Analysis of Sino-British Relations in post-Brexit Era

Kaiyuan Li¹, *, †, Kexin Qin², †

¹Eurasia International School, Henan University, Zhengzhou, China
²Department of International Business, Zhengzhou University of Light Industry, Zhengzhou, China

*Corresponding author: 1828030014@vip.henu.edu.cn
†These authors contributed equally

Abstract. Brexit is the result of a combination of disillusionment with the European Union, a desire to restore the "Empire of the Sun" and a range of social issues. The impact of Brexit is also multifaceted. For the UK itself, its political and economic independence will be significantly enhanced, and “asserting sovereignty” will become a post-Brexit pursuit for the UK; for Sino-British relations, the UK's policy towards China may continue to highlight its "In addition, the UK may seek asylum in the US after Brexit, and the relationship between the UK and the US will appear more "ambiguous". As for the UK-EU relationship, the UK hopes to start negotiations with the EU as an independent sovereign state, mainly on economic aspects, while the EU hopes that the post-Brexit UK will still be under its control. All in all, whether it is the US, the EU or China, the UK should act in its own interests, respect the other side's reasonable interests and actively seek cooperation.

Keywords: Brexit; Sino-British relations; International cooperation.

1. Introduction

At 23:00 on 31 January 2020, London time, the United Kingdom officially announced its departure from the European Union (EU), marking the end of its 47-year membership in the EU. Brexit is an important event in the world political arena, triggered by multiple factors. It will inevitably have a multifaceted and long-lasting impact on the EU, the US, China, and other countries and international organizations, as well as the UK's foreign policy. From the political economy perspective, this paper will explore what factors have led to Brexit, what factors will affect the future direction of Sino-British relations, and the opportunities for Sino-British cooperation. Based on extensive reading of other relevant literature, the paper uses neoliberalism, Adam Smith's theory of absolute advantage, and socialist economic theory with Chinese characteristics as theoretical support [1].

2. The Causes and Effects of the Brexit

Brexit is an inevitable result of a combination of factors. One of the reasons for this is that Britain has not found the answer to economic recovery in the European integration process. Britain had led the world between the First Industrial Revolution and the First World War. However, after the Second World War, as the Third World flourished and the former British colonies continued to be lost, Britain's benefits in this area were naturally reduced. In 1973, Britain joined the European Economic Community (EEC), the predecessor of the European Union, to compensate for the loss of colonies. However, history has shown that Britain did not find an economic development path within the EEC that was entirely suitable for it. The fact that the UK has prevented immigration problems in other countries and the European debt crisis from befalling it is also a reflection of the fact that the UK's economic decline has still not been contained.

The second is about the psychology of the people, some of whom are eager to return to the heyday of the "Empire of the Sun". In the referendum on Brexit, many elderly people voted in favour of leaving the European Union, which is undoubtedly a reflection of a sense of loss. In addition, the continued economic downturn has also led to xenophobia among some British people.

Thirdly, Brexit is conducive to national sovereignty and democratisation, as according to statistics from 2016, more than half of the UK’s current laws were enacted by the EU and the rest were made
by the British Parliament itself. Moreover, the number of seats in the European Parliament for each EU member state is inherently unequal, so leaving the EU would be conducive to the democratisation process in the UK. But the paradox is that Britain joined the European Economic Community in order to stop the economic decline, and now that it has left the EU, there is no use for traditional colonial methods.

The impact of Brexit is not limited to itself. However, it will also be felt through changes in the UK-EU relationship, the UK-US relationship, and, thus, the UK-China relationship. After Brexit, the UK will no longer have to pay billions to tens of billions of dollars in annual contributions to the EU; it will be able to get rid of the burden of the "European debt crisis"; it will be able to lower its production costs after being freed from the EU, and the UK government will be able to strengthen border control on its own and reduce social problems caused by refugees. The UK government will be able to strengthen border control and reduce the social problems caused by refugees. The downside is that some companies may adjust their operations in the UK or withdraw from the UK market, while tourism and talent exchange will also be affected.

The biggest benefit of Brexit is the significant increase in the UK's economic autonomy. According to Adam Smith's theory of absolute advantage, the UK's mature financial services system could provide a model for China's high-quality development, and through international projects such as Belt and Road Initiative and the China-EU Train, which are led by China, Chinese infrastructure and other products have opportunities to flow into the UK market.

However, the relationship between the UK and the US could significantly constrain Sino-British cooperation. The post-Brexit UK needs to look to the US for "security", and the US wants to use the UK to stifle its biggest competitor, China, by signing trade agreements and other means. The US also wants to use the UK to stifle the development of its biggest rival, China, through trade agreements and other means. On some sensitive political issues between the US and China, the US wants to bring the UK in line with its "voice". As a result, the post-Brexit UK's "ambivalence" towards China is remarkable [2].

