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<tr>
<td>A2/AD</td>
<td>Anti-Access/Area Denial</td>
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<td>ABCAA</td>
<td>American British Canadian Australian Army</td>
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<td>ADIZ</td>
<td>Air Defence Identification Zone</td>
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<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<td>Air and Space Interoperability Council</td>
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<td>ASBC</td>
<td>Air Sea Battle Concept</td>
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<td>ASEAN</td>
<td>Association of South East Asian Nations</td>
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<td>AUZCANNZUKUS</td>
<td>Australia, Canada, New Zealand, United Kingdom, United States</td>
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<tr>
<td>BAe</td>
<td>British Aerospace (Systems)</td>
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<td>BSOS</td>
<td>Building Stability Overseas Strategy</td>
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<td>CAS</td>
<td>Chief of Air Staff</td>
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<td>CDS</td>
<td>Chief of Defence Staff</td>
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<td>CIA</td>
<td>Central Intelligence Agency</td>
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<td>DCDC</td>
<td>Defence Concepts and Doctrine Centre</td>
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<td>DoD</td>
<td>Department of Defence</td>
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<td>EU</td>
<td>European Union</td>
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<td>FCO</td>
<td>Foreign and Commonwealth Office</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FPDA</td>
<td>Five Powers Defence Arrangement</td>
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<td>FT</td>
<td>Financial Times</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HMS</td>
<td>Her Majesty’s Ship</td>
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<td>HRW</td>
<td>Human Rights Watch</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>ISAF</td>
<td>International Security Assistance Force</td>
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<td>JCNSS</td>
<td>Joint Committee on the National Security Strategy</td>
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<td>JOAC</td>
<td>Joint Operational Access Concept</td>
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<td>JSF</td>
<td>Joint Strike Fighter</td>
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<td>JSB</td>
<td>Joint Strategy Board</td>
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<td>LCS</td>
<td>Littoral Combat Ship</td>
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<td>MoD</td>
<td>Ministry of Defence</td>
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<td>MOOTW</td>
<td>Military Operations Other Than War</td>
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<td>MPA</td>
<td>Maritime Patrol Aircraft</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organisation</td>
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<td>NEO</td>
<td>Non-combatant Evacuation Operations</td>
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<td>NSA</td>
<td>National Security Adviser</td>
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<td>NSA</td>
<td>National Security Agency</td>
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<td>NSS</td>
<td>National Security Strategy</td>
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<td>QDR</td>
<td>Quadrennial Defense Review</td>
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<td>PACOM</td>
<td>Pacific Command</td>
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<td>PLA</td>
<td>People’s Liberation Army</td>
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<td>PLAAF</td>
<td>People’s Liberation Army Air Force</td>
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<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>PLAN</td>
<td>People’s Liberation Army Navy</td>
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<tr>
<td>PM</td>
<td>Prime Minister</td>
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<td>PPP</td>
<td>Purchasing Parity Power</td>
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<td>PRC</td>
<td>People’s Republic of China</td>
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<td>QDR</td>
<td>Quadrennial Defense Review</td>
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<td>RAF</td>
<td>Royal Air Force</td>
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<td>RMB</td>
<td>Yuan Renminbi</td>
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<td>RN</td>
<td>Royal Navy</td>
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<tr>
<td>SACEUR</td>
<td>Supreme Allied Commander Europe</td>
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<td>SED</td>
<td>Security and Economic Dialogue</td>
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<td>SigInt</td>
<td>Signals Intelligence</td>
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<td>SDSR</td>
<td>Strategic Defence and Security Review</td>
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<td>SSD</td>
<td>Strategic Security Dialogue</td>
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<tr>
<td>TPP</td>
<td>Trade Pacific Partnership</td>
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<td>UK</td>
<td>United Kingdom</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNSC</td>
<td>United Nations Security Council</td>
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<td>US</td>
<td>United States</td>
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<td>USAF</td>
<td>United States Air Force</td>
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<td>USN</td>
<td>United States Navy</td>
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The perceived phenomenon of the rising economic and military power of the People’s Republic of China (PRC) has become a major theme in 21st century international relations literature, frequently framed in the context of the declining hegemony of the United States of America (US), heralding the end of its purported unipolar moment. At one end of the spectrum the likes of Martin Jacques, suggesting that it is a matter not of if, but when, China rules the world, boldly asserts that ‘as a Chinese world order begins to take shape, the American world order is eroding with remarkable speed.’ ¹ Alternative perspectives such as that of Joseph Nye still recognize that China will give the US ‘a run for its money’, even if it ‘does not surpass it in overall power in the first half of this century.’²

That the perceived rise of China presents complexities for the US seems clear. In ‘America’s Pacific Century’ Secretary of State Hillary Clinton stated that ‘China represents one of the most challenging and consequential bilateral relationships the United States has ever had to manage.’³ Such perceptions are grounded in US economic interests alongside the security relationships the country

maintains as a Pacific nation with regional allies such as Japan and South Korea and the guarantees it has provided to Taiwan. With the drawing down of US (military) commitments in the Middle East and Afghanistan, President Obama’s description of a ‘pivot,’ subsequently reframed as a ‘rebalance,’ of US foreign policy to the Asia Pacific, was a clear indication that America has ‘every intention of continuing to sustain its leading role in this part of the world.’

The rise of China does not have merely regional implications. The consequences of globalized finance and communications sectors, China’s rapid expansion into resource acquisition in both Africa and South America and its investment in western economies and bond markets ensures that there are global impacts that transcend regional interests. Equally, the perception that a US Asia-Pacific policy emphasis has zero-sum implications for its transatlantic relationships has caused some concern in Europe that ‘the shift in focus away from the region may leave gaps in regional defense’

It is in this broader context that the US rebalance to the Asia-Pacific region must be viewed by its long-term ally, the UK. Although sometimes contested as a concept, the UK-US ‘special relationship’ endures most obviously through cooperation over nuclear deterrent capability and intelligence sharing. Its strength was recently reaffirmed by evidence given to the UK Foreign Affairs Committee stating that the two nations ‘were still each other’s most important international

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partners.\textsuperscript{6} Despite such ties, the perception of the risks and opportunities presented by a rising China, seem to differ between London and Washington. Declaring that ‘today Britain is looking East as never before,’\textsuperscript{7} the Foreign Secretary suggested that the UK was also making its own change in foreign policy emphasis. However China advocates, such as Shadow Secretary of State for Work Liam Byrne, represent voices that ask while Britain has enjoyed its special relationship with the US, ‘could China have a special relationship with Britain?’\textsuperscript{8} The attempt to build an economic relationship is particularly apparent, typified by London’s role as a global finance centre and attempts to make it a western hub for offshore Renminbi (RMB) trading.\textsuperscript{9}

Nonetheless, Summers reminds us that, ‘the United States' direct military and strategic interests in Asia mean that the US assessment of priorities, in particular regarding the rise of China, may increasingly differ from those of Europe or the UK.’\textsuperscript{10} Indeed, with a persistent reduction in the UK’s military hard power capabilities, particularly as a result by the 2010 Strategic Defence and Security Review (SDSR), there has appeared an emphasis on building economic and diplomatic relations with China that may differ from the security concerns and commitments of the US. The Foreign Affairs Committee has ascertained that the

‘UK government’s approach had caused “some concern” in the US’ while the ‘the divergence between UK and US government approaches applied above all to China.’\textsuperscript{11} That such a divergence might exist between two partners enjoying a special relationship led to the research question of ‘why does the UK seem to be developing a stronger emphasis on building economic relations with China rather than supporting the security concerns of its traditional transatlantic ally?’

The suggestion that there may be a divergence between US and UK policy on their approaches to China is significant for a number of reasons. At the highest level, the nature of the US-UK relationship, whilst grounded in a deep cultural, social and economic links, is based fundamentally around the strength of its security relationships, even when it has been faced with policy differences as seen over the 1982 Falklands campaign. However despite a decade of close cooperation since 9/11, there have already been increasing US concerns expressed over the strength of the security relationship in the face of declining UK military capabilities and budgets.\textsuperscript{12}

Fiscal reality makes it unlikely that the UK will make significant military deployments to the Asia-Pacific region, but with its commitments to the Five Power Defence Arrangement (FPDA), Commonwealth ties and developing relations with China, an inability for the UK to match its economic and diplomatic aspirations with its hard power military capabilities has the potential to undermine the UK-US relationship. With the 2015 SDSR approaching, any further reduction in UK

\textsuperscript{11} UK Foreign Affairs Committee. \textit{Government Foreign Policy Towards the United States}, op.cit., p.35.
capability may not only further reduce its ability to directly support exigencies in the Asia-Pacific, but may also undermine the US ability to rebalance its resources away from Europe by not providing the necessary breadth of capability in Britain’s immediate security environment.

As the dependent variable under consideration, a divergence between the UK and US resulting from reactions to the rise of China is significant at a theoretical level if this represents a departure from the historic norm suggested above or from what theory tells us to expect. In this context, balance of power theory and specifically its explanatory power for the behaviour of secondary states may prove a useful lens of examination. A key theme in the US-China relationship discourse is based on the former’s relative decline as a hegemonic power and the rise of the latter as its challenger. In this context, studying the role and the behaviour of secondary powers relative to the declining hegemon may provide insights into the US-UK-China dynamic.

Britain has frequently sought to understand its own modern global role having faced its own decline, typified by Prime Minister (PM) Tony Blair’s comments in 1999 that ‘we have a new role … not as a superpower but as a pivotal power, as a power that is at the crux of the alliances and international politics which shape the world and its future.’\textsuperscript{13} Consequently the UK’s response to China could be conceived as an elite reframing of the national interest and its conception of the state’s role in the world. However among realists there are ‘significant differences

regarding the alignment preferences of secondary states. While Waltz, Rothstein and Morgenthau all suggest a geographical interpretation, Walt states that only the behavior of weak states is situationally determined. The UK as a Permanent Five nuclear power on the United Nations Security Council (UNSC) does not neatly fit neatly this description although as a secondary power, the question remains whether it should or should not follow the lead of the US as a hegemon. On the continuum of responses to hegemony, Britain clearly occupies a place at the accommodating end of the spectrum where binding, bonding and bandwagoning strategies may all reflect its relationship with the US. However it could be seen that in its reaction to the Asia-Pacific rebalance, the UK is moving left on the continuum which in itself is reflected in a suggestion that ‘the UK Government should adopt a more hard headed, less deferential attitude to the US, based on UK national interests.’ This position may in turn highlight the differing perceptions of the threat that China poses, reflecting the obverse of the theory that suggests while ‘divergence in threat perception is low, co-operation is likely.’ In this context the UK, as a secondary power with historically strong ties to a declining hegemon may be conducting its own pivot in response the US’s military rebalancing, leading to a significant change in its own diplomacy. However this emphasises the security aspects of the relationship and fails to reflect that the UK’s association with China has a significant

15 Ibid.
17 Ibid.
18 UK Foreign Affairs Committee. Government Foreign Policy Towards the United States. op.cit., p.5.
economic underpinning. Equally it fails to account for other factors that may contribute to the definition of the national interest such as a variation of the domestic political constituency driven by the demographic changes that are being witnessed in both the UK and US.

What then are the implications for the UK and its conduct of its foreign policy? On one hand the UK is looking to expand its relationship with China, largely on an economic basis, while not sharing the security dilemmas faced by the US. On the other, in doing so London may harm the long-standing special relationship with Washington that underpins its nuclear deterrent and is reflected in its closely integrated security cooperation. Given its shared liberal democratic traditions should the UK be wary of pursuing an economically driven China policy separate to that of the US or should it rather place an emphasis on reinforcing the institutions and global order it has supported alongside traditional ally? Certainly to many, it would seem ‘impossible to see Britain joining any camp that views the United States as a strategic rival rather than a strategic collaborator.’

To address these factors, this paper will specifically seek to answer the question of what are the impacts of the US rebalance to the Asia Pacific region on UK foreign and specifically, China, policy. In doing so it will also examine the potential consequences for the Britain’s special relationship with America. To establish an answer, the chapters will address the following areas and research questions:

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20 McCausland and Stuart, op.cit., p.125.
1. **The UK-US Special Relationship.**
   a. What evidence is there that the UK and the US still maintain a special relationship?
   b. How do governmental perspectives vary across the political, economic and security domains?

2. **The US Rebalance to the Asia-Pacific.**
   a. What is the nature of the US rebalance and what evidence is that that is defined principally by Sino-American relations?
   b. What evidence is there that security concerns are prevalent over economic considerations?

3. **The UK and China.**
   a. How has UK policy to China evolved over the last 5 years since the 2009 publication of the UK’s first China engagement strategy?
   b. What evidence is there of an actual UK policy shift towards the Asia-Pacific region and to what extent has the opportunities arising from China’s economic rise determined the UK’s posture?
   c. What evidence is there that the UK policy toward China has been influenced by the US rebalance?
   d. What evidence is there that any divergence between the UK and US approaches to China policy causes frictions in the special relationship?
Dissertation Methodology

Given the contemporaneity of the topic under study and the importance of perceptions in both the political and security domains, research has been qualitatively focused. This has been constituted by a combination of primary and secondary written and electronic resources in English (or translation in to English) supplemented with interviews and media reporting. Primary resources have included speeches, policy documents and the widely available transcripts of both US and UK oversight committees. To understand the economic consequences of China’s rise and UK and US responses to it, governmental finance and trade statistics are also utilised.

From the UK, Parliamentary Committee Reports and evidence submissions from all relevant areas including the Foreign Affairs, Defence Select and Economics Committees have been collated. The ability to scrutinise Parliamentary debates in both chambers also offers the opportunity to understand the scope and direction of the UK’s relationships with the US and China. Ministerial websites offer a wealth of open source material ranging from ministerial speeches to policy documents and includes examinations of the UK-China: Framework for Engagement, the National Security Strategy (NSS), SDSR and other governmental publications such as the Defence Concept and Doctrine Centre (DCDC)’s Global Strategic Trends publications.

Similar material is also widely available to understand the US position and
open source material from the White House and departmental websites has been employed, including the Quadrennial Defense Review (QDR) and defence strategic guidance. This has been complemented by the material available from Senate and House oversight committees along with information available from the plethora of security focused Washington think tanks. This, along with the use of media reporting may help to reduce the bias inherent in public elite discourse and announcements whilst facilitating deeper analysis of policy documentation.

Interviews have formed a limited part of the research undertaken having been conducted with policy advisers within the UK foreign and security policy domains.

