

Sir Malcolm Rifkind- Written evidence (TRC0020)

Introduction

The Committee's Inquiry is into the UK's security and trade relationship with China. I have no personal experience or expertise in trade policy.

This paper, therefore, concentrates on the security and geopolitical aspects of the UK's relationship with China.

The paper begins by examining China's emergence as an economic and political superpower that is now able to challenge American and Western dominance. It is, of course, not just China that is making such a challenge but Asia as a whole with South-East Asia, Japan, South Korea and India all becoming major global players.

However, China's rise has been combined, under Xi Jinping, with an aggressive foreign policy not just towards the West but towards all its Asian

neighbours from Japan in the North-West to India in the South-East.

This paper, however, rejects the growing tendency to suggest that a new Cold War , comparable to that which existed between NATO powers and the former Soviet Union, is emerging. While not, in any way, excluding political and even military confrontations between China and its rivals the paper finds close comparisons with the former Cold War both unconvincing and, potentially, misleading.

The paper then examines the UK-China relationship against this background. It also suggests that China's Belt and Road Initiative has major implications, both political and economic, for the UK and Europe as well as for Asia, Russia and developing countries elsewhere.

Understanding China - Does China's Economic Growth point to the Superiority of its Political System ?

China has become the most serious challenge to the West and to the world as a whole because of its economic growth and transformation. Xi Jinping aspires to offer a model of government to Asia, Africa and Latin America based on China's own form of state capitalism combined with one party dictatorship.

But, in truth, China's new status is not because it has discovered the key to prosperity. China's economic success, while impressive, has been no greater than that of Japan, South Korea, Singapore, Taiwan or other Asian countries that achieved similar economic growth but did so more than a generation ago.

China's emergence as a superpower should have begun in the 1950s after the end of its Civil War. We have known for a long time that the Chinese, when permitted, make very good capitalists. We saw that in the 1960s when Hong Kong, Singapore and Taiwan, all inhabited by people of Chinese extraction, began to achieve

great prosperity. It was the foolishness of China's Communist ideology, of the Great Leap Forward, and of the Cultural Revolution under Mao Zedong, that seriously delayed mainland China's transformation.

Indeed China's Asian neighbours not only achieved prosperity long before China. Their economic prosperity, unlike China's, has been combined with an embrace of democracy and the rule of law. Japan took the democratic path after 1945. Both South Korea and Taiwan were subjected to military dictatorships which were overthrown. All, today, are healthy democracies which respect the rule of law. China's own neighbours demonstrate how false is Beijing's claim that authoritarian government is necessary to reduce poverty and enjoy economic growth.

It was because of Deng Xiaoping's decision to introduce capitalism "with Chinese characteristics" that China was able to begin to catch up with its Asian neighbours. Today's China is not a Communist state although it is a dictatorship ruled by a political party that calls itself Communist. As is

well known China, today, has, probably, more billionaires than the United States.

China has embraced capitalist economics but it has, also, submitted all companies and businesses to the control of the Communist Party, including compulsory representation on many company boards.

Of course all capitalist economies in the West are subject to some degree of government supervision. There is no unbridled capitalism. The US and the UK have had anti-trust and anti-monopoly legislation since the end of the 19th century. In recent years there has been substantial growth in regulation of the banks and the financial sector, as well as health and safety legislation and, more recently, in environmental standards for companies as a whole..

But in the West, and most of the rest of the world, this involvement by Government is to ensure that competition is preserved and not eliminated by monopolistic practices; to protect national security,

or to ensure that well-defined social or environmental requirements are met. In China, the control of the Communist Party and its interference in the decision making of companies and businesses is, overwhelmingly, to ensure that the monopolistic power of the Communist Party over all aspects of Chinese life will not be threatened.

China's recent economic success has, however, demonstrated that the imposition of ultimate Party control over companies and businesses in an otherwise capitalist economy, including imposing Party representatives on many company boards, does not necessarily destroy entrepreneurship though it must reduce profitability and initiative throughout the Chinese economy. These are the so called "Chinese characteristics".

What makes China so much more important is because, unlike its east Asian neighbours, China has a population of around 1.3 billion people. When a country of that size adopts capitalist economics and uses its new wealth to expand, to a dramatic degree, its military capability, the consequences

reverberate around the world.