3. Impact of Brexit on UK-China Relations

The UK's departure from the EU will have far-reaching implications not only for its own country but also for the EU, the US, and the whole world community, while Sino-British relations are also in flux. In 2015, China and the UK agreed to build a comprehensive global strategic partnership for the 21st century, thus entering the "Golden Age" of China and the UK. Now that the world is in the midst of another century of global change, Sino-British relations are also changing. Britain's departure from the EU on Sino-British relations is reflected in many ways, mainly in the economic and trade relations between the two countries and in the humanistic exchanges and political security. There are both conflicts and development of cooperation between China and the UK.

3.1 Sino-British Economic and Trade Relations

Since China acceded to the WTO in 2001, Western countries such as the US and Europe have not recognized China's entire market economic status. Since the financial crisis in 2008, China has continued to increase its investment in the UK and has become increasingly attractive to the UK. China has been trying to secure its entire market economic status for China from the US and Europe. As a staunch defender of trade freedom, the UK has always taken a positive stance within the EU in recognizing China's market economy status and establishing a China-EU free trade area [1].

The change in Sino-British economic and trade relations has been a process from a continuous cooling to a gradual warming. The degree of economic and trade engagement between China and the UK has not declined. The number of Chinese companies in the UK has increased, and Chinese investment in the UK has grown in reverse against the backdrop of a decline in political relations between the two sides. The UK is also an important location for Chinese investment in Europe. The
business environment in China is becoming more favorable, generating significant investment interest in the UK.

Economic cooperation is one of the critical factors for the in-depth development of Sino-British relations. After the UK leaves the EU, there is ample room for cooperation between China and the UK. Negotiating bilateral investment and free trade agreements between China and the UK is expected to accelerate, which constitutes a substantial benefit to Chinese enterprises investing in the UK. In addition, as Brexit brings challenges and pressures to the UK economy, it will undoubtedly attach more importance to cooperation with China, thus providing Chinese investors with a broader scope for investment and cooperation. The 2021 Government Work Report points out the need for China and the UK to continuously strengthen bilateral economic cooperation. In the face of trade barriers, the UK's lack of imports is greatly compensated by Chinese investment, allowing the UK market to grow steadily. Strengthening the two countries' complementary strengths can promote the two countries' long-term development. In the face of common interests between China and the UK, trade exchanges will become increasingly close [2].

The "golden age" of Sino-British relations has been fruitful [3]. The UK will implement an independent trade remedy policy after Brexit, which will have a different assessment of the situation of the UK domestic industry, dumping margin, and damage margin than the EU as a whole, and there is no precise determination of China's market economy status in the UK yet, which is an opportunity for Chinese enterprises to explore the market [4]. The financial cooperation between China and the UK in constructing the Belt and Road Initiative will create a win-win situation. The Belt and Road Initiative has led to new trends in international finance. The internationalization of the RMB has entered a period of rapid development, with the RMB transforming from a traditional trade and payment currency to an investment and reserve currency [5].

China and the UK are highly complementary in terms of industrial structure and economic and trade structure. The UK can develop its economic and trade relations with China more flexibly. It can engage in economic and trade cooperation in different areas. In the long run, the economic and trade relations between China and the UK will be better developed [6].

The author proposes the following countermeasures given the negative impact of Brexit on Sino-British trade. First, the two countries should strengthen exchanges and cooperation between the Chinese and British governments, learn from their strengths and complement their weaknesses, and strive to eliminate trade barriers and frictions. Secondly, the two countries should focus on exchanges and cooperation at the technological level in high, precise, and sophisticated industries and promote the improvement of our enterprises' independent innovation capability and R&D level. Third, it is necessary to optimize the product structure and promote the upgrading of China's industrial structure. Fourth, the Belt and Road Initiative should be promoted for more and better international cooperation.

As a result of the Brexit event, the exchange rates of the British pound and the euro would fall, and uncertainty in international financial markets would increase. The Chinese government's efforts to maintain the stability of the RMB exchange rate and promote the internationalization of the RMB have made the RMB a possible safe-haven currency [7]. As the RMB internationalization in China continues to advance, and London plays a significant role in the international financial sector, it needs this platform as a springboard. In addition, the RMB internationalization will also promote the flow of funds for the construction of related infrastructure. Under the Belt and Road Initiative, China can rely on the UK's developed financial services industry to gradually improve its position in international finance. China and the UK can carry out related infrastructure construction and strategic cooperation in the third-party market, which has excellent prospects [8].