**Research Limitations and Mitigations**

A study of UK-US-China relations will be constrained by only viewing the geopolitical context through the prism of UK and US source material. Equally the author’s own nationality will reinforce a western European perspective on Asiatic and Pacific issues. Consequently an inevitable Anglo-American bias in the material researched in order to answer the question must be considered. In one respect this is offset by the nature of the question that is focused on UK and US perceptions of China’s rise and responses to it, rather than attempting to understand the policy intentions pursued by Beijing.

It is also accepted that when studying contemporary public and, specifically, foreign policy, there is frequently a difference between public pronouncements and
publications and the actual pursuit of policy. This reinforces the importance of conducting interviews, not only with current policy makers, but those who have since left the policy domain and may more freely express their opinion on the nature and direction of their previous administrations. Nonetheless the nature of the topic under investigation and of diplomatic relations themselves necessarily resulted in a relative lack of transparency. Here analysis of resource allocation statistics across the diplomatic, economic and security spheres help ascertain any divergence between stated policy and its enactment. Media reporting, subject to its own political bias also provides an alternative lens through which to view governmental actions.
CHAPTER 2 - THE UK-US SPECIAL RELATIONSHIP

From the moment that Winston Churchill coined the term in his ‘Sinews of Peace’ speech at Westminster College, Missouri, the nature and vitality of the so-called ‘special relationship’ between the UK and the US has been the object of close scrutiny. As President Obama observed in 2011, the relationship ‘is often analyzed and overanalyzed for the slightest hint of stress or strain.’

Given their shared language and ancestry, a close bond is unsurprising, strengthening through the shared experience of the Second World War. It was reinforced, despite several significant policy differences, during the Cold War to become a bilateral partnership arguably unsurpassed in history. From Churchill’s statement that ‘we must never get out of step with the United States’ to Blair’s declaration after 9/11 that the both countries would stand ‘shoulder to shoulder,’ it has been tempting to ‘place the relationship on a pedestal.’ This would be a mistake and, as Dumbrell reminds us, reflects ‘sentiment and wishful thinking as much as the real world of material interests.’ It can be argued that the UK has often taken a more utilitarian view of its ally, enjoying the leverage to maintain its global status following what Freedman calls a ‘long-established principle of British foreign policy

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24 Ambassador Mitchell B. Reiss in McCausland and Stuart, op.cit., p.v.
that] the UK should nurture a special relationship with the United States in the hope of shaping the exercise of US power.  

This chapter will examine the current status of the ‘special relationship’ and establish that not only does it remain relevant, but essential to the UK’s economic and physical security, particularly in the realms of defence and intelligence. By scrutinising the political, economic and security domains, it will be seen that while challenges abound and foreign policy imperatives are necessarily different, this specific bilateral relationship stands, for the UK at least, above all others.

This will consequently provide a baseline against which the significance of a declared reorientation in US geopolitical focus to the Asia-Pacific region can be assessed. Here, British and American interests may not be so closely nested as they have been in the European and near Eastern environments in which they have recently cooperated closely.

**POLITICS**

Upon the election of Obama, Wallace and Phillips described the special relationship as having a ‘political and ideological super-structure and an embedded military and intelligence substructure.’ They continued that ‘its political dimension rests partly on privileged access for British politicians and diplomats in

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Washington²⁸ which is reflected by the size of the Foreign and Commonwealth Office (FCO)’s diplomatic mission and the close contacts maintained between senior political figures. When one examines the historical underpinning of the political relationship, its foundations are seen in common law, mutual investment and a diplomatic and security partnership. Obama reinforced the importance of that history in 2011 when he reaffirmed ‘one of the oldest, one of the strongest alliances the world has ever known’²⁹

Such sentiments were reiterated in 2012 with the PM’s visit to Washington. Obama’s employment of the British PM to gain electoral advantage was notable, using the visit to underscore the importance of key alliances and flying in Air Force One to the key swing state of Ohio.³⁰ The relationship was strongly avowed in their subsequent joint declaration in the Washington Post that:

‘The alliance between the United States and Great Britain is a partnership of the heart, bound by the history, traditions and values we share. But what makes our relationship special — a unique and essential asset — is that we join hands across so many endeavors. Put simply, we count on each other and the world counts on our alliance.’³¹

Politicians often make grand declarations in the interests of bilateral relations, but the language of this written statement in a globally read publication clearly reinforced the depth of the UK-US alliance.

²⁸ Ibid.
²⁹ Ibid.
Highly visible elite interactions are not new in the Anglo-American relationship but they have not always been easy. For each Churchill and Roosevelt there has been an Eden and Eisenhower. Even seemingly close elite relations can have potential costs. For example, Blair’s relationship with George W. Bush superficially appeared to take the partnership to a new level. After the tragedy of 9/11, Blair’s press secretary observed that ‘Bush said he was the first foreign leader he was speaking to and would value staying in touch,’ a sentiment reinforced by subsequently ‘tireless’ British diplomatic support. Despite steadfast support throughout both Afghan and Gulf campaigns, the Blair/Bush dynamic can be seen to have tainted the special relationship by allowing the UK to willingly follow the American lead into an Iraq operation of contested legality. In one respect Blair may have been simply following the logic that ‘by giving unconditional support to Bush, he would be able to influence the course of American grand strategy.’ While this may have been well intentioned, it was at odds with the British public’s perception of imminent conflict Zakaria observing that ‘while one might laud … Blair for his loyalty, one cannot expect democratic politicians to ignore the wishes of vast majorities of their people.’

Blair’s inability to adequately influence the Bush administration represented a telling failure to provide a voice of dissent, amplifying rather than balancing the

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rhetoric of an unreliable elite identified by Halper and that encouraged conflict.  

The Foreign Affairs Committee, recognising the value of a dissenting function, noted in 2014 that ‘having an independent perspective is often a valuable and valued part of what the UK brings to the relationship with the US.’ Nonetheless, the Iraq experience does not reflect a systemic fault. As Freedman reminds us, ‘the problem with Iraq lay not in the special relationship itself; consultations between the allies were deep and genuine ... The problem lay in flawed analysis that led to a flawed policy.’

The current UK government has consequently state that its relationship with the US should be, as the Foreign Secretary described it, ‘solid, not slavish’ suggesting there exists the enduring possibility of significant rifts where national interests do not coincide. Parliament’s 2013 vote precluding military action in Syria certainly appeared to undermine the UK’s position as a reliable security partner reflecting a relationship already viewed by some as being in terminal decline. Defence Secretary Philip Hammond suggested it was ‘certainly going to place some strain on the special relationship’ while Lord Ashdown declared that ‘Conservative rebels had "smashed our relationship with the United States".’

The potential harm

37 UK Foreign Affairs Committee. Government Foreign Policy Towards the United States, op.cit., p.3.
38 Freedman, op.cit., p.73.
was also observed in America, the Washington Post describing it as ‘the biggest rupture in the U.S.-British “special relationship” since the 1982 Falklands war.’

Although it could be argued that the Syria vote may superficially have appeared to reflect a diminution of UK influence, Runciman argues that it represents a return to the historical norm. Decrying the ‘slavish’ approach of Blair, he reminds us that ‘from the British perspective, the special relationship has traditionally been a matter of pragmatism as well as principle.’ From Eisenhower’s intervention over Suez; Wilson’s refusal to support Vietnam; or the limited overt support of the Reagan administration for the Falkland Islands campaign, the UK and US have often existed in a ‘more usual messy and haphazard state.’ Consequently, Parliament’s position on Syria may have reset the relationship for the better. As Runciman observes:

‘Obama didn’t decide to ask for congressional support for military action simply because Cameron had done the same with parliament. But it is hard to believe he would have ended up doing it if Cameron hadn’t done it first.’

Dumbrell equally supports a more pragmatic relationship stating that ‘a more hard-headed commitment to rebalancing the relationship would serve Britain well in the post-Bush era.’ However his assertion that ‘British diplomacy has tended to value the special relationship too much in terms of the opportunities it has been seen


\textsuperscript{44} Ibid.

\textsuperscript{45} Ibid.

\textsuperscript{46} Dumbrell, op.cit., p.77.
to offer for enhancing the UK’s symbolic global profile; 47 underestimates the intrinsic value it offers to the US. The Foreign and Commonwealth Office would agree stating that the ability of the UK to ‘maintain an honest and open dialogue, even when we disagree ... is rare ... [and] valued by both sides.’ 48

Such sentiments demonstrate significant progress from Obama’s disparaging description of the UK’s role in Bush’s ‘mock-multilateralism.’ 49 Indeed, it is clear that while elite relations may often appear tumultuous, from the highest leadership level downwards, the UK-US partnership is sufficiently strong and valued to transcend diplomatic troughs. The historically close relationship between Presidents and PMs are currently reinforced by close elite contacts between Deputy PM and Vice-President alongside the Foreign Minister and the Secretary of State 50. When visiting London, John Kerry was certainly keen to convey that his first overseas visit as Secretary of State had been to the UK capital. 51 The links run equally deep at the institutional level with the FCO’s US diplomatic network comprising 617 people, making it the second largest global presence after India. 52 This establishment complements the many political collaborations in the relationship including the Joint Strategy Board (JSB) established in 2011 and the appointment of a UK National Security Adviser (NSA) able to communicate directly with his transatlantic counterpart. Consequently there is strong evidence of the role elite contacts play in

47 Ibid.
48 UK Foreign Affairs Committee. Government Foreign Policy Towards the United States, op.cit., p.16.
50 UK Foreign Affairs Committee. Government Foreign Policy Towards the United States, op.cit., p.41.
52 UK Foreign Affairs Committee. Government Foreign Policy Towards the United States, op.cit., p.43.
maintaining the special nature of the political relationship. This is reflected by one former American ambassador’s observation that President Obama’s first call in a crisis is still to his UK counterpart and that the special relationship remains “essential.”

**ECONOMICS**

Beyond the highly visible elite political interactions between the US and UK leadership, economic ties between the two nations are also highly significant in identifying what is special in the relationship, even when they are in competition and operate on substantially different scales. Although the International Monetary Fund (IMF) World Economic Outlook Database shows the US economy to have a Gross Domestic Product (GDP) in purchasing-power parity terms (PPP) terms over seven times larger, representing 19.1% of the global economy versus 2.7% for the UK, there remains what has been described as a ‘remarkable interpenetration of the two economies.’

The significance of the US economy to the UK is certainly substantial. Until recently overtaken by China, the US had historically been the UK’s largest trading import partner outside the European Union (EU), accounting for 16% of the non-EU total. It has also ‘been dominant in exports for many years’ accounting for 26% of the UK’s total with a current export/import balance of £3078 million to £2546

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54 UK Foreign Affairs Committee. *Government Foreign Policy Towards the United States*, op.cit., p.21.

55 Raymond, R. *“Anglo-American Economic and Business Relationships: A British Perspective* in McCausland and Stuart, op.cit., p.34.
It remains the largest destination for UK exports globally, surpassing even Germany as the dominant EU importer to the UK and which by comparison received £2487 million of UK goods.

The scale of the economic relationship is equally notable in investment terms. In 2012, the US represented the largest inflow of Foreign Direct Investment (FDI) to the UK standing at $425 billion and nearly double that of the nearest contributor. The UK also represented the US’s largest inflow of FDI at $486.8 billion. These figures have held their relative positions throughout the previous decade and represent a sustained investment in each other’s economies throughout the financial crises of the early 21st century. The totality of the economic partnership between the two nations was highlighted by William Hague in September 2013 when he stated that ‘last year over a quarter of British exports went to the US, and we have nearly a trillion dollars invested in each other’s economies. To put this into perspective, US investment stock in the UK is eight times the size of US investments in China.’

The human economy is also of great significance with the FCO estimating that 829,000 Britons live in the US, and about 180,000 US citizens in the UK. This is estimated to be the second largest UK population of UK origin outside Australia and

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59 Ibid.

for the US the largest equivalent outside Mexico and Canada. The tourist business is similarly vital with an estimated 3.7 million Britons visiting the US in 2012/13, and 2.8 million US citizens the UK, while the education market sees the UK host ‘more US students than any other foreign country, in 2011/12 taking 23% of US students in Europe and 12% of US students worldwide.’

The bilateral defence trade between the UK and US is worth particular mention. The defence industry, led by the likes of British Aerospace (BAe) Systems and Rolls-Royce Engines, remains a key aspect of the UK manufacturing sector delivering export sales of £9.8 billion in 2013, up more than 11% on the previous year. Over a ten year period, the UK has been the world’s second largest defence exporter after the US and ‘over the same period conducted 23% of those exports to North America, second only to the Middle east as a defence export market’ with around £1 billion of it direct to the US … in 2013 alone. This represents approximately 17.5% of total UK defence exports to a single destination that is itself a major arms manufacturer reflecting a critical aspect of the defence business relationship based on UK-US collaboration on highly technical projects. This is particularly evident in the aviation sector where BAe Systems cooperate with Lockheed Martin and Northrup Grumman to develop the fifth generation F-35 Joint Strike Fighter (JSF). Indeed, the UK is the only ‘Tier One’ partner on ‘the world's

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61 UK Foreign Affairs Committee. *Government Foreign Policy Towards the United States*, op.cit., p.18.
62 Ibid., p.18.
64 Ibid.
largest single defence programme.”

However in the Economic domain there are challenges to the status quo. The twin impacts of the financial crisis both in the world banking sectors and more recently in the Euro-zone allied to significant shifts in the global economy have the potential to overshadow the special relationship’s economic dimension. As Erik Peterson observed, ‘the United States must necessarily determine how its relations with the UK compare with the sets of relations that Washington has with other economic powers.’ Nonetheless, the scale of today’s enduring economic interdependence reinforces that the relationship is special and particularly so to the UK economy.

SECURITY AND DEFENCE

Most commentators agree with Wallace and Phillips that at heart ‘the US–UK special relationship is a security relationship.’ The UK’s 2010 SSDSR was unequivocal in reaffirming this position, stating that ‘we will reinforce our pre-eminent security and defence relationship with the US. It remains deeply-rooted, broadly-based, strategically important and mutually supportive.’

