

The Future of UK-China Relations: Key Takeaways for the Next Five Years

The Roundtable on the Future of UK-China Relations brought together a diverse set of academic, business and policy stakeholders to discuss and build understanding about the complex and shifting nature of the UK-China relationship in the second half of the 2020s.

Hosted by the LSE-Fudan Global Public Policy in London, UK on December 12, 2024, the closed-door session under Chatham House rules, discussed the future of three key strategic facets for UK-China relations: (1) economic trade; (2) technological and research collaboration; and, (3) global peace and security initiatives.

The key takeaways from this discussion are outlined below.

Takeaway #1: The UK Lacks a Coherent China Policy

- There is a broad consensus among participants that the UK currently lacks a coherent policy towards China. The utilisation of China as an electoral cudgel, alongside the frequent changes in British governments this decade, has resulted in the absence of a unified approach. To address this issue, the government should first identify and effectively communicate shared and complementary interests related to China across various departments.
- There is a perception that China has become "nobody's responsibility" within the UK. Individuals dealing with China in government, business, and academia are often confined to their own specialties, resulting in limited, meaningful cross-field interactions. This leaves the UK with a weak understanding of China's rapidly shifting environment. An urgent need exists to develop a continuous platform to foster interactions, and share lessons learned, among various UK stakeholders.
- <u>China generally trusts the UK more than the US</u>. With a clear and bold plan for negotiation there is space for relations to dramatically improve. It is therefore paramount that the British government develops a clear set of policy priorities to guide future relations with China.

Takeaway #2: There is Significant Space for Future Cooperation on Economic Issues

- China stands as the UK's <u>fifth-largest trading partner</u>. This relation alone makes decoupling impossible in the foreseeable future. However, economically de-risking from China is a more realistic option – albeit a potentially costly one – that the UK can pursue.
- In order for the UK to build a sustainable economic partnership with China it must first clearly identify its strategic industries to establish a baseline for negotiation. This is a crucial step that the UK has failed to do in a coherent fashion in the first half of the 2020s.
- There are strategic sectors where China is weak and the UK have a competitive advantage, e.g. insurance, banking, and media. China seeks to do well in these areas, but it is not making tangible progress. The UK thus has a window of opportunity to collaborate with China in these sectors.
- Another site for future UK-China collaboration is shipping, where China has emerged as a major player without meaningfully engaging with major international institutions, and the norms that they espouse.

Takeaway #3: China as a 'Security Threat' Needs to Better Articulated and Understood

- The UK-China relationship is often framed in the British media and domestic political circles as a security one. Participants agreed that neither China nor the UK pose immediate <u>security threats</u> to each other, despite taking differing lines on issues such as Ukraine-Russia, Israel-Palestine, and US-Iran.
- As for Taiwan, the UK primarily sees the island as a trading, rather than security partner, and is unlikely to stoke tensions over this issue.
- Taking a harder line on Hong Kong and the Sino-British Joint Declaration could allow the UK to have greater bargaining leverage to establish a free port and maintain a South China Sea presence. However, this future is far from certain as China continues to exercise increasing power over the city.
- There are active security collaborations between the UK and China via UN peacekeeping missions; although participants emphasised that security cooperation beyond this is unlikely.

Takeaway #4: The Threat of Chinese Technology Companies is Unclear

- Over the past decade, China has made an effort to innovate and export its technologies abroad. In fact, there is broad Chinese citizens support for China to take a <u>global leadership role</u> in this realm.
- Two of China's most successful companies, TikTok and Huawei have received criticisms about the potential risk that the Communist Party of China could access and monitor the data of users from the UK. Participants suggested that the perceived risk are much higher than any actual danger; albeit acknowledging that there are legitimate concerns about users' data privacy on Chinese social media networks.
- It is noted that the Sino-American firm, Zoom, received significantly less public criticism in the UK than TikTok despite widespread use. Furthermore, hardware companies like Huawei are an even smaller risk to the UK population than US-based social media organizations such as Meta. These examples reinforce the piecemeal approach towards potential Chinese technological risks.

Takeaway #5: Understanding Contemporary China will Become MoreChallenging Given Dwindling Expertise and Research Challenges

- UK-based researchers are facing both internal and external challenges to conduct research on China. Since the late 2010's, academics have faced increased hurdles, harassment and surveillance carrying out research within mainland China. Red lines are hard to identify and have been enforced with varying veracity.
- Further compounding this issue has been the lack of funding for contemporary Chinese studies within major UK universities. This may be due to a perception of "risk" within UK decision making circles that valuable and sensitive information may reach the Chinese government.
- The UK has a lack of contemporary Chinese specialists within Whitehall, the FCDO, and other like-oriented bodies. This is a result of a variety of factors including a dwindling of the talent pipeline (partially due to cuts to UK universities), obstructive FCDO hiring policies, and a proliferation of "faux-experts" with little to no in-country experiences in mainland China.

Takeaway #6: Misunderstandings about China and Chinese Policy are Pervasive in Government, Media and the Public

• The UK cannot develop an effective policy on China unless its leaders, and to a lesser but still important extent, the public, have an informed understanding of mainland China. At a national scale, these misunderstandings are driven by a sensationalist media environment and a lack of investment in reporting on China.

- Participants emphasized that their informed statements to media are often deceptively edited or changed altogether. This skews the public understanding of mainland China towards hawkish or ideologically-driven viewpoints, rather than evidence-based thinking.
- There is significantly fewer UK journalists located in China than during the pre-Covid era, with many news desks unable or unwilling to hire more people. This further creates systematic misunderstandings about China that impact business, government and cultural relations.
- Increased people-to-people interactions in academia (e.g. study abroad programs), business (notably via business councils) and policy circles will improve mutual understanding and trust between the UK and China in the long-term. These are key ingredients towards a more prosperous UK-China relationship.

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