

Defending Democracy in a New World

A toolkit of policy options for responding to a
more assertive Chinese Communist Party

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Foreword

By Alexander Downer, Chairman of Policy Exchange
and Former Minister for Foreign Affairs in Australia

This paper by the China Research Group is very timely. In a comprehensive way it addresses the single most important geopolitical issue of our time: the rise of China. It helps to provide a menu of options for the British government to consider as it formulates a coherent, consistent and sustainable strategy for managing the China relationship.

In recent years, the British government has taken the view that China, with its rapidly growing and vast economy, is a lucrative market and an increasingly important source of foreign investment. It is also a potentially attractive market for British companies wishing to invest abroad.

This policy was never sufficient. It was superficial and unlikely to be sustainable.

Nor was it a policy that was appropriate for a country that is a permanent member of the United Nations Security Council and therefore must carry an unusually heavy obligation to uphold the rules based international system.

Britain's strength in the world is its network of friends and allies. A policy towards a rising China which offered nothing more than pecuniary ambition was never going to impress British allies. Worse, it indicated that the UK was no longer a global geopolitical player, just a trading nation.

In recent times, both British and Chinese government policies have changed. On China's part, under Xi Jinping it has become increasingly aggressive and in many respects hostile to the interests of the Western world. In Britain's case, the government has begun to expand its vision of what a relationship with China should really mean. After all, if global Britain wants to be a force in the international community, then it needs to expand the sophistication of its engagement with the Indo Pacific region. That was recently reinforced by the think tank Policy Exchange (of which I am the chairman) whose commission of leaders from the Indo Pacific region produced a menu of strategy options to get the UK back into that region as a substantial player.

The UK should have three ambitions for its policy on China.

First and foremost, the UK needs to make a contribution to underpin the stability of the Indo-Pacific region. Given the increasingly aggressive and at times hostile stance of China in the South China Sea, on the Sino-Indian border and elsewhere, the UK needs to recognise that for the Indo Pacific to remain stable there must be an appropriate power balance. The collaboration in recent years between the United States, Japan, Australia and India – known as the Quad – is all about

maintaining a power balance in the region. The UK needs to engage heavily with these countries providing them with diplomatic support and every so often – and within the UK's capabilities – support from the Armed Forces through joint exercises and ship visits. An appropriate power balance in the Indo Pacific region will discourage any country – including China – from engaging in adventurism and trying to change the status quo through the use of force.

Secondly, the UK should aim to have a policy of engagement in collaboration with China, not one of containment. That does mean ensuring that the normal gates of commerce and investment remain open between the UK and China. At the government level, the British government should be making it clear to China that it does not support a policy of containment but expects China not just rigorously to apply the rules based international system but to uphold international standards of protection of intellectual property and fair trading.

Thirdly, the UK must promote and protect its values and the values of the postwar international system when engaging with China. China must understand that human rights are universal. Breaches of human rights within China's border are inevitably going to arouse the wrath of the international community. Allegations of mal-treatment of the Uighurs in Xinjiang, concerns about the safety of journalists, the taking of western hostages and other practices are unacceptable and China needs to be told this very bluntly.

This excellent paper provides a foundation for an expansion of current British government policy towards China at a critical time in global history.

Executive Summary

The China Research Group (CRG) has been set up by a group of Conservative MPs in the UK Parliament to promote debate and fresh thinking about how Britain considers the longer term challenges associated with the rise of China and its industrial and diplomatic policies.

It is widely acknowledged that the increasing economic might of China has big ramifications for geopolitics. While China's standing as the 'workshop of the world' has seen millions lifted out of poverty in the country, its authoritarian government has increasingly trampled on the rights of people in Xinjiang, Hong Kong, Tibet, and Inner Mongolia amongst others. Criticisms of its actions based on international law or human rights norms is increasingly rebuffed by the Chinese government on grounds of national sovereignty and "internal affairs".

Moreover, Xi Jinping's vision of a transnational infrastructure investment programme, the Belt and Road Initiative, has the capacity to create an increasingly China-led alternative approach to international relations. Global governance increasingly risks being influenced by authoritarian norms.

Democratic nations have not been proactive in facing this challenge to the rules-based international order. We need to develop incentives and deterrence that correspond to compliance and non-compliance with the rules-based international order. This should include substantive repercussions for incursions on democracy and human rights, and an implicit understanding that actions have consequences. It is no longer plausible for democracies to equivocate on remedial responses given the nature and scale of the challenge ahead.

The measures laid out in this report provide the UK and other nations with a policy toolkit of potential responses to counter violations of international universal human rights, in particular in Hong Kong and Xinjiang. These policy tools cover the range of resources needed to address China's growing economic and political power, and look right across financial services, international law, trade, supply chains, infrastructure investment, information systems and more.

The proposals include:

1. The formation of a **D10 coalition** ('Democracy 10'), of leading democracies to counterbalance and challenge Chinese influence;
2. The application of **sanctions against Listed Persons** in the CCP (and entities controlled by them) who are complicit in human rights abuses in Xinjiang and Hong Kong;
3. The creation of a **Sino-British Joint Declaration Support Package** for British Nationals Overseas (BNOs), including an International Legal Aid Defence Fund and a UK government-backed Hong Kong Escrow Scheme;
4. The creation of a **UK Hong Kong Autonomy Act**, to authorise sanctions on listed foreign persons and to increase the legal obligations on foreign financial institutions to prevent the erosion of Hong Kong's autonomy through the National Security Law;
5. Application of measures to ensure **supply chains are free from slave or child labour** from political prisoners and persecuted ethnic minorities in China;
6. **Banning of exports** from the UK to China of goods and services that are likely to be used for **mass surveillance and human rights violations** by the CCP;
7. **Implementation of more stringent checks** on the purchase of Chinese hardware and apps to reduce the CCP's ability to infiltrate UK agencies;
8. **The creation of clear guidelines for cooperation** between UK universities and foreign governments that break international law engaging the liberal and democratic values of the UK;
9. The creation of **mandatory reporting for Chinese companies** involved in joint ventures with British companies to disclose information about links with the Chinese government and military.

To be clear, we should welcome poverty reduction and increasing prosperity in Asia. China has the capacity to lead great advances, for example in technological innovation, tackling climate change and the development of infrastructure in hitherto poorer countries. But this can not be allowed to come at the cost of reversing the advances of the post-second world war international consensus on universal human rights. With the election of Joe Biden in the United States, the next decade should be seen as an opportune time for decisive action by countries who allow citizens to elect their government. It is through action, not just words, that we defend democracy in a new world.

Introduction

The Chinese Communist Party's (CCP) challenge to the rules-based international order has escalated since Xi Jinping came to power.

Internally, the Chinese government has engaged in systematic human rights violations, such as the persecution of ethnic and religious minorities and political activists, subjecting them to detention and torture in camps, forced labour, involuntary sterilisation, suppression, discrimination, harassment and mass surveillance.

Attempts to transform China's governance through trade and engagement, such as membership in international institutions like the World Trade Organisation, Germany's "Change Through Trade" policy and Obama's "Rebalance to Asia-Pacific" policy, have been largely unsuccessful.

The Chinese government has engaged in persistent and rising military aggression towards Taiwan. In Hong Kong, the Beijing government has pushed through the National Security law undermining decades of democratic norms and breaching the terms of the Sino-British Joint Declaration. Elsewhere, Chinese diplomats have engaged in "wolf warrior" disputes, acting with increasing hostility towards various states from Canada to the Czech Republic. The Chinese government has effectively taken two Canadian citizens hostage in retaliation for the prosecution of Meng Wanzhou, the deputy chair of Huawei who is wanted in the United States over allegations of fraud in violation of American sanctions.

On an increasing number of occasions, democratic countries have had cause to debate what actions they can take to try and persuade the Chinese government to change course. Any potential action carries significant risk, with China demonstrating a willingness to engage in coercive diplomacy.¹

This publication provides a toolbox of policy ideas and aims to spark discussion about some of the different things liberal democracies like Britain can do - either individually, or collectively - in order to encourage the Chinese government to respect the rules-based international order.

¹ Anderlini, J. 'China is escalating its punishment diplomacy,' Financial Times, September 23 2020. <http://ft.com/content/e76a835b-27d5-4750-9749-04921d6bf1eb> (accessed 11 November 2020)

The measures proposed fall into three categories:

1

Using current and planned UK legislation to combat human rights abuses and further erosions of freedom in China.

2

Limiting disinformation and CCP attempts to exert influence in the UK and other western countries.

3

Implementing economic measures to protect the UK economy, and bring about a more reciprocal and symmetrical approach to economic policy both in the UK and further afield.

Some of these policies may be things that could be done immediately, or which we might want to do to protect national economies anyway. Others might be the sorts of sanctions that could be applied in the event of further serious breaches of international norms by the Chinese government. Either way, this paper aims to open up a debate about the options open to the UK and other democracies, so that they can pursue a proactive rather than reactive approach to China.

Part one

Combating human rights abuses and further erosions of freedom

The Chinese government has intensified its violation of human rights under Xi Jinping, most notably with its treatment of ethnic minorities in Xinjiang and with the erosion of freedoms in Hong Kong. The measures laid out in this report provide a potential toolkit to be used in response to China's increasingly egregious violations of human rights across Xinjiang, Hong Kong, Tibet, Inner Mongolia and elsewhere.

Hong Kong



The Sino-British Joint Declaration, which stipulates the sovereign and administrative arrangements for Hong Kong after the British handover of control of the territory in 1997, specifically guarantees that Hong Kong will enjoy a high degree of autonomy and executive, legislative and independent judicial power.² The treaty also agreed that Hong Kong's capitalist system and way of life should remain unchanged for at least 50 years.³ Recent action taken by Beijing represents a significant erosion of this autonomy.⁴

The legislative power of Hong Kong's government has been steadily eroded, and the institution has become increasingly hostile to pro-democracy lawmakers. In May 2020, an important house committee meeting descended into squabbling and violence between pro-Beijing and

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² 'Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong,' National Legislative Bodies / National Authorities, 19 December 1984. <https://treaties.un.org/doc/Publication/UNTS/Volume%201399/v1399.pdf> (accessed 10 November 2020)

³ Ibid.

⁴ Shen, S. 'The Sino-British Joint Declaration and International Law,' *The Diplomat*, September 9 2020. <https://thediplomat.com/2020/09/the-sino-british-joint-declaration-and-international-law/> (accessed 10 November 2020)

pro-democracy legislators.⁵ On 1 November, seven of the pro-democracy legislators involved were arrested in relation to the meeting.⁶ Following this, on 11 November four pro-democracy legislators were dismissed under a new resolution.⁷ The remaining members of the Hong Kong Democratic Party resigned in solidarity with their ousted colleagues.⁸

The party chairman Wu Chi-wai told reporters: "We can no longer tell the world that we still have 'one country, two systems', this declares its official death."⁹ The four legislators were dismissed under a new resolution which gives the city government the power to remove legislators it perceives pose a threat to national security.¹⁰ The resolution requires legislators to be "patriotic", with China's representative office in the city stating "The political rule that Hong Kong must be governed by patriots shall be firmly guarded".¹¹ Dominic Raab, the UK Foreign Secretary, has described the new resolution as "a further assault on Hong Kong's high degree of autonomy and freedoms under the UK-China Joint Declaration."¹²

On 30 June 2020, Beijing imposed a new security law, officially the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region, on the people of Hong Kong which criminalises specified acts of secession, subversion, terrorism or collusion.¹³ This new law undermines Hong Kong's autonomy and long-held freedoms and has resulted in mass protests in the territory.

