

Foreign Affairs Committee

Oral evidence: [China and the international rules-based system](#) – 23 October 2018, HC 612

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Members present: Ian Murray (Chair); Ian Austin; Chris Bryant; Stephen Gethins; Mr Bob Seely; Royston Smith.

Questions 22-58

Witnesses

I: 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.

Examination of witnesses

Witnesses: 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.

Chair: Welcome to the Foreign Affairs Committee. Thank you so much for coming to give us evidence this afternoon. First, an apology from our Chair, Tom Tugendhat. He has an engagement with the Queen of the Netherlands, so I am taking the Chair for this particular session, but we are very grateful that you have come to give us evidence for our inquiry into China and the international order. We will get started right away, if you do not mind, and I will pass over to Stephen Gethins, who is going to ask some questions about China and the relationship with Russia.

Q22 **Stephen Gethins:** Thank you all for coming along today. I wonder whether I could ask a few questions about China's relationship with Russia. Just to get started, do you think the China-Russia relationship is just a marriage of convenience? What areas do you think are the key areas of partnership? I would be interested in any of your responses.

Nigel Inkster: It may have started as a marriage of convenience, but the relationship is more complex than that. Although we tend to look at these things in terms of analogies, it is probably more helpful to look at the China-Russia relationship as something that is sui generis. Let us not forget that China and Russia have a long history. Russia was the first country with which China signed a modern diplomatic treaty—the treaty of Nerchinsk, in the 17th century—and Russia had an embassy in Beijing at a time when no other western nation did. There have been ups and downs in the relationship, but there has been a relationship for some time.

Obviously, that went through quite some convulsions during the 1950s and '60s, but latterly, we have seen a growing convergence. That is driven by a very strong mutuality of interests. Putting it at its simplest, I would say that its geopolitical purpose is about making the world safe for authoritarianism; that Russia and China have a particular world view that is in some ways quite antithetical to liberal democracy. Both countries tend to take the view that, in international relations, customary international law should be subordinated to the interests of major powers, which both China and Russia consider themselves to be.

If you look at the texture of the relationship—the integument of it, so to speak—we can see that it is becoming quite complex and quite wide in scope. A lot of it is economic, and it is very much the case that Russia is a demandeur and a junior partner in this, but China is polite enough not to rub Russia's nose in that fact. China obviously has significant interests in gaining access to Russian natural resources for China itself. Russia is not much of a market for sales of consumer goods, but those are welcome in



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Russia. I will give a couple of examples. I think that in 2016 Russia became China's top supplier of oil; China had lost self-sufficiency in oil in the mid-1990s. China is very interested in investing in Russian liquid natural gas projects, so Russia is kind of dragging its feet.

There is an interesting relationship in terms of arms sales and in military co-operation. Russia has sold a lot of arms to China, but it is not happy about the fact that many of those arms have been reverse engineered. However, China is now catching up with Russia, and it probably will not be that long, although it is hard to say exactly when, before China maybe displaces Russia in terms of some of its capabilities. You can look at the military relationship. We have just had a major military exercise—Vostok—in 2018, in which a whole Chinese brigade, which I think consisted of 3,500 men, took part. That was quite an extensive commitment and an important signal by both Russia and China to the United States not to take them for granted. There are many more things, but I think that is a broad outline.

Q23 Stephen Gethins: That is helpful. Does anybody else have any comments?

Shashank Joshi: All I would add is that I think that if we had had this discussion a few years ago, we might have had a different emphasis. We would have talked about Russian depopulation in the far east and strategic concerns about China's long-term intentions. If you look at the Vostok exercise as a signal sent by Russian analysts and others, even four or five years ago—the last exercise of that kind was in 2014, I think—you were still seeing discussions of the potential preparedness for contingencies involving China. It's a fading of a lot of that that I think is significant; it's been overtaken by lots of other things.

I strongly share the view that there is an element of making the world safe for authoritarianism, as manifest in very different ways, whether in the Security Council—patterns of voting—or in the support for different kinds of election monitoring, in ways that would differ very sharply from European priorities.

However, I see very little collaborative action, in a substantial sense, either in Asia or beyond, including in the region in which Russia is most active in Asia, or south Asia, which I guess I would say is Pakistan and Afghanistan. Very parallel tracks—we're not seeing, I think, any serious collaborative action there. I think that is some way away.

Helena Legarda: Maybe I will just make a final point. I completely agree with what my colleagues have said, but I think there are limits to what Russia and China will do for each other. For example, you can look at issues like Syria, or any form of security guarantees; China is not willing to let go of its non-interference principle just because of its relationship with Russia. So, even though they are inching closer and they have a real relationship, there are some limits to what they will do for each other.

Q24 Stephen Gethins: I would be quite interested to hear your views on that,



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for example about how China sees intervention in Syria, but also in Ukraine and elsewhere. Also, what is the future of the relationship? It would be quite interesting if you could expand on that point, but I would also be interested in each of your colleagues' views as well.

Helena Legarda: Sure—I can say a little bit and then maybe pass it along.

In general, China does not really officially acknowledge any of the border changes, for example when we are talking about Ukraine, but they respect Russia's sensitivities when it comes to that issue. So they are being quite ambiguous about the topic. They haven't really come out and said, "Sure, we accept that Ukraine is now part of Russia," but they are not really opposing Russian intervention in Ukraine either.

It is a similar idea with the conflict in Syria. China does not really want to intervene; China defends the political solution to the conflict. But it is not saying much against what Russia is doing in Syria. So they are sort of toeing that balance between upholding that non-interference principle and what they think their role should be in international relations, and keeping good ties with Russia.

Shashank Joshi: I would distinguish Ukraine and Syria as those two elements. In Ukraine, we saw quite genuine Chinese concern at the precedent being set. Obviously there was a diplomatic relationship to manage, but I think there was legitimate and serious concern about the act of annexation, the changing of borders by force and so on.

