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Sino-UK Relations and the Impact of Trump

<https://www.e-ir.info/2017/03/06/sino-uk-relations-and-the-impact-of-trump/>

KERRY BROWN, MAR 6 2017

The British-American link has been one saddled with great expectations and the veneer of strenuously asserted friendship for a long time. The term 'special relationship' is the usual label applied to it. Linguistic and supposedly cultural propinquity have, over the last few decades, given rise to the idea that somehow both have profound, permanent links built on a similar world view and similar attitudes. There are, of course, deep historic ties between the two countries. More jarring issues, however, surface when one starts to look at the details. Even the term itself, 'special relationship', because of the expectations it gives rise to over closeness and fraternity, has more often been a cause of problems rather than benefits. This is best illustrated by the fact that even during a relatively unproblematic era in the relationship at the start of the 1960s, the then British Prime Minister Harold Macmillan asked his foreign office officials to draft a paper saying precisely what this term meant and what, in the end, was so 'special' about the links between the two, as he had no real idea.

In the second decade of the 21st century, no matter illustrates the gap that can sometimes exist between the two that how they separately relate to China. Both the UK and the US are strong supporters of a rule-based global system predicated on common values. Both have been heavy critics in the past of the Chinese failure to observe these values domestically, and its lack of democracy and rule of law. Yet, as China's economy has grown, they have been both separately bent on extracting as much economic benefit from the emerging new power.

In the last few years, as the UK has tried to reset its relations with China by pursuing a largely transactional, value-free strategy, the potential for clashes with the US has increased. Washington was irritated by how London joined the China-instigated Asian Infrastructure Investment Bank (AIIB) as soon as it could in 2015. It reportedly accused its so-called best ally of 'constant accommodation' of Chinese needs. With the decision to leave the European Union (EU) taken after a referendum last June, the depth of British need for an enhanced trade and business relationship with the People's Republic has only risen, making the US-UK situation even worse.

This Brexit development alone is cause for some uneasiness about the trajectory of British-Chinese relations. It creates a new kind of uncertainty. It is, however, now magnified by the self-proclaimed unpredictability of US President Donald Trump, whose capriciousness on foreign affairs is already apparent only a few weeks after taking up occupancy in the White House.

The early indications are that Trump intends to be hawkish on the Chinese economy, but perhaps more supportive of the status quo in terms of security. For the latter, it would be hard to see how he could radically change policy from his predecessor, Obama. The US might complain, but their alliance system in the Asian region is probably more of an asset than an impediment, and carries indirect economic benefits. On the economic front, however, the scope for real clashes, as Washington seeks to open up more of China's protected sectors for fairer competition to foreign entities, is high. While unlikely, because of the spectacular costs it would entail to both, a trade war of some sort with the world's first and second largest economies is not impossible. At the very least, we can expect some fractious moments in the months ahead as Washington and Beijing try to extract concessions out of the other.

For the UK, the key question is where it stands in this uncertain new situation. Palmerstone, a statesman in the era of high Victorian colonial ambition over a century ago, had stated that in diplomacy, there were no permanent allies, just interests. What serves the interests of the UK at the moment, as it tries to deal with the immense challenges of Brexit,

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is not entirely clear. Trump has made this issue even more complex.

First, one must estimate the more positive trends. For the UK, having the US try to smash some of the protectionism in the Chinese finance and services sectors would be immensely useful. These are areas where Britain has real strengths. Washington forging a way forward therefore and Britain following in its wake would be serendipitous. Just because the US might be able to create a new deal with Beijing, nevertheless, won't necessarily mean that it will be willing to share whatever spoils would come afterwards with anyone else – even the so-called closest ally, London. This is the era of the presidency whose motto is to 'make America great.' Self-interest rules the day, thus. And for China, making concessions with its largest trading partner will be much more compelling and urgent than attending to requests from a far smaller player, one that, on exiting the EU, is only likely to become even more marginalised. Lofty rhetoric about a 'special relationship' in this domain matters little. It is more a case of 'each for oneself.'

Second, a highly problematic issue is that while the US might create one set of standards for itself as it seeks to get more benefit from China, it may not cut any slack to other players who it sees as prioritising economic links with the People's Republic over support for security responses against it. This is a harsh fact that is not going to change under Trump, unless something revolutionary happens. The deep dependence the UK has on the US, in terms of security, technology and hard military kit reflects the ways in which the UK is a beneficiary, a taker more than it is a giver. In this realm, the US can largely continue to set the rules. If the UK wants to preserve this security relationship (and it is clearly in its interest to do so), it will simply have to toe the line and follow the rules Trump's US ultimately sets.

In the light of this, it is hard to see how the UK could ever calculate that the possibility of better investment quantities and trade flows with China would be worth jeopardising the current depth of security co-operation with the US, which is tangible and real – at least for the foreseeable future. In telecoms and nuclear energy, it has already flown close to the winds. The UK is far more open than the US to Chinese involvement in these sectors. In future, as it seeks to become even more innovative in attracting Chinese money in regulated, risky sectors, the UK will run the real risk of attracting the US' ire.

That is why the UK-China-US triangle in the era of Trump is only likely to be a complex balancing act, which had already started to manifest itself before. With Trump, the trend may suddenly get more extreme. There are inevitably going to be some rocky moments between the intertwined US-UK and UK-China equations in the years ahead. As London well knows, two is a company and three is a crowd. Its attempts to lie between these two massive powers as they play out their various ambitions and conflicts may prove the wisdom of the adage.

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