25](#), [Q37](#)

individually on issues it considers especially important: for example, it was put to us that the EU has struggled to achieve a common position on Chinese human rights because of some member states' unwillingness to risk Chinese investment.²³³ Witnesses also told us of the importance of the Five Eyes intelligence alliance (between the UK, the US, Canada, Australia and New Zealand) in coordinating an approach to China.²³⁴

118. In tactical terms, a number of witnesses urged the UK to take a hard-headed approach to assessing what is and is not feasible in managing relations with China. As Kevin Rudd put it, "China respects strength and is contemptuous of weakness ... China respects consistency and is contemptuous of wavering".²³⁵ Lord Patten urged the Government not to fear Chinese economic retaliation if the UK pressures China on issues such as human rights or Hong Kong, calling such a position "craven", and noting that in the two years after the downturn in UK-China relations when Prime Minister David Cameron met the Dalai Lama in London in May 2012, UK exports to China went up. Nervousness in such matters, he said, encourages China "to behave badly".²³⁶ Professor Tsang agreed, arguing that Chinese officials "will be just as interested in protecting their economic stability and therefore the capacity of the Communist party to stay in power as we are in protecting our economy".²³⁷

The tone and structure of UK policy towards China

119. Since Xi Jinping's visit to the UK in 2015, the British and Chinese governments have referred to the existence of a "Golden Era" in UK-China relations.²³⁸ This remains the preferred phrase: during her visit to Beijing in January 2018, Prime Minister Theresa May said that she and President Xi had committed to "intensify" the Golden Era.²³⁹ The bilateral relationship between the UK and China is managed through the Global Comprehensive Strategic Partnership established in 2015, which the FCO describes as consisting of:

a framework of Prime Ministerial summits; annual top-level dialogues covering foreign and security policy, economic and financial issues, and people to people cooperation; and a wide range of Ministerial and expert exchanges, for example on counter-proliferation, counter-terrorism, international development, cyber, international law, Asia, Africa and the Middle East.²⁴⁰

120. The 2015 National Security Strategy and Strategic Defence and Security Review (NSS & SDSR) addressed China primarily in economic terms: China was mentioned explicitly, along with India, in the top-line summary of the NSS & SDSR objective "Promote our Prosperity".²⁴¹ By contrast, China was *not* mentioned alongside Russia in the section dealing with states that ignore international norms.²⁴² The NSS & SDSR defined the main

233 Dr Yuka Kobayashi ([CIR0022](#))

234 [Q37](#)

235 [Q60](#)

236 [Q145](#)

237 [Q121](#)

238 [UK-China Joint Statement on building a global comprehensive strategic partnership for the 21st Century](#), 22 October 2015

239 10 Downing Street, [Prime Minister's press conference with Premier Li](#), 31 January 2018

240 Foreign and Commonwealth Office ([CIR0018](#))

241 [National Security Strategy and Strategic Defence and Security Review 2015: A Secure and Prosperous United Kingdom](#), Cm 9161, November 2015 [hereafter 2015 NSS & SDSR], para 1.4

242 [2015 NSS & SDSR](#), para 3.35

aim for UK strategy on China as being “to build a deeper partnership with China, working more closely together to address global challenges”.²⁴³ The Joint Committee on the National Security Strategy (JCNSS) called the NSS & SDSR 2015 “overwhelmingly positive about China”,²⁴⁴ and, while it acknowledged the difficulty of discussing problems in bilateral relationships in a public document, the JCNSS criticised the strategy for failing “to take into account a range of fundamental concerns”, including human rights, the “dumping” of industrial products, cyber espionage, and the militarisation of the South and East China seas.²⁴⁵ “In short”, concluded the JCNSS, “it highlighted the economic possibilities and marginalised the risks”, and “contradicted the weight attached throughout the same document to promoting ‘core British values’”.²⁴⁶

