



HOUSE OF LORDS

# Library Note

## Debate on 7 November: Relationship between the UK and China

This Library Note provides background reading for the debate to be held on Thursday, 7 November:

“that this House takes note of the recent developments in the relationship between the UK and China”.

The Library Note provides background reading on recent developments in the relationship between the UK and China. It includes analysis of the economic relationship between the two countries, as well as a summary of the recent visits by UK delegations to China led by the Chancellor of the Exchequer, George Osborne, and the Mayor of London, Boris Johnson, and an analysis of their impact. It also provides analysis of the UK Government’s diplomatic relations with the Chinese Government on issues of democracy and human rights.

Edward Scott  
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## 1. Introduction

This Library Note provides background reading in advance of the debate in the House of Lords on 7 November concerning recent developments in the relationship between the UK and China. It includes analysis of the economic relationship between the two countries, in the context of recent economic developments and the change of economic leadership in China. It also includes a summary of the recent visits by the UK delegations to China led by the Chancellor of the Exchequer, George Osborne, and the Mayor of London, Boris Johnson, and an analysis of their impact. Finally, it provides analysis of the UK Government's diplomatic relations with the Chinese Government concerning issues of democracy and human rights, and considers the role the UK might be able to play in attempting to influence the Chinese Government in this area.

Further analysis of the new leadership of China has been provided by the House of Commons Library in their Standard Note [China—New Political Directions Under a New Leadership?](#) (27 February 2013, SN05862). Analysis of China's foreign policy in the context of its dispute with Japan and Taiwan over the Senkaku and Diaoyu Islands is provided in the House of Commons Library Standard Note [The Senkaku/Diaoyu Islands: Tension Between Japan and China in the East China Sea](#) (16 April 2013, SN06475).

## 2. Trade Relationship Between the UK and China

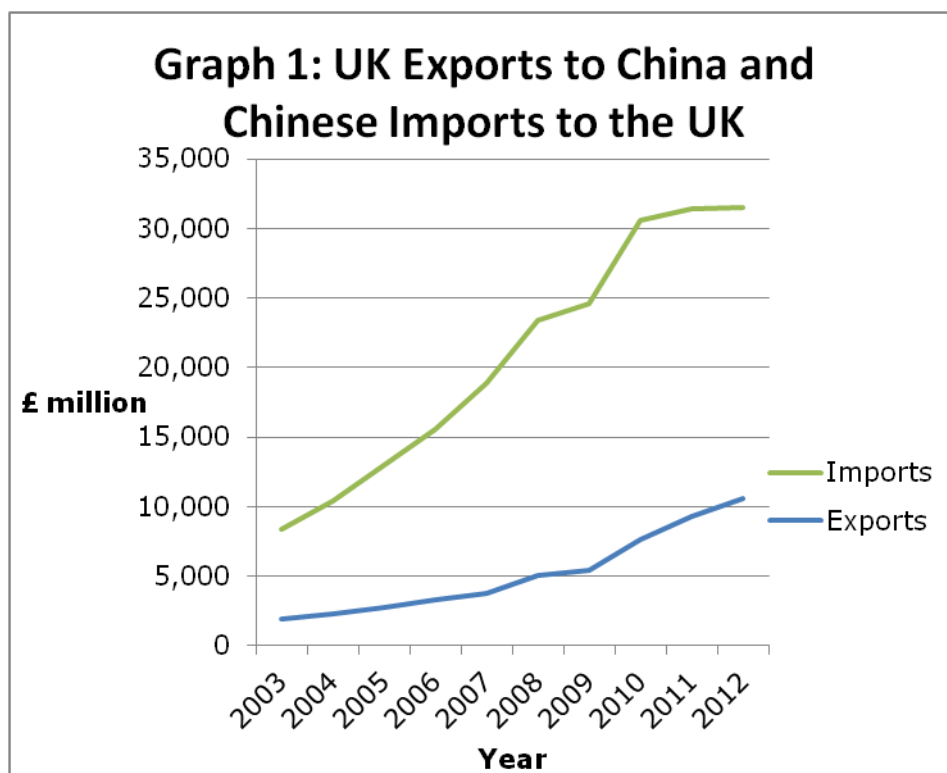
Britain is a net importer from China. The Office for National Statistics (ONS) publication [UK Trade, August 2013—Statistical Bulletin](#) (9 October 2013) stated that China was the second largest importer to the UK, after Germany (Table 8, p 15). The UK's one month balance of trade deficit with China for August 2013 was £1.9 billion, the second largest after the UK's £2.3 billion trade deficit with Germany (Figure 7, August 2013, p 16). Over the three months ending August 2013, imports to the UK from China increased by £0.5 billion on the previous quarter (p 16).