Although the Department of Defense’s (DoD) 2012 Defense Strategic Guidance document was not as explicit in singling out the UK as a specified ally, the
document took a regional perspective over the partnerships that matter when confronting potential threats. By stating that ‘Europe is home to some of America’s most stalwart allies and partners, many of whom have sacrificed alongside US forces in Afghanistan, Iraq, and elsewhere,’ it made a thinly veiled appreciation of the UK’s contribution to those operations where it has routinely provided the second largest military component after that of the US itself. More tellingly, since 2005 the UK has enjoyed a ‘privileged position’ in the generation of the DoD QDR with national embeds in the Office of the Secretary of Defense. Both the 2010 and 2014 QDR reports identified the value added by the UK, the former noting that ‘our shared history and interests with the United Kingdom have created a steadfast bond, strengthened in recent years through operations together in Afghanistan, Iraq, and elsewhere.’ Despite adverse commentary from former Secretary of Defense Robert Gates that the UK’s drive to austerity and its concomitant impacts on the UK defence budget would damage the relationship, the 2014 QDR clearly identified specific capabilities that Britain is recuperating and will be of significant value to the US declaring that:

‘The United States is working with the United Kingdom to regenerate its aircraft carrier capability in the future, which will enable interoperable use of advanced fighters and allow

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71 The has been the second highest troop contributing nation to NATO’s ISAF mission as it draws down from its highpoint of 10,000 personnel. See: http://www.isaf.nato.int/troop-numbers-and-contributions/index.php (accessed 10 Jun 14).
74 Wintour, op.cit.
more flexible options for combined employment of our forces, particularly to project power in key regions of the world."\(^{75}\)

Although the fixed wing carrier strike capability is being restored, Gates was not entirely incorrect in observing that ‘with the fairly substantial reductions in defence spending in Great Britain, what we're finding is that it won't have full-spectrum capabilities and the ability to be a full partner as they have been in the past.'\(^{76}\) Despite David Cameron’s protestations that the UK will retain a full spectrum capabilities across defence\(^{77}\), it is difficult to refute that reductions in the UK defence budget will constrain its ability to be as comprehensive a partner as it has been before. The International Institute of Strategic Studies (IISS) has estimated that the 8% reduction in defence expenditure over the five-year period after the 2010 SDSR resulted in ‘a 20–30% reduction in overall UK conventional military combat capability across the three services.'\(^{78}\) By example the UK planning assumptions for an enduring stabilization operation were reduced from 10,000 to 6,500 personnel. Previously core capabilities were also removed from the order of battle including the Harrier and Nimrod aircraft that left the country without carrier borne strike assets and no long-range maritime patrol capability.\(^{79}\) The latter attracted particularly adverse comment from the House of Commons Defence Committee that noted with deep ‘regret the decision to dispense with the Nimrod MRA4 [having] … serious


\(^{76}\) Wintour, op.cit.


\(^{79}\) Ibid.
concerns regarding the capability gaps this has created.’  

Doubts over the consequences of defence shrinkage were perhaps most clearly articulated by Chief of Defence Staff (CDS), Sir Nicholas Houghton fearing the Royal Navy (RN) is approaching its ‘critical mass’ in manpower terms and that the UK is close to facing ‘the spectre of a hollow-force.’ Sir David Manning, former Ambassador to Washington in highlighting the UK’s value was keen to stress that ultimately:

‘The relationship will … be determined by how far the UK remains a capable partner for the US. Washington will downgrade the importance and relevance of the UK if we are unwilling to allocate significant resources to defence (at least 2% of GDP) and intelligence.’

However, despite such risks it is important to reflect that today, and in the near future, the UK-US security relationship remains grounded in the sharing of key capabilities. Foremost amongst these is the provision of the UK nuclear deterrent enabled by the 1962 Nassau Agreement transferring Polaris missile technology from the US and sustained through the Trident programme. The UK’s unique possession of some of the US’s most sensitive military technology not only underwrites the nation’s position as a Permanent Five (P5) member of the United Nations Security Council (UNSC), but also acts as a pillar of the North Atlantic Treaty Organisation (NATO)’s deterrent capability. It also comes to the UK at a significantly reduced

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cost with Trident consuming 3-5.5% of the annual defence budget since its introduction in 1994 against the nearly 10% spent by France on its independent nuclear force. Any threat to the UK’s fielding of its own deterrent would undoubtedly harm the security pillar of the special relationship. Fears have already been expressed over the spectre of Scottish secession in this regard. Certainly the consequences for the UK’s deterrent ‘if Alex Salmond made good on his threat to expel the UK Trident fleet from its base in Faslane, match broader concerns that ‘independence would have a significant impact on the critical mass of r[ump of] UK Armed Forces and the financial resources available to support them.’ Irrespective of the outcome of the independence debate, the UK continues to invest in its nuclear deterrent replacement having spent £730 million on assessment by March 2014 in anticipation of expenditure approaching £3 billion before the final procurement decision is taken in 2016 after the next general election. Such an acquisition programme will undoubtedly depend on sustaining the UK-US nuclear pillar of the special relationship, again reinforcing its importance to Britain’s security.

Beyond the provision of the key nuclear capability, the personal dimension of the military pillar of the special relationship is perhaps its most deep-rooted aspect.

As John Major observed:

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85 UK Joint Committee on the National Security Strategy. The NSS (Third Review) op.cit., p.85.
'When I first attended meetings between British and American military commanders I was astonished at the free and easy exchanges between them. Secrets they would fiercely shield from third nations were discussed without inhibition.'

Perhaps no greater example of this was seen during the Falklands conflict where at the political level, the Reagan administration was not overtly supportive of the UK’s attempt to re-establish its sovereignty in the South Atlantic. Nonetheless, as Joseph Nye described:

'If you look at the relations between the British Navy and the American Navy, all sorts of information and intelligence was being passed from the Americans to the British. The Americans were not violating anything in a formal policy but they wanted the British to win.'

Such deep relationships have been reinforced over time through extensive exchange programmes between the Services of both nations witnessing UK pilots flying on some of the US Air Force’s (USAF) most sensitive types, such as the B2 and F117 stealth programmes. Equally strong historical ties endure such as the British American Forces Dining Society which dates from Eisenhower’s combined planning staffs reinforcing the links made through the significant USAF presence at bases in East Anglia housing Europe’s only F-15 fighter wing and the regular berthing of US nuclear submarines on the Clyde.

The military dimension is further enhanced by high-level UK leadership roles alongside US counterparts within NATO and on the coalition operations of the last

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decade. This is typified by the UK’s enduring ownership of Deputy to the US Commander of the Afghanistan International Security Assistance Force (ISAF) over the last 6 years. As the UK is not a framework nation for the post 2014 NATO mission and has recently handed over this influential post, there have been suggestions that this represents ‘a sign of fading influence.’\(^90\) This is unrepresentative given the ratio of troop contributions anticipated in the post-2014 Afghan mission\(^91\) and fails to reflect the UK’s headline role in multilateral security institutions. For example within NATO, although the position of Supreme Allied Commander Europe (SACEUR) is always held by a US officer, the current Deputy (D)SACEUR and six of the eight previous incumbents have been British.\(^92\) Additionally, the very existence of organisations such as the American British Canadian Australian Army (ABCAA) programme and the Air and Space Interoperability Council (ASIC), both stand as examples of a higher level of cooperation and integration than even within NATO’s own standardisation structure.

The close association of the English speaking nations in the intelligence sphere represents the closest and most vital element of the ‘special relationship.’ Above the unique intelligence sharing agreement between Australia, Canada, New Zealand, UK and the US (AUSCANZUKUS, also known as ‘Five Eyes’), Britain holds a pre- eminent position where it can offer a significant amount in return to its senior partner. As Lord Hennessy reminded the Foreign Affairs Committee, the UK


\(^{91}\) Germany will only provide 800 troops after 2014 compared to the UK’s 9500 under ISAF.

is one of only ‘three states with global intelligence reach (the other two are the United States and Russia …) thanks to the 1946 UKUSA Communications Agreement’ upon which the Five Eyes relationship is also founded. The relationship was deepened throughout the Cold War given that, in intelligence capability and resource, ‘Britain and the United States alone shared the experience of managing genuinely global networks of power and influence.’

The strength and depth of this relationship has recently been highlighted by Edward Snowden’s confirmation of the close links between the UK and US’s respective signals intelligence (SigInt) and cyber agencies, Government Communication Headquarters (GCHQ) and the National Security Agency (NSA). Support extends through direct cooperation, infrastructure and basing, typified by the INTELSAT monitoring station at Morwenstow and Royal Air Force bases at Molesworth, Menwith Hill and Croughton. The role of the last of these was outlined in the Independent newspaper citing documents that:

‘Name the base as one of two centres for “tech support activity” by the Special Collection Service – the joint CIA/NSA unit which runs the network of about 100 listening posts operated in parallel with an identical British scheme overseen by GCHQ,’

Further citing the Snowden leaks, the report goes on to state that ‘the siting of such a critical installation on British soil underlines the close integration of British and American intelligence activities.’\textsuperscript{97} Similarly, the Guardian newspaper, was able to expand further on the level of integration stating that:

‘The files seen … are explicit about the importance of the UK’s relationship with the US, and the desire for GCHQ to be as tightly bound as possible to its US counterpart, the National Security Agency. They will doubtless be welcomed by anyone who believes that the need for a ‘special relationship’ … is pre- eminent.’\textsuperscript{98}

Such revelations, despite the damage they have caused to the intelligence community, nonetheless reinforce that in intelligence terms the relationship between the UK and the US remains to this day both special and unique. Reflecting the value of the SigInt that the agencies deliver, the UK-US partnership was described by James Bamford as ‘an eavesdropping superpower’ whose goal is one day to ‘rule cyberspace.’\textsuperscript{99} As both nations tacitly acknowledge the vital contribution of SigInt to its security, alongside the dual threats of cyber espionage and crime the evidence points to a level of cooperation that is fundamental to the security of both nations.

Despite the relative inequality of defence expenditure and scale of capabilities, the security domain points to an enduring relationship that is undoubtedly of immense benefit and significance to both nations and the UK in particular. The intelligence sharing aspects of the relationship are evidently the most

\textsuperscript{97} Ibid.
valuable, while the UK’s special forces, air-to-air refuelling assets and her overseas basing, notably in Cyprus, Ascension Island and the British Indian Ocean Territories, also offer vital strategic capabilities to the US. The UK will need to remain cognisant of the risks to such a relationship, either from the threat of a further decline in budgets, the consequences of Scottish independence or even the lessening contact between front line military commanders and units as troop withdrawal from Afghanistan inevitably reduces the levels of interaction enjoyed over the last 15 years. However, in spite of such concerns, given the UK’s position as owner of the fourth largest global defence budget and its historic willingness to employ its assets, it retains its place as “still the closest and most globally capable ally that the United States has”\(^{100}\)

**FOREIGN POLICY DRIVERS**

Inevitably given their many differences, the foreign policy drivers for the UK and the US vary markedly. This has been clearly recognised by the Foreign Affairs Committee that observed:

> ‘The US has a different history, geographic position, size, demography, and domestic political structure from the UK. It is thus to be expected that its interests and policy positions will often differ. Moreover, the US is an international power of a different order to the UK and thus has significantly greater capacity to pursue its objectives.’\(^{101}\)

\(^{100}\) UK Foreign Affairs Committee. *Government Foreign Policy Towards the United States*, op.cit., p.15.

\(^{101}\) Ibid., p.5.
As we have already ascertained this greater capacity does not equate to Washington’s enjoyment of greater political manoeuvrability than its counterpart in London, which remains anxious to avoid a ‘slavish’ relationship with its principal ally. As Lord Strang, former Permanent Secretary at the FCO in 1963 observed, “As the weaker power…we ought to continue to work with the United States but not be subservient to them and not be above some exploitation of events in our own national interest.”\(^{102}\) As such, it is more important to understand some of the underlying factors that will drive how the two nations may act internationally as well as relative to one another.

For the UK this has often been grounded in an understanding of its place in the world, a subject as debated as the concept and importance of the special relationship to which it is closely related. From Dean Acheson’s famous statement in 1962 that ‘Britain has lost an empire and not yet found a role’\(^ {103}\) three broad positions have evolved based on choosing between the US or Europe or acting in the UK’s unilateral interests without either.\(^ {104}\) In reality such a choice is artificial. The current government, mindful of the UK’s historical legacy, but not constrained by it stated in the 2010 NSS that:

‘We are an open, outward-facing nation that depends on trade and has people living all over the world … We are a country whose political, economic and cultural authority far exceeds our size. The global force of our language; the ingenuity of our

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\(^{102}\) Halper, and Clarke. *America Alone*, op.cit., p.263.


\(^{104}\) Ibid., p.161.
people; the intercontinental reach of our time zone … means we have huge advantages.'\textsuperscript{105}

Such a statement clearly reflects the current UK government’s justifiable conception of itself as a genuinely global actor with concomitant interests. This is in many respects an inevitable consequence of a retreat from Empire that remains in living memory and also endures in multilateral organisations such as the Commonwealth. Equally the UK remains ‘a top table player’\textsuperscript{106} of the UN, EU, G8 and G20 while, as Lord Hennessy observed, it ‘belongs to more international organisations than any other country … [and is] party to 14,000 treaties of various kinds and magnitudes.’

Consequently it is clear that acting globally remains within the national interest, not least to secure the UK economically. This principle is enshrined throughout the current government’s policy in its Prosperity Agenda and its influence on UK foreign policy clearly articulated in the NSS, stating the UK’s intent ‘to use all our national capabilities to build Britain’s prosperity, extend our nation’s influence in the world and strengthen our security.’\textsuperscript{107} The enduring quality of the prosperity narrative was reiterated by the PM in his recent testimony declaring that restoring Britain’s economic strength remains very much ‘at the heart of our national security strategy.’\textsuperscript{108}

The UK and the US’s geopolitical perspectives may inevitably inform


\textsuperscript{108} UK Joint Committee on the National Security Strategy. \textit{Evidence from the Prime Minister}, op.cit., p.8.
different foreign policy responses relative to one another and their respective interests. Although Gray notes that many view the geopolitical narrative as ‘yesterday’s storyline,’ he compellingly argues that the dominant story of the 21st century will be ‘further endeavours of the United States to deny Eurasian domination.’

109 Asserting that the geopolitical pattern of the 20th century will be repeated with China at the centre of a struggle with the US, the narrative chimes with the Sino-threat theories espoused by Mearsheimer that will be discussed in Chapter 3’s examination of the US rebalance. Equally, Russian actions in the Ukraine in 2014 suggest that Gray may be right to ‘profoundly disagree’ with Fettweis’s statement that ‘geopolitical analysis is already obsolete as major war itself.’

110 The debate will inevitably continue given Walter Russell Mead’s assertion that ‘geopolitical rivalries have stormed back to center stage’ while John Ikenberry’s refutes such a ‘disturbing portrait of the US geopolitical predicament.’ Nonetheless, any consideration of geopolitics as a factor inevitably raises questions on the impact that the relative geographical positions of the US and UK will have in their foreign policy actions and what impact that in turn will have on the special relationship.