121. Subsequent updates to the NSS & SDSR 2015, provided in the Annual Report of 2016 and the 2018 National Security Capability Review (NCSR), have not explicitly altered this framing of the UK’s approach to China, and the overall goal “to build a deeper partnership with China” remains in place as an ongoing action item.²⁴⁷ The NCSR does, however, point out the “risks of miscalculation and conflict” from competition between states in the South China Sea.²⁴⁸ In the FCO’s objectives for 2015–16 and 2016–17, China was explicitly mentioned under the Prosperity objective, in keeping with the NSS & SDSR framework. In its objectives for 2017–18 and 2018–19, China is not explicitly mentioned at all.²⁴⁹

122. In October 2018, during his first evidence session with us after becoming Foreign Secretary, Jeremy Hunt told us that dealing with the rise of China was one of his highest priorities:

We have a China that is rising. We welcome its rise—we cannot stop it—but that is going to cause a fundamental change in the way nations interact with each other. I want us to have understood that and to make sure we are ready for it.²⁵⁰

123. We wrote to the Foreign Secretary in January 2019 to ask about the Government’s China strategy, including when it was last updated. The Foreign Secretary told us that the “overall strategic approach is agreed by the National Security Council”, and that the Deputy National Security Adviser, as the senior responsible officer for China, chairs the cross-Government China National Strategy Implementation Group (NSIG). He said that “FCO work contributes to all areas of our China approach”, and that

The strategy underpinning our approach to China was last updated as recently as November 2018, covering the depth and breadth of UK-China engagement and the implications of China’s growing geopolitical and global role. While the detail of NSC meetings and conclusions are not published,

243 [2015 NSS & SDSR](#), para 5.74

244 Joint Committee on the National Security Strategy, First Report of Session 2016–17, [National Security Strategy and Strategic Defence and Security Review 2015](#), HC (2016–17) 153, para 28

245 Joint Committee on the National Security Strategy, First Report of Session 2016–17, [National Security Strategy and Strategic Defence and Security Review 2015](#), HC (2016–17) 153, para 29

246 Joint Committee on the National Security Strategy, First Report of Session 2016–17, [National Security Strategy and Strategic Defence and Security Review 2015](#), HC (2016–17) 153, paras 29 and 31

247 See [National Security Strategy and Strategic Defence and Security Review 2015: First Annual Report 2016](#), December 2016, page 37; and [National Security Capability Review](#), March 2018, page 48

248 [National Security Capability Review](#), March 2018, page 6

249 Foreign and Commonwealth Office, [Annual Report and Accounts: 2017–2018](#), pages 6 and 42

250 Oral evidence from the Foreign Secretary, HC 538, 31 October 2018, [Q331](#)

senior officials regularly consider our approach to China, including key issues such as maintaining cyber security, protecting critical national infrastructure, and promoting UK prosperity, and UK values. Our priority in this work will always be defending the UK's strategic interests.²⁵¹

In the letter, the Foreign Secretary notably does not refer to a China strategy per se, but rather an “approach to China”, and a “strategy underpinning” that approach.

124. When we asked the Minister how UK strategy had changed in order to keep pace with the changes in China's geopolitical trajectory under Xi Jinping, we did not get the impression that a clear strategic direction had been set. The Minister referred to the existence of areas of “common ground”, of “areas where we fundamentally disagree”, and of the need to “build as much of a body of trust as we can”.²⁵² This does not amount to an agreed government-wide strategy for dealing with what the Foreign Secretary has identified as one of the single most important features of the international system. In particular, we fear that this approach overlooks the fact that the “areas where we fundamentally disagree” with China relate to issues that the FCO itself has identified as key UK priorities, including the following items in the FCO's Priority Outcomes for 2018–19:

- PO1 Security Threats: “Raising the cost of malicious cyber activity and defending a free, open, peaceful and secure cyberspace.”
- PO4 Conflict and Stability: “Strengthening the rules based international system, including more credible UN action to resolve conflict ...”
- PO5 Promoting UK Interests and Values: “Championing democracy, human rights and the rule of law ...”²⁵³

In the past year alone, China has acted, in very high profile ways, directly in opposition to all three of those objectives. China has violated its bilateral commitment to the UK on cyber security; it has impeded effective action on Syria and chemical weapons at the UN; and it has pushed its alternative vision of human rights as a counter to the existing international legal framework and mechanisms. We believe that such divergences will be closer to the norm than the exception in UK-China relations in the future.

