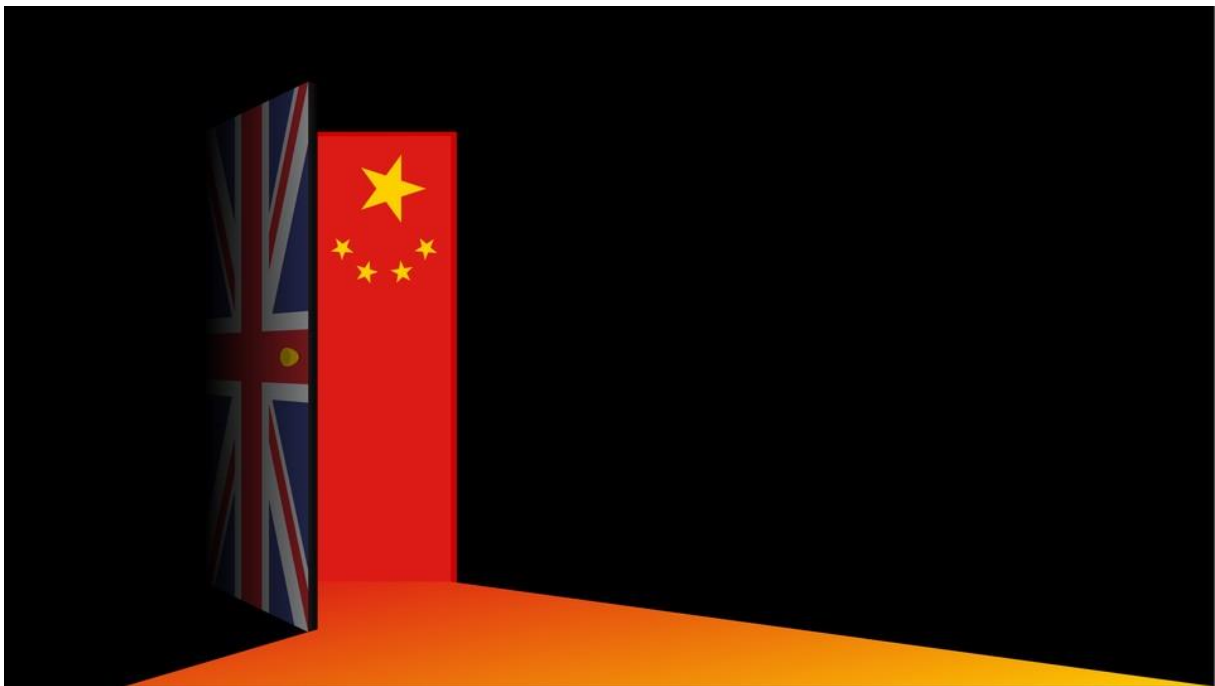


# Why Britain Changed Its China Stance

The cycles of London's engagement with Beijing reveal how the U.S.'s ability to keep allies in line for its great-power competition is weakening.

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AS RECENTLY AS 2015, Britain boasted of being China's “best partner in the west.” It had become a founding member of Beijing's controversial Asian Infrastructure Investment Bank, against American opposition. While still a member of the European Union, its diplomats pushed for the EU to agree to a formal trade-and-investment deal with China. And Xi Jinping had even been honored with a lavish state visit to London. For Britain, the future was unmistakably Chinese.

From 2020 onward, however, Britain transformed itself from China's best partner in Europe to its harshest critic, sweeping away decades of foreign-policy consensus in the most drastic such shift in the Western world. Britain became the first European power to formally block Huawei from its 5G telecoms network, led the global condemnation of Beijing's barbaric treatment of its Uyghur minority in Xinjiang, revoked the U.K. broadcasting license of China's state-controlled CGTN, and offered a route to British citizenship for millions of people in Hong Kong who want to flee Beijing's political repression.