The new national security law and its subsequent implementation has attracted global condemnation as an attempt to crush dissent in Hong Kong.¹⁴ The United Nations (UN) Special Rapporteurs on Human Rights emphasised this sentiment, warning that the law would impinge upon the rights of freedom of expression, opinion and of peaceful assembly.¹⁵

Many Hong Kong citizens have already been arrested under the controversial law. Among the most well-known of these are the so-called 'Hong Kong 12' who were arrested at sea by mainland authorities attempting to flee to Taiwan and face charges related to the ongoing protests.¹⁶ Lawyers hired by the families for those detained in Mainland China have been prevented from

5 Davidson, H. 'Hong Kong: seven pro-democracy legislators arrested,' The Guardian, 1 November 2020. <https://www.theguardian.com/world/2020/nov/01/hong-kong-seven-pro-democracy-legislators-arrested> (accessed 11 November 2020)

6 Ibid.

7 BBC. 'Hong Kong pro-democracy lawmakers resign after China ruling,' BBC, 11 November 2020. https://www.bbc.co.uk/news/amp/world-asia-china-54899171?_twitter_impression=true (accessed 11 November 2020)

8 Ibid.

9 Ibid.

10 Ibid.

11 Pang, J and Tam, S. 'Hong-Kong pro-democracy lawmakers to resign as Beijing moves to quash opposition,' Reuters, 11 November 2020. <https://uk.reuters.com/article/uk-hongkong-security/beijing-passes-patriotism-resolution-may-lead-to-hk-lawmakers-disqualifications-scmp-idUKKBN27ROCI?il=0> (accessed 12 November 2020)

12 BBC. 'Hong Kong pro-democracy lawmakers resign after China ruling,' BBC, 11 November 2020. https://www.bbc.co.uk/news/amp/world-asia-china-54899171?_twitter_impression=true (accessed 11 November 2020)

13 Tsoi, G and Wai, L.C. 'Hong Kong Security Law: What is it and why is it worrying?' BBC, 30 June 2020. <https://www.bbc.co.uk/news/world-asia-china-52765838> (accessed 10 November 2020)

14 Kwan, R. 'Interview: Law professor and rights expert Michael Davis says Beijing putting "severe pressure" on Hong Kong courts, security law a rights violation,' Hong Kong Free Press, 18 October 2020. <https://hongkongfp.com/2020/10/18/interview-law-prof-and-rights-expert-michael-davis-says-beijing-putting-severe-pressure-on-hong-kong-courts-security-law-a-rights-violation/> (accessed 12 November 2020)

15 AFP. 'Hong Kong security law threatens freedoms and violates international obligations -UN expert,' Hong Kong Free Press, 4 September 2020. <https://hongkongfp.com/2020/09/04/hong-kong-security-law-threatens-freedoms-and-violates-intl-obligations-un-experts/> (accessed 10 November 2020)

16 Fan, W and Lyons, J. 'China snatched the Hong Kong twelve off a speedboat giving protest movement new life,' The Wall Street Journal, 7 October 2020. <https://www.wsj.com/articles/china-snatched-the-hong-kong-12-off-a-speedboat-giving-protest-movement-new-life-11602063213> (accessed 10 November 2020)

speaking with their clients and have faced surveillance and harassment.¹⁷ The families have expressed concern that their loved ones will be subjected to torture in mainland China, while lawyers are concerned about how their clients will be represented at trial.¹⁸

Alongside charges brought against protestors, the new law has been used to clamp down on free speech. In October 2020, a teacher was deregistered after she was accused of promoting territorial independence in her teaching materials - an offence punishable by life imprisonment under the new legislation.¹⁹

There has also been a growing crackdown on freedom of the press. Foreign journalists have been harassed by the Chinese authorities and denied visas whilst a controversial plan to redefine "media representatives" as those who are government registered and work for specific outlets has recently been announced by the Hong Kong Police.²⁰ Recently a Hong Kong journalist, Choy Yuk-ling, was arrested by police after she made a documentary in which she investigated police involvement in a violent attack on protestors in Yuen Long.²¹

Taken together these acts by the authorities represent an escalation of attacks on the freedoms and human rights of everyone living in Hong Kong.

Xinjiang



There has been growing concern for a number of years over China's treatment of the mostly Muslim Uyghur population in Xinjiang. Evidence has emerged of a systematic violation of human rights. What Chinese authorities have titled "education and vocational training centres" have been compared by the US Deputy National Security Adviser to concentration camps.²²

The Australian Strategic Policy Institute, after analysing satellite images, eyewitness testimony, official documents and media reports, has estimated that there are at least 380 of these facilities currently in operation in Xinjiang.²³ Human rights groups have calculated that over a

17 Su, A and Cheung, R. 'A nightmare comes true for twelve Hong Kongers arrested at sea, now in Chinese detention,' The Los Angeles Times, September 25 2020. <https://www.latimes.com/world-nation/story/2020-09-25/hong-kong-china-refugees-taiwan-justice-detention> (accessed 10 November 2020)

18 Ibid.

19 Wong, R. 'Hong Kong teacher struck off for allegedly promoting independence as Lam vows more action against bad apples,' Hong Kong Free Press, 6 October 2020. <https://hongkongfp.com/2020/10/06/hong-kong-teacher-struck-off-for-allegedly-promoting-independence-as-lam-vows-more-action-against-bad-apples/> (accessed 10 November 2020)

20 Creery, J. 'Explainer: how Beijing's security law transformed Hong Kong - month 3,' Hong Kong Free Press, 30 September 2020. <https://hongkongfp.com/2020/09/30/explainer-how-beijings-security-law-transformed-hong-kong-month-3/> (accessed 10 November 2020)

21 BBC. 'Yuen Long attack: Hong Kong journalist who investigated police is arrested,' BBC, 3 November 2020. <https://www.bbc.co.uk/news/world-asia-54786110> (accessed 10 November 2020)

22 Brunnstrom, D and Shalal, A. 'US says no justification for 'concentration camps' in China,' Reuters, 23 October 2020. <https://www.reuters.com/article/us-usa-china-pottinger-idUSKBN2781RT> (accessed 10 November 2020)

23 BBC. 'Xinjiang: Large number of new detention camps uncovered in report,' BBC, 24 September 2020. <https://www.bbc.co.uk/news/world-asia-china-54277430> (accessed 10 November 2020)

million members of the Uyghur population have been detained in these camps.²⁴ Detainees in the camps are subjected to a punishing regime of exercise, blackmail and brainwashing in the name of 're-education'.²⁵ In many cases the reason a person has been detained is unclear, arbitrary or retaliatory.²⁶

Even for those who have not been detained in camps, life is far from easy. Intrusive government surveillance has become the norm in Xinjiang and travel is extremely limited for the Uyghur population.²⁷ Politicians around the world have called upon the UN to investigate allegations of forced sterilisation which have been laid against the Chinese authorities by an independent research report by Adrian Zenz.²⁸ The allegations come as the birth rate among the community fell by over 60% between 2015 and 2018 as a result of a variety of policies aimed at suppressing population growth.²⁹ Zenz states that "these findings raise serious concerns as to whether Beijing's policies in Xinjiang represent...what might be characterised as a demographic campaign of genocide."³⁰

The UN's independent human rights experts have expressed concern at the repression of fundamental rights in China.³¹ Over 60 parliamentarians from around the world have signed a letter urging the International Criminal Court to accept and investigate a complaint which alleges the Chinese government is committing genocide against the Uyghur minority,³² and the actions of the Chinese government in Xinjiang have been described as genocide by the World Uyghur Congress.³³

Despite this, the inaction of the international community allows the Chinese government to continue unchecked. There is growing concern that China's influence on international bodies such as the UN leaves them unable to take effective action in cases such as this.

International inaction has led to cross-party action in the UK Parliament where a group of MPs and peers have submitted proposals to allow human rights campaigners to bring cases of alleged crimes against humanity in front of UK courts where they have been unable to do so at an international level.³⁴ Under the proposals, if a High Court judge preliminarily rules that one party to a trade agreement is committing genocide then no trade bill regulations with that country would be able to come into effect in the UK.³⁵

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24 Ibid.

25 Sudworth, J. 'China's Hidden Camps,' BBC. 24 October 2020. https://www.bbc.co.uk/news/resources/idt-sh/China_hidden_camps (accessed 10 November 2020)

26 Ibid.

27 Ibid.

28 BBC. 'China forcing birth control on Uighurs to suppress population, report says,' BBC, 29 June 2020. <https://www.bbc.co.uk/news/world-asia-china-53220713> (accessed 10 November 2020)

29 The Economist. 'The persecution of the Uyghurs is a crime against humanity,' The Economist, 17 October 2020. <https://www.economist.com/leaders/2020/10/17/the-persecution-of-the-uyghurs-is-a-crime-against-humanity> (accessed 23 October 2020)

30 AFP. 'China sterilising ethnic minority women in Xinjiang, report says,' The Guardian, 29 June 2020. <https://www.theguardian.com/world/2020/jun/29/china-sterilising-ethnic-minority-women-in-xinjiang-report-says> (accessed 12 November 2020)

31 OHCHR. 'UN experts call for decisive measures to protect fundamental freedoms in China,' OHCHR, 26 June 2020. <https://ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=26006&LangID=E> (accessed 10 November 2020)

32 IPAC. 'IPAC calls on International Criminal Court to accept case investigating suspected genocide against Uyghur Muslims,' Inter-Parliamentary Alliance on China, 9 November 2020. <https://ipac.global/ipac-calls-on-international-criminal-court-to-accept-case-investigating-suspected-genocide-against-uyghur-muslims/> (accessed 10 November 2020)

33 World Uyghur Congress. 'On the 75th anniversary of the United Nations World Uyghur Congress calls for meaningful action to end the Uyghur genocide,' World Uyghur Congress, 22 October 2020. <https://www.uyghurcongress.org/en/press-release-on-the-75th-anniversary-of-the-united-nations-wuc-calls-for-meaningful-action-to-end-the-uyghur-genocide/> (accessed 10 November 2020)

34 Wintour, P. 'UK courts could be given power to rule that Uighurs are facing genocide,' The Guardian, 29 September 2020. <https://www.theguardian.com/world/2020/sep/29/uk-courts-could-be-given-power-to-rule-that-uighurs-are-facing-genocide> (accessed 10 November 2020)

35 Ibid.

Tibet and Inner Mongolia



The Chinese government has a long history of violating basic human rights, as demonstrated by the ongoing situation in Tibet, where the Tibetan people have faced religious and cultural persecution for decades.