That China will be the new superpower, alongside the United States, cannot be seriously contested. Its population of over a billion, its recent increase in economic strength and export capability, its status as a nuclear weapon state, its massive increase in its military capability, especially its naval power, and its existing occupation of a permanent seat on the Security Council of the United Nations will ensure that superpower status is realised.

It is insufficiently understood in the West that all these considerations would apply even if China ceased to be ruled by the Communist Party. Even if it became a more open and liberal country this would not necessarily change Chinese foreign and defence policy. Xi Jinping is as much a Nationalist as he is a Communist. This consideration is not given sufficient weight in the development of policy and strategy in the West as to how to deal with the new China..

Some see China not only as a new superpower, which it is becoming, but one that aspires, one day, to replace the United States as the dominant world power. China, already, has become the most powerful state in the Far East.

Beijing's short to mid-term objective is, indeed, to replace the United States in the Western Pacific and become the dominant power in that region. That would not only enhance its status but help it to impose its will on its neighbours, especially Taiwan.

It would also help ensure that China, which relies on 85% of its imported oil coming, by sea, through the Malacca Straits and the South China Sea could not be subject to a blockade by the US or other hostile powers.

But does this suggest that China seeks ultimate global supremacy; the status now held by the US and once held by the British Empire? That will be near impossible for China to achieve. The world has changed fundamentally since the British Empire covered a quarter of the world, or since the

United States achieved its own global supremacy after 1945.

The British Empire only emerged because the Industrial Revolution gave Britain unprecedented economic and naval strength. That led to Britain, during the eighteenth and nineteenth centuries, gaining control over weak, poor, undeveloped countries unable to resist including, to some degree, China itself.

The United States then replaced Britain . Its extraordinary dominance occurred in the twentieth century after 1945 with a Europe and a wider world devastated by the Second World War. In contrast , today, all China's Asian neighbours are modern, successful states. They include India and Japan. While individually they cannot compete with China all of them are slowly forming new alliances, and working with the United States and Australia, to check Chinese ambition.

Are we facing a new Cold War with China?

The most important development in China in the last few years has been the emergence of Xi Jinping as its most powerful leader since Mao Zedong.

He has ignored the advice of Deng Xiaoping that China, when economically powerful, should not throw its weight around. In the same way he is destroying "Two Systems in one Country" for Hong Kong, which was also Deng's inspiration.

Although China, nominally a Communist state, is now the world's other superpower, the world is not about to see a new Cold War of a kind we faced with the Soviet Union from 1945-1989. There are reasons why one can say that the two situations are not comparable.

Firstly, the Soviet Union was not just a national threat to the United States and to Europe. In Communism and Marxism-Leninism it possessed an alternative ideology that had appeal, in the early

years, to tens of millions of ordinary people in Asia, Africa and Latin America, as well as in Western Europe. China has no comparable ideology. Its enthusiasm for authoritarianism and dictatorship may be of appeal to other despots and potential dictators. There may be other states that will end up with, or even choose through election, a populist dictator but China cannot aspire, as the Soviet Union did, to be the potential leader of a global empire.

Secondly, China, unlike the Soviet Union, does not control or, so far as we are aware, aspire to control, the domestic government of any other state, apart from Taiwan. The Soviets, in comparison, controlled the satellite states of Eastern and Central Europe throughout the Cold War and invaded Hungary and Czechoslovakia when they tried to restore their independence. They occupied a third of Germany. They imposed upon

these states Communist governments against the will of most of their population.

Thirdly, although China has greatly increased its military and naval power it will remain weaker than the United States especially in nuclear weapons for the foreseeable future.

If not through a Cold War how will the West and China's neighbours resist an aggressive China?

All of China's Asian neighbours are being bullied by Beijing. Taiwan is threatened with invasion and India has had soldiers killed on the Chinese-Indian border. China has antagonised the countries of south-east Asia, including communist Vietnam, by occupying and militarising islets in the South China Sea. Japan and South Korea have rejected

Chinese claims to islands which are part of their territory.