The reasons for this turn were many: Brexit meant that Britain, having cut ties with its closest economic partner, the EU, could not afford to risk its relationship with its closest security ally, the United States, as well. The pandemic then entrenched public concern about Western reliance on China. And perhaps most important of all was Donald Trump. Even as he imposed steel tariffs on allies and belittled their leaders, the American president demanded that they stand with the United States against China.

Whereas Britain's future had once seemed Chinese, it was back to being American. But in recent months, something strange started happening: London began softening its stance toward China *again*. Outgoing Prime Minister Boris Johnson this year approved a reopening of trade talks with China, and his government approved the sale of a microchip manufacturer to a Chinese company (though this is now in doubt).

Britain's diplomatic back-and-forth in recent years has offered among the most extreme examples of how states are dealing with the wider geopolitical upheaval that has been taking place in response to China's rise, a problem that no one yet seems to know the answer to. In Washington, a bipartisan consensus has formed around the notion that "engagement" with Beijing has failed, and that China is the only great rival to American supremacy in the 21st century. For continental Europe, Beijing is less an adversary than a risk to be accommodated, managed, and recognized, and the growth of its power an opportunity to carve out more "strategic autonomy" from the U.S. For Britain,

trapped between the U.S. and Europe, it is a mixture of all of these things.

To understand what was going on, I spoke with more than a dozen senior government officials, diplomats, foreign-policy analysts, and lawmakers across the U.S., Britain, and Europe. (Many spoke on condition of anonymity to discuss sensitive government deliberations.) From these conversations a picture emerged of Britain clinging tightly to the new U.S. consensus, partly through judgment of its best interests and partly because of American pressure, while seeking to ensure its economic priorities with China are kept alive as much as possible as it faces up to the reality of the 21st century. Britain's example shows how the widening standoff between Washington and Beijing will transform midsize powers that seek to avoid being drawn into a new cold war—and, more important, how the U.S. will not easily be able to maintain its grip on the world order that it created.

FOR DECADES, Britain followed a fairly consistent line in its policy toward Beijing, trying to balance security concerns against economic opportunities but typically erring on the side of engagement.

As early as 2003, Britain's main telecommunications company approached Tony Blair's government to seek permission to work with what was then a little-known Chinese company, Huawei, to upgrade the U.K.'s network. The partnership was waved through by officials who were more concerned with the wars in Iraq and Afghanistan, terrorism, and Russia than some harmless Chinese firm.

By 2008, however, British intelligence agencies were warning that the Chinese state could use Huawei to gain access to Britain's telecoms network. Soon after, the government—then led by Gordon Brown—established a watchdog to monitor Huawei, creating a first-of-its-kind arrangement involving a group of security-cleared former British officials and experts who would keep an eye on Huawei from inside the company on behalf of Britain. In effect, Britain had become sufficiently concerned about China spying on it that it demanded a

special unit be created within Huawei to spy on the Chinese, but was insufficiently concerned to cancel Huawei contracts.

This was the environment in which David Cameron took over as prime minister in 2010—one in which cautious partnership with China had yielded concrete benefits for the U.K., but with hard-to-gauge costs. Over his six years in charge, Cameron would expand the relationship in an attempt to upgrade Britain’s infrastructure and open new markets for its financial-services industry. In 2014, London became one of the first international clearing centers for Chinese currency, before racing ahead of its competitors to become *the* major offshore center for renminbi trading. The following year, Cameron welcomed Xi to London for a state visit during which the British leader declared the beginning of a “golden era” in relations.

This was no one-off, but the culmination of a British strategy stretching back to at least the turn of the century. Britain was using its membership in the EU to turn itself into China’s financial gateway to the continent. Then came Brexit.

Following the referendum, Cameron was replaced by Theresa May, a more security-conscious China hawk who had spent the previous six years in the Home Office and was responsible for the domestic-intelligence agency MI5. In one of her first acts, she paused a decision on the construction of a British nuclear plant that was to receive Chinese investment. Then, in early 2018, on a three-day trip to China, May refused to sign off on a deal in which Britain would offer formal support for Xi’s infrastructure-building (and influence-generating) Belt and Road Initiative.