In an article for the *South China Morning Post*, the Chancellor of the Exchequer, George Osborne, stated that Britain's exports to China have grown by 42 percent since his Government came to office, and by 7 percent to Hong Kong over the same period (*South China Morning Post*, '[British Welcome of Asian Business Will Hasten Global Economic Recovery](#)', 14 January 2013). The ONS have stated that China was the seventh largest recipient of UK exports (*UK Trade, August 2013—Statistical Bulletin*, 'Table 8: Change in Monthly Trade with Significant Partner Countries, August 2013 Compared with July 2013', p 15). However, exports from the UK represent less than one percent of China's total imports (*Financial Times* (£), '[China: Crunching the UK Charm Offensive](#)', 14 October 2013)

The pattern of growth in UK trade with China over the last ten years shows growth in both UK imports and exports, and a growing negative balance of payments:

**Table 1: UK Exports to China, Chinese Imports to the UK, and the Balance of Payments (£ million, seasonally adjusted)**

Year	Exports	Imports	Balance
2003	1,882	8,389	-6,507
2004	2,330	10,423	-8,093
2005	2,748	13,006	-10,258
2006	3,269	15,591	-12,322
2007	3,757	18,846	-15,089
2008	5,039	23,413	-18,374
2009	5,383	24,601	-19,218
2010	7,602	30,587	-22,985
2011	9,273	31,464	-22,191
2012	10,545	31,512	-20,967



(ONS, [Time Series Data: Trade in Goods, Monthly Review of External Trade Statistics](#), 9 October 2013)

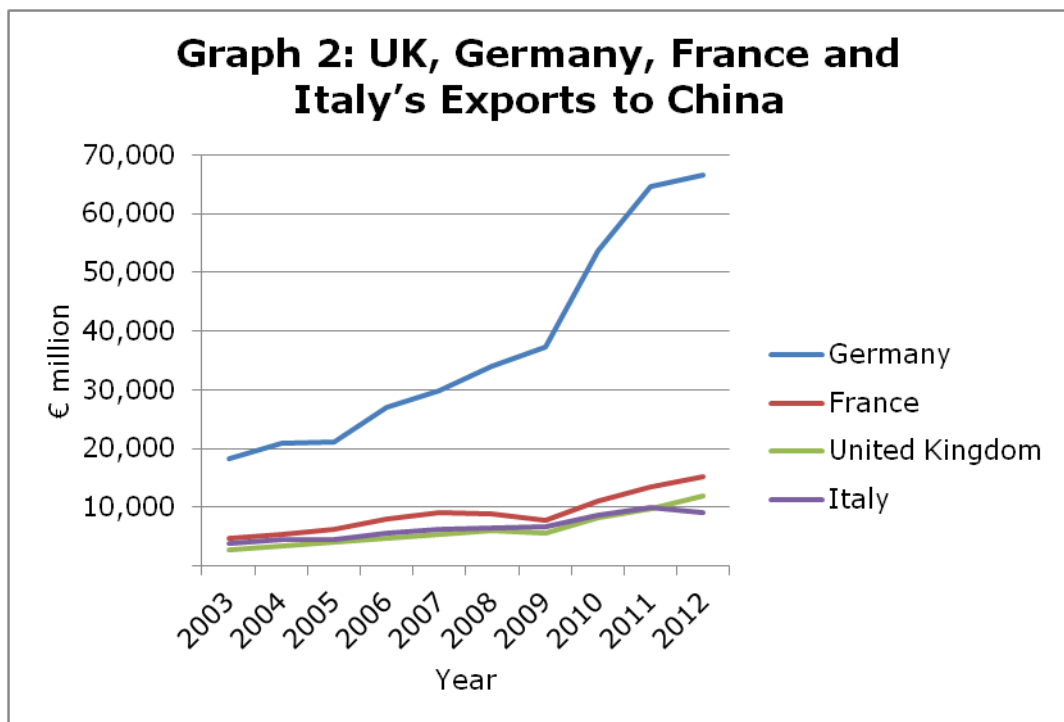
As an importer, China rose to be the UK's third largest importer of goods in 2009, rising from fifth position in the previous year (Department for Business, Innovation and Skills (BIS), [Economic Paper: UK Trade Performance Across Markets and Sectors](#), February 2012, Paper 17, p 26). However, China was only the 25th largest importer of services from the UK.