As well as the grand strategic factors at play, it is equally important to note that states may choose simply to pursue their strategies based on domestic-level factors that include the maintenance of elite power, political parties, public opinion

110 Ibid. p.151.
Evolution of UK-US demographic trends represent one such issue, embodied in some regards by Obama’s own Afro-Hawaiian heritage. Anatol Lieven reminds us that ‘we are now in a situation where in both the United States and here our demographics are changing radically’ placing the historical concept of a white, Anglo-American based special relationship at risk. In the UK domestic politics will be increasingly influenced by the combined impact of European and South Asian immigration in an increasingly multicultural society. Conversely, the US is similarly witnessing a shift where the American south and west are increasingly politically important as it becomes their ‘multi-ethnic populations and their deep religious faith, which … swing US elections, not Anglo-Saxon New England.’

CONCLUSION

Halper reminds us of the ‘special relationship’ that, ‘though banned from British diplomatic discourse by the British Ambassador in Washington in the late 1980s, the concept will not go away.’ With this in mind, and the debate the relationship still attracts, it is difficult to accept Sir John Major’s declaration that ‘it is time to consign this phrase to history,’ even if, as he suggests, the depth of the ties between the two nations render it unnecessary.

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113 Williams, Lobell and Jesse, op.cit., p.19.
117 Major, op.cit.
Sir Nigel Sheinwald emphasised the point observing, “special relationships are formed out of a million daily transactions of mutual benefit.” Such is the depth and breadth to which he alludes across all domains that the relationship is intrinsically special and worthy of special attention by the UK.

By scale of resource and capability, it will always be destined to remain unequal and subject to the waxing and waning of personal relationships at the elite level. The depth of bond enjoyed by Churchill and Roosevelt or Thatcher and Reagan may not be replicated as closely today, but there remain deeply institutionalised contacts that ensure the longevity of the relationship despite the risks apparent to it from Scottish secession, EU independence or even demographic shifts. Here the intelligence, military and nuclear links that have underpinned the UK’s own security remain at the heart of the ‘special relationship.’ With the foundations of the special relationship essentially at their strongest within the security apparatus of the two nations, it would appear logical to expect each nation’s concerns within that domain to be of great relevance to one another. Equally it adds weight to the concerns of Robert Gates, that any further reductions in the essential defence and security capabilities that underpin it may become a genuine threat to its longevity. Having ascertained that the relationship is still very much alive and relevant to the interests of the UK, what then are the threats placed upon it by any dissonance between the perceived change of emphasis to US interests in the Asia-Pacific? Do differing foreign policy drivers encourage divergence between the

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118 UK Foreign Affairs Committee. Government Foreign Policy Towards the United States, op.cit., p.17.
concept of a growing threat to US hegemony emerging from Beijing and the UK’s own response to the opportunities and threats that the rise of China offers?
CHAPTER 3 - THE US REBALANCE TO THE ASIA-PACIFIC

In Chapter 2 it was established that despite the potential risks to it, the UK’s historic relationship with the US remains both special and unique given its contribution to the security of both nations, especially in the realms of intelligence and nuclear deterrence. At the turn of the second decade of the 21st century, with the Cold War a distant memory, US drawdown in Iraq nearing completion and transition efforts beginning in earnest in Afghanistan, President Obama announced a renewed foreign policy focus and that ‘the United States is turning our attention to the vast potential of the Asia-Pacific region.’ The significance of this shift had been underlined the previous month by Hillary Clinton’s declaration that the US will ‘need to accelerate efforts to pivot to new global realities’ reflecting the rise of the Asia-Pacific region and its concomitant consequences for both the regional and global economy and security.

The language of such a pivot has not been without controversy compounded by uncertainty over its intent or even its necessity given Obama’s own recognition that ‘the United States has been, and always will be, a Pacific nation.’ Nonetheless, the UK Foreign Affairs Committee noted that:

‘The use of the word ‘pivot’ prompted some US allies to express concerns—in Europe, that the US was ‘decoupling’

119 Ibid.
120 Clinton, op.cit.
from the continent; and among US allies in Asia, that a ‘pivot’ could be only a temporary, easily-reversed step, rather than a firm security commitment.’¹²²

Partially to assuage such concerns, the language has varied, particularly in the security sphere to reflect a ‘rebalance’ rather than a ‘pivot’ with its intonations of turning away. US NSA, Tom Donilon, stressed this specific point stating that ‘rebalancing does not [emphasis in original text] mean … diminishing ties to important partners in any other region.’¹²³

Despite Donilon’s subsequent assertion that a rebalance also does not mean ‘containing China’¹²⁴ its inevitable focus for many remains the US response to the PRC’s rapid rise as both a regional and global actor. As Pant asserts, ‘China’s rise has been so fast and spectacular that Washington is struggling to come to terms with it.’¹²⁵ Here security interests are at the forefront of the discourse stemming from the likes of Huntington’s ‘Clash of Civilizations’ theory suggesting that the ‘rise of the China and the increasing assertiveness of this “biggest player in the history of man” will place tremendous stress on international stability in the early twenty-first century.’¹²⁶ Even if such China threat theories remain controversial, the nature of a US rebalance may yet have adverse consequences for Sino-US relations. As Ross assertively states, the US policy shift may ‘only feed China's aggressiveness, undermine regional stability, and decrease the possibility of cooperation between

¹²² UK Foreign Affairs Committee. *Government Foreign Policy Towards the United States*, op.cit., p.32.
¹²⁴ Ibid.
Beijing and Washington. The growth of the PRC’s assertive territorial claims in the South China Seas (SCS), typified by its increasingly nationalistic dispute with Japan over the Senkaku/Daiyou Islands, certainly seem to demonstrate the potential for rising instability in a region critical to the interests of, and where security is largely underwritten by, the US. Clinton acknowledged the central role that China will play in the ‘Pacific Century’ representing ‘one of the most challenging and consequential bilateral relationships the United States has ever had to manage.’

Consequently, before we can examine the UK’s own posture with regard to the Asia-Pacific and specifically China, it is essential to understand what is driving American interests in this region. This chapter will seek to understand both the language of the rebalance and its underlying principles to determine if it constitutes a meaningful shift in policy or reflects political rhetoric. Understanding the political, economic and security dimensions of any such change in foreign policy emphasis, establishes a baseline against which the UK’s relative position can be assessed, whether or not it is determining a divergent path from its traditional transatlantic partner and if so, what are the consequences for the special relationship and the UK’s own security.

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128 Clinton, op.cit.
Obama’s shift in emphasis to the Pacific reflects Lieberthal’s assertion that although the previous Bush administration had ‘paid too little attention to Asian regional issues,’\textsuperscript{129} little could be done to reallocate the necessary resource until drawdown in Iraq was complete and a transitional strategy for Afghanistan had been identified. The policy itself offers a dual approach in both seeking to engage as well as balance against a rising China, while concurrently reassuring long-term partner nations and leveraging regional economic growth through bilateral and multilateral diplomacy.

Firstly, it promises what Lieberthal describes as a ‘strong and credible American presence across Asia to both encourage constructive Chinese behaviour and to provide confidence to other countries in the region that they need not yield to potential Chinese regional hegemony.’\textsuperscript{130} This reflects the concerns of the China threat theorists such as Mearsheimer, who suggested that ‘both geography and the distribution of power differ in ways that make war between China and the United States more likely than it was between the superpowers from 1945 to 1990.’\textsuperscript{131} Indeed the US rebalance cannot help but be couched in terms of a competitive, and potentially combative, relationship with the PRC ever since Paul Kennedy forecast declining US hegemony.\textsuperscript{132} Equally, Friedberg’s more recent conception of the Sino-

\textsuperscript{130} Ibid.
\textsuperscript{131} Mearsheimer, op.cit., p.395.
American ‘contest for supremacy’ frames any shift to the Pacific in the context of an inter-power rivalry that pre-dated the announcement of the pivot and would therefore understandably be associated with it. Such an oppositional perspective is reinforced by Chinese actions challenging the international institutions and values that the US was so instrumental in building after the Second World War. The PRC’s refusal, despite its own ratification, to resolve its territorial claims in the South China Seas through the arbitration mechanisms of the United Nations Convention on the Law of the Sea (UNCLOS) is one such example. As Walter Russell Mead observed, China is ‘pushing back against the political settlement of the Cold War.’

Conversely, and despite this adversarial perception, Lieberthal reminds us of the second track of the rebalancing policy ‘to reaffirm and strengthen cooperative ties with China,’ noting that the ‘Obama administration does not seek to confront China across the board.’ This is arguably at the heart of the political dialogue between the two nations and has witnessed the establishment of high-level interactions between Washington and Beijing through the Strategic Security Dialogue (SSD), the Security and Economic Dialogue (SED) and the US-China Joint Commission on Commerce and Trade. Such forums remain ‘essential to dealing effectively with the most challenging diplomatic and economic issues, including North Korea, Iran, Syria, global economic rebalancing, and climate change.’

135 Mead, op.cit.
136 Lieberthal, op.cit.
clearly appeals to a more liberal interpretation of the challenge China represents and accepts that the Chinese may wish ‘to enhance their [position] within the system, but they are not trying to replace it.’\textsuperscript{138} In this context, the US approach to both bilateral and multilateral engagement should serve it well and be reflected by increasing investment in the region by the State department. Clinton certainly suggested so in testimony to the House Appropriations Committee stating that having made ‘difficult trade offs and painful cuts’ the administration would focus its efforts on an ‘unprecedented effort to build a strong network of relationships and institutions across the Pacific.’\textsuperscript{139} However, the Senate Committee on Foreign Relations in its recent report on rebalancing the balance suggested that there was still much work to be done in this regard. It observed:

\begin{quote}
‘The administration’s requested FY2015 funding level for the Bureau of East Asian and Pacific Affairs (EAP) diplomatic engagement budget does not reflect the economic and strategic importance of its jurisdiction or the policy of rebalancing U.S. Government resources to the region.’\textsuperscript{140}
\end{quote}

Not only was the bureau’s budget request the second the lowest across the State Department, evidence showed it had decreased 11% since its 2011 peak. As the Committee remarked, ‘dollars spent are surely not the only way to judge the

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\textsuperscript{138} Ikenberry, op.cit.
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effective-ness of diplomacy in the 21st century, but budgets, not rhetoric, are a leading indicator of real commitment by a government.\textsuperscript{141}

Even in the realm of political rhetoric, resolve for the Asia-Pacific pivot has recently come in to question after Obama’s 2014 West Point Commencement speech, known for its traditional foreign policy emphasis. Commentators observed that the ‘most noticeable omission was that of the President’s keystone foreign policy undertaking’ missing the opportunity to ‘explain why Asia will be as important to the next decade as terrorism was to the last.’\textsuperscript{142} Additionally, his references to the PRC, declared as the US’s most consequential bilateral relationship, was limited to noting the threat of regional aggression, the SCS disputes and that its “economic and military reach worries it’s neighbours”\textsuperscript{143} affording less time in his nine page speech than was spent on Burma.\textsuperscript{144}

Such factors paint a mixed picture of the rebalance in political terms. The dual approach of building bilateral relations with the likes of China and the importance of working through multilateral mechanisms demand a consistent approach that if not adhered to may undermine the substance of the pivot.

\textsuperscript{141} Ibid.
\textsuperscript{144} Galston, W.A. *The Questions President Obama Failed to Address in his Foreign Policy Speech at West Point*. Brookings Institute, 28 May 14 (accessed 15 June 14).
ECONOMICS

If there is any uncertainty about the consistency of political messaging in the rebalance, it is clear that economics lies at the heart of the interests that drive it. Trade and economic prosperity is clearly central to the US Asia-Pacific agenda, Obama stating that ‘as the world’s fastest-growing region, and home to more than half the global economy, the Asia Pacific is critical to achieving my highest priority, and that’s creating jobs and opportunity for the American people.’ 145 The costs of the US banking and Eurozone crises, and of two enduring campaigns in Iraq and Afghanistan have seen US national debt spiral from just over $5.7 trillion in August 2001 146 to $17.5 trillion in May 2014. 147 Although the US ranks 10th on the list of world debt holders within an 87% debt to GDP ratio, 148 its declining share of growth in the economy relative to the Asia Pacific and notably China, reemphasizes the importance of leveraging its economic relations in that region. Indeed in his December 2013 testimony to the Senate Committee on Foreign Relations, Principal Deputy Assistant Secretary Scot Marciel cited the World Bank’s projection that ‘the East Asia-Pacific region will contribute 40 percent of global growth this year, and

145 Obama, B.H. Remarks by the President to the Australian Parliament. op.cit.
some forecasters expect that nearly 50 percent of world growth over the next two decades will be generated in this region.\textsuperscript{149}

The direct benefits of such growth potential is exemplified by a White House assessment that in 2012, more than five million US jobs were directly supported ‘by goods exports to the 21 Asia-Pacific Economic Cooperation (APEC) economies.’\textsuperscript{150} Similarly, engagement with multilateral organisations such as APEC and the Association of South East Asian Nations (ASEAN) saw the annual flow of US investment into East Asia nearly double between 2009 to 2011 from $22.5 billion to $41.4 billion,\textsuperscript{151} while investment into the US grew by 31 percent from 2008 to reach $422 billion by the end of 2012.\textsuperscript{152} The importance that economics plays in driving a US pivot is no more clearly articulated than by the potential benefits promised by the ‘high-standard’ Trans-Pacific Partnership (TPP), declared by the White House to be ‘the most closely-watched trade and investment negotiation in the world.’\textsuperscript{153} Described as the cornerstone of Obama’s economic policy in the Asia Pacific, the TTP involves 12 nations and offers to be ‘the most promising platform for Asia-Pacific regional trade integration’\textsuperscript{154} with US exports to TPP countries amounting to $698 billion and 44\% of its global total in 2013.\textsuperscript{155}

\begin{thebibliography}{99}
\bibitem{150} US White House. Fact Sheet: The Fiscal Year 2014, op.cit.
\bibitem{152} US Department of State. Economic Aspects of the Asia Rebalance, op.cit.
\bibitem{153} US White House. Fact Sheet: The Fiscal Year 2014, op.cit.
\bibitem{155} Ibid.
\end{thebibliography}
Although multilateral economic initiatives clearly demonstrate that the rebalance constitutes more than simple rhetoric, bilateral relations in the region are no less important. Although the PRC is currently excluded from the TTP, China’s impact on the US economy is underpinned by its potential as a competitor, as an ever-growing market and as an investor in US securities. In case of the latter, as of April 2014, China remained the world’s largest holder of US government debt amounting to $1.263 trillion added to a further $155 billion held by Hong Kong.\footnote{US Treasury. \textit{Major Foreign Holders of US Securities}. 16 June 2014. \url{http://www.treasury.gov/ticdata/Publish/mfh.txt} (accessed 2 Jul 2014).} This does not suggest that the US government is in economic thrall to the PRC given that another $1.209 trillion is held by Japan as the second largest holder of US securities.\footnote{Ibid.} Equally, the fact that China is the largest US debt holder does not in itself constitute a threat to the American economy. This was confirmed in a 2012 DoD report to Congress, noting the depth and liquidity of the US Treasuries market which maintains a ‘diverse pool of investors, both domestic and foreign, and is not dependent on any single investor.’\footnote{US Department of Defense. \textit{Report to Congress: Assessment of the National Security Risks Posed to the United States as a Result of the U.S. Federal Debt Owed to China as a Creditor of the U.S. Government}. July 2012, p.3. \url{https://www.hsdl.org/?view&did=723112} (accessed 2 Jul 2014).} Indeed, of the 7.5% of total national debt held by the PRC at end of March 2012, only $3.9 billion was in short term securities. Attempting to use the remaining US Treasury securities as a coercive tool is assessed to have ‘limited effected and likely would do more harm to China than the United States.’\footnote{Ibid.}
In trade terms, by May 2014 China had risen to second place, behind Canada, as the US’s second largest international partner, constituting 13.9% of its global total. Concurrently, the US Trade deficit with China has risen year on year to reach $318.7 billion by 2013. With the rapid growth in the Chinese economy, such a deficit can be viewed as a substantial challenge to US economic supremacy and Obama’s attempt to secure work for the American people. Indeed, based on PPP measures, China will overtake the US economy by the end of 2014, far earlier than the International Monetary Fund (IMF)’s estimate of 2019, causing the Economist to announce that ‘The American Century ends and the Pacific Century begins.’ Such declarations may be premature given the systemic issues within the Chinese economy that makes its double-digit growth unsustainable and unlikely to return. As Ben Chu, the Independent newspaper’s economic editor observed, without meaningful structural reform, a period of stagnation is likely to follow the growth of the Chinese credit to GDP ratio from 120% to 200% required between 2009 and 2013 to sustain growth throughout the global recession. Chinese demographic trends are equally likely to adversely impact economic growth requiring the PRC to quickly obviate ‘the challenge of “getting old before it gets rich.”’ Such risks clearly underwrite the view held by China ‘Bears’ like Will Hutton, seeing potential