Syria is a different case, in part because China's principle of non-intervention has itself been diluted substantially in many respects in recent years, but more importantly because, in the view not just of China but of many other Governments—even democratic Governments such as India's—it is a case of a sovereign Government having invited in an allied force to suppress what is predominantly, in their eyes, a terrorist, Islamist-dominated movement. I think there is a much higher degree of legitimacy seen in that—we see that in lots of areas in terms of the Chinese posture towards Syria—than in the Ukraine crisis.

Even in the language used around Chinese counter-terrorism issues at home, we see them saying, "If we hadn't taken steps x, y and z, China would look more like Syria today." I think there is an implicit sense that the counter-terror angle is paramount in some ways—more than the aspect of foreign intervention or entanglement.

Nigel Inkster: I share that view. For China, social order and social control are the priority concerns. I do not think I have anything much to add on the intervention issue, but on where this relationship might end up, it is important to make two points. First, Russia and China have worked very hard at this. They have established quite a complex and intricate set of collaborative structures, with Ministries meeting on a very regular basis. Vladimir Putin and Xi Jinping have typically met five or six times a year for the past few years. They know each other quite well.



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However, it is also true to say that China has taken a long, hard look at Russia and said, essentially, "Russia is a European culture and a European country and, in the final analysis, will look more naturally westward than eastward." From China's perspective, there is no likelihood that Russia will ever swing fully within China's orbit, and that cultural consideration will impose some limits on how far this relationship might go.

The other thing, of course, is that China is careful not to describe this as an alliance, although there are some nationalist blowhard public intellectuals such as Yan Xuetong who argue that they should turn this into an alliance. They have carefully described it as a comprehensive strategic partnership of co-ordination. That falls far short of an alliance, and institutionally and culturally China is allergic to the idea of alliance partnerships.

- Q25 **Stephen Gethins:** May I ask one final question? In that regard, in terms of the UK-China relationship, what should the UK be doing to try to help to persuade China to come on board with opposing some areas of concern about Russian behaviour, be it in Syria, on chemical weapons or elsewhere? What else can the UK do to engage with China?

Chair: Maybe nothing.

Nigel Inkster: Operating in isolation, I would venture to suggest not a great deal; operating in conjunction with other partners, potentially. Let us bear in mind that while 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. That has to be the starting point for engagement with China. Where might China's interests actually be at risk if the status quo order is disrupted in certain ways?

- Q26 **Mr Seely:** I apologise for being late. I am sure you will correct me, but aren't the Chinese just playing the Russians a little bit? As you say, they do have a different agenda. The Chinese are bending the rules of the international order, but fundamentally they continue to need it to work for the moment. The Russians are really just sulking and trying to trash the international order. The Chinese are so economically dominant over the Russians that this is not really a relationship of equals in any way, but the Russian hostility to the West seems to be potentially useful for the Chinese, and if you are China and trying to manage Asian matters, it is better to have the Russians onside than to have a hostile Russia. Can I have an opinion on that? Do you just think, "No, you're completely wrong," or do you think, "Actually, there may be some truth in that"?

Nigel Inkster: It is certainly the case that China knows that in this relationship in most respects it has the whip hand, particularly in economic terms. But there are things—*[Interruption.]*

Chair: I am sorry. I should have said at the start that our session may be punctuated by the democratic process. I will leave you with Bob Seely's



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wonderful question—perhaps you can think about your response to that—and suspend the sitting until quarter-past 3.

Sitting suspended for Divisions in the House.

On resuming—

Chair: Again, apologies to our guests about the Division bell ringing. We may or may not have another vote later, but we will cross that bridge when we come to it. Bob, could you briefly repeat your question for the panel?

Q27 **Mr Seely:** Is China just using Russia?

Shashank Joshi: I touched on this before we left, but I think the answer is yes. There is a recognition of the asymmetry that has developed and the change in the relationship, but does it make a difference to us? Does it matter or change the outcome of the alignment that we are seeing? Ultimately, it still has all the effects that we described. There is that asymmetry, and Russia recognises that it has lost a lot of power in the relationship, but it still impacts us in all those ways.

I would say one other thing. I would be very careful not to say that this is one-directional. One benefit for China is that it multilateralises China and softens its engagement with the outside world, whether through the SCO, through BRICS or through other forums. A country like India might not engage as closely with China in a bilateral setting, but it will happily issue quite strong and robust joint statements in the context of BRICS or the SCO on counter-terrorism, sovereignty, civil wars, Syria or things that they might not agree with the West about. For China, that is very useful. It softens the impact of its power on the world, in the same way that American alliances soften the impact of American power on the world.

Chair: Would you like to move on to India, Chris?

Q28 **Chris Bryant:** May I ask a little more about Russia first? When we were in Beijing, we were quite intrigued about why nothing had been said about Russia killing people in Salisbury. We asked Mr Wang Chen, and to be honest we were quite shocked when he said that it was a matter of “he says, she says”. That felt like a determined alliance, which is not in our interests.

Shashank Joshi: I would disagree. We see lots of countries, including some that are much closer to us—partners of ours—that have taken significantly softer lines on the outrage in Salisbury and other such incidents. I have already raised India, which I guess we will get on to in a moment. It is very clear that India has also said very little about Skripal, despite the fact that at a macro level its values are much closer to our own. It is straightforward diplomacy, rather than being indicative of the tightness of the alliance. If we were looking for that, we would have to look at other evidence than willingness to offend or attack Russia on that point.

Q29 **Chris Bryant:** But they have deployed their veto more with Russia in the Security Council.

Witnesses indicated assent.

Q30 **Chris Bryant:** We are happy about that, are we?