## UK Exports to China Compared to Other EU Countries

The total value of UK exports to China is less than that of either Germany or France, although the UK over-took Italy in the total value of its exports from 2011:

**Table 2: UK, Germany, France and Italy's exports to China (€ million)**

Year	Germany	France	UK	Italy
2003	18,264	4,697	2,786	3,850
2004	20,991	5,360	3,483	4,448
2005	21,165	6,297	3,986	4,603
2006	27,119	8,052	4,711	5,686
2007	29,854	9,026	5,346	6,290
2008	34,037	8,973	5,941	6,432
2009	37,262	7,872	5,594	6,629
2010	53,660	11,064	8,319	8,609
2011	64,712	13,556	9,844	9,996
2012	66,548	15,134	11,981	9,003



(Eurostat, [EU Trade Since 1988 by CN8](#), 8 October 2013)

### 3. October 2013 Visit to China by UK Delegation

A UK delegation, including the Chancellor of the Exchequer, George Osborne, and other government ministers, conducted a five day visit China in October 2013. The purpose of the visit was to strengthen the UK-China bilateral relationship, with formal trade talks taking place between the Chancellor and the Chinese Vice Premier, Ma Kai (GOV.UK, [UK—China Economic Financial Dialogue: Publication of Outcomes](#), 15 October 2013). Issues discussed included greater

economic and financial cooperation, as well as facilitating Chinese investment in UK infrastructure. The delegation also included UK business leaders who met with Chinese counterparts to discuss opportunities for greater levels of investment between the two countries.

### **Announcements Made by the Chancellor of the Exchequer During the Visit**

The Chancellor made the following announcements during his visit (UK Trade and Investment, [‘Chancellor’s Visit to Beijing, Shenzhen, Guangzhou and Taishan’](#), 22 October 2013):

- There would be a joint British–Chinese investment, worth £800 million, to develop Manchester’s ‘Airport City’ (GOV.UK, [‘Joint British–Chinese Partners to Construct New £800 Million Manchester “Airport City”](#)’, 13 October 2013).
- There would be improvements to the UK visa regime intended to make it easier for business visitors and tourists applying from China. This follows the opening of a premium UK visa service for Chinese businesses and tourists in May 2013 (GOV.UK, [‘UK Minister Announces Start of New Premium Visa Services’](#), 8 May 2013).
- China would allow institutional investors based in London to invest in China using the renminbi, up to an initial 80 billion RMB quota (*China Daily*, [‘Cooperation Projects Inked’](#), 16 October 2013). The Industrial and Commercial Bank of China also announced that it would issue a two billion RMB bond in London in November 2013, becoming the first China based bank to do so (UK Trade and Investment, [‘Chancellor’s Visit to Beijing, Shenzhen, Guangzhou and Taishan’](#), 22 October 2013). This follows the agreement between the Bank of England and the People’s Bank of China earlier in 2013 to open a reciprocal three year, sterling/renminbi currency swap line (GOV.UK, [‘The UK and China Sign Sterling/Renminbi Currency Swap Line’](#), 24 June 2013).
- During a visit to the city of Shenzhen, the Chancellor announced an increased investment by the Chinese internet company Huawei in research and development in the UK and the opening of offices by the online gaming company, Reko, in London’s Tech City (GOV.UK, [‘Chancellor Welcomes Investment Commitments from Two of China’s Internet Giants’](#), 16 October 2013)

The visit by the Chancellor was the first by a high level UK minister following the cooling of relations between the Chinese and UK Governments after a meeting by the Prime Minister, David Cameron, and the Deputy Prime Minister, Nick Clegg, with the Dalai Lama during a visit by the Tibetan spiritual leader to the UK in May 2012 (BBC News, [‘David Cameron’s Dalai Lama Meeting Sparks Chinese Protest’](#), 16 May 2012).

The Chancellor had said in interviews with the UK press that he wanted his visit to signal a change in UK attitudes toward China, away from a view of the country as a source of low-cost manufacturing and low-quality products, towards a recognition of the growth of the Chinese high-tech industry (*The Scotsman*, [‘George Osborne: UK Should Respect Chinese Industry’](#), 14 October 2013).



## Visit by the Mayor of London

The Mayor of London, Boris Johnson, also visited China with a delegation of London business representatives in October 2013. His visit included Beijing, Shanghai and Hong Kong (Greater London Authority, [‘Mayor of London Leads Top Business Delegation on Trade Mission to China’](#), 11 October 2013). He appeared with the Chancellor at Beijing University on 14 October, during which both men took questions from Chinese students. Issues discussed included British attitudes towards free trade and the opening of sectors of the UK economy to Chinese investment. The *Financial Times* reported the following exchange concerning foreign ownership of domestic infrastructure:

Speaking in defence of free trade and foreign investment, the Mayor deftly disarmed one student, Vickie Tian Weixi, who said she would object if overseas companies were buying bits of Beijing at the same rate that Chinese companies are gobbling up large chunks of London.

“It enables us to get on with building projects that simply wouldn’t happen,” he told Ms Tian, a first-year journalism student. “I would just remind people who are hostile to foreign investment that London was founded by a bunch of pushy Italian immigrants, the Romans, and where would we be without them?”