Recently similar tactics have been employed in Tibet as in Xinjiang. Along with extensive surveillance, particularly at Buddhist temples, documents have revealed the implementation of a militarised labour plan.³⁶ As part of an assimilation drive, Tibetan people have been rounded up and subjected to military-style classes as well as being transferred to other regions of China where they are assigned low-skilled jobs by the state.³⁷ These policies are in addition to the extreme restrictions on freedoms of religion, speech, assembly and movement to which Tibetans have long been subjected.³⁸

While the violations in Hong Kong, Xinjiang and Tibet may be the most well publicised examples they are certainly not the only human rights abuses committed by the Chinese authorities. In Inner Mongolia, for example, numerous policies have been implemented by the government to eliminate the traditional nomadic way of life, including alleged forced migration and crackdowns on protests.³⁹ A number of UN bodies have expressed concern over the rights of minority groups in China to maintain their own languages.⁴⁰ Documents put before the UN show that population transfer, employment discrimination and the imposition of schools where learning exclusively takes place in Mandarin Chinese have contributed to a sharp decline in the Mongolian language.⁴¹

36 Zenz, A. 'China has a new plan to tame Tibet,' New York Times, 24 September 2020. <https://www.nytimes.com/2020/09/24/opinion/tibet-china-labor.html> (accessed 10 November 2020)

37 Ibid.

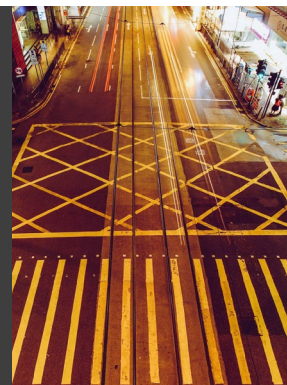
38 HRW. 'Human Rights Watch World Report 2019,' Human Rights Watch. 2019. <https://www.hrw.org/world-report/2019/country-chapters/china-and-tibet#bbae7b> (accessed 10 November 2020)

39 SMHRIC. 'Submission to the Committee on the Elimination of Racial Discrimination (CERD) for the consideration of the review of the People's Republic of China during the 96th Session,' Southern Mongolian Human Rights Information Centre. August 2018. <http://www.smhric.org/images/CERD/CERD-SUBMISSION-SMHRIC-20180704.pdf> (accessed 10 November 2020)

40 Ibid.

41 Ibid.

The Sino-British Joint Declaration Support Package



The challenge

The National Security Law threatens the rights of millions of Hong Kongers including British Nationals Overseas (BNOs), with wide police powers including the abilities to search, seize and freeze assets that cast a wide net across Hong Kong society, and beyond.⁴² The deliberate vagueness of its provisions enables it to be abused by authorities without adequate judicial oversight. In addition to this, the law has been drafted in such a way as to give it extra-territorial effect, potentially criminalising the actions of BNOs while they are exercising their entitlement to be in the UK and their democratic rights under the common law and international law, including the terms of the Sino-British Joint Declaration.

The CCP has increasingly clamped down on pro-democracy movements in Hong Kong and is likely to continue in this direction in the absence of scrutiny over its new powers. It is important that the rights of Hong Kongers under the Sino-British Joint Declaration are litigated through international courts and mechanisms in order to highlight and discourage the Chinese government's persecution of pro-democracy activists.

The UK government has taken the important step of offering new visas to Hong Kongers who are eligible. The new Hong Kong BN(O) Visa will allow BN(O) citizens to reside and work or study in the UK, with a pathway to settlement (also known as permanent residence or indefinite leave to remain) and then citizenship.⁴³

Policy options

The UK government could launch a Sino-British Joint Declaration Support Package containing legal protections and financial security measures backed by the state for BNOs, including:

1. An International Legal Aid Defence Fund that would enable BNOs to access advice and representation from world-leading UK-based international lawyers to advise on and potentially litigate the CCP at international tribunals and courts on issues related to the criminalisation of democratic rights and crimes against humanity. At present, legal aid is

42 BHRG. 'New national security law demonstrates a "chilling contempt" for the principles, fundamental rights and freedoms in Hong Kong,' Bar Human Rights Committee of England and Wales, 30 June 2020. <https://www.barhumanrights.org.uk/new-national-security-law-demonstrates-a-chilling-contempt-for-the-principles-fundamental-rights-and-freedoms-in-hong-kong/> (accessed 12 November 2020)

43 Home Office. 'Hong Kong British Nationals (Overseas) Visa policy statement,' UK Home Office, 22 July 2020. <https://www.gov.uk/government/publications/hong-kong-bno-visa-policy-statement/hong-kong-british-national-overseas-visa-policy-statement-plain-text-version> (accessed 12 November 2020)

available to UK citizens and foreign nationals who appear in UK courts and are eligible given their financial means, and whether it is in the interests of justice, for them to receive advice and representation. Current legal aid provisions do not extend to British Nationals Overseas who are being persecuted by foreign governments.⁴⁴ This could be remedied to allow BNOs to access lawyers (subject to an assessment of means) to advise them on prospects of appeal to international forums and to consider the merits of strategic litigation such as class actions against the CCP. This would help to amplify the scrutiny of CCP power within the politico-legal terrain, where it is less strong than in investment and trade, and would be a key component of increasing measures of enforcement. While there would likely be a cost to such support, the UK may view this as a cost effective strategic investment in foreign policy objectives.

2. A UK government-backed Hong Kong Escrow Scheme to help BNOs protect large financial liquid assets from the CCP by moving them to the UK safely and quickly. This would be designed to assist and enable Hong Kong businesses that operate internationally and want to move or revert their business activity to the UK and away from the CCP. It is envisioned that many businesses may not have sufficient time and resources to pass through all UK financial service compliance measures and money laundering regulations if the political situation in Hong Kong deteriorates further and rapidly. The scheme would allow a BNO controlling director of the relevant company to lodge funds with the UK government Escrow once they have passed very simple identity verification checks. It is envisaged that the online scheme would be simple to operationalise, as it is similar to existing tools such as the current government Tenancy Deposit Scheme.

Global Human Rights Sanctions Regulations 2020



The challenge:

In July 2020 the UK designated 49 individuals and organisations (mostly in Russia) as responsible for human rights violations and abuses and subject to sanctions under the new Global Human Rights Sanctions regime. The sanctions stop those involved in serious human rights abuses from entering the UK, channelling money through banks or profiting from the UK economy and are aimed at individuals and organisations.

Alleged human rights violations in Xinjiang include the mass surveillance and arbitrary detention of over 1 million Uyghurs and other Turkic Muslims; the torture and inhuman treatment of detainees; the forced separation of children from their parents; the denial of the right to practice

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⁴⁴ Legal Aid Agency. 'Criminal Legal Aid Manual - Applying for legal aid in criminal cases in the magistrates' and Crown Court,' Legal Aid Agency, October 2020.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/858742/criminal-legal-aid-manual_January_2020.pdf (accessed 12 November 2020)

their religion or speak their language; forced sterilisation, forced labour, forced organ harvesting, enforced disappearances and killings in detention⁴⁵.

None of the individuals currently listed by the Foreign, Commonwealth and Development Office ('FCDO') under the first wave of the Global Human Rights Sanctions Regulations are from China.

Policy options

The Global Human Rights Sanctions Regulations 2020, laid under the Sanctions and Anti-Money Laundering Act 2018, can be used to impose sanctions for serious violations or abuses of (i) the right to life, (ii) torture, cruel, inhuman or degrading treatment or punishment, and (iii) slavery and holding in servitude or a requirement to perform forced or compulsory labour.⁴⁶

1. Sanctions for human rights violations could be implemented more consistently and widely against those who violate human rights in China, and elsewhere. The FCDO could use the Global Human Rights Sanctions Regulations to sanction Listed Persons (and subsidiaries of, or entities owned or controlled by them) in the CCP who are complicit in human rights abuses. While identifying all individuals responsible for egregious rights abuses in Xinjiang will be challenging, those in leadership positions are identifiable and could be sanctioned.

“Know your supplier” provisions to challenge the use of forced labour



The challenge

The Chinese government facilitates forced labour as part of its "re-education through labour" policy, forcing political prisoners and persecuted ethnic minorities to work in labour camps. Earlier this year, the Australian Strategic Policy Institute identified 83 companies directly or indirectly benefiting from the use of Uyghurs as forced labour, both in Xinjiang and across China. Many of these companies operate in the UK, including Apple, Marks & Spencer, Google, Siemens,

45 The Economist. 'The persecution of the Uyghurs is a crime against humanity,' The Economist, 17 October 2020. <https://www.economist.com/leaders/2020/10/17/the-persecution-of-the-uyghurs-is-a-crime-against-humanity> (accessed 23 October 2020)

46 BHRM. 'Briefing Paper: Responsibility of States under International Law to Uyghurs and other Turkic Muslims in Xinjiang, China,' Bar Human Rights Committee, July 2020. https://www.barhumanrights.org.uk/wp-content/uploads/2020/07/2020-Responsibility-of-States-to-Uyghurs_Final.pdf (accessed 12 November 2020)

Zara and Amazon.⁴⁷ Some have cut ties with suppliers in Xinjiang, but this is far from universal.⁴⁸ The Global Slavery Index estimated that in 2016, nearly 4 million people were living in slavery conditions in China any given day.⁴⁹

In November 2020, retailers Boohoo, H&M and Nike denied the use of suppliers or manufacturing in the Xinjiang region of China and expressed "shock" surrounding allegations regarding the forced labour of Uyghur Muslims. The retailers were brought before MPs at the Business, Energy and Industry Strategy (BEIS) Select Committee in the UK Parliament to address reports that products involving Uyghur slave labour could be sold to UK consumers.⁵⁰

Despite promises from the CCP to abandon the re-education through labour policy, a report by the US-China Economic and Security Review Commission published in 2019 found that the policy is still being widely implemented.⁵¹ Child labour has also been promoted by the Chinese government as part of its "Work and Study" programme, which has been widely condemned, including by Human Rights Watch (HRW).⁵² Under the programme, schoolchildren between the ages of 12 to 16 from around 400,000 schools - mostly in impoverished areas - are made to work in agricultural and manufacturing schemes.⁵³ HRW reported that some of the children involved in the program have been working under abusive conditions.⁵⁴

The Chinese government has promised to stop child labour but has not yet published official figures on child labour. Although progress has been made, especially in the prohibition of the worst forms of child labour, the 2019 Child Labour Index classified China as "high risk" and found that child labour violations were frequent and widespread.⁵⁵ Human trafficking is a problem that Chinese authorities have failed to stop.⁵⁶ As a result, the US Department of State labelled China as a Tier 3 country – the lowest possible score – in its 2020 Trafficking in Persons Report.⁵⁷

Under the 2015 Modern Slavery Act (MSA), any organisation supplying goods and services in the UK with a total annual income larger than £36 million is required to produce a slavery and human trafficking statement.⁵⁸ The company should set out what actions, if any, it took to verify that slave labour has not taken place. However, a 2019 review of the MSA found that not

47 Xu, V. X. 'Uyghurs for Sale: Re-educations, Forced Labour and Surveillance Beyond Xinjiang,' Australian Strategic Policy Institute, February 2020. https://s3-ap-southeast-2.amazonaws.com/ad-aspi/2020-03/Uyghurs%20for%20sale_Final.pdf (accessed 12 November 2020): 27.