Once again, economic interests squashed political concerns. May’s early caution over China gave way to the same pressures that had pushed Cameron, Brown, and Blair: In April 2019, news leaked that May was preparing to give the go-ahead for Huawei’s involvement in building the country’s 5G network. By then, she had put aside her

concerns about Chinese involvement in Britain's nuclear industry as well. And then, once again, Brexit intervened.

May was replaced by Johnson, a far more liberal figure when it came to security and China. Immediately, Johnson slipped back into the old British policy, announcing that despite furious opposition from the U.S., the U.K. *would* allow Huawei to play a part in Britain's 5G rollout. It was, in essence, a continuation of the Mayite policy—which itself was little more than a continuation of the cautious engagement that had been in place for decades.

The morning after Johnson's Huawei decision, however, a Chinese student in Britain rang an emergency health line complaining that he and his mother visiting from Hubei felt unwell. At 7:50 p.m. that night, two paramedics dressed in hazmat suits arrived at the hotel where they were staying to take them to hospital. They would be the first people in Britain to test positive for the coronavirus. More than 200,000 people would ultimately die of COVID-19 in Britain. China's role as nation zero, and its initial attempts to suppress news of the outbreak, would spark denunciations across the democratic world and demands for retaliation.

Even before the pandemic, opinion in the U.S. had shifted sharply against China, thanks in large part to the ferocity—and centrality—of Trump's attacks on the country. This discord was almost inevitable anyway, given the great-power competition between the pair, but Trump played his part in speeding this process up and giving it political fire.

By May 2020, the U.S. had increased pressure on Britain and other European allies by unveiling sanctions on Huawei that, in effect, stopped it from being able to use American technology, a move that meant the British security services could no longer guarantee Huawei's safety, because the company would soon be using non-Western technology that the British did not fully understand. This, in fact, was the very reason the U.S. had imposed its sanctions, and they served as

a hammer blow to Britain's strategy of careful engagement with China. In July 2020, Johnson's government became the first in Europe to announce that Huawei would be banned from Britain's 5G network. Liu Xiaoming, the Chinese ambassador in London, said Britain's decision on Huawei, as well as the U.K.'s policies toward Xinjiang and Hong Kong, had "poisoned the atmosphere" between the two countries and Britain would "pay the price." The Chinese state media threatened "retaliatory responses."

In the end, London's long-held strategy thus collapsed not through its own proactive choice but because of choices being made elsewhere. British foreign policy was forced to adapt to a world it did not want, and had tried to avoid.

When I put this to British Foreign Secretary Liz Truss, she rejected (albeit somewhat unconvincingly) the idea that Britain had, effectively, been made to change its China policy.

Truss, the favorite to replace Johnson as prime minister, told me that the Russian invasion of Ukraine had brought together countries against Russia, some of which might not be liberal or democratic but that nevertheless did not want to see "a world where might is right."

In reply, I suggested that, in part, *might is right*. After all, we live in an American world, where the U.S. uses its power to set the rules. "I don't agree with that," Truss replied. "We don't live in an American world. We live in a world where there is a coalition of nations who ... subscribe to the values of freedom and democracy."

I cited the example of China. As late as 2019, Britain was trying to push ahead with the Huawei 5G deal. "We changed because the Americans changed," I said.

"That was not the reason we changed," she responded.

I pushed back. “The Americans changed the rules of the game, and we didn’t have the ability to guarantee the security” of the telecoms network.

Again, she was insistent. “That was not the reason we changed. We changed because it was the right thing to do. I was in the government when the policy changed, and we changed because it was the right thing to do.”

I pointed out that the same government, made up of the same people, had made a different decision earlier in the same year about what was right before changing its mind.