(*Financial Times* (£), [‘Boris Johnson Trumps George Osborne in China Charm Game’](#), 14 October 2013)

Although the *Financial Times* argued that he successfully contributed to the UK’s visit, the conduct of the Mayor was criticised by the *Daily Mail*. The paper argued that the Mayor had sought to upstage the Chancellor and that he had failed during his visit to challenge the Chinese government on their human rights record (*Daily Mail*, [‘UK’s Relationship with China is like Harry Potter and his First Girlfriend Cho Chang’](#), 14 October 2013).

## Possible Future Visit to China by the British Prime Minister

It has been reported that the Prime Minister was invited by China’s President, Xi Jinping, during the 2013 G20 summit in St Petersburg, to visit China. This visit may take place before the end of 2013 (*Guardian*, [‘David Cameron Invited to Visit China’](#), 6 September 2013). This follows the cancellation of a visit by the Prime Minister, scheduled for April 2013, in response to the Chinese Government’s disapproval of his meeting with the Dalai Lama (*Guardian*, [‘Chancellor Opens Doors to Rich Chinese’](#), 14 October 2013). The Prime Minister’s last visit to China was in 2010 (GOV.UK, [‘Prime Minister David Cameron Arrives in China’](#), 9 November 2010).

## Reaction to the Visit in the UK and China

The *Times* editorial of 14 October 2013 argued that the UK had made some progress in properly exploiting its relationship with China. Although the UK had faced too much towards the old world and not enough to new, the strength of links in higher education and science between the two countries were strong (*The Times* (£), [‘Going East’](#), 14 October 2013). The Chinese newspaper, *China Daily*, reported that the emphasis by the Chancellor on UK-China cooperation in the field of high-tech industry suggested, according to Xiao Yaofei, Professor at the Guangdong University of Foreign Studies, that “the global market is paying more attention to China’s progress in the high-tech industry” (*China Daily*, [‘China Focus: British Nuclear Power Plants Invite Chinese Investors’](#), 18 October 2013).

Matthew Norman, writing in the *Daily Telegraph*, criticised the visit as a humiliating attempt by the Chancellor and the Mayor of London to ingratiate themselves with the Chinese leadership, characterising them as “begging-bowl-carriers from a broke little island” (*Telegraph*, [‘Boris and George, a Pair of Chinese Characters’](#), 19 October 2013). Peter Osborne, writing for the *Telegraph* blog, was also critical of the visit on the grounds that the Chancellor had failed to challenge the Chinese Government on their policy towards human rights, Tibet or China’s foreign policy (*Telegraph*, [‘Mr Osborne Believes Doing Business with China is More Important than Torture Camps and Religious Persecution’](#), 18 October 2013).

Michael White, writing in the *Guardian*, welcomed the Chancellor’s comment that “Britain and China are two very ancient civilisations”, arguing that this was a move in the right direction, that the UK should recognise the history of British and Chinese relations before UK Government might be able to enjoy better economic relations and greater diplomatic influence. He argued that the opium wars in the nineteenth century “makes China’s irritation at something like David Cameron’s meeting with the Dalai Lama or routine Foreign Office lectures on human rights understandable, albeit wrong” (*Guardian*, [‘George Osborne Should Show a Spot of Humility in China’](#), 14 October 2013).

## 4. Chinese Investment in UK Infrastructure

### 4.1 Civil Nuclear Collaboration

The UK delegation’s October 2013 visit saw the signing by the Commercial Secretary to the Treasury, Lord Deighton, and his Chinese counterpart, Xu Yongsheng, of a new memorandum of understanding between the two countries on civil nuclear collaboration (GOV.UK, [‘Go Ahead Given for China to Take Stake in British Nuclear Power’](#), 17 October 2013). The Chancellor announced, during a visit to the Taishan nuclear power station in Southern China, that he would allow Chinese companies to help to finance new nuclear power stations in the UK (ibid). The first of these stations was to be Hinkley Point C in Somerset, which would be built by EDF Energy and part funded by Chinese state nuclear companies (GOV.UK, [‘Hinkley Point C’](#), 21 October 2013).