48 AFP. 'H&M cuts ties with Chinese supplier over Xinjiang forced labour accusations,' South China Morning Post, 16 September 2020. <https://www.scmp.com/news/world/europe/article/3101696/hm-cuts-ties-chinese-supplier-over-xinjiang-forced-labour> (accessed 12 November 2020)

49 Global Slavery Index. '2018, Findings, Country Studies: China,' Global Slavery Index, 2018. <https://www.globallslaveryindex.org/2018/findings/country-studies/china/> (accessed 24 August 2020)

50 BEIS. 'Inquiry into Forced Labour in UK Value Chains,' Business, Energy and Industrial Strategy Committee, 5 November 2020. <https://www.parliamentlive.tv/Event/Index/ded12629-dad1-4e79-b24b-5ff9aba6b164> (accessed 11 November 2020)

51 USCC. 'Report to Congress of the U.S.-China Economic and Security Review Commission,' USCC, November 2019. <https://www.uscc.gov/sites/default/files/2019-11/2019%20Annual%20Report%20to%20Congress.pdf> (accessed 3 September 2020): 88; Bowe, A. 'US Exposure to Forced Labour Exports from China: Developments since the US Trade Facilitation and Trade Enforcement Act of 2015,' US-China Economic and Security Review Commission, USCC, 8 August 2017. <https://www.uscc.gov/sites/default/files/Research/Forced%20Labor%20Report.pdf> (accessed 24 August 2020)

52 HRW. 'China: End Child Labour in State Schools,' Human Rights Watch, 3 December 2007. <https://www.hrw.org/news/2007/12/03/china-end-child-labor-state-schools> (accessed 24 August 2020)

53 Ibid.

54 Ibid.

55 Verisk Maplecroft. 'Child Labour Index: Overview and Findings,' Verisk Maplecroft, May 2019, 9.

56 Global Slavery Index, '2018, Findings, Country Studies: China,' Global Slavery Index.

57 US Department of State. 'Trafficking in Persons Report, 20th Edition,' United States Department of State, June 2020, <https://www.state.gov/wp-content/uploads/2020/06/2020-TIP-Report-Complete-062420-FINAL.pdf> (accessed 3 September 2020): 55.

58 Home Office. 'Guidance: Publish an annual modern slavery statement,' UK Home Office, 20 April 2020. <https://www.gov.uk/guidance/publish-an-annual-modern-slavery-statement> (accessed 23 July 2020).

all companies have been compliant, and no injunctions had been used or penalties issued.⁵⁹ Moreover, it found that many complying companies had not taken their statements seriously, and that there is a lack of "clarity, guidance, monitoring and enforcement" of the Act.⁶⁰

Policy recommendation:

The government could initiate "Know Your Supplier" provisions, holding both UK and foreign companies and retailers who are selling goods in the UK accountable for their entire supply chain. These companies will be responsible for verifying that slave/child labour have not been involved in any stage of the manufacturing process under the 2015 Modern Slavery Act (MSA):

1. To make sure that the MSA achieves its objectives, the government could adopt the recommendations set out in the 2019 review. Furthermore, it could put more emphasis on applying the MSA to combat slavery worldwide, not only in the UK.
2. The turnover threshold could be lowered from the current £36 million, to include any company that is not classified as a small company i.e. with much lower annual turnover of £10.2 million⁶¹ and who manufacture in countries that are designated by the government as "high-risk" for using slave labour, including China.
3. An Independent Investigations Unit, led by the Home Office with the support of FCDO and BEIS, could be established. Its mission could be to conduct inquiries into all supply chains that connect China with UK imports and the role of prominent online retailers (who do not check all goods' supply chains that are sold via their online platforms).
4. As a means to increase public awareness and encourage companies to manufacture their goods responsibly, the government could offer retailers a logo that certifies that their supply chain is free of slave labour and child labour. The use of the logo would be granted after a company exhibits evidence to support its claim, and the government could also provide information and support for businesses on how to gain control over their supply line. This will be similar to the "Cruelty Free" and "Fair Trade" marks used by retailers selling clothing, food, cosmetics and other goods.
5. The Department for Trade and Industry (DTI) could enforce personal liability for the directors of companies when slave labour has been used in the manufacturing process. Under the Companies Act 2006, directors have an obligation to have regard to their company's impact on human rights issues, among other matters.⁶² Significant fines could be imposed as a penalty for directors of large corporations if they are found to be in breach of their personal liability to ensure compliance.

59 Home Office. 'Independent Review of the Modern Slavery Act 2015: Final Report,' UK Home Office, May 2019. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/803406/Independent_review_of_the_Modern_Slavery_Act_-_final_report.pdf (accessed 23 July 2020): 14.

60 Ibid.

61 In line with Company Accounts Guidance 10.1 Conditions to qualify as a small company: Companies House. 'Company accounts guidance,' gov.uk, 6 September 2019. <https://www.gov.uk/government/publications/life-of-a-company-annual-requirements/life-of-a-company-part-1-accounts> (accessed 20 November 2020)

62 Companies Act 2006, Section 172. [legislation.gov.uk, 2006. https://www.legislation.gov.uk/ukpga/2006/46/section/172/2018-07-21?view=plain](https://www.legislation.gov.uk/ukpga/2006/46/section/172/2018-07-21?view=plain) (accessed 23 August 2020)

6. To assist UK businesses, BEIS could compile a list of entities banned from trading in the UK, either due to their ties to the CCP or because they have been complicit in human rights violations. This can be similar to the list compiled by the US Department of Commerce's Bureau of Industry and Security.⁶³ The list could be updated continuously, taking into account that companies may try to hide their connection with the Chinese government by providing false information, creating shell companies and other methods.
7. Where individuals in the UK have been complicit in the use of forced labour the NCA could work to seize immovable assets, such as houses, and personal and moveable assets, such as jewelry, precious art and cash obtained through unlawful conduct⁶⁴ under Section s.241 of the Proceeds of Crime Act 2002.⁶⁵
8. In addition to banning the sale of products where slave labour has been involved in the chain of production, the UK could consider banning products produced by companies that are involved in other human rights violations, such as mass-surveillance, ethnic, religious and political persecution and the imprisonment of innocents indefinitely without charge or trial. Potential examples of such companies are Chinese tech companies Hikvision and Dahua, whose biometric equipment is being used to violate human rights. This has already led to them being banned from use by federal contractors in the US.⁶⁶

63 Ross, W. 'Commerce Department Adds Eleven Chinese Entities Implicated in Human Rights Abuses in Xinjiang to the Entity List,' U.S. Department of Commerce, 20 July 2020. <https://www.commerce.gov/news/press-releases/2020/07/commerce-department-adds-eleven-chinese-entities-implicated-human> (accessed 22 July 2020)

64 Home Office. 'Explanatory Memorandum to the Proceeds of Crimes Act 2002 (Search, Seizure and Detention of Property : Code of Practice): Order 2018,' UK Home Office website, 2018. https://www.legislation.gov.uk/ukxi/2018/82/pdfs/ukxiem_20180082_en.pdf (accessed 3 September 2020).

65 UK Government, 'Section 241A, "Gross human rights abuse or violation" ; Proceeds of Crime Act 2002,' [legislation.gov.uk](https://www.legislation.gov.uk/ukpga/2002/29/section/241A), 2002. <https://www.legislation.gov.uk/ukpga/2002/29/section/241A> (accessed 12 August 2020).

66 Burt, C. 'Dahua and Hikvision biometric cameras not allowed at U.S. universities as contractor ban begins,' Biometric Update, 14 August 2020. <https://www.biometricupdate.com/202008/dahua-and-hikvision-biometric-cameras-not-allowed-at-u-s-universities-as-contractor-ban-begins> (accessed 1 September 2020).

UK exports that may be used in human rights violations



The challenge

The Chinese government has conducted mass surveillance using advanced technologies in Xinjiang.⁶⁷ These have been used to gather extensive information about people's actions and location, and used in prisons and re-education camps, where human rights are routinely violated, including torture and forced labour. The CCP has also aggressively clamped down on pro-democracy demonstrations in Hong Kong and mainland China using technology and riot control gear.

Chinese investors and companies are interested in the UK's technology market, either for funding or collaboration on research and development. For example, in 2018 Huawei bought a stake in Vision Semantics – a British company that uses artificial intelligence to find criminals in a crowd – which develops the kind of technology that can assist the CCP's surveillance operations.⁶⁸ However, the UK should make sure that companies are not exporting goods and services that are put to use in the abuse of human rights. These also include tools used for suppression of demonstrations. The Department of International Trade stated that it has not issued export licenses for crowd control since 2019, which is a step in the right direction. However there have been claims that UK-produced riot gear has been used to suppress demonstrations in Hong Kong, although these could have been purchased earlier.⁶⁹

Policy options

1. The government could ban the import/export with China of goods and services that can be used for mass surveillance and human rights violations, including facial recognition systems, biometric and artificial intelligence, tools for gathering DNA, fingerprints and voice samples, and riot control technology such as teargas, pepper spray, rubber bullets, and electric tasers, long range acoustic devices, water cannons, armoured fighting vehicles, and aerial surveillance devices. The Export Controls Order 2008 may require amendments to ensure that export licences are not granted if there are concerns that the goods exported will be used for human rights violations and violation of international

⁶⁷ HRW. 'China's Algorithms of Repression: Reverse Engineering a Xinjiang Police Mass Surveillance App,' Human Rights Watch, 1 May 2019. <https://www.hrw.org/report/2019/05/02/chinas-algorithms-repression/reverse-engineering-xinjiang-police-mass>

⁶⁸ Collingrige, J. 'Huawei buys stake in UK surveillance firm Vision Semantics' The Times, 19 July 2020. <https://www.thetimes.co.uk/article/huawei-buys-stake-in-uk-surveillance-firm-vision-semantics-65t98vdz0> (accessed 9 August 2020)

⁶⁹ Woodcock, A. 'Hong Kong protests: Call for investigation into whether UK-made tear gas used in police crackdown,' The Independent, 2 July 2020, <https://www.independent.co.uk/news/uk/politics/hong-kong-protests-uk-police-tear-gas-arms-exports-china-security-law-a9597496.html> (accessed 25 August 2020)

humanitarian law. The list of goods that could be used in violations should be constantly updated with help from the Foreign, Commonwealth and Development Office (FCDO) and the Ministry of Defence (MOD). For dual-use technologies, the UK could use a rigorous process to establish where this technology will be used and for what purpose. If it is found that the technology is used not for the purpose for which it was sold, and was involved in human rights violations, the trading partner can be sanctioned.