Nigel Inkster: Well, I don't imagine we have much cause for happiness, but on the simple point that you raise, the fact is that China is not looking to engage or commit in areas in which it does not feel that it has to. I think it is as simple as that. Let's not forget that Chinese foreign policy in its current guise is a relatively new phenomenon. For the best part of 30 years, China effectively had no foreign policy—it took no position on lots of things.

Q31 **Chris Bryant:** I know, but the worry is that now it has one and it is the same as Russia's. That is what it is starting to feel like, and it is a bit disturbing.

Let me move on to India. Obviously they are in a closer regional alliance or competition. How do you see that relationship? Does China have a specific regional strategy in relation to India? Is Belt and Road deliberately trying to exclude India?

Nigel Inkster: I was at an event about a week ago at which one of the participants asked whether there was any country in the world with which China would be unlikely to garner significant change or improvement in its relationship through BRI. I immediately said, "India." It seems to me that what we are dealing with here are two countries with very different approaches to life, very different value systems and some very conflicting strategic objectives, which neither party likes to talk too openly about. What do I mean by that?

First, there is the whole question of the Himalaya watersheds, which China controls, but on which India is very dependent. There is the whole question of the Indian ocean; India likes to think of it somewhat as its own sea and does not really appreciate the presence of the PLA navy operating there. Certainly, India is not happy about situations such as port development projects in Sri Lanka, at Hambantota, and in Pakistan, or indeed Chinese presence in places such as Mauritius and the Seychelles.

Those are things that worry India, and it is noteworthy that India was the one major power that did not attend the BRI conference that took place in China not so long ago. It is fairly clear that India regards BRI—not primarily, but at least in part—as having the function of creating a strategic bypass around India. From that point of view there is quite a lot of unhappiness. I think India recognises at the moment that, militarily, it is not on a par with China, and I am not sure it is likely to get there, but there are rubbing points such as the Doklam plateau in Bhutan, which has been in the news. There are unresolved border disputes, which I think China has zero interest in resolving at the moment, because it suits China to have pressure points that can be used to keep India off-balance and keep it from taking China for granted.



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Helena Legarda: Just a quick point: a major issue of concern here is Pakistan. You mentioned it, but one of the reasons why India does not want to sign up to the Belt and Road Initiative is that the China-Pakistan Economic Corridor is the main part of it right now. That is where China is pouring the most money and where there is the most investment. The India-Pakistan relationship is beyond the scope of this inquiry, of course, but it is a complex issue, and China is seen as taking sides. India is unlikely to sign up to the Belt and Road until that triangular relationship with Pakistan is sorted out somehow, and I honestly do not see that happening in the next few years.

Shashank Joshi: I have a couple of clarification points on BRI. First, I agree with Helena on CPEC, but even more specifically, CPEC transits disputed territory. It transits territory that is ostensibly claimed by India as part of what India calls Pakistan-occupied Kashmir. That is a very important part of that overall hostility to the plan. Secondly, if you look at maps of the Belt and Road Initiative—there are vanishingly few officially sanctioned maps—you will find on all of them a little connection point on Kolkata. That is interesting because India itself, of course, rejects the idea that existing connectivity plans that were formed in the '90s and 2000s should be part of the Belt and Road. It would say, "We are absolutely not part of the Belt and Road, and we reject that language." It is China that would be very eager to see India join up to the Belt and Road; in the past there has been some speculation that that has been one of its objectives in negotiations with India on other issues and that it would give something up to see India actually join on to the Belt and Road.

On the relationship itself, to put a little bit of recent context, we are in a period of a tactical reset. There was a major summit—the Wuhan summit—between Modi and Xi that reflected India's sense that things were getting slightly out of hand and needed to be stabilised. There was the major 70-day dispute over the tri-junction of India, Bhutan and China last summer, which was very serious indeed—the worst border crisis since the 1980s. India has strong red lines on how far it will go with other regional actors such as America, Japan or Australia in terms of military co-operation, and I can elaborate on that later.

Despite all of that, I think the relationship is fundamentally competitive, and becoming much more so. India is taking steps that it would never have done 15 years ago. For example, it is raising a Mountain Strike Corps, the first strike corps or offensive core-level unit in its armed forces, oriented towards China rather than towards Pakistan, which is a major step. That is to do with not just Chinese support for Pakistan or Chinese support on the edge of India, but much more broadly a sense that China is seeking to re-order the entire security architecture of Asia in a way that is inimical to India's interests, locking India out in the long term.

Q32 **Chris Bryant:** You said "rubbing along". Is there any friction there where the UK has in effect to choose a side?

Shashank Joshi: I would say that nowhere do we have to choose a side. In some areas, like on CPEC, we walk a fine line. UK policy on CPEC, to the



best of my knowledge, is that we support CPEC but not projects in disputed areas. That is an effort to assuage Indian sensitivities while reflecting what we perceive as the importance of investment in Pakistan. In other areas, during the Doklam crisis, for example, there are choices we make that have consequences for us in either direction. Japan, during that crisis, gave a statement in support of India that was couched quite carefully but widely recognised by India as a signal of good will, positive intent and consolidation of their relationship. Other powers did not.

We could have chosen to issue a carefully worded statement. That would have had costs and some benefits, which we would have to weigh up, but those trade-offs in how we intervene in these smaller disputes and problems is part of that ongoing choice that we make. I would say that the Indians do watch our relationship with China carefully; they watched it develop under the last Prime Minister, and they took some cautionary messages from that about our posture. They have watched it change a little in the past two years and, from their point of view, they have taken a more positive message—but they watch how we orient ourselves, and that impacts on how they see us as a trustworthy partner or otherwise.

Q33 Royston Smith: May I develop the theme about the Belt and Road Initiative? Is it anything more than a slogan?