The deal to build Hinkley Point C was welcomed by the John Cridland, Director-General of the CBI (BBC News, [‘UK Nuclear Power Plant Gets Go-Ahead’](#), 21 October 2013). However, Camilla Cavendish, writing in the *Times*, described the Chancellor’s negotiations with the Chinese up to and during his visit as, in effect, a trade off where by London could become the main offshore market for trading China’s currency while China could have access to foreign nuclear technology. She argued that this was a gamble, as other countries, such as the US, would not allow foreign owned companies such a large a stake in their nuclear energy infrastructure and because there was a lack of regard by Chinese firms for intellectual property rights (*Times*, [‘That’s Our Children’s Future You’re Selling to China, Mr Osborne’](#), 20 October 2013)

### 4.2 Chinese Investment in the UK Telecoms Industry

Concerns over Chinese investment in the UK’s critical national infrastructure have been raised in the Intelligence and Security Committee’s report [‘Foreign Involvement in the Critical National Infrastructure—The Implications for National Security’](#) (June 2013, Cm 8629). The report centred on the investment in the UK’s telecoms infrastructure by the Chinese company Huawei, arguing

that there was a potential conflict between the commercial imperative for investment to the UK and national security because of Huawei's perceived links to the Chinese State. This possible risk to national security was evaluated in the context of suspected State-sponsored cyber attacks on UK interests from China. Huawei have denied direct links with the Chinese Government or military (pp 4–5).

The British Ambassador to China, Sebastian Wood, and the Chancellor responded to this report by issuing statements in support of inward investment to the UK from China, stating the need for inward investment to generating UK jobs and economic growth (GOV.UK website, '[British Ambassador Responds to UK Parliament's Report](#)', 6 June 2013). The [Government Response](#) to the Intelligence and Security Committee's report (Cm 8662, July 2013) stated that the UK Government was confident that the networks in the UK that used Huawei equipment were "operated to a high standard of security and integrity" (p 3).

## 5. The UK Financial Sector and the Global Renminbi Market

Professor Kerry Brown, Executive Director of the China Studies Centre, in '[What Does George Osborne and Boris Johnson's Visit to China Mean for Economic and Trade Relations?](#)' (*Political Insight*, 16 October 2013), identified the UK Government's priority in its relations with China as being the promotion of the UK's financial services sector:

There is one good reason why a British Chancellor and the Mayor of London might justify a visit to China in the same week [...] This is simply that with a defrost in relations now occurring the centrality of the UK's financial services and the role they play in the British national economy and in trying to address the trade imbalance with China, has never been more important, despite the impact of the global economic crisis from 2008 onwards. And London remains the overwhelming home for this one sector in which the UK remains globally significant. While there are plenty of other sectors, from creative industries, to niche manufacturing and other high value added areas, it is in finance that the UK stands the best chance of catching China's interests.

The Chancellor has stated that building the global renminbi market is one of the UK's three diplomatic priorities in Asia, alongside improving levels of investment and combating protectionism (*South China Morning Post*, '[British Welcome of Asian Business Will Hasten Global Economic Recovery](#)', 14 January 2013). Furthermore, that his ambition is for London to act as "the Western hub for renminbi business, complementing Hong Kong as a bridge to the West". During his October 2013 visit to China, he suggested, in an interview with the BBC's chief business correspondent, Linda Yueh, that within his lifetime the renminbi would "become almost as familiar as the dollar" (BBC News, '[The Race for China's Currency](#)', 15 October 2013. This quote is taken from the video interview embedded on the page).

The growth in the global renminbi market is currently restricted by a number of factors. The *Financial Times* have argued that, given the small amounts of renminbi held by central banks, the swap lines established with the People's Bank of China are largely symbolic (*Financial Times* (£), '[Four Key Questions on the Internationalisation of the Renminbi](#)', 15 October 2013). One of the factors holding back the adoption of renminbi as a reserve currency is the restrictions put in place on trading by the Chinese Government. The enabling of British financial institutions to invest up to 80 billion RMB is still "baby steps", the paper argued. These restrictions were symptomatic of China's reluctance to run a current account deficit. The paper also argued that another long term factor holding back the renminbi from becoming a reserve currency was that the People's Bank of China was the second largest holder of US Treasuries in the world after

the Federal Reserve, and that a reduction in this dollar stockpile would take time. The *Financial Times* did, however, describe the pace of the development of the renminbi as an international currency that “surprised many long-time China bankers”, citing a forecast from Standard Chartered, that 28 percent of China’s international trade would be denominated in renminbi by 2020 (*Financial Times* (£), ‘[ICBC Bond: Latest Step on London’s Road to RMB Dominance](#)’, 15 October 2013; and Standard Chartered, ‘[Taiwan Added to the Renminbi Globalisation Index](#)’, 9 September 2013).

Liu Yuhui, Director of the Financial Laboratory at the Chinese Academy of Social Sciences, has argued that it was unrealistic to expect London to play a bigger role in the offshore trade of renminbi. This was because of fears of a possibility large-scale yuan ‘reflux’ in the future and the fact that traders in Hong Kong would always have better lines of communication with Beijing (*China Daily*, ‘[HSBC Issue of Renminbi Bonds in London “Real”](#)’, 19 April 2013).