2. The government could lobby other democratic countries and the EU to also end the import/export of such goods and services with China.⁷⁰
3. There could be an increase in government oversight over the sale of shares to Chinese companies in companies that develop or manufacture technologies and equipment that can be used to violate human rights. Chinese companies enjoy nearly unrestricted access to technologies that can be used for human rights violations through shell companies and other methods that hide their true identity. UK vendors are therefore not always able to stop their products getting to China as a result. The Department for International Trade (DIT) and FCDO should assist companies in uncovering information about purchases where there are concerns goods will be exported to China.
4. The FCDO should also refer cases on to the NCA and Crown Prosecution Service to prosecute directors of UK-based companies that assist Chinese companies to purchase technologies that fall under the Export Controls Order 2008 (as amended) for example by pretending to be the clients and then transferring the equipment purchased to a Chinese company.

Financial institutions in Hong Kong



The challenge:

Hong Kong has long represented a lucrative market for British financial institutions. Many of the biggest names in the UK banking sector, such as Barclays, HSBC, Natwest Group and Standard Chartered, maintain a significant presence in the former British territory. Similarly many foreign institutions with a large commercial presence in the City of London including Deutsche Bank and Morgan Stanley have significant business interests in Hong Kong.

The national security law that China has imposed on Hong Kong prohibits "collusion with foreign countries" and expressly breaches the terms of the Sino-British Joint Declaration. Banks operating

⁷⁰ Amnesty International. 'EU companies selling surveillance tools to China's human rights abusers,' Amnesty International, 21 September 2020. <https://www.amnesty.org/en/latest/news/2020/09/eu-surveillance-sales-china-human-rights-abusers/>

in Hong Kong have been told to report financial transactions believed to violate the law which puts democratic rights and autonomy at risk and increases the reach of the CCP in the region. There has been insignificant response from the UK on this date.

The UK has not taken significant legislative action towards financial institutions in Hong Kong to date. In the United States, however, new sanctions open the door to penalties for financial institutions in Hong Kong that do not comply with the [Executive Order on Hong Kong Normalization](#) or the [Hong Kong Autonomy Act](#), and those penalties may extend to individuals working at the financial institutions to implement the sanctions. As a result, financial institutions operating in Hong Kong face significant conflict-of-law consequences as to whether they abide by the national security law or the new US sanctions.

If London were to reciprocate the bipartisan consensus in Washington by imposing similar sanctions on financial institutions, it could become difficult for those institutions to fully comply with the national security law, effectively pushing back on continued expansion of CCP influence in Hong Kong.

The risk of further measures is that financial institutions may leave Hong Kong altogether. According to the American Chamber of Commerce in Singapore survey,⁷¹ some 23% of companies with offices in the territory, were thinking of leaving to escape the ongoing turmoil. While we have yet to see an exodus of financial institutions there has been an increase in the flow of money leaving the territory. Bank of England figures reveal that in the buildup to the passing of the security law, US \$5 billion was moved out in the last year - accounting for nearly 1.25% of the region's GDP.⁷²

Policy options

1. The government could create a UK Hong Kong Autonomy Bill replicating the legislation passed unanimously in the US Congress in response to Chinese encroachment on democracy in Hong Kong and featuring:

- I. Creation of public lists of foreign persons and financial institutions within scope for the sanctions.
- II. Authorisation of sanctions to be imposed on listed foreign persons and foreign financial institutions.
- III. Authorisation of a wide range of sanctions to be imposed on foreign financial institutions - including prohibitions on transactions with UK financial institutions, asset freezes on foreign financial institutions' assets in UK jurisdictions.
- IV. Asset freezes with prohibited activities to include contributing or providing funds, goods, or services by, to, or for the benefit of listed individuals, or the receipt of any contribution or provision of funds, goods, or services from these individuals.

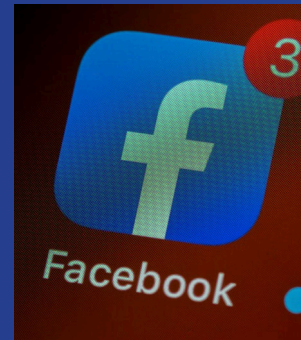
71 Jamrisko, M. 'Hong Kong Firms Look to Singapore to Escape Protests,' Bloomberg, 13 September 2019. <https://www.bloomberg.com/news/articles/2019-09-13/firms-fleeing-hong-kong-protests-look-to-singapore-survey-shows> (accessed 20 November 2020)

72 Reuters. 'Hong Kong unrest has led to as much as \$5 billion in capital outflows, Bank of England says,' CNBC, 17 December 2019. <https://www.cnbc.com/2019/12/17/5-billion-flee-hong-kong-funds-amid-unrest-bank-of-england-says.html> (accessed 20 November 2020)

Part two

Limiting disinformation and CCP attempts to exert influence

Combatting state-backed disinformation and propaganda



The challenge

There is substantial evidence of more assertive Chinese state-backed information manipulation efforts⁷³. Since 2019, the Chinese government has increased its efforts to spread disinformation that will serve the CCP's interests. Researchers from the University of Oxford Internet Institute found that thousands of Twitter, Facebook and YouTube accounts are involved in spreading pro-CCP disinformation, leading them to conclude that the Chinese government has become a major player in the field of disinformation.⁷⁴ An EU report revealed that China has been spreading disinformation relating to Covid-19 in order to sow divisions between European nations and provide false information about the pandemic.⁷⁵

In the UK, China's state-owned English-language news broadcaster, China Global Television Network (CGTN), faces a ban after Ofcom found that it aired forced confessions.⁷⁶ In 2019, CGTN was investigated by Ofcom for breaking impartiality rules when reporting on the protests in Hong Kong⁷⁷ Researchers from the Internet Institute found, in a separate study, that Chinese English-language state-backed news outlets enjoy wide international reach and extremely effective engagement on the material they produce, which is often politicised, presenting democracies as

73 Brandt, J. and Taussig, T, 'The Kremlin's disinformation playbook goes to Beijing,' Brookings, 19 May 2020. <https://www.brookings.edu/blog/order-from-chaos/2020/05/19/the-kremlins-disinformation-playbook-goes-to-beijing/> (accessed 20 November 2020)

74 Bradshaw, S. And Howard, P.N. 'The Global Disinformation Order, 2019 Global Inventory of Organised Social Media Manipulation,' Oxford Internet Institute, 2019. <https://comprop.oii.ox.ac.uk/wp-content/uploads/sites/93/2019/09/CyberTroop-Report19.pdf> (accessed 25 August 2020).

75 Birenbaum, M. 'EU Accuses China of Waging Pandemic Disinformation Campaign,' The Washington Post, 10 June 2020. https://www.washingtonpost.com/world/eu-accuses-china-of-waging-pandemic-disinformation-campaign/2020/06/10/55af8a78-ab1f-11ea-a43b-be9f6494a87d_story.html (accessed 25 August 2020)

76 Hern, A. 'UK-based Chinese news network CGTN faces possible ban,' The Guardian, 6 July 2020. <https://www.theguardian.com/media/2020/jul/06/uk-based-chinese-news-network-cgtn-faces-possible-ban> (accessed 25 August 2020)

77 Waterson, J. 'Ofcom investigates CGTN over coverage of Hong Kong protests,' The Guardian, 23 September 2019. <https://www.theguardian.com/media/2019/sep/23/ofcom-investigates-cgtn-over-coverage-of-hong-kong-protests-china> (accessed 12 November 2020)

corrupt and incompetent while highlighting the achievements of the CCP.⁷⁸

The spread of disinformation and political propaganda risks undermining the UK's security, public health and democratic governance. It is therefore important that the UK takes action to protect its interests in a challenging information environment.

Policy options

1. The government could continue to invest in free, independent journalism that exposes disinformation and produces high-quality reporting.⁷⁹ This could help media outlets to increase the public trust in them as a reliable source of information, and counter foreign-backed attempts at information manipulation. This could be achieved by providing financial support to programmes and institutions that promote high-quality, independent journalism, building on the recommendations from the Future News Pilot scheme⁸⁰.
2. The Department of Education could support programmes to strengthen news literacy, teaching children to think critically about the information they are exposed to and how to distinguish between reliable and unreliable information and news sources, especially online. For example, the National Literacy Trust's NewsWise teaches children critical literacy skills, which could be expanded to become part of the curriculum at every school in the country.⁸¹

Registering foreign agents in the UK



The challenge

There is some evidence that large international Chinese companies with offices overseas contain a local "cell" that reports back to the CCP.⁸² These cells, as well as Chinese agents, have reportedly worked to recruit local agents, steal intellectual property and influence decision-

78 Bright, J., Baily, H. Et al. 'Coronavirus Coverage by State-Backed English-Language News Sources: Understanding Chinese, Iranian, Russian and Turkish Government Media,' Oxford Internet Institute, 8 April 2020. https://comprop.oii.ox.ac.uk/wp-content/uploads/sites/93/2020/04/Coronavirus-Coverage-by-State-Backed-English-Language-News-Sources_mod.pdf (accessed 25 August 2020)

79 DCMS. '£2 million Future News Fund to boost local public interest journalism,' gov.uk, 21 July 2019. <https://www.gov.uk/government/news/2-million-future-news-fund-to-boost-local-public-interest-journalism>

80 Hamilos, A. et al. 'Future News Pilot Fund: End of programme report,' NESTA, 12 August 2020. <https://www.nesta.org.uk/report/future-news-pilot-fund-end-programme-report/> (accessed 20 November 2020)

81 National Literacy Trust. 'NewsWise Programme,' National Literacy Trust. <https://literacytrust.org.uk/programmes/news-wise/> (accessed 12 November 2020)

82 Gardner, F. 'The Spying Game: China's Global Network,' BBC News, 7 July 2020. <https://www.bbc.co.uk/news/uk-53329005> (accessed 19 August 2020)

makers in politics, business and academia to guarantee the participation of Chinese companies in lucrative or strategic projects, sometimes involving critical infrastructure.⁸³ According to the BBC, a dossier compiled with the help of a former MI6 spy found evidence of such activity in the UK.⁸⁴

In 2017 China's National People's Congress (NPC) passed the National Intelligence Law. The law allows Chinese intelligence agencies to compel Chinese organisations and individuals to carry out work on their behalf and provide support, assistance and cooperation on request.⁸⁵ This raises concerns about exposing Chinese companies and individuals to sensitive information, including military, industrial and political secrets, that may be transferred to the CCP.