125. 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.

126. 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

251 Foreign and Commonwealth Office ([CIR0031](#))

252 [Q168](#)

253 Foreign and Commonwealth Office, [Annual Report and Accounts: 2017–2018](#), page 42

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.

127. 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.

128. *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.*

129. *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?*

130. 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.

Conclusions and recommendations

China's new ambition

1. China is seeking a role in the world commensurate with its growing economic power, and the UK should welcome China's desire to participate in global governance. There is no evidence to date that China wishes to jeopardise the benefits it has reaped from a stable, rules-based international system. The UK should, however, recalibrate its policy towards China to fully take into account the consolidation of power in the hands of the Chinese Communist Party under President Xi Jinping. The nature of the Chinese state goes to the heart of China's attitude towards the international system, and is fundamentally important for the UK in considering its China strategy. On this basis, Chinese domestic politics cannot be treated as if they were separate from foreign policy. The Government must recognise this reality and adjust to it. (Paragraph 19)
2. China is a force for order—but not liberal order. China wants rules to be enforced—but not rules which encroach on what it sees as its core interests. Protecting core interests is what all states try to do in foreign policy, but what makes China different is that those interests are inextricably linked with the interests and perceived legitimacy of the Communist Party. This makes China a viable partner for the UK on some issues, but an active challenger on others. On the positive side of the balance sheet, the Party's requirement to deliver economic growth in order to maintain legitimacy makes China an advocate, like the UK, for a stable trading order. The threat that environmental degradation poses to the Party's legitimacy has led China to join in, along with the UK, with international efforts on climate and sustainability. On the negative side, the Party's need to maintain domestic control leads China to oppose global initiatives, supported by the UK, which promote free societies and protect human rights. China's fear of domestic disorder and external influence aimed at regime change makes it exceptionally cautious about any attempts to enforce international norms over the objections of individual sovereign states, which puts it in opposition to some UK efforts at the UN Security Council. (Paragraph 20)

China's strategic outlook

The Belt and Road Initiative

3. 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)

4. 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)
5. 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)
6. *We encourage the Government to employ a strictly case-by-case approach to assessing Belt and Road Initiative 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)

The South China Sea

7. 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)
8. 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)
9. *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)

UK presence in the "Indo-Pacific"

10. 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)

11. *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)*

Taiwan

12. *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)*

China’s approach to global governance

Global trade and the WTO

13. *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)*
14. *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)

International human rights mechanisms

15. 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)
16. *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)*
17. 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)
18. *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)*

Cooperation in multilateral fora

19. 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)

20. *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)

Hong Kong

21. 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)
22. 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)
23. 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)

24. *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)*

Engagement and interference

Cyber security and critical national infrastructure

25. 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)

Detention diplomacy

26. 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)
27. *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)*

Interference

28. 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)

29. *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)
30. *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 making of UK strategy towards China

31. 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)
32. 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)

33. 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)
34. *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)
35. *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)
36. *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)

Formal minutes

Tuesday 26 March 2019

Members present:

Tom Tugendhat, in the Chair

Ann Clywd Mr Bob Seely
Stephen Gethins Royston Smith
Conor McGinn Catherine West
Ian Murray

The following declarations of interest relating to the inquiry were made:

Tuesday 23 October 2018

Ian Austin declared a non-pecuniary interest in relation to the Committee's inquiry into China and the rules-based international system as a member of the All-Party Parliamentary China Group.

He also declared an interest in relation to the Committee's inquiry into China and the rules-based international system as a participant on a visit to China in 2013 with and funded through the All-Party Parliamentary China Group, sponsored by HSBC, Arup, GKN, Cambridge Assessment, John Swire & Sons and City of London.

Ian Murray declared an interest in relation to the Committee's inquiry into China and the rules-based international system as a participant on a visit to Taiwan in 2017 with the British-Taiwanese All-Party Parliamentary Group, funded by the Taiwanese Government.