Nigel Inkster: Well, the Belt and Road Initiative is lots of things. It is a public relations campaign, which I suppose is a slogan writ large. As with a lot of initiatives, there has been a lot of hype. If you were to ask me what money has been expended by China in the past five years on the Belt and Road Initiative, I could not tell you, but I am in good company, because the Chinese Government itself does not know. Before the recent review conference that took place in Beijing, as I understand it President Xi Jinping was asking his officials some pretty hard questions about exactly what the content of the Belt and Road up until that point was. I think it noteworthy that, when he gave his talk at that review conference, he described the preceding five years as in effect a ground-clearing exercise and a learning experience—now the real heavy lifting begins. In that sense, China is feeling its way.

It is lots of things. It is geopolitical, it is economic and there is a significant soft power component to BRI—it is all of these things. It is also a public relations exercise, and my sense is that it is not going very well and China is slightly puzzled. They are offering all these goodies. Why do people not love them more for all the investments that they are willing to make?

Helena Legarda: The Belt and Road Initiative is vague, but what has to be kept in mind is that it is intentionally vague. It is an umbrella term, which covers a lot of issues from public diplomacy to investment, infrastructure, soft power and hard power. It covers projects new and old, failed and successful. A project may be Belt and Road today and not Belt and Road next month. It is an umbrella term, and that is the point of it. It was set up—this is something that the Communist party has done in the past—as a bit of a slogan, and then they fill up the details as they go along. As Mr Inkster was saying, it has become a big theme in China—Xi

Jinping's signature foreign policy project—and it is not going to go away. We may think that it is not going very successfully right now, but my sense is that they will tweak it as they go along. It is not going to disappear. It was included in the party constitution recently. It is not going away. We may see it change shape or target different regions of the world, but I think Belt and Road is here to stay.

- Q34 **Royston Smith:** If it's a slogan, and then you fill in the detail beyond that, is part of its intention to change the balance of power around China's region and probably to exclude India? We understand that. In general, is that part of it?

Helena Legarda: It very well could be. There are a lot of motivations behind the Belt and Road initiative. As you have probably heard in previous sessions, there are economic considerations, political considerations and, yes, geopolitical considerations associated with the Belt and Road initiative. China is going abroad and investing more in certain countries, and those countries very often need that investment. That is something that you get from those countries when you talk to them. They say, "Well, we do need infrastructure and the money to build railways. China is here to give it to us, and nobody else is." There could be some upside to the Belt and Road initiative, of course, but all of this comes with a certain level of political influence and Chinese access to Governments, and with all the associated problems that could have for our interests, in terms of both the UK and Europe more broadly.

- Q35 **Royston Smith:** Nigel, what are the security implications, for example, to China's expansion of military bases and its sending civilian contractors abroad?

Nigel Inkster: I think we need to keep that in context. To date, China has only one military base, which is in Djibouti. There are a number of other port facilities that have come about or have been developed as part of the Belt and Road initiative, and potentially could have a military function but do not necessarily do so. We see, for example, that three major Israeli deep-water ports are now involved in Chinese projects under Chinese management.

There are a number of things. It is partly economic. You are making sure Chinese global supply lines are as little vulnerable to disruption as possible. No doubt there is also an eye to the potential for military deployments. China, looking at its role in the world, has looked at what we, the British, did in the 19th century and what the Americans did in the 20th century, and has kind of decided that it doesn't want to go down that particular route. It doesn't want to do colonies—that's for sure—and it doesn't want very expensive basing commitments all around the world. In many ways, its concept of power projection feels a bit more like the Venetian Republic—it is mainly commercial, but with the capacity to back-fill militarily as the situation requires.

Obviously, we are now seeing the deployment of Chinese private security companies to a much greater extent. It never had these previously and it



now does. Increasingly, these companies are starting to take a leaf out of the US book—the Blackwater manual. We don't yet see armed Chinese contractors swaggering around kicking the locals, but certainly the idea that these entities might occasionally be armed and might undertake their own activities is less distant a possibility than it might have been a few years ago. By and large, the Chinese like to work through the local Government where they can, but if they can't they might need to take other steps.

The other area of security that I think is potentially quite important is that BRI is a lot about connectivity, and a lot of that connectivity is information communications technology. We have seen a lot of Chinese information communication technology systems being established in countries that are part of the Belt and Road initiative, often on a build-maintain-and-operate basis. With those core networks come the surveillance techniques and the uses of ICT for social control that have been developed in China and that are made available to the recipient countries—we perhaps need to think about that. For better or worse, there is a significant intelligence component.

Shashank Joshi: I will just add one aspect to that. When we think about security implications of places or bases, it is important that we keep in mind that the practical impact is not on how these would fare in a major power conflict—they are very far away from China's mainland, and are extremely stretched lines of communication. They are primarily of interest in the medium term for thinking about how China might intervene in other places in smaller contingencies and scenarios—not directly against western countries or in opposition to the United States, but in ways that may be problematic for our interest or that may run against it, particularly in weaker states with less capacity. Such places might not be able to sustain large-scale replenishment and repair of warships and be hardened in wartime. They may be sufficient to justify smaller-scale expeditionary forces of the kind that we may see, particularly in the light of the fact that there is a greater emphasis on the protection of Chinese citizens abroad and of Chinese interests in other locations. That is the kind of scenario that is relevant when we consider the security implications of second or third-country bases.

Q36 **Chair:** On the issue of Chinese involvement at the Hambantota port in Sri Lanka, is it intended for the Belt and Road Initiative to get control if Governments default, or is that a little bit too conspiratorial?

Helena Legarda: I think the intention is to get the money. If they give a loan, they want the money back. I think this has actually been the only case of China taking the infrastructure instead of payment. I don't think Beijing was too happy with it in general. I don't think that is the goal, but it could happen if that is the only option on the table.

Shashank Joshi: I think it generates leverage in more subtle ways. I don't think the debt-for-equity swap is the intention at the start of many of these things.