To some extent, the UK's exit from the EU also changed the related trade structure. According to relevant data from the Office for National Statistics, the UK's total merchandise exports to the EU in 2021 are approximately £20 billion less than they were at the start of Brexit. The latest figures from HM Revenue & Customs indicate that the number of UK businesses exporting goods to the EU has fallen to 18,357. Analysis suggests that the EU is the UK's largest trading partner but that post-Brexit UK businesses are experiencing barriers to exporting to the EU, hampering trade growth. The UK's
imports from the EU have also fallen sharply after Brexit due to the epidemic, and China has become the UK's largest source of goods, so it is clear that trade with China is an essential driver of the UK's economic growth.

After Brexit, the UK attaches great importance to economic and trade cooperation with China. It continues to promote the development of the Belt and Road Initiative, and the UK hopes to expand cooperation between China and the UK. Given that the UK's international financial services are becoming increasingly mature, it can provide financial services for enterprises in constructing the Belt and Road Initiative. The two governments have also signed an agreement on the construction of interconnection.

Using Adam Smith's theory of absolute advantage, enterprises in both countries can complement each other's strengths and develop together in Belt and Road Initiative. The increasing level of China's openness to the outside world, the improvement in the quality of goods, and the shift in the focus of trade after Brexit will all provide a broader scope for Sino-British economic and trade cooperation. The rapid development of the "China Express" also confirms the high level of interdependence between China and the UK and the potential and resilience of bilateral trade development.

3.2 Sino-British Cultural Exchange

From Q2 2020, China has overtaken Germany to become the UK's largest importer. There are currently around 220,000 Chinese students studying in the UK, and the number of applicants for undergraduate study in the UK is increasing year on year, with the recent release of university application figures for 2022 showing a record number of Chinese students [9]. The post-Brexit UK will be free to choose universities for external partnerships and collaborative innovation.

After Brexit, the UK has responded to the harmful effects and taken steps to change the situation. The UK will have greater autonomy to choose its institutions and to innovate in its external cooperation. In 2018, the production of the film "Stargazing" and the comic book page "Dragon Reborn" were extraordinary leaps forward for the development of animation and film in China. Since then, the related cultural industries have increased in value-added, and humanistic exchanges have contributed significantly to economic development.

3.3 Sino-British Political Relations

Brexit on the British political ecology has also made the debate on China policy more complex and diverse. The issue of Brexit eventually developed from intra-party disagreement to national choice under pressure from backbenchers, a success that greatly encouraged backbenchers. Three years of intense infighting from 2016 to 2019 broke British political norms. Some anti-Chinese backbenchers made policies towards China a new issue after Brexit, organizing mechanisms such as the Chinese Policy Group to influence the government's Chinese policy. Several heterogeneous political positions have merged, such as the Atlanticists, who fear that cooperation with China will harm relations with the US; the religious human rightists, who are concerned about the human rights situation in China; many other social groups also worry about the policies towards China, including the civil libertarians, who advocate the primacy of civil rights, as well as the old industrial regions, who advocate the protection of local industries from Chinese competitive pressure. These forces momentarily outweighed the pragmatic engagement faction, favoring Sino-British cooperation [10]. The old industrial regions advocated abandoning the position of the "golden age" policy, showing harsh attitudes towards China and advocating for limiting cooperation with China.

Moreover, the UK will still be worried about its declining influence in the world after Brexit, will strengthen its relationship with the US, and will have some consistency in some of its policies towards China. This will be analyzed in detail in the next part. The UK's post-Brexit ties with Japan, Australia, and other countries are also growing stronger, thus affecting relations between China and the UK. With Trump positioning China as a "strategic competitor" and the Biden administration continuing to view China-US relations through the lens of "great power competition", the UK no longer has the "golden age" in the China-US rivalry situation. The UK no longer has the flexibility it had during the
"Golden Age" to manage its relations with China. During the Trump administration, the UK attempted to retain Huawei's participation in its 5G network while appeasing the US. However, the Trump administration eventually put enormous pressure on the UK by "breaking off intelligence cooperation". The case indicates the enormous US pressure on the UK to maintain an independent and differentiated policy towards China [11].

After Brexit, Britain's fear of its faltering position in international relations strengthened its grasp on the ideological sphere. Misperceptions about Hong Kong, Xinjiang, the COVID-19 epidemic, and many other issues deepened the UK's suspicions of the Chinese system under the media. After the epidemic outbreak, the UK demonstrated its dependence on China in areas such as pharmaceuticals and medical devices, which also reinforced its insecurity, and the deterioration of media, popular and political elites' perceptions of China became a mutually reinforcing closed loop [12].