Ian Murray repeated this declaration of interest on 15 January 2019.

Tuesday 15 January 2019

Mike Gapes declared an interest in relation to the Committee's inquiry into China and the rules-based international system as a participant on two visits to Taiwan with the British-Taiwanese All-Party Parliamentary Group, funded by the Taiwanese Government.

Andrew Rosindell declared an interest in relation to the Committee's inquiry into China and the rules-based international system as a participant on visits to Taiwan with the British-Taiwanese All-Party Parliamentary Group, funded by the Taiwanese Government.

He also declared a non-pecuniary interest in relation to the Committee's inquiry into China and the rules-based international system as Chair of the Hong Kong Former Servicemen Parliamentary Support Group and Vice Chair of the British Taiwanese All-Party Parliamentary Group.

Draft Report (*China and the Rules-Based International System*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 130 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Sixteenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 2 April at 2.15pm

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Tuesday 27 March 2018

George Magnus, Associate, University of Oxford China Centre and Research Associate, School of Oriental and African Studies, University of London, **Dr Yuka Kobayashi**, Lecturer (Assistant Professor) in China and International Politics, SOAS, University of London, and **Dr Jan Knoerich**, Lecturer in the Economy of China, Lau China Institute and Department of International Development, King's School of Global Affairs, King's College London

[Q1–21](#)

Tuesday 23 October 2018

Nigel Inkster, Senior Adviser, International Institute for Strategic Studies, **Shashank Joshi**, Defence Editor, *The Economist*, and **Helena Legarda**, Research Associate, Mercator Institute for China Studies

[Q22–58](#)

Thursday 15 November 2018

The Hon. Kevin Rudd, 26th Prime Minister of Australia, and President, Asia Society Policy Institute

[Q59–91](#)

Tuesday 8 January 2019

Professor Eva Pils, Professor of Law, Dickson Poon School of Law, King's College London, **Paul Roseby OBE**, CEO and Artistic Director, National Youth Theatre of Great Britain, **Professor Steve Tsang**, Director, SOAS China Institute, and **Professor Sebastian Veg**, Professor of Intellectual History and Literature of 20th Century China, School of Advanced Studies in Social Sciences (EHESS), Paris

[Q92–133](#)

The Rt Hon. the Lord Patten of Barnes CH former Governor of Hong Kong

[Q134–152](#)

Tuesday 15 January 2019

Rt Hon Mark Field MP, Minister of State, **Kate White**, Asia Pacific Director, and **James Kariuki**, Multilateral Policy Director, Foreign and Commonwealth Office

[Q153–223](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

CIR numbers are generated by the evidence processing system and so may not be complete.

- 1 British Standards Institution ([CIR0008](#))
- 2 Center for China and Globalization ([CIR0009](#))
- 3 Department for International Trade ([CIR0032](#))
- 4 Foot, Professor Rosemary ([CIR0011](#))
- 5 Foreign and Commonwealth Office ([CIR0018](#))
- 6 Foreign and Commonwealth Office ([CIR0031](#))
- 7 Free Tibet ([CIR0016](#))
- 8 Hayton, Bill ([CIR0026](#))
- 9 Henry Jackson Society ([CIR0020](#))
- 10 Hong Kong Civil Hub ([CIR0025](#))
- 11 Hong Kong Watch ([CIR0021](#))
- 12 Human Rights Watch ([CIR0006](#))
- 13 The International Coalition to End Organ Pillaging in China (EOP) ([CIR0013](#))
- 14 Jones, Dr Lee ([CIR0002](#))
- 15 Jones, Dr Lee ([CIR0003](#))
- 16 Kennedy, Scott ([CIR0027](#))
- 17 Knoerich, Jan ([CIR0024](#))
- 18 Kobayashi, Dr Yuka ([CIR0022](#))
- 19 Magnus, George ([CIR0023](#))
- 20 Moody, Mr Andrew ([CIR0010](#))
- 21 Ong, Professor David M. ([CIR0017](#))
- 22 Overseas Development Institute ([CIR0019](#))
- 23 Pils, Professor Eva ([CIR0029](#))
- 24 Royal Institute of International Affairs (Chatham House) ([CIR0012](#))
- 25 Scottish Centre for Himalayan Research ([CIR0005](#))
- 26 Summers, Dr Tim ([CIR0007](#))
- 27 Veg, Professor Sebastian ([CIR0030](#))
- 28 Yeung, Dr Horace ([CIR0015](#))
- 29 Yu, Dr Jie ([CIR0014](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2017–19