Q37 Royston Smith: Finally, how should this country react to the Belt and Road Initiative, and what are the pros and cons from our point of view?

Nigel Inkster: We need to look at what actually constitutes a genuine benefit to the United Kingdom, whether economically or in terms of enhanced infrastructure and connectivity. That is the only way to look at it. When the Belt and Road Initiative first came into being, from a UK perspective it felt a bit like, "Here's the solution; now what's the problem?" The fact is that the world writ large does require better infrastructure and better connectivity. If China can provide it in the right way, I don't see that there is any particular reason for us to be reluctant to take it, but I think that we should insist, as should other European countries, on ensuring that any projects that are proposed or undertaken conform to our standards on open competitive bidding and to all the standards that we would normally apply to any infrastructure project.

Shashank Joshi: According to data compiled by the American think tank CSIS, the proportion of locally employed staff is significantly lower on Belt and Road projects than on those that are funded by multilateral development organisations—I would have to check the precise numbers, but that is what it shows. It is important to set very high standards, not just of local involvement and of sustainability, but of transparency. For example, we currently have an issue around Pakistan requiring a loan from the IMF, which may require Pakistan to show more transparency on its loans and outstanding obligations to China. There are certain tensions between those two approaches.

As we do all that, there are two very important things. The first is 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. There is absolutely no contradiction between those two.

The other aspect is that it is crucial to continue working hard for European solidarity and a European approach, as well as a western approach, including the United States and, in a security context, Five Eyes allies. China is very good at peeling states off one by one and bilateralising relationships, because it far prefers to work with states in a bilateral context than a multilateral one. It is absolutely critical for us to continue doing that.

Helena Legarda: Just to add to what has been said, we should keep in mind that the Belt and Road is partly a Chinese domestic initiative. It is driven by domestic interests and they know what they want to get out of it, which is why, as has been said, the majority of products are conducted by Chinese companies with Chinese standards, which often clash with our standards. Officially signing up to the Belt and Road initiative usually involves signing an MOU with China that says that you agree with the Belt and Road and will pursue it jointly.

We need to keep in mind that the Belt and Road is unlikely to bring major economic benefits for any British companies—I am not saying for none,

but it will not be major. Supporting it could also have quite substantial political downsides, such as the effect on relations with other European partners, the United States and even within NATO. There is a lot of concern the political influencing that the Belt and Road initiative brings with it will have security implications. There are downsides.

However, to be purely transactional, if the UK has to sign up to the Belt and Road initiative, it is key to make sure that you get in writing something tangible in return. Otherwise, that upside will most likely not materialise.

Q38 Chris Bryant: Interestingly, Australia feels at the moment that it is in the freezer. We also had Norway's Foreign Affairs Committee in earlier, and they have just come out of the freezer, so I see what you mean about China liking to peel countries off and bilateralise rather than engage multilaterally. The South China Sea is potentially an area of conflict between the UK and China. How do you see developments in the last couple of years under President Xi?

Shashank Joshi: China has reclaimed about 3,000 acres of land, although I need to check that. It hasn't continued that, but in the past couple of years it has focused particularly on building capacity on three reefs in the Spratly Islands. Within the last year or so, there have been some reports in the American media that China has placed reasonably advanced missiles on the Spratly Islands. I haven't seen corroboration of those reports, but I think they get at the potential American and western concerns about what could be placed on those islands in a way that would change the operating environment.

There has been no air or naval build-up, but the concern is that there is the potential for such a build-up on those areas. Since just before Xi took over and after, there was a period in which naval encounters were somewhat calmed, and there was a sense that rules-of-the-road mutual understanding had improved. We now see a potential downturn there as well. The most prominent manifestation is the confrontation between the USS Decatur and a Chinese warship at, I think, the very end of August, which was clearly a very unsafe encounter.

It was the first, or certainly one of the first, encounters between two navy vessels—armed ships—rather than between a navy ship and a coastguard or an intelligence vessel and a ship. It represented a troubling escalation. Officials I spoke to are concerned about the possibility that local commanders have once more been given more initiative in the South China Sea. In concert with the Trump Administration's more forward-leaning approach on freedom of navigation operations, which are becoming more regular, more forward-leaning and more prominent, China is taking a more aggressive and, in this case, very reckless tactics to try to stave those off and push those away.

The overall pattern I see is China consolidating its control as well as significantly increased third-country action. That is not the US or China, but others. It is not only claimants, but others—France, the UK and Japan

most recently, and Australia, are expressing an interest. They are all acting far more cautiously than the US navy, but there is a shift in the way that they are operating that reflects their increasing concerns about the state of play in the South China Sea.

Nigel Inkster: There is a kind of fundamental contradiction, to use good old-fashioned Marxist dialectic analysis, between the global desire to maintain that sea lane as an open sea lane and China's understandable-enough desire to exercise control over that waterway. If you do not control that sea, in times of conflict you might not be able to get your navy out of port.

Shashank Joshi: The current state of affairs is that China's ability to deny the South China Sea and other waters to American ships and forces is greater than it has ever been. It is very substantial, but that does not mean that China can control those waters. There are also formidable similar anti-access capabilities with allied and partner states. Right now, I think we are looking at a period in which the waters are very contested. That does not mean that China is taking them over or could exercise sea control or its will over the area in a wartime situation with any kind of ease at all.

Nigel Inkster: Nor would it want to because, in effect, China would be fighting on home territory, which may confer certain advantages, but it also confers a whole different order of risk.

Q39 **Chris Bryant:** Am I right in saying that China is not signed up to the United Nations convention on the law of the sea?

Nigel Inkster: It is.

Chris Bryant: It is, but America is not.

Nigel Inkster: America is signed up to it, but as with so many other international treaties, the US Senate has refused to ratify it. The United States has always acted as if it was a full signatory.

