

Business and Trade Committee

Oral evidence: China and the UK economy, HC 124

Tuesday 19 May 2026

Ordered by the House of Commons to be published on 19 May 2026.

[Watch the meeting](#)

Members present: Liam Byrne (Chair); Dan Aldridge; John Cooper; Alison Griffiths; Justin Madders; Charlie Maynard; Mr Joshua Reynolds.

Questions 173 to 184

Witnesses

[III](#): Aline Doussin, Partner, Global Regulatory, Hogan Lovells; Dr Ron Black, Former Chief Executive Officer, Imagination Technologies; Sam Goodman, Senior Policy Director, China Strategic Risks Institute.

Examination of witnesses

Witnesses: Aline Doussin, Sam Goodman and Dr Ron Black.

Q173 **Chair:** Welcome to the final panel today in our hearings on the UK-China economic relationship. Thank you very much indeed to our witnesses for joining us. Aline, do you want to kick us off? Just give us a sense of how the UK's attractiveness for Chinese investment has changed in recent years.

Aline Doussin: Thank you so much for having me. I am here in a personal capacity as a trade lawyer. I have been advising on many of the trade instruments that have been discussed since the beginning of the session. My comments will be largely derived from my legal expertise and what we see coming across my desk as a legal adviser. I cannot comment on the attractiveness and the economic impact.

Touching on some of those points—there were some questions earlier on the UK trade toolbox from an economic security perspective—it is clear that the UK Government have over the years, including in the context of the post-Brexit trade policy and legislative discussion, beefed up and increased the economic security toolbox.

Of course, we have different legal bases that apply to Chinese investments entering into the UK, but, from an NSIA national security filing standpoint, there are deals that require UK Government approval before they can be closed in the UK. Export controls remain a very clear topic when UK firms are exporting sensitive items, including technology and data to countries outside of the UK. That would include, of course, China. We have not really touched upon sanctions, but sanctions are a very important legal tool to address the economic security and national security issues that Governments around the world, including the UK, perceive, along with anti-dumping and anti-subsidy rules.

One Member asked earlier about the reality of forced labour regulation in the UK. If I may, I will just touch on that.

Chair: Sorry, the question was how attractive the UK is to Chinese investment. Do you feel able to comment on that?

Aline Doussin: I cannot comment from a legal perspective.

Q174 **Mr Reynolds:** This is the question that really comes to my mind. Sam will probably be able to answer this one. What are the key risks to our economic security from Chinese inbound investment? It looks like a good thing, and we need more investment coming into the UK, but the reality probably is not there.

Sam Goodman: Some of the panellists have already touched upon this. First of all, there is a loss of foundational know-how. Look at British Steel. We nearly became one of the first countries in the G7 no longer able to produce virgin steel because a Chinese company attempted to illegally



HOUSE OF COMMONS

close the blast furnace at British Steel. The Government did not even know about that.

You have IP theft as well. You can look at the Dutch Government and the ongoing row around Nexperia. The Dutch Government have accused Wingtech, the Chinese owner of Nexperia, of transferring technology from the Nexperia site here in Manchester. Again, you have this question of IP theft. The question of economic coercion was covered quite extensively in the last session. These are just some of the risks that my organisation sees when it comes to inbound Chinese investment.

I would also follow up on the Chair's point here. We are not that attractive to the Chinese when it comes to investment. Look at what we have. We have the City of London. We have our universities. That has been covered. We have a bit of IP that we will not really let them touch in the Oxford-Cambridge corridor, for example. Other than that, China is not a big investor in the UK. It accounts for 0.1% of FDI coming in. The Americans, in comparison, account for £1 in every £3 of foreign direct investment coming in. In 2023, the last available statistics that DBT put out, the Canadians invested 70% more in FDI into the UK; for the Japanese it was above 80%. As I say, China is not a big investor in the UK.

Q175 **Mr Reynolds:** Is there much investment from the UK into China?

Sam Goodman: A little bit, yes, but, as somebody already covered, most of that is going via Hong Kong. That is for historical reasons. Most of that is going into the Hong Kong stock exchange. That is the link between the City of London and Hong Kong.

Q176 **Dan Aldridge:** How effective is the UK's existing inbound investment screening regime? How might it be strengthened?

Dr Black: My experience is pretty much focused on Imagination Technologies and Newport Wafer Fab, in which I was extensively involved in the early days. I wrote some White Papers about that, which I would highly recommend that you cover because I forecasted some things that did indeed happen. For example, the chips came back in missiles and were used to stop the auto industry over the last several months.