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164 Friedberg, op.cit., p.244.
catastrophe fomenting in the Chinese economy\textsuperscript{165}. However, the more important lesson to take away from the remarkable growth of the PRC is the importance of Sino-US economic interdependence, its part in reinforcing regional stability and with it a reaffirmation of the reasoning behind a rebalance to the Asia-Pacific region.

At the heart of such burgeoning Asian-Pacific economics is the essential requirement to maintain the secure lines of communication that underpin it. Such considerations point us to the most vibrant aspect of the rebalance discourse surrounding issues of security and defence.

**SECURITY AND DEFENCE**

Retired French General Vincent Desportes observed that in future, ‘U.S. defence issues will, first of all, be Asian matters.\textsuperscript{166} As has been discussed, this is often framed in the context of a Chinese threat to regional stability, given disputes in the SCS and the enduring issue of Taiwan’s independence from the mainland. However North Korea’s nuclear weapons programme is also clearly a key factor for regional security, while upholding the US’s values regarding freedom of the seas and access to the global commons underpins the economic advantages of a pivot the Asia-Pacific. However, such factors have a long-standing role in the US defence posture in the region remaining fairly constant as large-scale military deployments in Japan and South Korea testify. This suggests that the two elements that have changed

\textsuperscript{165} Oxford China Forum, op.cit.
to prompt a rebalance are the relative increase in US interests and concomitant investment in the region and secondly the requirement to protect it from factors contributing to instability. Here the role of China is critical and has been recognised as such by the security establishment. The DoD noted in 2010 that the rise of the PRC ‘is one of the most consequential aspects of the evolving strategic landscape in the Asia-Pacific region and globally.’\textsuperscript{167} By the 2014 QDR it was clear that rapid military growth in the PRC had elevated the perceived risk, observing that ‘China will continue seeking to counter U.S. strengths using anti-access and area-denial (A2/AD) approaches and by employing other new cyber and space control technologies.’

Chinese military expansion has been a key concern for the US for some years with increases in military expenditure typified by the announcement in 2013 that the PRC had increased its annual budget by 5.7% to $119.5 billion after two decades of continuous growth.\textsuperscript{168} Investments in nuclear forces, the commissioning of its first carrier, the Liaoning, offensive cyberspace capabilities and its counter-space missile technology all serve to highlight the rapid scale of the Peoples’ Liberation Army (PLA)’s rapid modernization providing it with the ‘growing ability to project power at increasingly longer ranges.’\textsuperscript{169} US contingency planning has been significantly driven by the proliferation of A2/AD capabilities that themselves may have stemmed

\textsuperscript{169} Ibid.
from the Clinton’s deployment of carriers in the 1995 Taiwan Straits crisis.\textsuperscript{170} It has been asserted that the development of the Air Sea Battle Concept (ASBC) nested under the broader Joint Operational Access Concept (JOAC) is not aimed specifically to offset the threat of PLA A2/AD effects. Nonetheless, US reactions to actions such as the East China Sea Air Defence Identification Zone (ADIZ) and the existence of capabilities like the DF-21D ‘carrier killer’ ballistic missile, underline the importance of such concepts as ASBC to assure US principles of access to the global commons and to deliver its regional security guarantees. No clearer affirmation could have been made in this regard than by Defense Secretary Hagel at the 2014 Shangri-La dialogue stating:

\begin{quote}
We made clear last November that the U.S. military would not abide by China’s unilateral declaration of an ADIZ in the East China Sea, including over the Japanese-administered Senkaku Islands. And as President Obama clearly stated in Japan last month, the Senkaku Islands are under the mutual defense treaty with Japan.\textsuperscript{171}
\end{quote}

Nonetheless, despite such pronouncements and the increasing tensions in the Western Pacific, Kissinger notes that ‘China’s recent military build up is not in itself an exceptional phenomenon.’\textsuperscript{172} Similarly to US requirements, the world’s second largest economy has justification to protect its own interests, lines of communication and economic investments, even though this inevitably exacerbates regional concerns of a growing security dilemma. Such developments in turn reinforce the requirement

\textsuperscript{170} Jane’s Defence Weekly. \textit{Planning Beyond the Pivot}. Vol.49, Iss.42, 17 Oct 12, p.27.


for a broadening Sino-American military dialogue recognizing that “enhanced and substantive” military dialogue and communication would foster greater understanding and expand mutual trust.\textsuperscript{173} Consequently the DoD now promotes a three-pillar model of engagement ‘building cooperative capacity in areas of mutual interest; fostering greater institutional understanding; and promoting common views of the regional security environment and related security challenges’\textsuperscript{174}

Each of these has witnessed a large uplift in military to military engagement at all levels with the first US Navy (USN) / PLA Navy (PLAN) counter-piracy exercise in 2012, discussions through the Military Maritime Consultative Agreement (MMCA) and the establishment of the SSD. Today, the PLAN’s first active participation in the 2014 RIMPAC exercise is testament to the expanding Sino-American dialogue. Such engagement through the MMCA and joint exercises also offers the crisis management framework that Swaine, Tuosheng and Cohen recommend\textsuperscript{175} to preclude the incidents recently witnessed across the South and East China Seas escalating into broader national confrontations into which the US could be drawn.

Beyond the evident military implications of the rebalance, the growing cyber threat from China also represents a growing challenge to US security. China’s drive for rapid modernisation and economic advantage has driven growth in this domain. The US is arguably its principal target with the Office of the National

\textsuperscript{173} US Department of Defense. \textit{Annual Report to Congress...2014}, op.cit., p.ii.
\textsuperscript{174} Ibid., p.59.
Counterintelligence Executive reporting in 2011 that ‘Chinese actors are the world’s most active and persistent perpetrators of economic espionage.’\(^{176}\) Indeed over the reported period ‘of the seven cases that were adjudicated under the Economic Espionage Act … six involved a link to China.’\(^{177}\) That state sponsored espionage emanating from the PRC remains a very real threat to the US economy and its security was underpinned by the indictment of five Chinese military hackers for cyber espionage in May 2014.\(^{178}\) Equally, the broader security ramifications of Chinese cyber capability has been directly linked to it’s A2/AD capability.\(^{179}\) Consequently, the intelligence and cyber element of Sino-American competition in the Asia-Pacific region is likely to play a growing part in the security dimension of the rebalance.

In sum, it is clear that the security and defence dimension is a central pillar of any regional pivot that the US is attempting to undertake. The recent reiteration of security commitments to the region by both the President and his Defense Secretary underline the competitive relationship with China while highlighting the importance of transparent engagement with the PLA to diffuse the potential for military miscalculation from the tactical to strategic levels. Equally it reemphasises the importance of supporting key regional partners, although unlike the multilateral


\(^{177}\) Ibid., p.5.


dimension of economic partnerships, this is on a bilateral basis given the absence of an Asian multilateral collaborative defence organisation to match NATO.

Military capabilities have consequently been reallocated to reinforce a rebalancing posture with the drawdown from the Gulf and Afghanistan. The USN is transitioning to a deployment footprint of 60% capabilities of its to the region, up from 50% and reflecting an increase of one aircraft carrier, seven destroyers, ten Littoral Combat Ships (LCS) and two submarines. The USAF has also allocated 60% of its overseas-based forces to the Asia-Pacific with a similar percentage for its space and cyber capabilities.\(^{180}\) With the rebalancing of forces and the fiscal pressures faced by the US this inevitably means there are consequences for defence posture elsewhere, not least given Obama’s assertion that ‘reductions in US defense spending will not – I repeat, will not – come at the expense of the Asia-Pacific’\(^{181}\) Indeed when sequestration demanded a $41 Billion cut in 2013, it was a US aircraft carrier deployment to the Gulf that was the headline loss in operational capability.\(^{182}\) This would seem to reaffirm domestic UK concerns that the US will only increase its expectation of its European partners to provide a greater proportion of its own security now most are assessed to be ‘producers … rather than consumers of it.’\(^{183}\)

\(^{181}\) Obama, B.H. Remarks by the President to the Australian Parliament. op.cit.
\(^{182}\) Jane’s Defence Weekly. The Cruelest Cut. Vol.50, Iss.15, 10 April 2013, p.28.
CONCLUSION

Although the duality to the rebalance is perhaps one of its key political challenges, the US stands to gain immensely from its economic interests in the Asia-Pacific region. However, while it may wish to couch its security policy in the generalised terms of maintaining values, such as access to the global commons, it is also building on its regional military presence to underwrite the security of several nations that are in direct competition with China, reinforcing the potential for escalation that could drag the US into wider conflict. The actions of secondary regional powers are therefore potentially as destabilising as theoretical concerns about the US position as a global hegemon. Although there has been some diplomatic reorientation of resource to the Asia-Pacific and the economic benefits of regional engagement are apparent, it remains the security dialogue and the military interaction with a rapidly modernising Chinese military that seems to principally define the pivot. Indeed, in terms of rebalancing resource, the uplift in capability for Pacific Command (PACOM) and the expectation that actors in other regions must do more for themselves, reinforces the perception that security remains the pre-eminent issue for the US in a rebalance to the Asia-Pacific.
CHAPTER 4 – THE UK AND CHINA

Since the Macartney Embassy of 1793 the UK has exercised one of the longest standing formal relationships with China of any Western power. Nonetheless from its inauspicious beginnings, through the scar of the Opium Wars and Britain’s role in perpetrating the ‘century of humiliation,’ an indelible stain was left on the relationship that could only look forward after the highly symbolic return of Hong Kong to Chinese sovereignty in 1997.\textsuperscript{184} This peaceful transition signified far more than a simple territorial handover by a former colonial power. It witnessed the end of the British Empire’s large-scale physical presence in the Asia-Pacific region, and particularly South East Asia, that had already seen Singapore and Malaya gain independence and Wilson’s 1971 declaration of the withdrawal of UK forces ‘east of Aden.’ To many, it epitomised the rising of a new power in the East and the relative decline of the West.\textsuperscript{185} Less than 2 decades ago, the UK still maintained an active and visible security role in the Asia-Pacific region in close proximity to the PRC with a naval base, airfield and intelligence apparatus located on the Chinese border. Today its physical presence is very much diminished given the succession of defence cuts that have limited the UK’s ability to project hard power to the farther reaches of the globe.

Nonetheless, the UK’s regional influence and interests remain very real, sustaining important relationships that include: the maintenance of a Ghurkha

\textsuperscript{185}Ibid., p.114.
battalion in Brunei; the FPDA; its position at the head of the Commonwealth; and its close alignment as a leading member of the Five Eyes community, of which it is the only nation not geographically situated within the Asia-Pacific region. Such factors ensure that the UK has an unequivocal set of security interests that have to consider China’s rise and increasingly assertive behaviour. Equally, given the expansion of China’s power projection capabilities, the UK is increasingly likely to encounter the PRC exercising its influence in Britain’s traditional regions of interest. This includes the Arabian Gulf or in Africa as China seeks to assure its access to the resources that underpin its economic growth.

However, it is China’s ascendance as an economic power and the opportunities this offers in the wake of a western economic crisis that have arguably become the driving force behind the UK’s policy. With enduring austerity measures and an emphasis by the current administration on pursuing a ‘Prosperity Agenda’ to assure the UK’s financial recovery, the importance placed on the economics of the China relationship suggests that fiscal interests may be placed ahead of seemingly distant regional security concerns.

Consequently this chapter will examine current UK policy towards China and its perceived role in the Asia Pacific region in the political, economic and security domains. It will trace the evolution of such policy from the benchmark provided by the FCO’s 2009 publication of ‘The UK and China: A Framework for Engagement,’ and examine where the Coalition government stands today. It will conclude that given the UK’s geopolitical position as an Atlantic nation and the limitations on its
ability to project hard power, an emphasis understandably exists on the economic opportunities that closer links with China provide. Nonetheless it reinforces the importance that both its regional diplomatic influence and security interests still play and identifies areas of investment that still yield dividends in assuring its position in the Asia-Pacific.

Additionally, having ascertained the enduring relevance of the UK-US special relationship in chapter 2, it was subsequently established in chapter 3 that economic realities and deepening security concerns were central to the national interests underpinning the US rebalance to the Asia-Pacific. Given such conclusions, this chapter will identify whether or not there is a link between the two and what its consequences are for the UK’s China policy. It will consider that if the UK’s declared principle security relationship is faced with a potential challenger in the form of China, the UK may choose, as a secondary power, to pursue policies that compliment or support its partner. In doing so it will discern the extent to which the UK’s policy toward China has been influenced by the US rebalance and search for any dissonance in approach between the two.