Q40 **Chris Bryant:** But that is a problem for China, isn't it, if they are signed up but will not admit its ruling?

Shashank Joshi: With UNCLOS, there are a couple of issues. One is the role of arbitration. They obviously rejected and dismissed the arbitration attempt that we saw a couple of years ago. The other is the interpretation of maritime claims. China's interpretation of maritime claims was rubbished by the Permanent Court of Arbitration—absolutely rubbished. However, other states in Asia have excessive maritime claims. American freedom of navigation operations, while most prominently directed at China, are actually directed at a very wide range of states that also make what American sees as very dodgy claims about their territorial seas or exclusive economic zones. That includes partner nations. China's approach is most troubling for the US and for others, particularly in the context of a wartime situation, but other states disagree with UNCLOS interpretations in practice.

Q41 **Chris Bryant:** But it was intriguing that China bothered to participate with the arbitration.

Nigel Inkster: Can you repeat that question?

Chris Bryant: As I understand it, it was surprising that China decided to participate in the process of arbitration.

Nigel Inkster: Well, they didn't in the end, did they?

Chris Bryant: I thought they did.

Helena Legarda: They did. They submitted their claims, but they just did not accept the conclusions.

Nigel Inkster: Yes.

Q42 **Chris Bryant:** Exactly. But there are occasions when Russia, for instance, says, like Charles I, "I refuse to accept the authority of this court." People had expected that China might have gone down that route and said, "No, we are not going to"—

Shashank Joshi: I am not sure it is much better when they then delegitimise the outcome completely.

Q43 **Chris Bryant:** Neither is good, but we certainly heard when we were in Beijing that people were slightly surprised that they had participated at all. Can I just ask about the British element? As you referred to, we have had ships sailing through near the Paracel Islands and so on, and that will continue. What are the risks?

Nigel Inkster: The obvious risk is a re-run of the EP-3 incidents with the Americans—that an ill-judged manoeuvre by one party or another results in some kind of collision or other outcome that has escalatory potential. That, I think, is the risk. In a maritime situation it is always very difficult to anticipate how these things are going to play out exactly, but I would judge that as the main risk—that efforts by China actively to discourage onward progress result in some kind of collision or other incident, and lives are lost and property damaged.

Shashank Joshi: American freedom of navigation operations tend to be much more forward leaning—aggressive is the wrong word. To my knowledge, no other state has conducted an operation like that—it was designed to assert its rights on the high seas or assert its maritime rights and implicitly challenge Chinese ones within 12 nautical miles of the Chinese feature.

The UK operation in the Paracels with HMS Albion seems to have gone further than other such operations. That is notable, significant and very important, but for the UK—or for any non-US party to these operations—there is always a risk that it is easier for China to intimidate the UK than to intimidate the US. The risks of escalation at a tactical level, and then at higher political levels, are far greater with respect to the US than with the UK.

Intimidating the UK in these contexts—Albion seems to have got a very unwelcome reception—is also a very clear message to Japan and Australia, which is having its own debate about this right now. It is also a message to other regional powers that are thinking about asserting their own rights in ways that contradict China’s interpretations.

Q44 Chris Bryant: I was slightly surprised in China that we did not get more complaints about it.

Shashank Joshi: We didn’t want to publicise it. We did not seek to publicise it. It became public, but I don’t believe it became public by any sort of concerted strategy on our part.

Q45 Chris Bryant: But when we went as the Foreign Affairs Committee we thought that the Chinese authorities would mention it in every meeting. I think it came up once, and it was not even from officials—it came from somebody in one of the think-tanks.

Helena Legarda: The concern with freedom of navigation operations from the Chinese side is not the operations themselves most of the time, but the sense that the US in particular is using them to contain China and to target China specifically. I think the UK not having done as many in the region is probably not seen as much of a concern at the moment, but I could absolutely see that being the case if the UK keeps this up and continues running operations, and they become more aggressive or move into the Spratlys. It could become more of a concern.

Q46 Mr Seely: Does China see that there is actually a legal case here? There is the law of the sea, and what they are doing runs counter to it. I understand that they get frustrated at being contained by the United States, but that is a separate argument from the narrow political argument in this case.

Nigel Inkster: I think that goes to the point I made earlier about the fact that China, along with Russia, takes a view—this is kind of enshrined in its new security concept—that the interests of major powers should take precedence over customary international law.

What happened in the South China Sea arbitration dispute was not that China repudiated the law of the sea. China did not say, “Okay—we’re out of here. We’re fed up with this.” They simply said, “In this particular case we dissent from the judgment that has been reached, and we are going to do what we perceive as being in our interest.” That is, shall we say, not unheard of for other major powers.

Shashank Joshi: There is a distinction between narrow, granular disagreements about does this rock or low-tide elevation command a territorial sea, and therefore what can we do or not do in this? There is a natural disagreement there between us and China. The wider point, where the Chinese position is much more vague, is what is permissible, not permissible and desirable within the nine-dash line and their broader claim of pre-eminence in that area. That is much more vague and uncertain, and I am not sure what the legal basis there is at all. At least on the narrow



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stuff it is a straightforward disagreement about whether something commands a territorial sea or not, or similar issues.

Q47 **Mr Seely:** Do you have some sympathy with the Chinese position?

Nigel Inkster: I understand why they see it the way they do. As I said, first, for them this is a vital waterway in terms of their global supply chain. Secondly, at the strategic level, China, as a growing military power, sees the need to be able to control the waters out to the first island chain, and if they cannot control the South China Sea they have absolutely no prospect of doing that. As I said, if China finds itself embroiled in a naval dispute in circumstances where it does not control those waters, it could find that its entire fleet is bottled up in port.