With respect to what the rules are, the new rules that were put in place are quite good. I had some embargoed and I edited some of that. I do not know whether it came in. You were missing some of the RICO statutes that you have in the US that allow you to attack the top as well as the bottom of an organised crime type of thing. I do not know whether that made it in, but the rules are there.

The real question is whether you follow up on the rules. Based on my experience with Imagination, it is pretty much non-existent. I can give you an example. Imagination was acquired by a company called Canyon Bridge. Canyon Bridge is a private equity firm that has pretty much one



HOUSE OF COMMONS

investor, a Chinese state-owned enterprise. It made one investment, Imagination. Before this, it was targeting the US. It focused on buying a company called Lattice Semiconductor. That failed because the Committee on Foreign Investment in the United States blocked it with a very damning note that came out to everybody about Canyon Bridge being an agent for the Chinese Communist party. It was essentially barred from that, so it focused on Imagination.

I saw that. They approached me twice to join it. I ultimately did. Since I knew one of the partners, I said, "What happened in the US? This is pretty bad. Is there any way that China is actually influential or in control?" The answer was, "No, absolutely not. The US was a different situation. It is just a passive investor". I have known this guy for 20 years. There is no reason not to believe him. If it is a passive investor, it should be followed up by not having much involvement in it and not having a structure where you could have influence.

In any venture capital or private equity type of structure, you have a fund, and you have lots of investors in the funds, which are limited partners. You want lots of investors because they pay your salary, and you do not want one to have a lot of control. With all these funds, you make many investments because you want a portfolio of investments. This is not new. A guy named Harry Markowitz invented portfolio theory in the 1950s and he won a Nobel prize for it in 1990. This is not a blazing-new thing. You would never have one limited partner—the Chinese Communist party through a state-owned enterprise—involved with one private equity firm making an investment in one company. When I got there, that is what I found out it was.

Now, talking about the numbers, the way that private equity gets paid is through two things. The first is a management fee. We used to call it "two in 20"—2% of the committed assets. This was \$1 billion, so it was \$20 million a year, roughly speaking—I do not know. This is just the typical model. That would be for management fees. The second would be 20% of what is called "carried interest". Above the investment, they get 20%.

If you have a big team, lots of limited partners and lots of investments, this is pretty good. Having \$1 billion at 2% is \$20 million, but \$20 million for three people whose job is to watch me, as the CEO, sounds a little bit strange. You have a structure that leads it to be impossible not to have influence. In fact, when I got there—I can only say it because of the lawsuit that I had; this information is out there—they would just turn off the management fees when they wanted something different.

From the very beginning, there was a mechanism to highly influence them. It did not take a lot to figure it out, but it seemed like it passed. When they told me that everything was clean, the No. 1 thing they said was, "The British Government vetted us and we are all good". Within a couple months of being there, I found out that it cannot be all good. They



were highly influential. This is the least negative part. I can go on to the rest of it, which is even worse.

I did look this up; I checked. What happens if they are not completely telling the truth? My understanding is that it is illegal here in Britain and there is no statute of limitations. This happened and nobody did anything. There is almost a comedy of errors like this that perpetuate on. It is not necessarily the legal capabilities; it is the political will or the intellectual capability. You have people like me. The question, though, is when they get to the next level—

Q177 **Chair:** When we look at the ownership structure, it is pretty clear that there is a controlling interest that ultimately goes back to SASAC. The obvious question is how it got blocked by CFIUS and how it then got through the UK investment screening regime.

Dr Black: I did not talk to CFIUS members. I did have a conversation post facto with the Treasury—CFIUS is part of the Treasury in the US—but I did not go into any of that. I do not know how it happened, but clearly their conclusion was different to ours here in Great Britain. They saw that one limited partner paying a lot of money to a group of people to make one investment is, by definition, *prima facie* a control mechanism and it is impossible not to be controlled.

Q178 **Chair:** It might also reveal a lack of co-ordination among allies, if our American allies are taking one decision and we are taking the opposite decision.

Dr Black: My understanding, from the US side, is that this was well communicated. I do not know whether it was well understood. Again, you can ask me more questions on the rest of it.

Chair: We will loop back into controls on diffusion.

Dr Black: There is much more of this that shows it is shockingly bad.

Q179 **Dan Aldridge:** The first thing you said was, “You can write the rules, but is there the will to follow through?” That resonated with me. Do we have the political will? Aline, can I come to you to build on some of those points?