“Well, that is true,” Truss replied. “Every government, Tom, has its internal discussions and I can’t reveal the internal discussions that took place on both occasions. However, we did it because it was the right thing to do.”

Whatever your conclusion, to look at British foreign policy now is to see almost a complete overlap with the U.S., whether on the Iranian nuclear deal, climate change, the importance of spending more on defense, NATO, the threat posed by Russia, or—now—China. One of the lessons of the Huawei policy shift, and Britain’s shift more broadly, is that the U.S. can still force its allies into line if it is prepared to take its gloves off.

But under the surface, things are not quite so simple.

THERE ARE SIGNS THAT, actually, Britain’s old policy is once again being quietly rebuilt. Amid intense U.S. pressure, including threats to curtail transatlantic intelligence sharing, Britain changed tack, falling into line. Yet since then, Britain has drifted back toward its position of cautiously opening up to China as far as it feels is safe—in part spurred by a frustration with Washington.

In February, it emerged that Johnson had given the green light to reopen trade talks with China that had been paused for years. Then it was revealed that the U.K. government had apparently approved the sale of a British microchip factory to a Chinese-owned firm, only for that decision to be kicked into the long grass. On each occasion, the announcements sparked a backlash among China skeptics in London. May's former chief of staff, Nick Timothy, who had pushed for stricter controls on any economic opening to China, reacted with resigned alarm. "It seems we will never learn," he wrote. Tough policies over Xinjiang and Hong Kong remain in place, but the recent reports point to a softening of the hardest edges of Britain's China policy. The reasons indicate the limits of Washington's leadership in its confrontation with Beijing.

Today, some within the British government share a sense that Brexit and Johnson's previous, seemingly warm relationship with Trump continue to be held against the U.K. by some in the Biden administration. Despite Britain's being the most hawkish European ally on Russia and China, spending more than 2 percent of its GDP on defense, and supporting U.S. efforts on curtailing Iran's nuclear ambitions, the U.K. believes it is treated as just another ally, criticized for its push to renegotiate its Brexit deal with the EU and ignored in its ambition to strike a free-trade deal with Washington. If this is the case, some in London wonder, why not be more independent where Britain's core national interests are concerned?

In one sense, what does Britain have to lose from exploring deeper economic ties with China? The Biden administration has made clear there will be no trade deal with the U.S. anytime soon and, besides, the EU continues to pursue its own policy of engagement with China, despite continuing Chinese economic support for Russia during Vladimir Putin's invasion of Ukraine.

The rationale that long drove British policy is reasserting itself: The size and wealth of China mean that Britain simply cannot afford *not* to engage. With Britain outside the EU, economic growth sluggish, debt



high, and few other obvious alternatives to increase trade, will any future prime minister really be able to ignore what China has to offer?

Britain's apparent return to a more open China policy is a reminder of the difficulty Washington is going to have constructing and leading any kind of alliance—democratic or otherwise—to contain Beijing. Though it can use a policy of maximum pressure to force some countries into line, as it did with Britain over 5G—effectively removing London's ability to sustain an independent policy—such a stance can go only so far. The U.S. remains powerful enough that its sticks can and do work, but without any carrots at all, this strategy will have limits.

Perhaps the main lesson of Britain's experience with China is that core national interests are likely to reassert themselves in the long term, no matter which party, prime minister, chancellor, or president is in power in Britain, France, Germany, and elsewhere. In London, Johnson has pursued a policy that would have been familiar to any of the previous four British prime ministers this century, Labour and Conservative among them. The same is true of the EU. Such is the depth of economic entanglement with China today that it will take far more than talk of “democratic alliances” and threats to the rules-based order for Brussels, Berlin, Paris—and London—to seriously change course.

What does that mean for the U.S.? If it wants to construct a coalition behind its attempt to contain China, it will need to be prepared to threaten and cajole, yes, but also bribe far more effectively than it has until now. No longer is America the only dog in the pound, even if it still has the biggest bark.

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