Shashank Joshi: I would be more sympathetic if China had not also conducted military exercises in other nations' exclusive economic zones in ways that it claims should not be done in its own. I would be more sympathetic if there was a more consistent Chinese application of some of those principles, but I do not think there is.

Q48 **Mr Seely:** So this is great power double standards.

Shashank Joshi: To some extent, yes.

Q49 **Chair:** Can I just expand on that a little bit? Do UK operations in the South China sea undermine any diplomatic role that the UK may be able to play in future disputes?

Shashank Joshi: I don't think so. I think that there are multiple issues at stake here. There is an allied role that we play, which is standing by the United States and other partners in the region. There is a global role, in the sense of asserting international rules as we see them and making sure that precedents are not set about staying away from others—for example, giving up on the right of innocent passage. Then there is the third part, which is the idea of mediation or a diplomatic role. If we only focused on the third and neglected the first two, it would not be consistent with our broader foreign policy. While it may preclude us from playing a totally neutral role, and that is certainly not how China would see us, I think that we have to bear those first two roles in mind as well.

Q50 **Stephen Gethins:** Finally, can I move on to the Taiwan-China relationship? Could you comment on whether China's approach to Taiwan has changed under Xi Jinping?

Nigel Inkster: In degree, perhaps; in essence, not. China's objective vis-à-vis Taiwan has been consistent from the outset. It is to recover what it sees as terra irridenta. Unquestionably, what has happened is that, while China and Taiwan have been coming closer together economically, politically and culturally they have been drifting further apart. That is a problem. I think that China initially hoped that the joint declaration resolving the future of Hong Kong and one country, two systems might prove to be a template for reunification for Taiwan. I would take the view now that that opportunity has passed. I am not sure that one country, two

systems is any longer a viable basis on which to achieve a resolution of that particular issue.

Helena Legarda: It is not only that it is no longer viable. Beijing has said that it is not an option for Taiwan, because they are trying to water down the principle even when it comes to Hong Kong. This will never be offered to Taiwan.

What we have seen in the last few years under Xi Jinping is more of a sense of urgency, in a sense, when it comes to Taiwan. This was partly triggered by the election of Tsai Ing-wen from the DPP, instead of the—let us say—more China-friendly KMT. That was a bit of a shock to Beijing. There were then a few public opinion polls—I cannot give you the numbers of the top of my head—of the percentage of the Taiwanese population that was in favour of reunification with China. We saw a major drop in the numbers.

Xi Jinping has set himself a bit of a deadline of 2049, the 100th anniversary of the foundation of the PRC, when he has said he wants China to be a global power—a fully socialist, completely modernised country. There is a lot of talk about whether that necessarily involves fixing the Taiwan issue. Can China be a complete country, fully modern and fully socialist, without solving that? Of course there is no official answer on that issue, but it is something that is out there. There is a fair amount of debate on the issue both in China and outside of China, as to whether 2049 may act as a bit of a deadline when it comes to Taiwan.

Shashank Joshi: We also see, to some extent, intensified military pressure. In April, we had the largest ever Chinese naval exercises. They were held in the Taiwan Strait. We have had Chinese bombers circle the island more, with greater frequency. The US is also responding to that, for that matter. There has just been a navigation in the Taiwan Strait by two destroyers in the last 48 hours or so. That military pressure is partly a psychological intimidation tactic that is also going on. That is not unprecedented. In previous eras we have had pressure on Taiwan in dramatic short, sharp ways—in the Taiwan Straits crisis in the 1990s, for example. But that was to do with very specific provocations and spikes in tension. This is more of a slow drift, I think, into that relationship.

Q51 **Stephen Gethins:** You mentioned this 2049 plan, if you like. For other countries, having a 30-year plan for a long-term vision is a perfectly reasonable thing to do, be it on climate change, a long-term policy goal or an economic strategy. That is not unusual. Has there been any discussion or debate, or any ideas mooted, about what that 30-year plan looks like? Is there anything out there, or is it just a date?

Helena Legarda: To my knowledge, it is not an actual plan. It is one of the two centenary goals. The first is 2021, which is the 100th anniversary of the foundation of the Communist party. China wants to be a moderately prosperous society by then. By 2049, they want to achieve great power status, in a sense, and that applies to the military. That is when they want to have a military that is capable of fighting and winning wars and is fully



modernised. They want to have reduced poverty or eliminated it. They want to be more developed and they want their industry to be fully independent, and so on. But I think that as of right now, it is more of an aspirational goal. There are no actual guidelines.

- Q52 **Mr Seely:** This is slightly getting back to the previous territory, so I will be brief. Russia and China both seem to be preparing for a more violent world. Those preparations are not co-ordinated and they are reached for different reasons. China is coming of age as a power when Russia feels threatened and isolated, or it did, and so they are revamping their military to challenge the West—perhaps China is doing the same thing. Would you care to comment on that? Do you want me to ask a more specific question? They are both preparing for a more dangerous world. Why?

Shashank Joshi: The US national security strategy specifically says that our old focus on issues like counter-terrorism, low-intensity conflict and stabilisation is fading and we are focusing on great power competition. The Chinese and Russian efforts predate the national security strategy, of course, but I think that is because we are seeing great powers compete more vigorously and with that the prospect of war is coming back to the forefront, for very, very different reasons. In the European case, as you know very well, this goes back over 10 years. In the Asia case, we are seeing a very different set of measures. For example, China is downsizing its forces, streamlining its commands into theatre commands and focusing on blue water capabilities, whereas Russia is taking much more focused steps and building up dual-use conventional missiles in terms of a greater potential reliance on nuclear forces. I think both those things stem from the recognition that the spheres of influence of Russia and China cannot now be necessarily defended or filled out without a significantly increased risk of a great power conflict. That means that the countries have to invest in those capabilities. The United States is certainly following that same trend, I think.