Aline Doussin: The NSIA regime is relatively new. It came into force in 2021. If you compare it to other regimes, it is slightly newer than other regimes. If you look at Europe, for instance, Germany and France have had FDI screening rules for years, including for intra-EU investments in specific sectors of the economy. On the US side, CFIUS is known pretty widely by parties and lawyers. I should add that China also has its own national security review regime. You will have seen that just a few weeks ago, in a quite well-known case now, it blocked a specific US investment in a Chinese AI company. Those regimes are effective, in that all deal parties always consider whether a specific filing needs to be made.



Whether sometimes you have this sort of scenario, I cannot comment on the specific case. On the exchange of information, now that we are outside the EU, we are not part of the co-ordination mechanism that would take place between the 27 member states when clearing FDI decisions where there is a European-wide economic interest.

If you look at the data on cases, just last year there were more than 1,000 notifications made to the NSIA unit here in the UK, which is a significantly large number. It is worth remembering that the regime operates both a mandatory and a voluntary filing regime. Parties are willing to submit their case to the unit.

If you go back to the data and the facts, as we do as lawyers, it is interesting to compare, for instance, the number of conditions that are put in. These conditions are where the Government clear a transaction but put specific commitments into the deal.

In France, for instance, almost 50% of those clearances are made subject to conditions. In the UK, we are looking at 4% or 5%, if I am not incorrect. Again, this is the UK Government deciding that, on the face of those deals, they are not required to go into a specific phase 2 clearance condition, and there is no national security concern.

Again, it is worth bearing in mind that those decisions are not outside of the UK, because those final orders are public in the UK. This is the specificity with our regime here. Outside of the UK, most of the decisions would never be public, so it is difficult, even for practitioners, to understand and to know exactly when an investor, for instance, decides to withdraw from a specific investment plan because it is, or will be, perceived as a national security risk by a specific Government.

Q180 Chair: Dr Black, let me just come back to your story. We are concerned about the way in which the UK Government control or fail to control access to sensitive technologies. Your story lights up two problems. One is that our allies made one decision about blocking this takeover, but the UK Government did not. Secondly, they do not appear to have implemented a control regime here in the UK, through conditions or anything else, that may have prevented Chinese access to what was potentially sensitive technology. Is that the case?

Dr Black: Yes, and I would say it is even worse. Unless there is somebody like me who is willing to step up and take on the negative aspects of it, it gets passed all the way through. Again, I am just using the stuff that was already out. Just to make it clear, the primary reason I did this lawsuit for the tribunal was to provide the confidential information that I was restricted from being able to talk about prior to this. The information is there. Some of it has not necessarily been released, despite some journalists asking for it.

During this process, after it was clear they were involved, I testified that China Reform, the state-owned enterprise, set up a meeting with me in a teahouse in Beijing. I never have meetings with the limited partners



HOUSE OF COMMONS

without the general partners—the private equity firm. You normally do it once a year. You give a 30-minute presentation. You go to the bar. You drink. It is low-key stuff, because they are passive investors. They understand three seconds of it.

They set up a meeting with me, independently, late at night on a Sunday, during which they asked me to work directly for them. Specifically, my job was to transfer the technology and the knowledge from the brains of the British engineers to the Chinese engineers, and then lay them off. Half my family lives in the UK, but I have an American passport. If I had chosen to work for them, I would be an unregistered foreign agent. If I chose to transfer the knowledge and the technology of something that I knew was, at minimum, dual-use and could easily, and would, be used in military applications, then I would have been a foreign agent committing espionage.

Obviously, I turned this down because of the national security issue, but they also said, “But you would make a lot of money”. From my tribunal, the total statement of loss that I had was \$257 million. That does not include working directly for them and tapping into the \$20 million a year that they could pay me instead of the other guys for working for them, for multiple years. These are not small amounts of money.

The one thing where I would maybe have a slightly different feel is that the UK has brilliant engineers, with multiple capabilities on multiple things. You do not have a mechanism to grow the companies, which is where I come in, typically. You lack the private equity, the venture capital and the middle companies that can use it, and you are constantly fighting with it, but I will tell you that, right now, the US and China are vying for the assets that are here. Some of the most brilliant people in the German company that I run today are in the UK. In this particular case, you have to have somebody, as a first row with me, willing to walk away from a quarter of a billion dollars.

Then what are the next steps? When this was happening and there was an attempted takeover of the company because I would not do it, I went to the local MP—nothing. I went to a China hawk MP—nothing. I went to GCHQ and said, “This could be a problem”—nothing. Then we had the problem, and I resigned to block them, because they were not moving. I was then reinstated and then re-fired. Afterwards, I did the lawsuit to get the access for the information you had. I testified in Tom Tugendhat’s Foreign Affairs Committee hearing. It was clear that I was restricted from saying things because of the non-disclosure agreement. I tried everything.