First Report	Violence in Rakhine State and the UK's response	HC 435
Second Report	The future of UK diplomacy in Europe	HC 514
Third Report	Kurdish aspirations and the interests of the UK	HC 518
Fourth Report	2017 elections to the International Court of Justice	HC 860
Fifth Report	The UK's response to hurricanes in its Overseas Territories	HC 722
Sixth Report	Global Britain	HC 780
Seventh Report	Global Britain and the 2018 Commonwealth Summit	HC 831
Eighth Report	Moscow's Gold: Russian Corruption in the UK	HC 932
Ninth Report	The FCO's preparations for the 2018 World Cup	HC 1011
Tenth Report	Global Britain and the Western Balkans	HC 1013
Eleventh Report	UK arms exports during 2016	HC 666
Twelfth Report	Global Britain: The Responsibility to Protect and Humanitarian Intervention	HC 1005
Thirteenth Report	Global Britain: Human rights and the rule of law	HC 874
Fourteenth Report	Global Britain: FCO Skills	HC 1254
Fifteenth Report	Global Britain and the British Overseas Territories: Resetting the relationship	HC 1464
First Special Report	The United Kingdom's relations with Russia: Government Response to the Committee's Seventh Report of Session 2016–17	HC 322
Second Special Report	The UK's relations with Turkey: Government Response to the Committee's Tenth Report of Session 2016–17	HC 333

Third Special Report	'Political Islam', and the Muslim Brotherhood Review: Government Response to the Committee's Eighth Report of Session 2016–17	HC 334
Fourth Special Report	Violence in Rakhine State and the UK's response: Government Response to the Committee's First Report	HC 868
Fifth Special Report	The future of UK diplomacy in Europe: Government response to the Committee's Second Report	HC 918
Sixth Special Report	Kurdish aspirations and the interests of the UK: Government response to the Committee's Third Report	HC 983
Seventh Special Report	2017 elections to the International Court of Justice: Government response to the Committee's Fourth Report	HC 1012
Eighth Special Report	Article 50 negotiations: Implications of "No Deal": Government response to the Committee's Ninth Report	HC 1053
Ninth Special Report	The UK's response to hurricanes in its Overseas Territories: Government response to the Committee's 5th Report	HC 1052
Tenth Special Report	Global Britain: Government response to the Committee's 6th Report	HC 1236
Eleventh Special Report	Global Britain and the 2018 Commonwealth Summit: Government response to the Committee's 7th Report	HC 1427
Twelfth Special Report	Moscow's Gold: Russian Corruption in the UK: Government response to the Committee's 8th Report	HC 1488
Thirteenth Special Report	The FCO's preparations for the 2018 World Cup in Russia: Government response to the Committee's 9th Report	HC 1507
Fourteenth Special Report	Global Britain and the Western Balkans: Government Response to the Committee's Tenth Report	HC 1572
Fifteenth Special Report	Global Britain: The Responsibility to Protect and Humanitarian Intervention: Government response to the Committee's Twelfth Report	HC 1719
Sixteenth Special Report	Global Britain: Human rights and the rule of law: Government response to the Committee's Thirteenth Report	HC 1759
Seventeenth Special Report	Global Britain and the Western Balkans: Supplementary Government response to the Committee's Tenth Report	HC 1760
Eighteenth Special Report	UK arms exports during 2016: Government Response to the Committees' First Joint Report	HC 1789
Nineteenth Special Report	Delivering Global Britain: FCO Skills: Government Response to the Committee's Fourteenth Report	HC 1937