Individually, these provocations are difficult to resist. But the effect of this behaviour is that all of China's neighbours, together with Australia and the United States, are coming together to contain Beijing. India, which remained non-aligned throughout the Cold War and never split with the Soviet Union, has now joined with the United States, Japan and Australia in an unprecedented "Quad" (Quadrilateral Security Dialogue), which meets to discuss how to resist Chinese aggression.

The Pacific and the Indian Oceans are no longer separate. We now have the Indo-Pacific geopolitical region, which combines all the countries resisting Xi's foreign policy. So India and Japan, although thousands of miles apart, have joint naval exercises and communist Viet Nam is getting closer to the United States than it is to China. India, South East Asia and Japan will balance China's strength

especially if the United States remains fully committed to the region.

Xi is strong enough to ensure that he can achieve short-term gains by throwing China's weight around. But he is a poor strategist who is causing deep harm to China's long-term interests.

Many in China, including in the Communist Party, and perhaps some in the Politburo, must be asking themselves what is so clever about uniting all of China's Asian neighbours – from Tokyo, through south-east Asia to Delhi – with the United States and Australia, to work and plan together to contain the People's Republic?

Xi has ignored Deng Xiaoping's advice. In doing so he threatens and undermines the future of his own country. He may also be undermining himself.

That is not statesmanship but hubris.

What does the growth of Chinese power mean for the United Kingdom?

The UK and the European Union do not face a direct military or territorial threat from China but as the Integrated Review made clear China was "likely to be the most significant geopolitical factor of the 2020s".

The UK and China have had a difficult relationship for most of the last 150 years. The Chinese will often describe, with some justification, that period as being humiliating for China because of its weakness.

The worst culprit was Japan which invaded China and occupied much of its territory in the 1930s. But Russia, Britain and France were also

culpable. They were not responsible for China's weakness, which was the result of domestic causes, but they did exploit it. That is often used by China's leaders to justify their current policies.

This Inquiry is concentrating its work on the last ten years and the premierships of Cameron, May and Johnson.

David Cameron and George Osborne attached great importance to making China and the UK close and trusting partners. It was claimed that we were seeing the emergence of a "golden age" for Sino- British co-operation.

That government has come in for significant criticism that it misunderstood what was happening in China and that it was naive in believing that China would, however gradually, become more open and liberal if its economy was fully interwoven into the global economy. Cameron's policy led to

UK support for China joining the WTO and for UK participation in the Asian Development Bank despite US opposition.

The criticism of the then UK government is to some extent justified. Cameron and Osborne hoped that the Chinese might, gradually, reform. Even under Deng Xiaoping China did not liberalise its political system, show respect for the rule of law or observe international norms as regards human rights. The massacre at Tiananmen Square was Deng's responsibility not Xi's.

But there have been two developments in China that Cameron and Osborne cannot be blamed for not anticipating.

Firstly, no one predicted that when Xi Jinping became China's leader he would not only not liberalise the system but do the reverse. China has become much closer to a totalitarian state than at

any time since the death of Mao Zedong. Indeed the availability of modern technology has enabled the state's supervision of the whole Chinese population, not just the Uighurs, to a degree that was not available to Mao.

Secondly, it had always been assumed that capitalism, which relies on a substantial private sector not controlled by the state, would not be able to deliver a transformation of the economy if private companies and businesses were, in reality, subjected to the supervision and ultimate control of a Communist Party applying, from time to time, ideologically inspired instructions.

However, China has shown, and is continuing to show, that such an assumption is misplaced. China has achieved impressive and continuing levels of economic growth notwithstanding the interference of the Government and Party in much of its private sector.

It may be that growth and performance would have been even more impressive but for that interference; but that can only be speculative.

It does seem likely that as China develops a highly educated and well paid middle class that travels the world and sees societies that are both rich and enjoy political freedom, the pressure within China for political reform will grow. But that is not true today and may not begin to be a factor until the next generation.

Over the last five years, it is clear that both UK Government policy and British public opinion has become very critical of China and rhetoric on the prospects for a Golden Age between the two countries has disappeared and been replaced by friction, mutual accusations and deep disillusion in London.