## 6. Recent Developments in the Chinese Economy and the Possible Impact of UK—Chinese Relations

Since 1979, China’s economy has grown on average by 9.9 percent per annum (Professor Justin Yifu Lin, ‘[Demystifying the Chinese Economy](#)’, World Bank, accessed 25 October 2013). This rate of growth has slowed in recent years, from 9.7 percent annual GDP growth year on year in the third quarter of 2011, to 7.5 percent in second quarter of 2013 (OECD, [Quarterly Gross Domestic Product, Change Over Same Quarter, Previous Year](#), 11 October 2013). According to analysis from the British Embassy in Beijing, overall growth of the Chinese economy in 2013 was expected to be around 7.6 percent, above the Chinese Government’s 7.5 percent target (British Embassy in Beijing, [China Economic Focus—October 2013](#), accessed 29 October 2013, p 1).

China’s rate of growth has remained strong when compared with other developing economies. The OECD have stated that China’s economy was on course to become the world’s largest economy by around 2016 (OECD, [Economic Survey: China](#), March 2013, p 2). According to the OECD, if the reforms set out in China’s Twelfth Five-Year Plan (2011–15), and in the conclusions of the November 2012 18th Chinese Communist Party Congress, were implemented, China would ensure a further improvement in living standards.

The OECD’s March 2013 [Economic Survey: China](#) identified a change in Chinese economic growth, with it increasingly being driven by domestic consumption rather than investment (p 2). BIS have identified a shift in Chinese economic policy, citing China’s Twelfth Five-Year Plan as having a “strong focus on rebalancing growth from exports to domestic consumption” (BIS, [Economic Paper: UK Trade Performance Across Markets and Sectors](#), February 2012, paper 17, p 23). However, the British Embassy in Beijing have observed, according to figures for 2013, that Chinese growth has not been driven primarily by consumption, as had been the case in 2012, but instead was being driven by the investment (British Embassy in Beijing, [China Economic Focus—October 2013](#), accessed 29 October 2013, p 1)

According to the CBI, in their [July 2013 Economic Update](#) (July 2013), the growth of Chinese exports had slowed and there were signs that the main driver of Chinese economic growth might be shifting away from the export of manufactured goods. The CBI noted that the deceleration in China’s GDP growth in the first two quarters of 2013 was driven primarily by the secondary sector of the economy, mostly by manufacturing. The rate of growth in goods

exports declined in the first half of 2013 at the fastest rate since the end of 2009. However, the service sector maintained the accelerated rate of growth it had established in 2012 (p 1).

Joshua Kurlantzick, Fellow for South-east Asia at the Council on Foreign Relations, writing in *The Nation*, argued that the impact of the slowdown in GDP growth on the Chinese politics should not be over played. Despite predictions that without rapid growth, the Chinese political leadership would be weakened, he argued that a real collapse was highly unlikely given the remaining level growth. He also argued that there was a high level of support for the Chinese government among the average Chinese person (*The Nation*, '[China's Economy Slows But Its Global Influence Continues to Rise](#)', 10 August 2013).

## Restructuring the Chinese Economy

The BBC's chief business correspondent, Linda Yueh, has argued that to understand the economic relationship between the UK and China, one should appreciate that both countries are looking to rebalance their economies:

For the UK, the Government wants to re-balance the economy towards manufacturing and exporting more overseas, while relying less on, say, financial services given the banking bust of a few years ago [...] For China, it's the opposite. It wants to re-balance its economy away from too much investment and towards developing a more diversified service sector to provide for its burgeoning middle class. China is worried about its high levels of capital spending, which has produced so-called ghost cities, and wants its companies to invest overseas instead.

(BBC News website, '[Re-balancing and the Re-industrialisation of Britain](#)', 13 October 2013)

Linda Yueh observed that the desire of the Chinese Government to see Chinese companies invest overseas could benefit the UK as its Government seeks to increase investment in domestic infrastructure projects. However, while Britain enjoys success in service sector trade with China in the field of education, the size of China's established manufacturing sector means that the UK would have problems trying to increase its export of manufactured goods to that market (ibid).

Yiping Huang, Professor of Economics at the China Center for Economic Research, Peking University, has identified a shift in economic policy in China following the change of government in China in 2013 (East Asia Forum, '["Likonomics" Policies in China](#)', 7 July 2013). Professor Huang characterised this policy as having three pillars: the avoidance of economic stimulus, deleveraging and structural reforms. These were policies that might risk slowing the Chinese economy and markets in the short term. However, Huang argued that these measures were necessary to avoid problems in the future, such as causing overcapacity in areas of infrastructure and avoiding a credit bubble, after a rapid expansion of credit during the previous government. Professor Huang noted that more may be known about the direction of travel of Chinese economic policy after the Chinese Communist Party's Third Plenum, due to take place in November 2013 (Bloomberg, '[China Signals 'Unprecedented' Policy Changes on Agenda at Plenum](#)', 27 October 2013).