Policy recommendation

1. The Home Office announced in August 2020 that the Government was "considering whether to follow allies in adopting a form of foreign agent registration." This would likely involve creating a register for such personnel, based on the US Foreign Agents Registration Act (FARA). FARA requires every agent of foreign principals, including US and non-US citizens, who engage in political activities, to register with the Department of Justice and disclose their relationship with the foreign principal.⁸⁶
2. The new law could make it mandatory for all employees of Chinese companies in the UK to disclose membership in the CCP under the registry requirements. Failure to disclose membership could be a criminal offence.
3. Information about CCP membership is not public, which will make this difficult to enforce. However, intelligence services, in collaboration with the National Crime Agency, could investigate cases where membership is suspected, and if verified, there will be repercussions to the person's work permit and/or residency or citizenship applications. Such a law could have a deterrent effect.

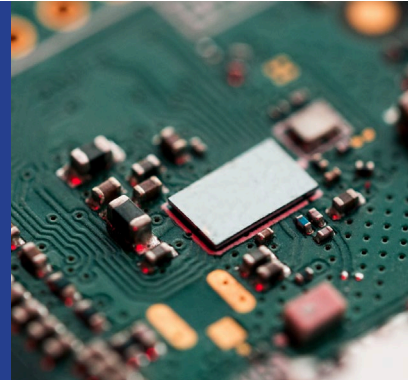
83 Haynes, D. 'China 'trying to influence elite figures in British politics', dossier claims,' Sky News, 7 July 2020. <https://news.sky.com/story/china-trying-to-influence-elite-figures-in-british-politics-dossier-claims-12022695> (accessed 26 August 2020)

84 Gardner, F. 'The Spying Game: China's Global Network,' BBC News, 7 July 2020. <https://www.bbc.co.uk/news/uk-53329005> (accessed 25 November 2020)

85 'Trusted Research Guidance for Academia,' Centre for the Protection of National Infrastructure (CPNI). <https://www.cpni.gov.uk/trusted-research-guidance-academia> (accessed 25 August 2020)

86 US Department of Justice. 'FARA: Foreign Agents Registration Act,' The United States Department of Justice. <https://www.justice.gov/nsd-fara> (accessed 21 July 2020)

Further steps to block access to sensitive information



The challenge

The national security challenge presented by state actors from China and countries such as Russia and Iran are "growing in severity and in complexity", according to MI5 chief Ken McCallum.⁸⁷

The UK's national security could be compromised if foreign agents are able to access sensitive information. One method of access is 'seeding attacks', with a recent example involving manufacturers inserting microchips into motherboards and other hardware during the manufacturing process. Security experts found small microchips - evidence of attempted hardware hacking - in server motherboards sold by Supermicro. Supermicro's equipment was also used by the CIA, US Navy and Department of Defense.⁸⁸ The Chinese government may also gain access to telecommunications networks where Chinese equipment has been used.⁸⁹

As well as concerns about hardware, there have also been concerns that Chinese social media apps, such as TikTok, the user-generated video network, and WeChat, the multi-purpose messaging, social media and mobile payment app, may pose a risk to national security and users' privacy.⁹⁰

Zoom has also faced criticism for complying with Chinese government requests to end meetings related to the Tiananmen crackdown and suspend the accounts of three US-based activists hosting meetings discussing human rights.⁹¹ All these incidents inevitably also raise concerns about data security, although inevitably such issues are not clear-cut.

There are some ongoing concerns that installing these or other apps on devices may enable them to gather information that could be accessed by the Chinese government; although TikTok has denied these allegations and no public review has taken place in the UK to conclusively prove or disprove such concerns. In the case of TikTok, President Trump issued an executive order, banning TikTok from 12 November due to security concerns. However, for now an injunction against the ban has been secured. Several organisations, including the Pentagon and Wells

87 Warrell, H. 'UK Will Do More to Counter Chinese Spying Threat, Says MI5 Chief,' Financial Times, 14 October, 2020. <https://www.ft.com/content/a7de0aeb-04bc-4385-885e-ff71c135aa89> (accessed 12 November 2020)

88 Robertson, J. and Riley, M. 'The Big Hack: How China Used a Tiny Chip to Infiltrate U.S. Companies.' Bloomberg, 4 October 2018. <https://www.bloomberg.com/news/features/2018-10-04/the-big-hack-how-china-used-a-tiny-chip-to-infiltrate-america-s-top-companies> (accessed 22 July 2020)

89 'Foreign Involvement in the Critical National Infrastructure: the Implications for National Security.'

90 Knockel et. al. 'We Chat, They Watch,' University of Toronto Citizenlab, 7 May 2020. <https://citizenlab.ca/2020/05/we-chat-they-watch/> (accessed 25 November 2020)

91 Amnesty International. 'China: Zoom must not become a tool in state-sponsored censorship,' Amnesty International, June 2020. <https://www.amnesty.org/en/latest/news/2020/06/china-zoom-must-not-become-a-tool-in-state-sponsored-censorship/> (accessed 20 November 2020)

Fargo banned some employees from using the app on company or government issued devices.⁹² India has recently banned over 150 Chinese apps, citing national security concerns.⁹³ In an attempt to allay concerns, TikTok has announced that it will set up a data centre in Ireland.⁹⁴

Policy options

1. The UK could prioritise purchasing technologies from trusted nations and trade blocs, including members of the Five Eyes intelligence alliance, the European Union (EU), and the Association of Southeast Asian Nations (ASEAN). The UK could aim to encourage market entry or growth of new trusted providers, and work with allies to develop a new global data standards regime.
2. The UK could seek to strengthen its data governance regime and implement a formal rolling review process for apps and software, looking at both data security and concerns about political censorship or bias.
3. The government could develop criteria to place further controls over the import of Chinese hardware and apps, where evidence supports clear data security risks. This may help to reduce the CCP's ability to infiltrate UK government departments, agencies, intelligence services, security and defence bodies and private companies.

Chinese research funding & academic partnerships



The challenge

China is one of the UK's most important research partners. Russell Group universities in particular have close links with Chinese academic and research institutions in a wide range of disciplines. According to UK Research and Innovation (UKRI), China has facilitated joint research and development programmes with China representing 313 individual projects with a total combined investment value of £320m involving more than 200 partner institutions and businesses.⁹⁵ Some of the collaborations involve branches of UK universities located in China.

⁹² Matsakis, L. 'Does TikTok Really Pose a Risk to National Security?' Wired, 17 July 2020. <https://www.wired.com/story/tiktok-ban-us-national-security-risk/> (accessed 2 September 2020)

⁹³ BBC. 'India Bans PUBG, Baidu and more than 100 apps linked to China.' BBC News, 2 September 2020. <https://www.bbc.co.uk/news/technology-53998205> (accessed 2 September 2020)

⁹⁴ Halpin, Padraic. 'TikTok to open first European data centre in Ireland.' Reuters, 6 August 2020. <https://www.reuters.com/article/us-usa-tiktok-ireland-idUSKCN2520P4> (accessed 18 November 2020)

⁹⁵ UKRI. 'UKRI China,' UKRI. <https://www.ukri.org/research/international/ukri-international-offices/ukri-china/> (accessed 26 August 2020)

These collaborations provide a significant source of funding to UK research institutes. One notable example is the collaboration between UK universities and the Confucius Institute - an organisation with hundreds of branches internationally, which aims to promote Chinese language and culture and is heavily backed by funding from CCP-backed bodies. The Institute, which has collaborations in universities such as Oxford Brookes and Manchester, has been accused of promoting CCP propaganda,⁹⁶ and representing a threat to academic freedom and freedom of expression.⁹⁷ Sweden has closed all Confucius Institutes.⁹⁸

Surprisingly, at present the UK does not centrally collect information on which bodies are sponsoring research in UK universities.⁹⁹ There have been cases of UK university researchers collaborating with institutes which are part of the Chinese military¹⁰⁰, and problems with undue influence being exerted on UK researchers in return for Chinese sponsorship.¹⁰¹

However lucrative these relationships are, Chinese funding to UK research institutes could cause bias in research, compromise academic integrity and freedom, limit the activities of researchers and serve the interests of the Chinese government by spreading disinformation and propaganda as well as advancing their authoritarian norms.¹⁰² It could also assist the Chinese government in gaining access to emerging technologies that may be used to assert its power in ways that violate international laws of human rights and liberties.

The UK is not the only western nation with concerns in this area. Australia introduced guidelines for universities in November 2019 that aim to minimise foreign interference in Australian research.¹⁰³ The move has been understood as a response to the growing concerns about Chinese military ties with Australian universities.¹⁰⁴ Similarly, the Trump administration restricted certain visas for Chinese nationals in an effort to protect federally funded research.¹⁰⁵ The UK could look to these examples for inspiration in drawing up its own policy.

Policy options

1. The UK government could centrally collect information on all private sponsorship of research in UK universities, with a particular focus on overseas investments and those linked to the Chinese state and the PLA.

96 Jakhar, P. 'Confucius Institutes: The growth of China's controversial cultural branch.' BBC News, 7 September 2019. <https://www.bbc.co.uk/news/world-asia-china-49511231> (accessed 3 September 2020)

97 European Interest. 'Confucius Institutes under scrutiny in UK,' European Interest, 20 February 2019. <https://www.europeaninterest.eu/article/confucius-institutes-scrutiny-uk/> (accessed 3 September 2020)

98 Moody, O. 'Swedes axe China-backed Confucius Institutes,' The Times, 21 April 2020. <https://www.thetimes.co.uk/article/swedes-axe-china-backed-confucius-school-scheme-as-relations-sour-7n56ld2v3> (accessed 12 November 2020)

99 Hansard, WPG 52460, Answered by Amanda Solloway on 4 June 2020

100 Samuel et al. 'Revealed: the worrying links between Huawei, our universities and China,' Daily Telegraph, 29 May 2020. <https://www.telegraph.co.uk/news/2020/05/29/revealed-worrying-links-betweenhuawei-ouruniversitiesand-china/> (accessed 12 November 2020)

101 Moore, C. 'Jesus College's China problem,' The Spectator, 1 August 2020. <https://www.spectator.co.uk/article/jesus-colleges-china-problem> (accessed 12 November 2020)

102 House of Commons Foreign Affairs Committee. 'China and the Rules-Based International System,' The House of Commons Foreign Affairs Committee, 4 April 2019. <https://publications.parliament.uk/pa/cm201719/cmselect/cmfa/612/612.pdf> (accessed 12 August 2020): 43-44.