**POLITICS**

The publication of the FCO’s 2009 document ‘UK and China: A Framework for Engagement’ was notable for a number of reasons. As Foreign Secretary David Miliband announced in his forward, the UK had ‘never before set out publicly our
policy on China”\textsuperscript{186} representing what Gow describes as a ‘major shift from no policy to a relatively clear and substantial one.’\textsuperscript{187} The need for such a document was a clearly articulated response to what Neill observed as the ‘increasingly well co-ordinated, adroit and sophisticated Chinese diplomatic campaigns in regions where the UK has vested interest.’\textsuperscript{188} It also reflected a larger failure within EU nations to either collectively or individually develop their policies to a sufficient depth, Richard Youngs noting in 2010 that ‘only the UK and Germany have national China strategies.’\textsuperscript{189} Perhaps more importantly, as it sets out ambitious aims across all strands of government, the document unequivocally repeated the centrality of China as a global economic force upon which the prosperity and economic recovery of the UK depended. The overarching aim for the framework was declared as ‘getting the best for the UK from China’s growth’, stating:

‘This is about maximising the benefits, and mitigating the risks, which flow from our bilateral relationship. It is about securing the greatest possible value for the UK from the rise of China.’\textsuperscript{190}

The emphasis on economic rather than security relations under the Labour administration was further emphasised by its 2008 NSS, also the first of its kind to be published. Here, unlike its counterparts in the US, any mention of the implications of


\textsuperscript{189} Youngs, R. \textit{Europe’s Decline and Fall: The Struggle Against Global Irrelevance} (London: Profile Books, 2010).

\textsuperscript{190} UK FCO. \textit{A Framework for Engagement}, op.cit., p.13.
China’s rise were ‘cautiously optimistic reflections in the realm of economic security and change.’\(^{191}\)

Given the emphasis on economic recovery in the wake of the global banking crisis and subsequent Euro-crisis, it is unsurprising that issues of prosperity and financial security were at the heart of the new Coalition government’s agenda when it took power in May 2010. In their ‘Coalition Programme for Government,’ both the PM and his Deputy were unequivocal in stating that:

‘We are agreed that the first duty of government is to safeguard our national security... we are also agreed that the most urgent task facing this coalition is to tackle our record debts, because without sound finances, none of our ambitions will be deliverable.’\(^{192}\)

Consequently securing the economy were the programme’s headline issues with banking and business comprising the first two chapters of the document. The theme was to continue later in the year with the publication of both a revised NSS as well as the first SDSR since 1997, reflecting that the government’s ‘most urgent task is to return our nation’s finances to a sustainable footing’\(^{193}\). As the capstone document, the NSS reemphasized that ‘our national security depends on our economic security and vice versa. An economic deficit is also a security deficit.’\(^{194}\) The explicit linkage between security and the economy has been fundamental to the Coalition’s prosperity agenda and has remained a key driver throughout the current government’s tenure. It was also firmly linked to UK foreign policy and the nation’s

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\(^{191}\) Gow, op.cit., p.102.
\(^{194}\) Ibid.
conception of its place in the world. Indeed, the NSS continued: ‘prosperity is a core part of our national interest and a strong economy is a vital foundation for national security. Without national economic security we will not be able to maintain and project our influence.’  

Such linkages have run continuously as a theme throughout the government’s public declarations of the foreign and defence policies that are nested under the NSS and relate directly to the relationship the UK is building with China. The NSS recognised that the UK could in part best pursue its interests through an open global economy that drives wealth creation across the world and tacitly acknowledged that emerging nations, especially China and India, will increase domestic consumption and need to develop their service industries. As such: ‘with our leading financial, professional, creative and media services, and our world class universities and think tanks, the UK will be well placed to benefit’ reiterating that ‘a strong economy is a vital basis for our security.’ It is therefore clear from the outset that economic opportunism has been at the heart of declared UK-China policy.  

This does not necessarily undermine a stated commitment by the UK to sustain its values in its relations with China. Indeed the UK has repeatedly declared the importance of values as an essential underpinning of its policies stating that ‘our strategy reflects the country that we want to be: a prosperous, secure, modern and  

195 Ibid., p.10.  
196 Ibid.  
197 Ibid., p.21.
outward-looking nation, confident in its values and ideas.” Specifically referencing its relationship with the PRC, the Coalition government also declared that ‘we will work to … seek closer engagement with China, while standing firm on human rights in all our bilateral relationships’ reflecting the Framework for Engagement’s earlier stance on promoting modernisation and internal reform in the country. The UK certainly has a long history of bilateral engagement with China over the issues of rule of law, human rights and democracy, evidenced by the UK-China Human Rights dialogues that have just completed their 20th round. Equally, the FCO in its annual report on human rights and democracy still lists China as a country of concern focussing on eight major areas from the death penalty to freedom of expression and assembly.

However, despite this history, it can be seen that over the current administration’s tenure, it may have learnt lessons on dealing with China that threaten to reduce the emphasis on the human rights and values narrative. In his April 2012 speech, ‘Britain in Asia’ Foreign Secretary William Hague outlined the nature of the political relationship with China:

‘We … want to continue to develop a strong and open partnership with China. Our shared interests outweigh our differences and they are growing all the time. This requires us

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198 Ibid., p.10.
200 Ibid., p.244.
to seize opportunities together, while being frank about our differences.\textsuperscript{204}

Within a month of this speech its principles were put to the test when the PM met with the Dalia Lama in London. Here the UK was caught between its shared interests with China and human rights issues in Tibet. Having rebutted Chinese warnings to avoid the meeting, the UK Ambassador was summoned to the Foreign Ministry in Beijing and advised that the UK should ‘consider the "serious consequences" of meeting the Dalai Lama having "seriously interfered with China's internal affairs [and] undermined China's core interests”’.\textsuperscript{205} The resultant freeze in ministerial relations lasted over a year and acted as a significant inhibition to advancing the UK-China economic agenda. Indeed, according to one report, ‘relations only resumed after the British prime minister said he did not plan to meet the spiritual leader again in the near future.’\textsuperscript{206} Their subsequent renewal was a ‘welcome development’ to enhance what has since become a significant growth in trade and commercial relations, leading quickly to the first leg of a reciprocal visit by the PM to Beijing in October 2013.\textsuperscript{207}

Since the costly diplomatic consequences of publicly maintaining its values became apparent, the UK has arguably been more muted in its approach. Such behaviour was highlighted in the Human Rights Watch (HRW) submission to the

\textsuperscript{204} Hague, W. Britain in Asia, op.cit.
Foreign Affairs Committee in 2013. HRW, in challenging the FCO’s assertion that human rights concerns are consistently raised with the Chinese leadership, stated that this was an overstatement in the context of public diplomacy. It noted that ‘even if concerns are being expressed privately, our view is that the effectiveness of this will be reduced by a failure to combine it with regular and robust expressions of public concern.’

Despite these protestations, which should be expected from such interest groups, it seems that they are not themselves ‘as strong or audible as they used to be’ as the UK strives to balance its values with the imperative to do business with China. As a retired FCO official suggested, ‘if you are sitting in London, trying to construct a policy towards China, you are conscious of a spectrum of business views which are broadly about maximising trade and investment potential which on the whole is pretty non-judgemental about China.’

One only has to look at George Osborne’s interview with the Telegraph in 2013, to recognize a non-judgmental business perspective may exist within government:

‘We’ve got to start by understanding that China is an ancient civilisation with a long and proud history. If you start by understanding that and treating that with respect that’s a good place to begin … China is what it is. And we have to either be here or be nowhere.’

Indeed the Telegraph specifically challenged both the Chancellor and the Mayor of

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209 Interview by author with retired FCO senior official: Skype 06 Jun 14.

210 Ibid.


212 Oborne, P. Mr Osborne Believes Doing Business with China is More Important than Torture Camps and Religious
London for failing to address both PRC foreign policy and human right’s issues on their 2013 visits suggesting that their respective delegations reflected ‘begging-bowl-carriers from a broke little island’.

Consequently it would appear that in the interests of pursuing its Prosperity Agenda the UK government has demonstrated over the last 12 months that it is clearly in the national interest to be engaged in its relationship with China and might therefore be paring back its values narrative in the interests of political and economic expediency. Such actions do not reflect an imperative to maintain a common stand with the US on such issues, President Obama having met the Dalai Lama in February 2014. Despite similarly heated protestations from Beijing, it did not follow them with the same ‘concrete measures’ applied to the UK, reflecting the relative economic importance of the two western nations to the PRC. This represents a clear example of how the UK may therefore have to compromise its principles more than the US if it is to benefit economically from China’s rise. As the Economist astutely observed, ‘taking office, the Conservative-led coalition vowed a new, business-centred approach to foreign policy. Trade and prosperity would be the watchword, rather than grandiose schemes to remake the world.’

Although there may be some political divergence between the US and the UK

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214 Ibid.

215 Kaiman, op.cit.

vis-à-vis the values narrative, there is nonetheless a significant uplift of diplomatic activity by the UK in its pursuit of closer relations with China. Dialogues in environmental and development diplomacy continue to grow, the UK being the only country in 2012 to hold a development Memorandum of Understanding with the PRC. Equally the allocation of new resource to Chinese and East Asian embassies has reflected the pronouncements of Britain’s own pivot to Asia. By example the Foreign Secretary announced an initiative to generate a 40% increase in Chinese speaking diplomats while also placing an additional 60 staff placed into the Beijing embassy in 2012.\(^{216}\) He has also confirmed that a reduction of diplomatic posts in Europe is being used to offset expansion in the emerging powers, stating that ‘in the Far East last week, I announced the opening of a new embassy in Laos, so we will be one of the few nations in the world with diplomatic representation in every ASEAN nation.’\(^{217}\) However even here it is clear that economic growth lies at the heart of diplomatic activity. The FCO confirmed that it was ‘beefing up its manpower overseas, especially on the commercial side’\(^{218}\) by restructuring staff positions in order to support the Prosperity Agenda.\(^{219}\)

It is tempting to look at the UK’s own shift towards the Asia-Pacific region as an inevitable response to its US partner’s own rebalance. We have already ascertained that, for the UK, its relationship with the United States remains ‘special’

\(^{216}\) Hague. *Britain in Asia*, op.cit.
\(^{218}\) Bagehot, op.cit.
and as a secondary power it would appear natural that ‘the US pivot may also prompt other allies to further their own process of rebalance and start to pay more attention to Asia’. Nonetheless, in further stating that the UK had ‘already started down this road’ Dormandy makes a causal relationship between the UK’s efforts in the Asia-Pacific and the rebalance challenging to establish. Indeed one Foreign Office analyst was keen to emphasise that the UK’s own pivot and its increased emphasis on its relations with China at least paralleled if not pre-dated the United States own declaration. The 2009 FCO Framework for Engagement supports this assertion, having explicitly recognized the UK’s requirement to focus its energies to the east long before Clinton declared ‘America’s Pacific Century’. If there does not seem to be a clear relationship between the US pivot and the UK’s China policy in the political domain, what does the development of the UK’s economic ties demonstrate?

**ECONOMICS**

It has already been established that an explicit link has been made by successive UK governments between the immense economic potential of China and the opportunity to leverage it to bolster economic security. The UK’s China advocates are mindful of the potential for the PRC’s economy to slow, but are equally assertive

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221 Ibid.

222 Interview by author with FCO analyst in the Ministry of Defence: 08 May 14.
that its government has ‘very deliberately acted to cool what was beginning to look like an asset bubble.’

On the assumption that the Chinese economy is therefore likely to continue to fuel global growth alongside the other economies of the Asia-Pacific region, significant traction is gained by the UK’s own China business lobby typified by the China British Business Council, the 48 Group Club and the UK China Visa Association.

The UK’s financial relationship with the PRC has undoubtedly grown to become increasingly significant. Trade between the two nations rose from a total of £10.27 billion in exports and imports to £42.05 billion between 2003 and 2012, although this also reflected a rise in the UK’s trade deficit to nearly $21 billion over the same period.

Equally, China remains only seventh on the list of UK export destinations behind five EU nations, constituting approximately a third of the goods exported to the US. Nonetheless, it is the rate of growth in trade between the two that signals the relationship’s potential, the Chancellor noting that ‘Britain’s exports to China have grown by 42 per cent since the current UK government came into office.’

Indeed, although the UK lags substantially behind Germany as an exporter to China, it has made rapid improvements over the decade rising from £2.78 billion in 2003 to £11.98 billion in 2013. In doing so, it has become the EU’s second

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223 Byrne, op.cit., p.240.
227 UK House of Lords Library. Relationship between the UK and China, op.cit., p.3.
largest exporter to the PRC having overtaken Italy and being likely to exceed France in 2014. Such growth is only likely to accelerate after the renewal of ministerial relations with China in 2013, reflected by the flurry of economic and diplomatic activity since. With Premier Li Keqiang’s visit to the UK in June 2014 the trend continued upward, the PM declaring after their annual summit that ‘the figures tell the story - bilateral trade at record levels, our exports to China up 15% in 2013, they have more than doubled in the last 5 years and at £1 billion a month, they are growing faster than France or Germany.’

Similarly strong gains have been made in the investment arena. Having risen from 21st in 2010, the UK is estimated to now be the fourth most popular destination for Chinese outward investment growing to $2.77 billion in 2012, up by 95% on the previous year. Equally Chinese data estimates that the UK is its second largest investor after Germany with direct investment of $18.76bn in 2012.