You have multiple points of failure, and the only reason it would have been blocked is somebody willing to walk away from a quarter of a billion dollars, and I wonder how many people are not willing to do that and how big this is. I know for a fact that I am not the only one, so this is an endemic problem that is close to epidemic.



Q181 **Chair:** That is the point I want to ask about. In the light of what you have learned subsequently, is this a typical pattern or tactic through which China seeks access to sensitive technology?

Dr Black: My cases are limited on these, so I cannot state statistically, but yes. It is because you have particularly good technology. In fact, I got involved with the Newport Wafer Fab, which was very different. A group asked me to put together a fund to rep it because of what I had done. We put together a £300 million fund to buy it. It turned out there were all sorts of reasons to block it, but the fear was the transfer of the technology.

A lot of times, there was ignorance because I was trying to explain to some people that this technology is a lot more advanced than you think. It might be old, but that does not mean it is not important, especially on these power electronics. You were previously talking about electric vehicles. This stuff is pretty impressive, and here is what it is. It is not the property, plant and equipment. It is those 200 people in the factory who know how to do it. That is the knowledge base that you want to move. It was the same thing with Imagination. Remember that this is 35 years of institutional knowledge; it is not something a couple of university kids did over the weekend.

Q182 **Chair:** The investment screening regime has evolved since 2017, when the Imagination transaction was originally conducted. What confidence do you have in the UK's investment screening regime today? Would it prevent a repeat of what you went through?

Dr Black: You can have a mechanism, but you have the same problem if people are not going to do anything about it, despite the fact that there is evidence that this could be a problem. In fact, in going through this, I found a quote from one of Upton Sinclair's books, which says something like, "It is very hard to explain something to a man whose salary requires him not to understand it". I felt like this was a lot of the problem that I had: "Yes, I am not going to do anything".

So, yes, you can. In terms of the edits that I had put into the embargoed version, I never followed up and read it. I am not a lawyer, but I would be happy to go through with that. The real question is whether somebody is going to be held accountable. If you just say it is a process problem and there is no accountability, then you are just always going to delay: "It is the process. It is the process. It is the process". You have to have accountability for somebody, or you count on somebody like me to say no. But even after I said no, they just replaced me, and they had a high degree of confidence that there was not going to be any problem in replacing me. There is a whole story there, if you are interested in it.

In fact, right after I was removed, based on the investigative journal reporting from UK-China Transparency, a guy named Sam Dunning found people who did, in fact, participate in the full transfer of the technology and the knowledge, exactly as they were trying to do with me.

Q183 **Chair:** Sam, do you want to add something to this?

Sam Goodman: My concern right now about our industrial strategy is that we are passively outsourcing it to the red lines of others. In some ways, it is not necessarily about the process of the National Security and Investment Act. It is more that we are being informed by the decisions that America is making, for instance, on tariffs for our steel strategy, and the comments that the Commerce Secretary made in the Oval Office, where he said that US influence had something to do with the partial renationalisation of British Steel, or looking at the Ming Yang case, where there has been a lot of speculation that the intervention there from the UK Government was more informed by the red lines of the EU.

I would like to see us be more proactive and co-ordinated with our partners when it comes to these shared investment risks that we see. Some of the panellists in the last session were talking about that, and it certainly goes towards having a shared tariff and a shared strategy. We clearly have a shared diagnosis of what the problem is.

Chair: That is really helpful. Thank you.

Q184 **Charlie Maynard:** Just following up on that, Aline, as a practitioner, what do you see as working badly with the NSIA? You move across various jurisdictions. Seeing other jurisdictions and what this or that country does well, how would you rank us and what recommendations would you make for improvement?

Aline Doussin: It is difficult to make any rankings, but it is always interesting to make a comparative analysis, especially when you look at the broader EU FDI regimes that we have now seen being developed over the past few years. I do see that that co-ordination point, of course, as I mentioned earlier, is different, because, again, under EU law, when there is a shared interest in doing so—i.e. there is an economic impact on more than one member state—there is a co-ordination mechanism. Member state authorities have to talk to each other and potentially discuss the ability to provide comments to another member state's authorities on a national security risk and the ultimate decision that will be taken on a specific deal. I cannot comment exactly on how the UK Government are doing that in the context of their reviews. It is clear that there is potentially some co-ordination taking place, but, again, there is no formal legal co-operation mechanism per the law.