The Fung Global Institute, a think tank based in Hong Kong, have argued that China needed to move away from the export-led growth model of the last three decades and move towards a more sustainable one based on domestic consumption (Project Syndicate, '[China's New](#)



[Growth Order](#), 19 August 2013). They argued that a “narrow focus on output neglects the economy’s human dimension—that is, how growth affects ordinary Chinese citizens’ lives”, and that many of the problems China needs to confront, such as property bubbles, pollution, and land-related corruption are the result of an urban-based, export-led growth model.

Dali Yang, of the University of Chicago, has argued that one bar to changing the Chinese economy in this way would be pressure from local officials, who have been the drivers of Chinese growth through development projects. Yang argued that the Chinese Government might face stiff resistance in its path to reform (F Su, R Tao, and D L Yang, [‘Rethinking the Institutional Foundations of China’s Hyper Growth: Official Incentives, Institutional Constraints, and Local Developmentalism’](#), draft chapter prepared for *The Oxford Handbook on the Politics of Development*, accessed 28 October 2013 through Dali Yang’s website).

## 7. UK—China Relations and the Issues of Democracy and Human Rights

The Foreign Secretary, William Hague, has stated that the UK Government’s policy toward China should address both trade and the issue of human rights:

Of course, human rights issues are by no means the only issues we discuss with the Chinese Government and others; there is a vast range of issues to discuss. But I think that we should always be clear in the United Kingdom about our belief in universal human rights and never be afraid to give our advocacy for those rights. That includes relations with China.

(HC *Hansard*, 3 September 2013, [col 154](#))

The Foreign and Commonwealth Office’s (FCO) [2012 Report on Human Rights and Democracy](#) (April 2013, Cm 8593, pp 137–46) included China as one of the UK’s 27 countries of concern. Although the British Government noted some improvements in strengthening of the rule of law in China, the report stated that progress on core civil and political rights had been limited in 2012, and that the period of the leadership transition had seen an “increased online censorship and harassment of human rights defenders” (p 137).

The report stressed the UK Government’s concern over the Chinese Government’s position on freedom of expression and association, that “although freedom of association and assembly are guaranteed by the constitution, in practice these rights are also severely limited” (p 138). The report noted that large-scale public protests had continued to take place in China in 2012, most centring on local issues such as pollution. Protests on such issues were often resolved through offers of concessions or public consultation, but “protests criticising the party or touching on politically sensitive issues were swiftly put down” (p 139).

The report criticised the use of the death penalty in China, proposing that China was likely to have executed the highest number of people in the world in absolute terms (p 141). It also criticised restrictions placed on religious practice, despite a guarantee of freedom of religious belief in the Chinese constitution.

UK representatives were among those critical of the Chinese Government’s record on human rights during the United Nations Human Rights Council’s October 2013 meeting in Geneva. Karen Pierce, Ambassador and Permanent Representative, UK Mission to the UN and Other

International Organisations, joined representatives from Germany and Switzerland to call on China to reduce the number of crimes carrying the death penalty (*Reuters*, '[West Criticises, China Defends Human Rights Record at UN](#)' 22 October 2013).

The Foreign Office Minister, Hugo Swire, stated in response to a parliamentary question, the following recent assessment from the UK Government of human rights in China:

We welcome recent announcements made by Chinese leaders regarding reform in several areas including anti-corruption and rule of law and the recent announcement that the Re-education Through Labour system will be abolished. However, we remain concerned about restrictions on freedom of expression, freedom of religion, the rule of law, minority rights and the treatment of individual human rights defenders. We encourage China to lift the barriers that still remain with regards to ratification of the International Covenant on Civil and Political Rights.

We believe dialogue with the Chinese Government on these issues is the best way to help bring about positive change. Ministers and officials are consistent in raising their concerns on human rights in public and in private with China at the highest political levels, and jointly with our international partners. We most recently raised our concerns about human rights issues on 16 October with the Chinese authorities. We are seeking to agree dates for the next Human Rights Dialogue with the Chinese Government.

(*HC Hansard*, 24 October 2013, [col 219W](#))

## Tibet

The Prime Minister, David Cameron, made the following comments on Britain's relationship with China and the issue of Tibet during the debate on the 2013 Queen's Speech:

Let us be absolutely clear: this Government have not changed the long-standing British policy towards China, and China and Tibet, and we do want to have a strong and positive relationship with China, which I believe is to our mutual benefit. The Chinese Government are aware of our policy on Tibet. We recognise Tibet as part of China. We do not support Tibetan independence, and we respect China's sovereignty, and when I spoke to Premier Li recently, we both looked forward to our countries working very closely together in the months and years ahead.