A particular focus for the UK’s efforts in leveraging Chinese growth is in the financial services sector where London remains what Kerry Brown describes as the ‘overwhelming home for this one sector in which the UK remains globally significant.’ The Chancellor declared the scale of his intent for the UK to act as ‘the Western hub for Renminbi (RMB) business, complementing Hong Kong as a bridge to the West.’ He further noted that ‘the potential for this market is clear: 12

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230 UK FCO. China in Numbers, op.cit., p.2.
231 UK House of Lords Library. Relationship between the UK and China, op.cit., p.7.
232 Osborne, G. op.cit.
per cent of China’s global trade was settled in RMB last year, up from just 2 per cent in 2008.’ 233 Progress has certainly been witnessed in 2014 with UK company Ashmore becoming the first foreign company outside of China to receive a license allowing the investment of offshore RMB into China’s bond and equity markets.234

Consequently, between offering China its leading financial services and the £14 billion trade and investment deal agreed with the PRC in June 2014, it appears in economic terms that the UK’s bilateral policy is yielding the dividends it seeks under the Prosperity Agenda. However, does this come at a cost given concerns over the scale and speed of Chinese investment in the UK, not least in areas of critical infrastructure? The Foreign Secretary suggests not, highlighting his determination for the UK to ‘remain one of the most open economies in the world’ and as such would not wish to see the imposition of restrictions.235 Nonetheless concerns raised by the National Intelligence Committee’s report on Foreign Involvement in the Critical National Infrastructure argued that there was potential conflict between the UK’s security and its drive for Chinese investment, citing telecoms company Huawei’s possible links to state-sponsored cyber espionage.236

Equally the link between London’s place as the offshore market for RMB trading and Chinese access to foreign nuclear technology has given cause for concern, Camilla Cavendish arguing in the Times that this represented a gamble on

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233 Ibid.
234 UK FCO. China in Numbers, op.cit., p.2.
235 UK JCNSS. The NSS (Second Review), op.cit.p.76.
both grounds of security and the protection of nuclear technology.\textsuperscript{237} Reinforcing the point, the BBC reported the assertion of Antony Froggatt, lead author of the World Nuclear Industry Status Report, that ‘the UK is uniquely relaxed among Western nations about foreign ownership of key national assets like nuclear power plants.’\textsuperscript{238} Indeed to obviate the perceived risks, the US, Canada and Australia all preclude the ownership of critical national infrastructure by law. Conversely, both the UK Ambassador to China and the Chancellor both rebutted the Intelligence Committee’s report by ‘issuing statements in support of inward investment to the UK from China,’ reinforcing its importance for the generation of UK jobs and economic growth.\textsuperscript{239} From such evidence, an examination of the business and financial aspects of the UK’s policy toward China underlines that the economic imperative rises above all others. As such, it is clearly in parallel to, and competition with, the US’s own aspirations to profit from China’s economic rise, but does not appear to have been a reaction to the rebalance. However, although the scale of the UK’s economy ensures it will not compete directly with that of the US, the rapid growth in the UK’s financial relationship with China seems to point to a mercantilist approach rising significantly above other policy considerations.

\textsuperscript{237} UK House of Lords Library. \textit{Relationship between the UK and China}, op.cit., p.6.
\textsuperscript{239} UK House of Lords Library. \textit{Relationship between the UK and China}, op.cit., p.3.
SECURITY AND DEFENCE

Given the central position that defence and security cooperation holds in both the close relationship between the UK and the US, it is in this domain that an American rebalance to the Asia-Pacific may be expected to have the greatest repercussions. While the two nation’s geopolitical imperatives may not coincide in the region, they certainly overlap. Britain’s security interests in the Asia-Pacific region are numerous even if its defence presence is small, reflecting the UK’s diplomatic and economic concerns. Its longstanding multilateral relationships through the Five Eyes community and the FPDA have in turn been reinforced by strengthening bilateral ties not only with traditional partners such as Australia and New Zealand, but also Japan and recently Vietnam with the appointment last year of a permanent defence attaché to the country. Many of these relationships predate the declaration of a US pivot, but their evolution provides insights into the UK’s security perspective relative to its China policy and the impact of the rebalance.

The UK security narrative on China has remained fairly consistent since the publication of the FCO’s 2009 engagement strategy. At the heart of this was the intention of ‘fostering China’s emergence as a responsible global player,’ mimicking Robert Zoellick’s refrain and looking to encourage ‘an approach of responsible sovereignty on international and global issues.’ Mechanisms to support such an aim included: the reduction of tensions across East Asia; increased transparency over

\[240\) UK FCO. A Framework for Engagement, op.cit., p.5.
the Chinese defence budget; an increase in the capabilities employed by China on peace support operation; and improvements in its contribution to the counter-proliferation regime.\textsuperscript{241} The current UK Defence Secretary, Philip Hammond, reiterated such themes in his 2014 address to the Shangri-La dialogue in Singapore.\textsuperscript{242}

Whilst acknowledging such challenges exist in the China relationship, the UK has historically been less assertive than the US in overtly identifying the PRC as a direct threat to Britain’s interests. In its 2010 ‘Global Strategic Trends-Out to 2040’, the DCDC only declared of China that ‘by 2040 she will have developed her power projection and maritime security capability and, if required, be prepared to use military force to achieve her objectives.’\textsuperscript{243} By 2012, DCDC had published that the most likely scenario for China’s rise in the Asia-Pacific was a tug of war with the US, based around ‘China’s persistent encroachment into US areas of interest, rapid military expansion and economic power [which] pose a serious risk to US national interests; [and] therefore, it must be constrained.’\textsuperscript{244} It stopped short of declaring this scenario as directly threatening UK interests, beyond recognising that any ‘conflict or instability would impact on the UK’s prosperity and security, and would therefore require some response.’\textsuperscript{245} It would, perhaps, be expecting too much for the UK to

\textsuperscript{241} Ibid., p.17.
\textsuperscript{243} UK Developments, Concepts and Doctrine Centre. *Strategic Trends Programme: Global Strategic Trends – Out to 2040*. (Shrivenham: Ministry of Defence, 2010), p.52
\textsuperscript{244} UK Developments, Concepts and Doctrine Centre. *Strategic Trends Programme: Regional Survey – South Asia out to 2040*. (Shrivenham: Ministry of Defence, 2012), p.31.
\textsuperscript{245} Ibid., p.22.
match the more direct pronouncements made in the DoD’s annual reports to Congress on Chinese military and security developments given the UK’s geographical dislocation from East Asia. Equally, it arguably underplays how deeply instability might undermine UK prosperity given the growing emphasis on UK economic ties to both the Asia-Pacific region in general and to China and the US specifically.

Although geographical considerations are undoubtedly one factor in driving UK conceptions of Pacific security issues, at least as important is its defence posture in the region which has been severely limited since the withdrawal from east of Aden in the 1970s under Wilson and Healey. With the return of Hong Kong to China in 1997 came the end to any significant requirement for a large-scale permanent defence footprint in the western Pacific. Today the UK’s principal presence is centred on its garrison in Brunei where a battalion of the Royal Ghurkha Rifles, is complemented by a helicopter flight of the Army Air Corps and the Army’s jungle warfare training school.\textsuperscript{246} It also retains a fuelling depot and harbour facility at the former British dockyard at Sembawang in Singapore acting as ‘an indispensable asset for the RN and allied navies’.\textsuperscript{247} As a regular port of call for naval vessels visiting the region, Singapore also acted as the gateway for HMS Illustrious on her way to conduct Typhoon Haiyan relief in 2013.\textsuperscript{248} While the permanent footprint in the region is low, the UK’s combined humanitarian response to this disaster is a useful

\textsuperscript{247} Blount, op.cit., p.140.
case study demonstrating how Britain can generate significant regional influence despite its remote geographical location and limited regional footprint.

Complementing the rapid deployment of C17 and C130 military transport aircraft to deliver aid to the Philippines, HMS Daring, lead vessel of the RN’s newest class of destroyer, was diverted from an FPDA training exercise, to provide immediate support. It arrived on 17 Nov\textsuperscript{249} ahead of many regional naval vessels, including that of Australia.\textsuperscript{250} Its subsequent replacement by the carrier HMS Illustrious reinforced the impression that the UK, despite its size and distance could still provide a military response both greater and faster than many local nations. Following the cross-governmental approach exemplified by the UK's Building Stability Overseas Strategy (BSOS),\textsuperscript{251} relief efforts were enhanced with an initial $16 million aid package that outweighed the $10 million package from Japan, the $11 million of the European Commission and the $1.8 million from the PRC.\textsuperscript{252} Indeed by 2014, the UK had contributed the greatest single amount to Haiyan relief funds constituting over 14\% of the global total and outstripping even the US.\textsuperscript{253} Such action would seem to be a clear indication of the UK’s intent and ability to be a tangible actor in the Asia-Pacific, demonstrating the influence that can be generated


from the deployment of limited assets into a geographically remote, but strategically vital environment. Similar benefits were accrued with the UK’s significant participation in the search for missing Malaysian airliner MH370. The deployment of the search capabilities of a UK minesweeper and nuclear attack submarine combined with the use of UK INMARSAT’s satellite tracking data, all constituted a further demonstration of the UK’s global reach with limited resources.

Such events serve well to reinforce Britain’s enduring regional security diplomacy that received added incentive when the MoD published its International Defence Engagement Strategy in 2013. This overarching framework stressed the employment of the UK’s ‘defence assets and activities short of combat operations to achieve influence.’ A good example of this is British participation in the FPDA as the Asia-Pacific’s only collaborative defence organisation. Now in its 43rd year the FPDA is also regarded highly by its regional participants, Singapore Defence Minister Ng Eng Hen commenting on the significance and ‘deep historical roots’ of the relationship. The FPDA itself has grown over its history to develop ‘a robust consultative structure, complemented by a standing multilateral military component and a robust exercise programme.’ Although UK participation in the BERSAMA series of exercises has reduced over time, notably since the withdrawal of its MPA capability, Britain formally reaffirmed its commitment in 2011 and was cited by

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254 Interview by author with a senior military officer in the Ministry of Defence, 15 May 14 confirmed that HMS Daring’s arrival on scene ahead of other nations accrued tangible benefit for the UK’s regional influence.
255 Ibid.
257 *Janes Defence Weekly*. *Interview with Dr Ng Eng Hen Singapore Defence Minister*. Vol. 51, Iss. 19, 7 May 14
Defence Secretary Philip Hammond in June 2014 as underpinning the UK’s stake in the region.\textsuperscript{259} The FPDA may also be of value to the US rebalancing efforts given that four of the five members are in ASEAN while Australia and Malaysia co-chair the ASEAN Defence Ministers (ADMM) Plus Expert Working Group on Maritime Security. Given existing tensions in the SCS, Thayer reasonably asserts that ‘the FPDA could become a model for how regional states can co-operate with extra-regional middle powers in maintaining Southeast Asian security.’\textsuperscript{260}

Beyond the FPDA, defence links with former Commonwealth countries are particularly strong, especially Australia and New Zealand, maintaining long standing exchange programmes such as Exercise LONG LOOK. The relationship with Australia was further reaffirmed through the Defence Treaty of 2013 that sought to consolidate pre-existing security cooperation architecture and stressed the importance of:

‘Participation in multilateral security mechanisms including but not limited to the FPDA such as the American, British, Canadian, Australian Armies program (sic) and the Air and Space Interoperability Council.’\textsuperscript{261}

Indeed as previously discussed in chapter 2, ASIC and ABCAA reinforce the close cooperation that exists between the English speaking nations where areas of commonality and interest often allow interoperability issues to be progressed far

\textsuperscript{259} Hammond, op.cit.
\textsuperscript{260} Thayer, op.cit., p72.
more quickly than in many other multilateral organisations. The Treaty also reaffirmed the importance of cooperation in cyber security, a key issue in relation to China’s proliferating electronic intelligence programme, the centrality of information sharing under the commitments of the Five Eyes intelligence community and an enduring commitment to exchange programmes. Other UK bilateral relations are also being strengthened reflecting the UK’s Asian-Pacific interests. The House of Commons Defence Committee particularly noted that ‘security cooperation with Japan is … of growing significance’ given the signature of the July 2013 UK-Japan Defence Equipment Cooperation Framework and Information Security Agreement. Philip Hammond went further in declaring that not only did Japan represent a ‘significant pool of defence resource’ but was ‘on the right side of most arguments.’ Such a position inevitably complicates the UK-China relationship given the current tensions between the Abe and Jinping governments. Indeed, when the First Sea Lord visited the Japanese defence minister in Tokyo in December 2013 shortly after the UK PM’s visit, the strength of Chinese media reactions was not lost on London. The Telegraph reported that in the wake of Cameron’s visit:

‘Although Downing Street had heralded the official trip as a major trade and diplomatic success, Whitehall sources say that senior Chinese officials are privately dismayed by the actions of the British Government… [as] A visit by the Royal Navy’s most senior officer to Japan, at the same time as the Prime

Minister was in China, has risked a new diplomatic rift between London and Beijing.\textsuperscript{266}

The paper went on to note that: ‘The depth of Chinese anger over Admiral Zambellas’ visit to Japan was exposed by an editorial in a state-run tabloid newspaper, which claimed … (he) had “supported Japan’s stance towards China’s recently declared Air Defence Identification zone in the East China Sea.”\textsuperscript{267} Such a posture from the UK suggests, that even if unwilling to publicly state its position on regional security issues, it stands alongside its US ally and their regional partnerships, Admiral Zambellas’ reported position echoing that of President Obama on his recent visit to Japan.\textsuperscript{268} Notwithstanding such inter-governmental grievances, given the UK’s broadening diplomatic effort in the Asia-Pacific there are several opportunities promising to enhance security relationship with the PRC.

Once such example is the UK’s nascent defence relationship with the Democratic People’s Republic of Korea (DPRK). The UK is not only the sole western UNSC nuclear power with an embassy in Pyongyang\textsuperscript{269} but has now formally appointed a defence attaché to the DPRK. As FCO minister Hugo Swire declared in the House of Commons on 13 May 14:

‘We took an important step earlier this year when we accredited a non-resident defence attaché to Pyongyang and


\textsuperscript{267} Ibid.

\textsuperscript{268} BBC News. Obama pledges Japan islands support as Asian tour begin. 23 Apr 14 \url{http://www.bbc.co.uk/news/world-asia-27116863} (accessed 7 Jul 14).

gave the DPRK attaché in Moscow similar status. That process is opening up new opportunities for engagement with a different part of the DPRK system, opaque though that system may be.\footnote{HC Deb, 13 May 2014: vol.580, col. 235WH accessed at: http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm140513/halltext/140513h0002.htm#140513h0002.htm_spmi

14: accessed 7 Jul 2014.}

Given the importance of counter-proliferation efforts and the increasing unease of the PRC’s relationship with its traditional partner, the clear building of a UK-DPRK military dialogue suggests that the UK, remote as it may be, is building a role to play in the counter-proliferation security dialogue which itself is of central importance to the US and the PRC.