103 Lewis, D. 'Australia is cracking down on foreign interference in research. Is the system working?' Nature, 10 August 2020. <https://www.nature.com/articles/d41586-020-02188-6> (accessed 11 November 2020)

104 Lewis, D. 'Australia is cracking down on foreign interference in research. Is the system working?' Nature, 10 August 2020. <https://www.nature.com/articles/d41586-020-02188-6> (accessed 11 November 2020)

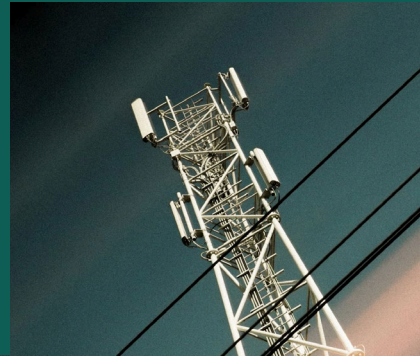
105 Bass, Berry and Sims PLC. 'New presidential proclamation aimed at combatting China's theft of American Research,' Lexology, 5 June 2020. <https://www.lexology.com/library/detail.aspx?g=daef0dc5-9cec-4fd6-ad92-e2c93cda9e0c> (accessed 11 November 2020)

2. The UK could create an advisory service for universities located in UK Research and Innovation which can help advise against entering research partnerships with entities which are linked to the Chinese military.
3. Chinese funding, or collaboration with Chinese businesses or academics could face greater scrutiny by an independent body where there is concern that funding or collaboration with Chinese entities will compromise research or teaching. If the risk is not judged to be high, there should be continued monitoring of the relationship and deployment of risk management measures.
4. UKRI should act to reduce the dependency of UK's research institutions in China by incentivising and promoting collaboration with research institutes from democracies or other countries that will not compromise academic freedom in the UK.

Part three

Economic measures

Limiting China's involvement in UK critical infrastructure



The Challenge

Chinese companies, such as Huawei, the China Railway Construction Corporation (CRCC) and China General Nuclear Power Corporation (CGN), have been involved, or expressed a desire to be involved, in major national infrastructure projects such as Britain's 5G mobile phone network, High Speed 2 (HS2) railway and Hinkley Point C and Bradwell nuclear power stations. These, and other large Chinese corporations, either have close ties to the CCP or are owned by the state. In some cases the implications of their involvement in (or funding of) critical infrastructure projects to the UK's security and sovereignty are potentially considerable.

As far back ago as 2013, the UK Intelligence and Security Committee pointed out the risks to the UK's cyber security if it allows Huawei to be involved in its telecommunications network - a critical infrastructure - after highly-sophisticated cyber attacks were carried out against UK interests that originated in China and were probably backed by the CCP.¹⁰⁶ The report stated that UK security services warned that the Chinese government could exploit Huawei's equipment to gain access to networks, which would have "serious security implications".¹⁰⁷ The Chinese government was cited as potentially being able to gain access to communications infrastructure through vulnerabilities in Huawei's system, giving them espionage capabilities as well as the ability to conduct cyber attacks.¹⁰⁸

A more recent report by the National Cyber Security Centre (NCSC) analysing US sanctions on Huawei, published in May 2020, suggested that the US restrictions will likely impact UK networks and the mitigation strategies set out by the UK prior to US sanctions will need rethinking as a result. The report also determined that "security implications are

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106 Intelligence and Security Committee. 'Foreign Involvement in the Critical National Infrastructure: the Implications for National Security,' Intelligence and Security Committee, June 2013. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/205680/ISC-Report-Foreign-Investment-in-the-Critical-National-Infrastructure.pdf (accessed 24 August 2020): 5.

107 Ibid., 12.

108 Ibid., 11.

significant",¹⁰⁹ in part because US sanctions will prevent the effective operations of the Huawei Cyber Security Evaluation Centre (HCSEC).

The Canadian firm Nortel provides a cautionary tale in this respect. Systematic hacking of their systems went unnoticed by company management which allowed the Chinese government to gain complete control of the company's internal systems.¹¹⁰ Nortel went bankrupt in 2009 after being repeatedly underbid on contracts by Huawei, with the assistance of Nortel's internal information.¹¹¹

In order to effectively tackle the threat to British critical infrastructure, various departments of state must work together. Any access to critical infrastructure, given to a foreign entity, in particular one that has shown hostility towards democracies, such as the CCP, could pose a danger to national security and sovereignty.

Policy Recommendation

1. The government should limit the involvement of state-owned Chinese companies (as well as companies subject to significant CCP influence) in building and financing critical and sensitive infrastructure in the UK. According to the Centre for the Protection of National Infrastructure (CPNI), "National Infrastructure are those facilities, systems, sites, information, people, networks and processes, necessary for a country to function and upon which daily life depends."¹¹² These include communications, defence, government, health, civil nuclear and water.¹¹³
2. This can be done by excluding State Owned Enterprises (SOE) from such projects. Non-SOEs may still pose a security concern due to the legal requirement to share information with the CCP under its National Intelligence Law and Cybersecurity Law. However, these should not be automatically excluded, but rather be allowed limited involvement in "non-core" parts, that will restrict their access to sensitive information and facilities. In such cases, risk evaluation and management should be carried out by the responsible government department, depending on the project.
3. The relevant departments that are responsible for critical infrastructure should limit the scope of Chinese involvement and their exposure to new technologies and information, as well as in non-critical infrastructure, from which information could be stolen to achieve unfair financial advantage or used for human rights violations. Any such involvement should be disclosed to Ministers, and the process should be transparent so that risk assessments can be carried out by the government, after which the involvement of Chinese companies could either be blocked or a plan on how to manage risks will be carried out. In addition, non-regression clauses should be added to contracts with Chinese companies, giving UK companies the ability to back out of contracts in case the Chinese companies are implicated in human rights abuses.

109 NCSC. 'Summary of the NCSC analysis of May 2020 US sanction,' National Cyber Security Centre, 17 July 2020. <https://www.ncsc.gov.uk/report/summary-of-ncsc-analysis-of-us-may-2020-sanction> (accessed 12 November 2020)

110 Cooper, S. 'Inside the Chinese military attack on Nortel,' Global News, August 25 2020. <https://globalnews.ca/news/7275588/inside-the-chinese-military-attack-on-nortel/> (accessed 11 November 2020)

111 Ibid.

112 CPNI. 'Critical National Infrastructure,' CPNI. <https://www.cpni.gov.uk/critical-national-infrastructure-0> (accessed 2 September 2020)

113 Ibid.

Theft of intellectual property (IP) and trade secrets from UK businesses



The challenge

UK companies conducting business with Chinese companies sometimes face a problem of Chinese companies stealing trade and IP secrets, leading to loss of revenues. This is often done through means such as shell companies, cyber espionage and joint ventures for the purpose of access to secret information.¹¹⁴ It has also been reported that foreign companies involved in joint-ventures with Chinese firms may be instructed to allow the CCP a role in decision-making, including on issues such as investment and personnel.¹¹⁵

UK businesses that are not involved with Chinese businesses are sometimes targeted by state-backed hackers who commit cyber-attacks in order to steal intellectual property.¹¹⁶ In 2018 the US and UK were among states to condemn cyber theft by a group associated with China's Ministry of State Security, the country's intelligence agency¹¹⁷.

Collaborations between UK and Chinese business can be profitable and successful, and should continue. The proposed Policy options do not target the whole Chinese market. They are meant to protect UK companies by targeting specific Chinese entities that act unlawfully and cause financial damage.

Policy options

1. The UK government could renew its cyber security strategy, set out in 2016 to cover the period 2016-2021, with a particular focus on helping UK firms combat commercial espionage from China.

114 Council on Foreign Relations. 'Implementing Grand Strategy Towards China,' Council on Foreign Relations, Council Special Report No. 85, January 2020. https://cdn.cfr.org/sites/default/files/report_pdf/CSR85_Blackwill_China.pdf (accessed 21 July 2020): 20.

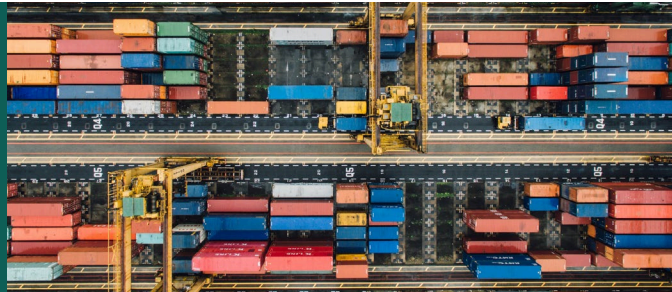
115 Denyer, S. 'Command and control: China's Communist Party extends reach into foreign companies,' The Washington Post, 28 January 2018. https://www.washingtonpost.com/world/asia_pacific/command-and-control-chinas-communist-party-extends-reach-into-foreign-companies/2018/01/28/cd49ffa6-fc57-11e7-9b5d-bbf0da31214d_story.html (accessed 23 August 2020).

116 Demianyc, G. 'Britain Accuses China Of Stealing Business Secrets In Series Of Global Cyber Attacks,' Huffington Post, 20 December 2018. https://www.huffingtonpost.co.uk/entry/britain-accuses-china_uk_5c1bbbf6e4b08aaf7a8612c5 (accessed 27 August 2020).

117 Titcomb, J. 'China accused of extensive and 'unrelenting' global hacking campaign,' Daily Telegraph, 20 December 2018. <https://www.telegraph.co.uk/technology/2018/12/20/chinese-nationals-charged-extensive-global-hacking-campaign/> (accessed 12 November 2020)

2. The UK government should establish a UK Law Commission report on Prosecution Guidelines, including territoriality considerations, on criminal acts of organised theft of technology and trade secrets, or coercion of companies into giving up those secrets by Chinese companies. The UK government should adopt a bill similar to the American International Emergency Economic Powers Act, which regulates international commerce and gives the government the power to punish entities that profit from theft of IP.
3. The UK could make it mandatory for Chinese companies involved in joint ventures with British companies to disclose information about links with the Chinese government and military, as well as transparency about their supply chain to ensure human rights violations can be categorically ruled out.
4. The UK government could strengthen the work of the Intellectual Property Office, to offer comprehensive advice to companies on protecting their IP when dealing with Chinese companies.

Violation of WTO rules



The challenge

China was accepted as a member into the World Trade Organisation in the hope that this would foster widespread trade liberalisation and deep integration into the global economy. Unfortunately, this did not happen; China has consistently violated WTO rules by discriminating against foreign goods in critical sectors, controlling supply chains, providing illegal and unfair subsidies, and systematically stealing technological and trade secrets.¹¹⁸ It also still maintains tight political control over the economy.¹¹⁹

After many years of setting out complaints about violations of the WTO rules, the EU, US and Japan issued a joint statement in January 2020 listing specific concerns.¹²⁰

Harvard Law professor Mark Wu argues that "the WTO is struggling to adjust to a rising China" because of "China's distinctive economic structure", which he dubs "China, Inc".¹²¹ He argues

118 Council on Foreign Relations. 'What Happened When China Joined the WTO?' The Council on Foreign Relations, https://world101.cfr.org/global-era-issues/trade/what-happened-when-china-joined-wto?_ga=2.127247757.1842861265.1594129146-1466268517.1593769227 (accessed 20 July 2020)

119 United States Trade Representative. '2018 Report to Congress on China's WTO Compliance,' United States Trade Representative, February 2019. <https://ustr.gov/sites/default/files/2018-USTR-Report-to-Congress-on-China%27s-WTO-Compliance.pdf>, (accessed 26 August 2020), 11.