There is just one point that I wanted to make. Again, to my earlier observations and comments, the economic or national security toolbox is not only the FDI screening regime. To go back to the earlier discussion, export controls are also very relevant when you look at which technology items, sensitive technology or data can be shared by the UK with non-UK countries. There is an element of difference, for instance, when you look at how the US applies its own export control rules, which are very extraterritorial by nature. That means that, of course, the US Government are much more able to see where sensitive items are going,



because, per the law, the US export control regime follows those items outside the jurisdiction of US law. That is not something that, here in the UK, or even in Europe, we do as a matter of international public law.

If the Committee is not familiar with this, that is where the concept of deemed exports is relevant—when, for instance, the US controls the release of controlled technology, even within a specific territory, that is made to nationals of specific countries. The way our rules work would not necessarily trigger those specific Government regimes, because they might not fall within the scope of the regime.

Sam Goodman: We have, essentially, a country-agnostic investment screening regime. About a third of the cases that are called in are essentially in relation to China and Chinese companies. There is a frustration from our allies about the process itself. We could have an expedited path for trusted partners, whether that is the Five Eyes partners or something wider. That is what the CFIUS regime has in the US. That is one thing that we could do. We have to recognise that investment from Hong Kong should be treated the same as investment from China. The Chinese control Hong Kong now.

Charlie Maynard: It is the same country.

Sam Goodman: Yes, exactly, so why are we treating Hong Kong and Chinese investment separately?

There is also a problem around the retrospective application of investment screening. There is a whole set of investment that falls out of the five-year period to which you could retrospectively apply our screening regime. That is not all bad, but there are big questions in the future that we are going to have to deal with. For instance, was it a good idea that we sold the London Metals Exchange to the Hong Kong Government, particularly when we know that the Chinese Government manipulate the price of lithium? That is one question.

As a second question, CK Hutchison is basically over a barrel right now. The Chinese Government are applying the PRC anti-monopoly law, and probably the national security law, on its executives to stop them selling off their port arm, basically. Yet CK Hutchison owns a couple of our ports here, as well as some railways, energy companies and water companies.

Charlie Maynard: And a mobile phone network.

Sam Goodman: At what point, when the Chinese Government squeeze CK Hutchison, are we going to be concerned about the huge amount of infrastructure that it owns and that sits outside of the period of review? I am not necessarily saying that we can go back and unpick these investments, given the huge legal challenges to do that, but, if you look at, say, the New Zealand investment screening regime, which is called the Overseas Investment Act, it at least has a little more flexibility. It is



HOUSE OF COMMONS

not limited by a five-year time limit. Again, I am not an expert legally as to how that would work, but I do foresee this being an issue for the UK.

Dr Black: Can I make another point on this? I saw it a bit in the manipulation. I have to say I am not familiar with the laws and stuff, but, if you look at financial accounting, there are two ways to approach it. One is called rules-based, which says you follow a set of rules and, as long as you follow the set of rules, in terms of what happens at the end, you are okay—no fraud, no problem.

The other is intention-based. At least when I was doing more financial accounting, the UK was always intention-based, and the US was very rules-based. You tended to have more problems with fraud in the rules-based, because people became comfortable with the rules. If you show me some defence, military or cyber thing, and you show me the rules, I will tell you exactly how I will get around them.

I cannot do that with an intention-based approach. I might go through and say, "I am Imagination. I am going to license Mr Maynard this design for this GPU. It is designed for consumer electronics. It is perfectly fine." Let us say that, in terms of export control, that is okay. Separately, I am going to have my partner, Mr Goodman, who is an expert in design, provide design services to Mr Maynard. Those design services will show him how to take that GPU, make it much wider bandwidth, and tailor it for military applications, so for ISR—intelligence, surveillance and reconnaissance—where you are sucking in all sorts of things to make a target package really quickly. My transaction was completely legal. I sold you something that was consumer-based. Your design services were completely legal because you can do that. However, with the combination of what we did, in the spirit, we sold you class A, perfect military semiconductor electronics that are probably now being used against us.

If you have a system, and the system can be manipulated, that is very clear. A lot of this, let me tell you, is not very advanced tradecraft. I would be happy to sit with SIS and a couple of your Committee members, and show you exactly how to design around this and all of these types of things. It is easy to do, in most cases, without the most advanced stuff. When you have something that is rules-based, you just have to loop round. It might cross over and you will have somebody do it, but it is like money laundering—it is hard to find where it is happening. Once it is intentions-based and you find it happening, it does not matter. It must be your intention to do that.

Chair: I am afraid we are over time, but this has been an incredibly helpful discussion. Thank you very much for lighting this up for us. If there are further thoughts you want to supply to us on how the investment screening regime needs to improve and, indeed, the export screening regime, that would be incredibly helpful as we try to work out exactly what recommendations to make to Government. That concludes this panel and this session.