In this atmosphere, China has become the antithesis of the political system and values in the eyes of Britain and the object of its struggle to maintain its position in a stable international order [13]. On the one hand, Britain's domestic struggle against the epidemic has been weak, trying to divert domestic conflicts, the atmosphere of public opinion on domestic policy towards China has deteriorated, and Conservative Party MPs have continued to raise their voices around issues such as Hong Kong and Xinjiang. At the international level, they have even joined forces with their allies, such as the US, Japan, Australia, and Germany, to exert pressure on China over human rights issues.

On the other hand, the strategic competition between China and the US has become increasingly fierce, and the conditions for Britain to maintain a balance between China and the US have gradually weakened. In the post-Brexit era, three political factors, the Hong Kong issue, the US-China rivalry, and Brexit, will continue the decline in Sino-British relations [14].

In this regard, China should be prepared for the changing situation. On the one hand, on the positive side, it should strengthen financial cooperation, promote trade and investment negotiations, steadily promote the internationalization of the RMB, consolidate the "natural partnership" of the Belt and Road Initiative, and make good use of the "Golden Age" of Sino-British relations to move towards an all-round "global strategic partnership". At the same time, China should be wary of the UK's "hype" and not make the same mistake of over-inflating the US under its "good advice". On the other hand, on the negative side, it is necessary to address the pro-US tradition of the UK actively and respond positively to its short-term "lopsidedness" towards the US [15].

4. The Ambivalence of Britain's Post-Brexit Policy towards China and its Influencing Factors

On the one hand, the UK attaches increasing importance to China; on the other hand, it is uncertain whether China's development will to some extent harm British interests, even though the Chinese government has repeatedly stressed that China will adhere to the path of peaceful development. This wavering is the "ambivalence" of British policy towards China mentioned above. In April 2019, the then Chancellor of the Exchequer, Philip Hammond, praised the Belt and Road Initiative as "a really ambitious project" and showed greater enthusiasm for cooperation with China. The reason for this is that there is still public opinion in the UK and elsewhere that is not optimistic about the UK's post-Brexit prospects. According to Richard Hughes, the then Director General for Budget Responsibility, quoted by the BBC on 27 October 2021, in terms of long-term impact, Brexit would reduce the UK's gross domestic product (GDP) by 4%, and a new crown epidemic would reduce GDP by "a further 2%". The negative impact of Brexit on the UK economy would be greater than that of the new epidemic. And this comes after the Department for Budget Responsibility estimated that the cost of living in the UK could rise at the fastest rate in the last 30 years, with predicted inflation likely to reach almost 5%. Realistically, the UK's erratic economic performance and the energy crisis are gradually confirming these assessments. As a result, the constant pressure and assertiveness towards China has become a way for the UK to "make its presence felt" on the international stage. But at the same time, as one of the world's oldest capitalist countries, the UK is aware of the importance of the
Chinese market and will not cut off all dealings with China, especially at the economic level, just to show its assertiveness. The "ambivalence" of the UK's policy towards China is expected to continue to be highlighted in the coming period, which is closely related to the UK's domestic development situation [16].

Secondly, the American factor will become more evident in Sino-British relations. The UK and the US have close ties of their own, influenced by history, culture and language, and after the Second World War, the UK seems to have become the "eyes and ears" of the US in Europe. The special relationship between the UK and the US is reflected in the cooperation between the two sides in the areas of intelligence, special forces and nuclear weapons, which have clearly exceeded the scope of cooperation between other countries based on economic and cultural exchanges. If the negotiations between the UK and the EU in terms of trade and economy break down, the UK will inevitably fall into the arms of the US and accept its conditions and standards. After Boris Johnson won the election, then President Trump said he could sign a trade agreement with the UK, and the subsequent performance of the Johnson government showed that it did not reject this plan. On 29 January 2020, then President Trump signed the "US-Mexico-Canada Agreement", which came into force on 1 July of that year. The agreement entered into force on 1 July of that year. The agreement includes an exclusivity clause for non-market economies, also known as the "poison pill clause", which means that if any of the three parties enters into an FTA with a non-market economy, the other two parties can kick them out of the agreement. This means that the future trade autonomy of Mexico and Canada is greatly restricted. And the possibility of a similar clause in a possible future trade agreement with the UK remains. The US needs to use the UK as a "breakthrough" in its "European position" if it is to remove China from the global market.