(*HC Hansard*, 8 May 2013, [col 22](#))

The UK Government has stated its concern over the increased incidents of self-immolation by Tibetans in 2012. Although British officials were able to visit Tibetan areas in the provinces of Sichuan, Gansu and Qinghai in 2012, Chinese authorities refused to issue permits to Tibetan Autonomous Region (FCO, [2012 Report on Human Rights and Democracy](#), April 2013, p 144).

The UK Government has called for the resumption of talks between the Chinese authorities and representatives of the Dalai Lama as a means of addressing Tibetan concerns and relieving tensions in the region (p 146). However, the Chinese Government has remained reticent over attempts by the UK Government to influence its policy in Tibet, as shown by China's reaction to the meeting between the Prime Minister, the Deputy Prime Minister, Nick Clegg, and the

Dalai Lama in May 2012. The Chinese Foreign Ministry described this meeting as an act of interference in China's internal affairs.

## Xinjiang

The BBC has reported an upsurge in violence in the Xinjiang autonomous region of China in 2013, caused by tension between the largest ethnic group in the province, the Uighur, and Han Chinese (BBC News, '[Xinjiang Profile](#)', 13 August 2013). The FCO have argued that China's policies in the Xinjiang autonomous region have contributed to continuing ethnic tensions, with the demolition of traditional Uighur neighbourhoods in cities, the confiscation of Uighurs' farmland for development projects and harsh treatment of Uighurs during outbreaks of ethnic unrest (FCO, [2012 Report on Human Rights and Democracy](#), April 2013, p 145). The Chinese government have defended their policy in Xinjiang on the grounds of increased economic development in the region and the need to combat terrorism (*China Daily*, '[Xinjiang Displays Growth, Vows Counter-Terrorism Strike](#)', 29 January 2013).

## 8. UK Attitudes Towards China and the UK's Diplomatic Strategy

The Pew Research Center, in their survey of international attitudes towards China and the United States found that, although only a minority of the UK public were likely to view China favourably, a larger percentage of UK citizens had a favourable view of China compared with other EU states, with the exception of Spain (Pew Research Center, '[Global Image of the United States and China](#)', 18 July 2013). Of British people surveyed, 48 percent had a favourable view of China. This compared to 42 percent of people in France and 28 percent of people in Germany. Outside the EU, view varied more widely, at one extreme with 62 percent of Russians and 65 percent of Brazilians having a favourable view, and at the other extreme with in Japan, where only 5 percent of those surveyed viewed China favourably.

The Chancellor of the Exchequer, George Osborne, in an interview published in the *Daily Telegraph* following his October 2013 visit to China, argued that the UK's policy toward China should be motivated by pragmatism:

We've got to start by understanding that China is an ancient civilisation with a long and proud history. If you start by understanding that and treating that with respect that's a good place to begin". China's growth has lifted hundreds of millions out of poverty, he points out. It is sometimes easy to forget that within our lifetime it was a country of famine. "China is what it is. And we have to either be here or be nowhere.

(*Daily Telegraph*, '[You Cannot Fail to be Staggered by China](#)', 19 October 2013)

The Chancellor also argued that, despite not being a democracy, there was "a big national discussion going on about the future direction of China and that's pretty healthy".

The difficulty for democratic countries in engaging successfully with the Chinese Government and retaining a principled stance on the importance of political freedoms was the subject of an article by the former Prime Minister and Foreign Minister of Australia, Kevin Rudd, published in the *New Statesman*:

[...] the challenge we all face (China included) is managing the rise of a non-democratic China as a great power within the framework of the international order [...] It will



require the highest levels of political engagement and thoughtful diplomacy that the world has seen since the end of the cold war. And then, should China through its own national means choose to become a democracy, all the better. However, to predicate our diplomacy in the immediate period ahead on such an assumption would be foolish indeed.

(*New Statesman*, [‘The West Isn’t Ready for the Rise of China’](#), 11 July 2012)

## Appendix: Further Reading

The following books on China are held by the House of Lords Library and are available to Members and their staff:

- Justin Yifu Lin, *Demystifying the Chinese Economy* (2012)
- Dambisa Moyo, *Winner Take All: China’s Race for Resources and What it Means for us* (2012)
- Vincent Goossaert, *The Religious Question in Modern China* (2011)
- Kerry Brown, *China 2020: The Next Decade for the People’s Republic of China* (2010)
- Patrick Wright, *Passport to Peking: A Very British Mission to Mao’s China* (2010)
- Qianfan Zhang, *The Constitution of China: A Contextual Analysis* (2010)
- Yufan Hao, *Challenges to Chinese Foreign Policy: Diplomacy, Globalization, and the Next World Power* (2009)
- Martin Jacques, *When China Rules the World : The Rise of the Middle Kingdom and the End of the Western World* (2009)