In terms of the UK’s defence relations with China, Britain echoes the US sentiment of building Chinese military transparency through military to military engagement, Philip Hammond noting at the Shangri-La dialogue that to avoid mistrust, miscalculation and conflict:

‘Those countries that are, or aspire to be, great powers have a duty to take seriously their responsibility towards other nations in the region … to be candid about their intentions, to be transparent about their motives, and to be more open about their capabilities.’\footnote{Hammond, op.cit.}

Specifically in her dealings with China, while the UK does not appear to have surged her commitments in response to the US pivot, defence diplomacy remains an important aspect of building bilateral relations. For example, the PM’s visit to China at the end of 2013 was supported by a shore visit to Shanghai by HMS Daring after completing its aid relief efforts in the Philippines. Ambassador to China, Sebastian
Wood stated that:

‘The visit of HMS Daring is an exciting moment for relations between our two nations. It symbolizes the potential for deeper cooperation between us in areas from security to creativity, culture and innovation.’272

The visit was reinforced at the higher level by discussions between the PLAN’s commander of the East China Fleet and the RN operations commander, when it was unsurprisingly declaring that ‘the visit is of great significance in deepening mutual understanding and promoting bilateral cooperation.’273 Although the scale of such engagements is understandably limited when compared to those of the US, they are a growing part of the UK-China relationship. Chief of the Air Staff (CAS), Sir Glenn Torpy’s 2007 visit at the invitation of his counterpart, General Qiao Qingchen represented the third such Air Force Board visit in 6 years.274 Equally the Chinese Embassy in London noted that in its list of top ten events for Anglo-Sino relations in 2010 included the PLA Deputy Chief of General Staff (CGS) Ma Xiaotian’s visit to the UK to hold the first China-UK Strategic Defense Consultation with the British Chief of Defence Staff (CDS) Air Chief Marshall Sir Jock Stirrup. Later the same year, a visit by PLA Air Force (PLAAF) commander Xu Qiliang to the UK and the reciprocal trip by CDS and CGS, General Staff Sir Peter Wall was declared as


important in ‘further enhancing the mutual understanding and cooperation between
the armed forces of the two countries.’\textsuperscript{275}

The proliferation of such events highlights the growing importance of
security dialogue between the UK and China, but they also precede the declaration of
a pivot by the US in their origin. The relationship has continued to grow over time
since the ‘improved military relations between the UK and China after the visit early
in 2010 of the PLA’s Deputy Chief of the General Staff, General Ma Xiaotian.’\textsuperscript{276}

Consequently, March 2014 witnessed the fifth strategic defence talks held between
Vice CDS, Air Chief Marshall Sir Stu Peach and Deputy CGS Wang Guanzhong
who noted that ‘China and the UK have witnessed fast development of relations.’\textsuperscript{277}

Topics under discussion at the meeting included making ‘a joint effort with China to
strengthen coordination on peacekeeping, military reform and evacuation of
nationals.’\textsuperscript{278} The latter subject in particular has proved useful in building UK-China
defence relations. The shared experience of under taking non-combatant evacuation
operations (NEO) in Libya in 2011 led to the first exchange between operational
units of the RAF and PLAAF when a two way visit between RAF Brize Norton and
Kaifeng Airbase took place in February 2011.\textsuperscript{279} Equally the opportunity to operate
alongside PLAN vessels Indian Ocean counter-piracy operations under Operation

\textsuperscript{276} Neill, op.cit. p.117.
\textsuperscript{278} Ibid.
\textsuperscript{279} The author was project officer for the exchange.
ATALANTA\textsuperscript{280} allows the RN to build its experience of working alongside the Chinese and avoiding miscalculation through greater familiarity.

These engagements in non-traditional security challenges reinforce the growing opportunity and importance of UK-China military engagement far more than reflecting either a British or American pivot to the Asia-Pacific. As China’s global interests increase, so must the imperative to act to defend the lines of communication that convey its exports and sustain its ever-growing demand for natural resources. This in turn will inevitably see an upturn of contacts with the PLAN in particular in the UK’s near abroad and as Chinese power projection capabilities improve. As Hirono and Neill confirm, ‘it is now important for the UK to establish and maintain a high level of cooperation in tackling such threats.’\textsuperscript{281} Hammond confirmed that efforts were made to broaden such military to military engagement in 2014, stating that the UK was looking to deliver an English language training facility within the Chinese Peacekeeping Centre, while also broadening medical and doctrine centre exchanges.\textsuperscript{282} Here, Britain has the opportunity to exploit the advantage of its geographical remoteness from the Asia-Pacific and, given the potential frictions in the American security relationship present ‘a clear way out of the cul-de-sac of Sino-US rivalry.’\textsuperscript{283}

The final area in which UK security policy will be discussed relates to the UK-US intelligence relationship and the Chinese cyber threat. We have already

\textsuperscript{280} EU NAVFOR. \textit{Countering Piracy off the coast of Somalia.} \url{http://eunavfor.eu} (accessed 7 Jul 2014).


\textsuperscript{282} Hammond, op.cit.

\textsuperscript{283} Hirono and Neill, op.cit., p.5.
established in chapter 2 the depth of the UK’s cyber and intelligence collaboration with the US and introduced the threat that espionage in the electronic domain may pose to both nation’s economies and security in chapters 3 and 4. Although it is not specifically a regional Asia-Pacific issue, China’s prominent activity in the electronic domain ensures that it is a UK policy issue given the NSS and SDSR identification of the proliferating Tier 1 cyber threat.\textsuperscript{284} The NSS was again evasive at identifying the source of specific threats, but the MoD’s DCDC was more suggestive about the likely source of cyber attacks linking Asian state-sponsored cyber programmes to China as one of ‘the most sophisticated players in the region out to 2040.’\textsuperscript{285}

The scale of the threat was clearly articulated by GCHQ Director Iain Lobban who announced a ‘significant but unsuccessful cyber attack made on the Foreign Office and other departments in summer 2011.’\textsuperscript{286} By 2013, he declared that Britain’s business secrets were being stolen on an ‘industrial scale.’\textsuperscript{287} In both instances the security services declared they were confident that they knew the perpetrator but were unwilling to identify them. Indeed the Foreign Secretary confirmed that it was not UK policy to name the source of the attacks, although that ‘might have to change if things get worse.’\textsuperscript{288} Nonetheless, given the exceptionally close links between GCHQ and NSA, less evasive reports by the latter’s former director Michael Hayden clearly suggest that the UK threat also emanates from

\begin{footnotes}
\item[284] UK Cabinet Office. \textit{The NSS}, op.cit., p.27.
\item[285] UK DCDC. \textit{Regional Survey}, op.cit., p.25.
\item[288] Ibid.
\end{footnotes}
Beijing. Equally the recent decision by the British chairman of Swiss company INEOS to openly challenge SINOPEC typifies what the Financial Times describes as ‘the latest in a line of conflicts between western companies and Chinese businesses over alleged abuse or theft of intellectual property.’

The release in November that year of the UK’s Cyber Security Strategy reflected not only the seriousness with which the UK was addressing the threat, but also the lead role of GCHQ in combatting it. This included the commitment of £650 million in new funding for a ‘transformative National Cyber Security Programme’ as well as the creation of a new Joint Cyber Unit specifically to ‘develop our military capabilities to give the UK a competitive advantage in cyberspace.’

The military dimension, its likely chief target, and collaboration in the Asia-Pacific sphere was further highlighted by the signing of a Trilateral Cyber Defence Memorandum of Understanding with Australia and the US in June 2011.

Cyber has consequently remained an area investment despite cuts to capability elsewhere. William Hague reminded the Joint Committee on the NSS (JCNSS) in 2012 that:

‘We have chosen, even at a time of financial constraints and reductions in some areas of defence expenditure, to increase the resources devoted to cyber capabilities and cyber-defence. I believe very strongly that that is an area where we have

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http://www.ft.com/cms/s/0/5b3694a0-b035-11e3-b0d0-00144feab7de.html#axzz35kSLa4U5 (accessed 9 Jun 2014).


chosen—strategically, if you like—to remain a world leader.’ 292

By the end of 2013, it the UK was taking its cyber capability on the offensive with the MoD investing in cyber capabilities ‘to broaden options when dealing with the cyber threat.’ 293 Updating Parliament on progress with the strategy, Cabinet Minister Francis Maude declared that the initial investment was to be increased ‘with a further £210 million in 2015 to 2016.’ 294 Although security was at the centre of the statement, it was also clear that beyond defence considerations, the emphasis was clearly on making the UK one of the safest places in the world to do business in cyberspace.

Ultimately, it would appear that given the clear linkages between the US and UK cyber and intelligence communities, the continued investment in the building of capability and the clear signposting that a significant proportion of the state level threat emanates from China, the UK is in a position in this sphere to directly support the US rebalance to the Asia-Pacific and mitigate one of the significant trans-global threats that the PRC may pose. This in itself does not represent an attempt to specifically exclude China from the debate. Indeed, they have been participants in numerous cyber conferences including the 2011 London hosted event. The dichotomy of a collaborative yet potentially combative relationship was neatly

292 UK JCNSS. The NSS (Second Review), op.cit., p.63.
summarised in Baroness Ramsay of Cartvale’s questioning of Home Secretary Theresa May in 2012, when she observed:

‘We all know—it is not at all classified—that China mounts fantastically successful cyber attacks all over the world, even if it might deny it. At the same time, China is a country and a power that we are very anxious to do business with.’

CONCLUSION

We have clearly seen in this chapter that from the publication of the Labour government’s ‘Framework for Engagement’ UK-China policy has been focussed on the economic benefits such a relationship can generate for Britain. The potential rewards appear great if you subscribe to Byrne’s thinking, believing that the ‘huge new prize in Asia seems as certain as anything.’ In its attempt to accrue such benefits, the UK has set its sights on maximising the opportunities that Chinese growth can deliver, seeing a rise in its financial fortunes relative to many of its EU peers. But as the Coalition has made up lost ground on the likes of Italy and France, it appears to be willing to sometimes compromise over the its political values and the risk to which it is willing to expose the nations critical infrastructure and financial system. Such trade-offs reinforce the perception that the US rebalance has had little impact on the UK’s China policy as national economic interests are pursued.

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295 UK JCNSS. The NSS (Second Review), op.cit., p.103.
296 Byrne, op.cit., p.269.
This also applies to the security domain where the UK-US special relationship is at its strongest and US-China tensions most obvious. Although UK-China military relations have been clearly reinforced over the last decade, there is no clear indication that this is in direct response to the US rebalance itself, rather than in support of the more general relationship with China across all domains. Equally the decline in UK defence capability, particularly in areas such as MPA and the RN, make it increasingly challenging to fully support the multilateral and bilateral relationships in which it is engaged. However, the UK has clearly demonstrated that despite limited resources, it can be astute at deploying its assets to maximise its soft power influence at range, as seen during the Philippines relief effort. It also maintains significant relationships in its own right, bound to the region by the FPDA, Commonwealth, the Pacific-dwelling Five Eyes community and its own substantial bilateral relations. Such factors reinforce the UK’s interests in the Asia-Pacific region and the consequences of a rising China, irrespective of the US posture.

However, there are opportunities for the transatlantic partnership to be mutually supportive in their Asian-Pacific endeavours. Cooperation in the cyber domain will endure and likely strengthen in the face of Chinese electronic espionage. Furthermore, while the UK is unlikely to deploy significant assets to the region, its nascent defence diplomacy efforts in Pyongyang offer an opportunity for a place in the regional counter-proliferation discourse that is not available to the US. Finally, although the UK’s partnerships and economic presence enhances its interests in and relevance to Asian-Pacific stability, its geographical remoteness provides the literal
and metaphorical distance to engage China in a non-traditional security domain absent Sino-American tensions. This perhaps offers the best opportunity to ‘build trust and confidence between the two countries and present a clear way through the difference in political responses to international security issues.’\footnote{Hirono and Neill, op.cit., p.8.}
CHAPTER 5 – CONCLUSION

The JCNSS declared in April 2014 that ‘there can be few developments more fundamental to the UK’s strategic position than the US pivot to the Pacific, implying concomitant impacts on the Britain’s own security posture. Certainly in the introduction to this paper it was posited that the UK, as a secondary power with global interests, is faced with the dichotomy of being the traditional ally of the US, as the world’s most recent hegemonic power, while attempting to maximise the benefits accruing from the startling economic rise of America’s principal challenger, China. Having investigated the nature of the UK’s equities in its primary bilateral relationship it was demonstrated that Britain indeed maintains an essential and unique relationship with the US found in its elite relations, the strength of its economic interdependence but most significantly in its security partnerships. Nonetheless despite the depth of this relationship and the emphasis in the US rebalance on security concerns and regional stability, it appears to have had relatively little impact on the UK’s own Asia-Pacific and China policy in spite of the JCNSS’s assertion.

Indeed, it seems clear from the last chapter that UK policy, particularly towards China, is overwhelmingly driven, not by a response to its transatlantic ally, but the economic imperative to return its economy to a firm footing. Whilst this has

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yet to manifest as a meaningful divergence between London and Washington, there nonetheless appear to be risks attendant from the liberalisation of the UK’s financial markets, the exposure of its critical national infrastructure and, on occasions, the willingness to down play the importance of values in the interests of economic expediency. This emphasises elements of competition rather than collaboration and it is in this context that Robert Ross suggests ‘economic interests in China may contribute to US-EU conflict rather than cooperation.’ 299 Conflict is overstating the risk in the case of the UK, but to avoid accusations of freeloading on the US regional security guarantees that underpin its own commercial interests the UK could consider what it can contribute to the Asia-Pacific rebalance. We have already ascertained that a meaningful hard power presence is unlikely to be achievable given constraints on the UK defence budget. However as decisions approach in the 2015 NSS and SDSR, consideration must be given to what capability priorities may best advance UK interests in the east. Certainly US-UK cyber and intelligence cooperation is likely to retain high levels of investment, but resolving questions over MPA capability and the second aircraft carrier would allow the UK to ‘pick up temporarily a few key responsibilities from the US in safe-guarding other vulnerable regions, such as the Persian Gulf, Indian Ocean or the Eastern Mediterranean’ constituting a ‘valuable form of support.’ 300 Equally it would allow the UK’s traditional engagement through the FPDA to be reinvigorated and lend greater opportunity to deliver the short term

but highly effective interventions that the Philippines typhoon relief effort demonstrated.

In the mean time UK policy towards China will inevitably retain its prosperity agenda driven focus. However by increasing its military to military engagement with the PLA and focusing on building relations through non-traditional security cooperation removed from the tensions building in the SCS, Anglo-Sino relations can be further deepened whilst increasing transparency for the benefit of all.
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SPEECHES


**INTERVIEWS**

Note: due to the nature of the issue under discussion, all interviewees were reluctant to be cited directly. Only the retired FCO senior official allowed me to record the interview and all other citations are raised from hand written notes taken at the time of interview.

Interview with Foreign and Commonwealth Office analyst in the Ministry of Defence: 08 May 14.

Interview with Ministry of Defence Desk Officer in the Ministry of Defence: 08 May 14.

Interview with Senior Military Officer (1 Star) in the Ministry of Defence: 15 May 14.

Skype interview with retired Foreign and Commonwealth Office senior official: Skype 06 Jun 14.

**ACADEMIC LECTURES AND SYMPOSIA**

UK Defence Academy and King’s College London. *Air Sea Battle and the Asia-Pacific Rebalance*. Joint Services Command and Staff College, 8-9 July 2014.