120 Office of the United States Trade Representative. 'Joint Statement of the Trilateral Meeting of the Trade Ministers of Japan, the United States and the European Union,' Office of the United States Trade Representative, 14 January, 2020. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2020/january/joint-statement-trilateral-meeting-trade-ministers-japan-united-states-and-european-union> (accessed 12 November 2020)

121 Wu, M. 'The "China, Inc." Challenge to Global Trade Governance,' Harvard International Law Journal, Spring 2016. https://harvardilj.org/wp-content/uploads/sites/15/HLI210_crop.pdf (accessed 12 November 2020)

that the current WTO system "has its limits" because of the informal and hard to police nature of Chinese state capitalism, and he predicts that without major change "China's rise, should it continue, will contribute to a gradual weakening of the WTO legal order."¹²²

One issue is the lack of the rule of law within China which disincentivises companies from raising complaints. A US government report raised concerns about companies failing to report non-compliance with WTO laws for fear of reprisal. The report claims that Chinese government officials have threatened foreign companies with retaliation should they lodge a complaint.¹²³ The lack of transparency is also problematic, for example, China has not made regular notifications of its state trading enterprises since 2003, even though this is required by the General Agreement on Tariffs and Trade 1994.¹²⁴

The WTO offers no remedies beyond state-to-state reciprocity and long drawn out compensation arrangements. There is no arbiter of the rules, and therefore no enforcement and no accountability. At present the US is blocking appointments to the appeals panel so any rulings that are appealed are stuck in limbo.

Policy options

1. Since China has grown to become one of the world's largest economies, there could be a powerful coalition of nations who share similar values to respond to the CCP's power and influence, and hold it accountable to violations of international laws. We propose the formation of a D10 coalition¹²⁵ to include the ten leading global democracies (as opposed to economies); including the current G7 members, plus South Korea, India and Australia. The D10 will deepen cooperation between democracies, stand against authoritarian regimes who are trying to undermine democratic governance and the international rule of law, strengthen liberal values and human rights, and support countries wishing to democratise by protecting them from foreign intervention by authoritarian nations wishing to curtail those efforts.¹²⁶
2. China should not benefit from its WTO membership while violating WTO rules and breaking fundamental norms of the international community. The D10 could strategically litigate cases against China when it violates WTO law, and impose retaliatory measures where permitted by WTO rules. Under such measures, China should be made to offer remedies or pay substantial compensation.
3. Additionally, the D10 should create a DTO (Democratic Trade Organization) that will further liberalise and deepen trade between democratic nation member states. These countries should also work together to correct the market distortions caused by China's trade practices and control of the Chinese market, which also affects foreign companies operating in China.
4. Ultimately, if unsuccessful in ensuring that China abides by the spirit of the WTO rules, D10 members should find ways within the rules to raise tariffs against China in a synchronised way.

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ibid.

123 United States Trade Representative. '2018 Report to Congress on China's WTO Compliance,' United States Trade Representative, 9.

124

ibid.

125 Brattberg, E. and Judah, B. 'Forget the G-7, Build the D-10,' Foreign Policy, 10 June 2020. <https://foreignpolicy.com/2020/06/10/g7-d10-democracy-trump-europe/> (accessed 25 July 2020)

126 Biden, J. 'The Power of America's Example: The Biden Plan for Leading the Democratic World to Meet the Challenges of the 21st Century,' JoeBiden. <https://joebiden.com/americanleadership/#> (accessed 20 November 2020)

Conclusion

This paper seeks to move on the debate about how the UK and other democracies can respond to the Chinese government's more aggressive and authoritarian turn and seek to change its behaviour. We hope not that it will be the last word but that it will open up a discussion ahead of time about what measures we can take in response to aggressive actions by the Chinese leadership. Instead of a reactive policy we need a clear set of tools we can deploy to respond to an escalating pattern of aggression.

Notwithstanding measures against the CCP and those who collaborate with it, it is important to maintain a positive and mutually beneficial trade and diplomatic relationship with China. Chinese citizens should be welcomed into the UK, and cooperation between British and Chinese organisations independent of the CCP should be allowed to thrive. Chinese businesses and investment should also be welcomed in the UK if they pose no strategic risks.

Ultimately, the task of reinvigorating liberal democratic norms and preventing China using its economic power to increase its influence, especially in developing nations in need of investment and loans, is too burdensome on the UK or indeed any nation state alone, including the USA.

Instead of the Chinese government changing as a result of inclusion in international organisations, it seeks to control and change those organisations to suit its world views, use them to pursue political opponents, have access to sensitive information and increase financial gains.¹²⁷ The leading global democracies should work together to prevent the CCP from installing trusted people in positions of power and taking control of international institutions such as the WTO, Interpol, the World Intellectual Property Organisation (WIPO) and the International Civil Aviation Organisation (ICAO).

An essential facet of tackling the challenges posed by an increasingly powerful autocracy is building international consensus and alliances. We intend to return to this issue in due course.

¹²⁷ Lemon, E. 'Weaponizing Interpol,' *Journal of Democracy*, 30:2, April 2019, 15-29, Johns Hopkins University Press. <https://muse.jhu.edu/article/721640/summary> (accessed 11 August 2020)

Appendix 1:

Country-specific actions

Around the world, countries have already begun developing their domestic and foreign policy in order to defend their democratic values. We have tabulated recent initiatives here:

Country	Action	Reference
Australia	The Australian government is currently conducting an inquiry, led by the Joint Standing Committee on Foreign Affairs, Trade and Defence, on the possible adoption of Magnitsky-style sanctions legislation. The Committee aims to report its findings by the end of 2020, however this timeline may be pushed back because of the ongoing coronavirus crisis.	Inquiry into whether Australia should examine the use of targeted sanctions to address human rights abuses. Parliament of Australia, 3 December 2019. https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/MagnitskyAct (accessed 10 November 2020)
Canada	In October 2017, Canada passed the Justice for Victims of Corrupt Foreign Officials Act. The act allows for sanctions against foreign nationals who are "responsible for or complicit in gross violations of human rights; or are public officials or an associate of such an official, who are responsible for or complicit in acts of significant corruption." As of November 2020, no person has been sanctioned under this act in relation to Hong Kong violations of human rights. However, the government has expressed its concern over the new security law.	Justice for Victims of Corrupt Foreign Officials Act Government of Canada, October 18 2017. https://www.international.gc.ca/world-monde/international_relations-relations_internationales/sanctions/victims_corrupt-victimes_corrompus.aspx?lang=eng (accessed 10 November 2020) Trudeau: Canada to restrict exports,suspend extraditions to Hong Kong. Politico, 3 March 2020. https://www.politico.com/news/2020/07/03/trudeau-canada-restrict-exports-china-extradition-hong-kong-348608 (accessed 10 November 2020)
Estonia	In December 2016, Estonia became the first European country to implement Magnitsky-style legislation. The amendment to the existing 1998 Obligation to Leave and Prohibition on Entry Act allows the country to ban entry to foreign nationals suspected of human rights abuses. While this has not yet been used against anyone related to the suppression of human rights in Hong Kong, members of the Estonian Parliament established a parliamentary group in October 2020 to express support for Hong Kong's democracy.	Estonia joins US in passing Magnitsky law EU Observer, 9 December 2016. https://euobserver.com/foreign/136217 (accessed 10 November 2020) 'Members of the Riigikogu formed the Hong Kong Support Group,' Parliament of Estonia, 15 October 2020. https://www.riigikogu.ee/pressiteated/muu-pressiteade-et/riigikogu-liikmed-moodustasid-hongkongi-toetusruhma/ (accessed 10 November 2020)

<p>European Union</p>	<p>The European Union is currently conducting the preparatory work for Magnitsky-style legislation. Foreign Ministers of the EU member countries agreed to begin the process in December 2019. Along with Estonia, Latvia and Lithuania have implemented Magnitsky-style legislation however neither of these have yet been used in relation to Hong Kong.</p>	<p>EU to prepare Magnitsky - style human rights sanction regime, Politico, 9 December 2019. https://www.politico.eu/article/eu-to-prepare-magnitsky-style-human-rights-sanctions-regime/ (accessed 10 November 2020)</p>
<p>Japan</p>	<p>Japanese politicians formed a cross party group, the Japan Parliamentary Alliance on China, in July 2020 in response to the situation in Hong Kong. The group has discussed ideas for a potential bill to come before the Houses. They envision that if a Cabinet probe found evidence of human rights abuses then Japan would be able to enact sanctions against those individuals.</p>	<p>Japan eyes bills to sanction human rights abuses in Hong Kong, Asahi Shimbun, 30 July 2020. http://www.asahi.com/ajw/articles/13591720 (accessed 10 November 2020)</p>
<p>Spain</p>	<p>In 2013 Spain previously indicted China's former president Hu Jintao on charges of grave human rights abuses in Tibet. As China will not extradite the former leader, further action is unlikely.</p>	<p>Spain has indicted Hu Jintao over Tibet, The Diplomat, 18 November 2013. https://thediplomat.com/2013/11/spain-has-indicted-hu-jintao-over-tibet/ (accessed 10 November 2020)</p>
<p>USA</p>	<p>The Magnitsky Act, passed in 2012 and updated to cover all foreign nationals in 2016, gives the government the power to implement sanctions against those it deems to be culpable for human rights abuse - including freezing their assets and banning them from entering the United States. This was further extended by the passage of the Hong Kong Autonomy Act in July 2020 which provides for the implementation of various sanctions specifically on foreign nationals who materially contribute to the ongoing undermining of the territory's autonomy. On 7 August 2020 eleven individuals were designated as such by OFAC and blocking sanctions initiated against them. Any US assets will be frozen, and US and foreign nationals are banned from doing business with the named individuals. Those sanctioned include Carrie Lam, the Chief Executive of Hong Kong.</p> <p>US legislators passed a bill in mid 2020 which called for sanctions against those responsible for human rights violations against the Uyghur minority population in Xinjiang. The bill was passed almost unanimously in the House of Representatives and the Senate in a move which prodded the administration to take action. In July the Trump administration imposed sanctions on three Chinese officials it alleges are involved in human rights abuse in the region.</p>	<p>'The Global Magnitsky Human Rights Accountability Act,' Congressional Research Service, 28 October 2020. https://crsreports.congress.gov/product/pdf/IF/IF10576 (accessed 10 November 2020)</p> <p>'Hong Kong Autonomy Act,' 116th Congress, 14 July 2020. https://www.congress.gov/bill/116th-congress/house-bill/7440 (accessed 10 November 2020)</p> <p>'Financial Sanctions,' U.S Department of the Treasury, 10 November 2020. https://home.treasury.gov/policy-issues/financial-sanctions/faqs/topic/5571 (accessed 10 November 2020)</p> <p>'Uyghur Human Rights Policy Act of 2020,' 116th Congress, 17 June 2020. https://www.congress.gov/bill/116th-congress/senate-bill/3744 (accessed 10 November 2020)</p> <p>'US imposes sanctions on senior Chinese officials over Uighur abuses,' The Guardian, 10 July 2020. https://www.theguardian.com/world/2020/jul/10/us-imposes-sanctions-on-senior-chinese-officials-over-uighur-abuses (accessed 10 November 2020)</p>

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