The Integrated Review has attracted some criticism as a result of the alleged ambiguity as to how the British Government sees UK-Chinese relations developing. There has been deep criticism over Chinese policy in Hong Kong, the treatment of the Uighurs, the militarisation of the South China Sea and the unacceptability of Huawei participation in 5G. But these have been accompanied by remarks, especially by the Prime Minister, Boris Johnson, of common ground with China on climate change, on the Iran nuclear deal, and the desirability of encouraging increased trade between the two countries.

This does not, in reality, demonstrate either ambiguity or a struggle within the Conservative Party as to whether the UK should be “pro” or “anti” China. The isolation of China is not an option either for the UK or for the West. Political differences need not, and should not, inhibit other contact. At the height of the Cold War, the UK, the US, and the

West as a whole, traded with Russia, negotiated Arms Control agreements, and identified common ground on environmental issues.

In any event there is a fundamental difference between China and Russia today. China, unlike the USSR or Russia, is a massive participant in the global economy, mainly by exporting , but also by importing goods and services . It is ironic that China relies on the US as a destination for a high volume of its exports without which high levels of economic growth could not be sustained.

Hong Kong

The single most important issue that is driving China and the UK apart is Hong Kong and the destruction of the Two Systems in One Country which has operated since 1997.

Beijing fumes at criticism from London on a whole range of human rights and foreign policy issues. It describes these criticisms as interference in its domestic concerns and as a hangover from Britain's imperialist mindset.

As regards Hong Kong there is no vestige of "interference" in the UK's strident criticism. "Two Systems" was not an imposition on China in 1997. Deng Xiaoping had proposed it, and an international Treaty , deposited at the UN, was signed by China and the UK.

Recent events in Hong Kong are well known to the Committee but one point needs to be stressed. The Chinese Government has not just taken powers to stop the mass demonstrations, the attacks on the symbols of Chinese sovereignty, and the calls from some in Hong Kong for the independence of the territory from the People's Republic.

China has now also changed the law to abolish the possibility of any opposition to Beijing in the Legislative Council, as well as interfering with the education system, the media and other institutions to ensure that they are “patriotic” to China.

There is an issue as to whether British judges should remain on Hong Kong’s Court of Appeal. Some argue that their presence helps protect the substantial elements of the rule of law which, at least for the time being, remain. There is a difficult balance but , surely, the time for the British judges to resign will be when they are first required to implement laws imposed by Beijing, in conflict with the Treaty guaranteeing Hong Kong autonomy, signed by China and the UK.

The question remains as to what leverage the UK has to influence the Chinese Government and help the people of Hong Kong. The most important

decision, so far, has been the promise of residence , and possible citizenship, for several million residents of Hong Kong.

It is remarkable that this announcement of potential migration of very large numbers of Hong Kong Chinese to the UK has been welcomed right across the political spectrum in the UK and by newspapers, media and other sections of the population. The Chinese Government should be reminded of the solidarity of the British people on this issue and on their genuine desire to help the people of Hong Kong.

In other respects one must be honest and acknowledge that Britain, alone, does not have very much leverage with China on this issue. The harsh reality is that the Chinese government has the power to do whatever it likes regarding Hong Kong. But there are areas where pressure can be applied.

Firstly, the UK has already been successful in internationalising this issue to the fury of Beijing. Not only is its insistence that Hong Kong is a domestic Chinese matter being rejected by the UK. The US, and many other countries have condemned China and will continue to work with the UK to try to influence Chinese behaviour.

Secondly, China is destroying the goose that has been laying the golden eggs for the last 60 years. As Hong Kong becomes indistinguishable from mainland China, the great international companies that flocked there because it practised the rule of law will, in future, move their businesses to, or set up in, Singapore, Taiwan, South Korea, Japan or elsewhere. If English Common Law ceases to be the basis of Hong Kong's legal system and if the rule of law is seen to have been trashed, the Chinese economy will be the poorer.

Thirdly, Deng Xiaoping's promotion of Two

Systems was put forward not just to resolve the Hong Kong issue but to try and influence opinion in Taiwan towards a voluntary reunion with mainland China. The more that Beijing trashes the Treaty it signed with London, the more Xi Jinping will fail to realise his ambitions on Taiwan.

Five Eyes

The Committee has indicated its interest in the extent to which the 5 Eyes partnership influences UK policy on China.