- Q53 **Mr Seely:** Is the UK doing any of that thinking about great power conflict, or is it still not wanting to deal with the world as it is?

Nigel Inkster: Like a lot of European countries, the UK is being required to confront this new reality and to consider, again, how it should position itself in this arena. Particularly in areas such as high technology, cyber, artificial intelligence and so on, we are kind of stuck in the middle between two bookends: China on one side and the USA on the other. We are not really able to compete in this sort of area, nor can we realistically rebuild military forces to anything like the sort of level—it would not be sensible to try to build our military resources back to Russian or Chinese levels. But we do have to recognise this impending reality, and I think it is starting to dawn on us.

Shashank Joshi: I just want to pull us back to the Asian context specifically. In Europe, we have the enhanced forward presence—we are part of that. We are taking some steps at some levels that reflect that concern over great power competition and great power conflict. But in Asia



specifically, when I think of what the security environment looks like, one of the dominating trends is middle powers forming coalitions together in more flexible and ad hoc ways, particularly countries such as India, Japan and America. They are three countries that were in some ways estranged in the '90s, but now they have annual naval exercises—the Malabar exercises—that are substantial and growing in ambition and scale every year.

Mr Seely: India, Japan and America.

Shashank Joshi: That is right. But that is just one example. We see bilaterals—India-Japan and India-Australia—that would never have occurred 15 years ago, and taking in steps like anti-submarine warfare that would never have occurred 10 years ago; that would have been far too sensitive. All of that is a reflection of the fact that Asia is a very multi-polar environment, and the combinations of countries that will take shape will not be just America followed by several allies; it could look very different.

When we think about how we prepare for great power competition, it is not just about building up big power projection platforms or major platforms equipped for that; it is also “What does our military diplomacy look like? Are we building interoperability and forging links to those other middle powers in a way that reflects the possibility that, if conflict occurs, it will be in a setting that brings together strange and unusual coalitions to which we may not be fully accustomed?”

I see regional powers in Asia doing it, and I see us doing it to some extent. France is doing it very well, building up to that, but we should be plugging into those nascent Asian middle power security architectures that are taking shape like the quad—India, Japan, Australia and the US—which is lower level, or Malabar and exercises like that at a higher level. We are doing it very well with Japan, and we are doing it with Australia. There is a lot more that we could do with other powers in Asia, though, in terms of how we think about that environment.

Nigel Inkster: To be fair, the UK military has been looking at this, operating with the kinds of coalitions that Dr Joshi has just been talking about. This is not new; people have been thinking and doing things about it for some while now.

Q54 **Chair:** Can I conclude by asking you about the disappearance and imprisonment of the head of Interpol? What is the impact of that on both China's behaviour in institutions, and how we should respond?

Nigel Inkster: Obviously, we do not know, and we may never get to know, the full story in this particular case. The justification for Meng's detention is involvement in corruption, which is a reflection of a pervasive and ongoing anti-corruption campaign that has been in existence since Xi Jinping became Secretary-General of the Communist party.

I have read all the international commentary on this and even in a small way contributed to it, but it seems to me that this is one of those cases



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where we do not know what the reason was for Meng's detention, but clearly it mattered a lot to the Chinese Government and the Communist party to have him detained. I think they would have been well aware of the potential international ramifications of doing what they did, and basically they will have judged that any reaction will be temporary and effectively the world will simply have to get used to dealing with China, given its weight and influence. So, yes, there will be a blip, and yes, there will be a reaction, but they will judge—I think probably correctly—that that will be temporary.

Helena Legarda: We do not know why he was arrested and we probably never will. The official announcement was corruption and taking bribes. A lot of the commentary even inside China is that Meng Hongwei, the former director of Interpol, was linked to Zhou Yongkang, the former Minister for public security, who was arrested as part of the big anti-corruption campaign. If this was the case, they were connected before Meng became the head of Interpol, so something else must have happened in the background that was deemed urgent enough to act in such a sudden—let us even call it sloppy—way.

Shashank Joshi: I think we should note the incredible inadequacy of Interpol's response—its insouciance in response to Meng being kidnapped or detained in this way. For me, it reflects a very troubling pattern of authoritarian states using their powers across borders to intimidate or render—or worse—dissidents in ways that should trouble us very deeply. This is a very strange manifestation of it, but we have also seen it in other cases.

Q55 **Chris Bryant:** Russia and Iran, for instance, and Saudi Arabia.

Shashank Joshi: Russia, of course, and Saudi Arabia most dramatically, but even in the Chinese case, if we focus only on these very high-profile cases, we will miss an important debate that is taking place about how far China is extending its writ in other areas, particularly south-east Asia and east Asia, but to some extent also to dissidents in other parts of the world. There has been some useful, valuable reporting on this issue that has gone completely under the radar but fits into this pattern of authoritarian states extending their reach in ways that are profoundly antithetical to liberal values, and will ultimately have a chilling effect within Western societies themselves.

Helena Legarda: This is a pattern that is happening even domestically inside China. We see it in Xinjiang, with the re-education camps that they have set up there, so this is a pattern of the current Chinese Administration.

Q56 **Chris Bryant:** This is the Uighur—

Helena Legarda: The Uighur issue, yes.

Q57 **Chris Bryant:** And when Britain was there, we said nothing. When the Chancellor of the Exchequer was there, he said not a word about it.



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Helena Legarda: Yes. A lot of countries have said nothing, or very little, about it, and China has recently admitted that these camps exist. It is not particularly a secret.

Q58 **Chair:** And it follows a pattern of the Falun Gong organ harvesting and all those kinds of accusations that are not explored properly.

Nigel Inkster: Yes.

Chair: Thank you very much indeed. It has been a very interesting session.

Nigel Inkster: On that happy note—

Chair: Yes, on that happy note, we are grateful to you for spending time with us this afternoon. Thank you very much indeed.