

Written evidence submitted by Henry Jackson Society

1. The United Kingdom (UK) is belatedly waking up to the broad gambit of threats posed by the People's Republic of China (PRC). The Chinese Communist Party (CCP) views the West, including the UK, as an adversary.
2. The CCP has demonstrated that views economic might as both an instrument of state power and (by virtue of the military-civil fusion doctrine) deployable as a weapon. In the past, including through programmes connected to the Belt and Road Initiative, China has been willing to exploit commercial acquisitions as a form of sharp power and as part of its state-directed approach to intellectual property theft.
3. Beijing, as part of its "Made-in-China 2025" (MiC2025) strategy, has determined 10 industries are 'key' to dominate in order to become an economic superpower. They are: Information technology, robotics, green energy and vehicles, aerospace equipment, ocean engineering, railway equipment, power equipment, new materials, medicine and medical devices, and agriculture machinery.¹
4. In part because of the MiC2025 strategy, commercial acquisitions undertaken by China have taken place in sectors that service the UK's critical national infrastructure.² Chinese acquisitions of British companies within these sectors are at particularly high risk of simultaneously further the "Made-in-China 2025" project and threatening UK security.
5. The Henry Jackson Society keeps records on relevant acquisitions (above 10% equity in medium or larger businesses) made by entities whose ultimate owner is located in the Peoples' Republic of China. These records date back to 2010.
6. Since that time, the society has established that 117 British companies have been acquired by Chinese entities. 37% of those acquisitions were for UK firms whose business closely matches the 10 key industries identified in China's Mic2025 strategy.
7. These firms include 5 British food and agriculture companies, 15 British transport and infrastructure companies, 11 British chemicals, pharma, health, and biotechnology companies, 20 British electronics and energy companies, and 8 British technology, software, and cyber companies. They also include six firms whose websites boast of providing services or products in the defence sector.

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¹ Armstrong S., *Brain Drain: The UK, China, and the question of Intellectual Property Theft*, Henry Jackson Society, Available at: <https://henryjacksonsociety.org/wp-content/uploads/2020/10/HJS-Brain-Drain-IP-Report-web.pdf>.

² These include: chemicals, civil nuclear, communications, defence, emergency services, energy, finance, food, government, health, space, transport, and water.