The Five Eyes were a product of the Cold War and until the 1990s concentrated on intelligence sharing to help counter Soviet actual or potential aggression. Russia remains of concern but since the attack on the Twin Towers, terrorism and counter-terrorism have been at least as important.

It must be the case that China has been added to the list of priorities in recent years. In one respect

this will have been very straightforward. Four of the five countries involved, the US, Canada, Australia and New Zealand, are Pacific powers. The fifth, the UK, continues to have major interests in the Far East. A very substantial proportion of the UK's seaborne trade goes through the Malacca Straits and through the South China Sea to China, Japan, South Korea and other countries.

It is unlikely that the Five Eyes will increase its membership. It has never done so for France, Germany or other NATO members. But as with NATO allies one can expect much greater bilateral, and some multilateral, co-operation on intelligence issues by the UK and the US with India, Japan, South Korea and others.

The UK will have to be careful that it does not give the impression that it can make a major military or naval contribution to the collective security of the Indo-Pacific. The UK is an Atlantic nation in

common with the rest of Western Europe but unlike the US which has an equal strategic interest in the Pacific. The UK can show its interest as with the proposed visit of the new aircraft carrier, with joint exercises with Asian countries, and through its Commonwealth ties not just with Australia and New Zealand but with India, Malaysia, Singapore and Brunei.

Belt and Road

The Belt and Road initiative is often presented by China as a trade, investment and economic initiative. It is all of these but it is primarily a project with major geopolitical implications and objectives. Some of these directly, or indirectly, affect the UK.

Historically China was never a naval power. With one historic exception in the 15th century its ships were confined to the protection of China itself.

Over the last few years this has changed

dramatically. The Chinese now have a naval base in Djibouti; they control a port in Sri Lanka and they have negotiated berthing and refuelling rights in various countries between South East Asia and the coast of East Africa.

Ironically this is not dissimilar to the "string of pearls" that Britain developed in the opposite direction in the 19th century with the Suez Canal, Aden, Ceylon, Singapore and Hong Kong.

The Chinese strategy is not just to become the major Asian naval power but to ensure free passage both for their exports and, just as important, their essential imports, especially of oil from the Gulf. They are conscious that the "chokepoints", particularly the Malacca Straits, could be used as part of a blockade against them during a time of conflict. In this respect they attach the same importance to free rights of passage as does the Royal Navy.

The second geopolitical dimension of Belt and Road is the essential role of Kazakhstan and the other Central Asian states in providing the road network and , more importantly, the railway network that connects China with Europe and the Middle East.

The five Central Asian post-Soviet states have continued to have very close political and economic links with Russia since the collapse of the Soviet Union. The US, UK and other European countries have had friendly relations but not of the same substance.

China, however, has now become both the dominant investor in these countries and their major trading partner. Belt and Road and the rail network through Central Asia will enhance and make permanent Chinese influence.

The main loser will be Russia who will see their predominance gradually weaken in their own

hinterland. In the long term China has always been , potentially, more of a threat to Russia and its territorial integrity than either Europe or the United States. Belt and Road is accelerating this process.

Thirdly, the main geopolitical importance of Belt and Road is that for the first time there will be a substantial, and growing, physical link, through Central Asia, from China to Europe, including the UK, and from Europe to China.

Historically, there was the Silk Route but this was never more than a few dozen traders and their camels carrying their wares to Turkey and the Middle East, some of which eventually reached Europe. Everything else, until a few years ago, had to be carried by seaborne transport from or to China, either through the Suez Canal, or round the Cape, to Europe or the reverse.

Already overland rail transport of exports

and imports from and to China is substantial. In the first two months of this year China exported to Europe goods carried, overland, by more than 2,000 fully loaded freight trains.

So China, never again, will be the far away country of which we know little. And nor will Western Europe, and the UK, be so to China. The great Eurasian land mass is no longer just a geographical feature. It is now a geopolitical one.

The United Kingdom is at one end; China is at the other. The future is not what it used to be.

(Sir Malcolm Rifkind served as Defence Secretary and as Foreign Secretary between 1992-1997. He was Chairman of the Intelligence and Security Committee of Parliament from 2010-2015)

Received 9 April 2021

