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The fightback: it's time for the West to take on China

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Boris Johnson says it is a mistake to 'call for a new Cold War on China'. Yet China is, in many ways, a more formidable foe than the Soviet Union ever was. It is more integrated into the world trading system and its economic model is less flawed. This gives it a commercial pull in the West that the USSR never had. Its purchase over businesses and institutions goes some way to explaining why there is such reluctance in the UK, and the West more broadly, to take a tougher line on Beijing. 'It's the money, there wasn't that complication in the Cold War,' laments one cabinet minister.

Yet in the past year China has made a series of tactical missteps. The most recent was last week's imposition of sanctions on the EU and UK politicians most critical of the Chinese Communist party. This kind of aggression makes a unified response from the democratic world much more likely.

Deng Xiaoping, who led the modernisation of the Chinese economy in the 1980s, famously declared that Beijing should 'hide its capacities and bide its time'. This strategy proved remarkably successful. The West chose to interpret China's actions as benign. Even as Beijing moved away from 'hide and bide', the West was still keen to see China as an opportunity rather than a threat. David Cameron and George Osborne attempted to create a new 'golden era' of British relations with China. The hope was that being Beijing's 'best partner in the West' would bring investment into the UK.

But since Covid, China has revealed its true intentions and in a way that has made it much harder for the West to ignore. China's muscle-flexing has been, in the words of one cabinet minister, 'opportunistic not strategic'. There are signs that this belligerent approach may have backfired. It has woken the West up to the nature of Xi's regime and endangered the economic agreement that China struck with the European Union at the end of last year.

Under President Xi, China has been more confrontational. This has been particularly true since Covid struck: we've witnessed the subjugation of Hong Kong, military threats to Taiwan and the economic bullying of Australia. It is hard not to think that strategically this has been a mistake. As one of those close to discussions about how to handle China puts it: 'Had China waited another ten years, we would have been unable to react. Our dependence would have been too great. There would have been no opportunity to get out. By moving early, they've given us a chance.' One cabinet minister agrees with this analysis: 'The Chinese have very surreptitiously but delicately inserted themselves into a lot of institutions. They are *almost* too big to get rid of.'

Last week, the US, the EU, the UK and Canada imposed sanctions on China over human rights abuses in Xinjiang. Beijing chose to respond in typical wolf warrior fashion. But by choosing to raise the diplomatic importance of the issue of the Uighur Muslims, they have made future western unity more likely; it is, after all, an issue on which western powers find it easy to agree. China's sanctions on five MEPs are particularly ill-judged. The decision increases the possibility that the European parliament will not ratify the EU-China Investment Agreement.

China believes it is big enough, and its markets lucrative enough, that its hard-line response will either make people fold or, better still, make them pre-emptively compliant. As one of the sanctioned MPs put it to me, China's aim is to create a 'shadow of the future': to make people worried about how their lives might be affected by criticism of Beijing today. The decision to sanction a host of outgoing Trump administration figures is best understood in that light. It is designed to make US officials worry about how taking a tough line on Beijing might make life difficult for them even after they leave office.

It is concerning when these bully tactics work. One of the bodies Beijing sanctioned in the UK last week was Essex Court Chambers, which has responded by removing a reference to the opinion that angered Beijing from its website and releasing a statement stressing that no one apart from the lawyers named in that document had a role in drawing it up. This pusillanimous response will encourage China to try to strong-arm other legal bodies.

China wants to pick off its opponents. Only a unified western response can stop this, but that has all too often been lacking. When Beijing turned on Australia for suggesting that there should be an independent inquiry into the origins of the coronavirus, there was a shocking lack of solidarity from New Zealand. Wellington's trade minister, while negotiating an upgrade to a trade deal with China, suggested Australia should 'show respect' to China. New Zealand now exports almost half its meat and wool to China. Revealingly, it also dropped out of a statement by the Five Eyes — the intelligence grouping that joins together the US, the UK, Canada, Australia and New Zealand — that was particularly critical of China's behaviour in Hong Kong. New Zealand was also strikingly absent from the statement issued by 14 countries — including Australia, the US, the UK, Canada, Japan and South Korea — this week following the World Health Organisation's work in China. It expressed 'concerns that the international expert study on the source of the Sars-CoV-2 virus was significantly delayed and lacked access to complete, original data and samples'.

There need to be structures to ensure a joint response in the face of Chinese intimidation. In a forthcoming paper for the China Research Group, one of the bodies sanctioned by Beijing, the American economist Robert D. Atkinson argues that what is needed is a Nato for trade. This would ensure a collective response to Chinese attempts to intimidate its members. Would China have slapped tariffs on Australian wine if it knew it would have brought a reaction from dozens of other countries?

If western countries are to reduce their dependence on China, they need to act together to ensure that when 6G comes along they can compete with Huawei. In the UK, the government must ensure that its new takeover policy prevents firms that are either directly or indirectly controlled by the Chinese state from buying up science and technology firms and their intellectual property. It needs a body that is as rigorous as the Committee on Foreign Investments in the United States. At the same time, western countries must be much more realistic about what China is trying to do with educational collaborations such as its Confucius Institutes. Sweden has decided to close them, and that may be the only way to deal with the problem.

Perhaps the most interesting question is why China's approach has become so openly combative. A British diplomatic source points out that Chinese diplomats seem more interested in pleasing the public back home than in swaying global opinion. Similarly, China is threatening Taiwan more directly than at any time since Mao: 20 Chinese planes, including four nuclear-capable bombers, flew into the island's air defence zone last week. There is a growing view among

western analysts that the fact that the CCP is now so often playing the nationalist card suggests Beijing is worried about the durability of its centralised system.

When China was admitted to the World Trade Organisation in 2001, the hope was that the country's greater economic integration would eventually lead to political liberalisation. That hope has gone. Instead, Beijing's aggression is making it impossible for the free world to ignore the threat to its values that this represents. A reminder of how rapidly things have changed is that as recently as the start of last year, the UK government thought it sensible to give Huawei, a company with very close links to the Chinese military, a permanent role in the UK's communications infrastructure.

The joint targeted sanctions on Chinese officials for the way the Uighur Muslims are being treated was an important first step in the West's pushback against Beijing. There now needs to be action taken to prevent free societies from being economically bullied by China. Boris Johnson should use the G7 summit in Cornwall this June to put a plan for collective economic defence on the table.