Here is a concrete example: on 21 August this year, the British newspaper The Times published an article stating that the British government had determined in 2019 that Huawei did not pose a national security threat and was willing to work with it. Yet when Matthew Pottinger, the US White House Asia policy adviser, travelled to the UK in May 2019 on the Huawei matter, his attitude was "persistently and repeatedly rude and impolite". A group of British national security officials, including Ciaran Martin, then head of the UK's National Cyber Security Centre, told Pottinger that the UK was happy to work with the US to tackle China's strategic "ambitions", but also repeatedly stressed that UK intelligence agencies did not consider Huawei's equipment and Huawei's The UK intelligence agencies have repeatedly stressed that Huawei's equipment and the construction of Huawei's 5G network in the UK are not sufficient to threaten the UK's national security. Not only did Booming refuse to listen to the British side's conclusions, but he also ranted for five hours during the talks, saying that he did not need the UK to do these analyses, he just needed the British to understand "how evil China is", even though he could not produce any evidence to prove that the British analysis of Huawei was incorrect. It is clear that cooperation between the UK and China in the field of science and technology is also under pressure from the US, but it is certain that the UK is not happy to pay for US bullying and recklessness.

The third point is on the part of the European Union. Historically, Britain's relationship with the EU has been a delicate one. In the 1980s, Euroscepticism was rife among the Conservative government, and the general public was dissatisfied with the performance and role of the European Community. Even after the Labour government came to power at the end of the last century, the British 'Euroscepticism' was not reversed, and during the 2007-2008 Euro crisis, the UK actively sought opportunities to cooperate with other international institutions while secretly rejoicing that it had not yet joined the Eurozone. Since the global outbreak of the new pneumonia epidemic, the EU member states have been fighting their own battles, and the EU has been unable to form a strong leadership core to lead the member states to actively fight the invasion of the virus and economic recovery after the epidemic, which has convinced more British "Eurosceptics" that Britain's "exit" from the EU is the right choice. This has convinced more British "Eurosceptics" that Brexit is the right choice. The most likely issue of contention between the UK and the EU in the coming period will be the economic relationship centred on the FTA. The EU wants the UK to maintain "0 tariffs"
and multi-sectoral cooperation, and has also made it clear that post-Brexit Britain will no longer have the so-called "Single Market Member State" status in its trade with the EU. It was also made clear that after Brexit, the UK will no longer have the status of a so-called "single market member" in its trade relations with the EU. It was also stressed that the UK's rights should be equal to its responsibilities and that the UK should not be tempted to "backdoor" its way into the EU market after Brexit. In addition, "fair competition" was also mentioned by the EU, which is concerned that the UK has captured a large amount of overseas investment and overseas markets with low taxes, thus making the EU feel pressured and embarrassed. For its part, the UK is putting more emphasis on words such as "sovereignty" and "independence" and is agreeing to cooperate with the EU as a sovereign state. Only by leaving the single market and customs union will the UK have the right to negotiate trade with other countries.

In general, the current relationship between the UK and the EU is in fact a concentrated expression of the potential crises and contradictions arising from the process of Europeanisation and globalisation. The EU wants to ensure that the post-Brexit UK remains within its control, while the UK wants to leave the EU rules and assert its sovereignty. If some of the issues between the two sides are politicised, it may have a negative impact on the future negotiations and the direction of their relationship. Therefore, both sides should start talks on the basis of mutual respect for each other's legitimate interests.

5. Summary

In the post-Brexit era, the Sino-British relationship will be influenced and challenged by more factors, either from the US or the EU. However, it should be noted that there are still many points of interaction between the two countries, such as the Belt and Road Initiative and humanities exchanges. The UK-China relationship is gaining momentum in terms of trade and commerce. Both sides should sign relevant trade agreements as soon as possible and actively promote the development of the Belt and Road Initiative to sustain the momentum of economic cooperation between the two sides. The UK and China have been strengthening cooperation, and innovation in institutions and cultural exchanges between the two countries and are actively developing cultural industry cooperation between the two countries to increase income and strengthen cultural heritage. Managing Sino-British relations will be an essential issue in the foreign affairs of both sides, not only for the two countries and their peoples but also for the political and economic landscape of the world.

Britain's perceived position in the world began to falter with the decline of Britain, especially since Brexit. Besides, the constant pressure from the US led to a gradual alignment with the US policy towards China. These reasons lead to practices that are detrimental to the friendly relations between the two countries. The UK has also used national security as a gimmick to create public opinion against China and remove the relevant installed Huawei facilities. This has led to a renewed decline in Sino-British relations, and such conflicts have continued to worsen the relations between the two countries.

China and the UK should adhere to the principles of peaceful coexistence between countries, mutual respect, political security, and win-win cooperation. Sino-British relations will be an essential issue in the foreign affairs of both sides, not only for the two countries and their peoples but also for the international community.

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