Engaging the dragon: UK government documents on doing business with China

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Engaging the dragon: UK government documents on doing business with China

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ABSTRACT
China’s rise as a global economic and political power has created a policy puzzle for established global players. For the United Kingdom (UK), the policy towards China has pursued a dual emphasis: seeking commercial benefits and promoting a positive social and political change. We explore the scope and tone of official UK policy publications on doing business with China. We argue that, while these documents reflect some of the predominant concerns of public debates over the UK’s relationship with China, the political neutrality of the civil service and insulation from external forces enable the relationship to continue. We conduct content and sentiment analyses of government publications focussing on China from 2013 to 2018. During this period, the key policy focusses have remained stable, while the extent to which the main topics are discussed changes slightly with time. Sensitive topics are dealt with using a neutral tone, while publications have become increasingly positive on the prospects of business interactions with China.

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Introduction
As the United Kingdom (UK) has pursued the path of its circuitous exit from the European Union (EU), the importance of fostering close economic ties with other partners has become a hotly debated issue. The debate around the UK’s policies for China has been particularly volatile, as the unique economic opportunity with China is contrasted with a range of serious economic and non-economic policy concerns. This raises the question of whether the British government’s policy documents have demonstrated a similar range of swings in their assessments of the prospects for a closer relationship with China.

China’s swift economic rise and increasingly assertive geopolitical presence have created a dilemma for Western countries, which are faced with a choice between engagement and disengagement. In the eyes of the public, this has contributed to their foreign
policies towards China that often appear to veer dramatically from one moment to the next. The case of the UK is complicated by its shared past with China: up until 1997, this relationship was dominated by Hong Kong (presently the Hong Kong SAR of China). Over the past two decades, commercial interests have emerged as a primary factor in bilateral relations that, for the UK, have been divided between the aim of economic engagement and the pursuit of political changes in China.

The past few years have seen significant changes to the UK’s position in relation to Europe and other countries. During this period, the bilateral relationship between China and the UK has experienced what has been referred to as ‘Golden Era’ ties, while also coming under significant third-party pressures. While this has generated shifts in the UK government’s public statements towards China, the factor interested to us is whether Britain’s official policy documents reflect the volatility of public media coverage of the relationship. These publications deliver analysis that underscores broader policy goals and provides valuable insight to actors of private sectors.

We focus on UK government policy documents relating to doing business with China over the period 2013–2018, arguing that bureaucrats have long time horizons compared to elected politicians and the media that cover them, while institutionalised insulation from external political pressures limits the extent to which policy documents mirror the vacillations of the public debate. Our content and sentiment analyses of these publications reveal the relative stability, with no evidence of the wild swings of opinion present in the public discourse. Instead, we find subtle but significant shifts in tones and topics, potentially influenced by broader policy landmarks and contemporary events.

**Key landmarks in doing business with China**

The return of Hong Kong to China in 1997 marks the first of three landmarks in a new age of UK–China relations. The latter two are the ‘Golden Era’ ties established in 2015 and the Brexit referendum in 2016. We briefly survey the effects of these three events on the bilateral relationship.

**A new path after 1997**

Scholarly consensus identifies 1997 as a turning point in the UK-China relationship. No longer dominated by the return of Hong Kong, the UK policy towards China began to be strongly influenced by commercial relationships after 1997 (Breslin 2004; Ferdinand 2000; Tsang 2007; Gow 2010). While commercial considerations were a part of bilateral ties prior to 1997, it was only after the handover of Hong Kong that both sides began to pave the way for more constructive relations.

Scholars hold differing views on how the UK policy towards China shapes bilateral relations. Tsang (2007) points to the centrality of the UK’s recognition that Chinese and Western policy standards differ, while both China and the UK pursue mutually beneficial goals. Scotto and Reifler’s (2017) empirical work reveals the benefits of holding shared aims, with British policymakers less suspicious of China’s rise than their American counterparts.
Breslin (2004) draws a picture highlighting the dual nature of the UK’s post-1997 path, which emphasises both trade promotion and ethical considerations. The rising importance of commercial actors in the bilateral relation acted as a means of drawing China into the liberal international institutional order and potentially affecting domestic political changes. While the success of the latter point remains debateable, the development of close business and political linkages and China’s increased participation in the liberal international order contributed to growing diplomatic communication between the two states.

The arrival of the Conservative Party government under David Cameron in 2010 heralded a slow shift in the UK’s approach towards China, with increased emphasis on bilateral commercial ties (Brown 2019). At the helm of this transition was Chancellor George Osborne, who spearheaded the prioritisation of the relations with China, beginning in 2012. Consequently, China became a highly politicised issue in British domestic politics (Harris 2017). While engagement with China was viewed as a means for the UK to reorient its foreign policy as independent of its traditional allies, Osborne focussed on the potential gains from inbound Chinese investment and increased trade as means of offsetting the government’s austerity policies.

However, this does not mean that the bilateral relationship was smooth during this period; rather, it was hounded by inconsistency. In 2012, Prime Minister David Cameron’s meeting with the Dalai Lama so infuriated Beijing that he was effectively barred from visiting for over a year (Brown 2015). Two years later, a group of MPs was prevented from entering the Hong Kong SAR in a dispute over their purpose for visiting (BBC 2014).

**A golden era for golden ties**

‘Let’s create a golden decade for the UK-China relationship’, the then-Chancellor of the Exchequer, George Osborne, announced during his 2015 visit to China (Osborne 2015). This optimistic proclamation set the tone for an upgrading of the ties between the two countries. Prime Minister Cameron promoted his Chinese counterpart’s state visit to the UK later in 2015 with the same focus on golden ties, effectively heralding a new age of UK-China business relations (Turner 2018a). In the same year, the two countries announced the building of ‘a global comprehensive strategic partnership for the 21st century’ (FCO 2015, 1), with the UK aiming to become China’s ‘best partner in the West’ (Osborne 2015). These were not empty words, as, in 2015 alone, bilateral trade deals amounting to US$50 billion were announced (Turner 2018a). The UK additionally became a ‘founder member’ of the China-driven Asian Infrastructure Investment Bank (AIIB), receiving criticism for this from the US (Brown 2019).

However, the effects beyond 2015 of the ‘Golden Era’ on both British policy towards China and bilateral trade flows have received scant academic attention. Even with the positive announcements, the UK remained a relatively minor trading partner of China, while its move to create a strategic partnership with China had been pre-empted by other European countries like France and Germany by over a decade (Turner 2018a). Proclaiming a ‘Golden Era’ was a cheap talk for Beijing, easing foreign wariness over its increasing influence (Turner 2018a; Scotto and Reifler 2017) and easily
accommodating the UK into its broader foreign policy agenda (Ferdinand 2016), while the UK sought to use the special relationship as an opportunity for British firms to increase their penetration in the lucrative Chinese market. However, when comparing trade growth over 2010–2015 with 2005–2010, very little evidence has been captured in the role of the ‘Golden Era’ in stimulating the UK–China economic relations (Turner 2018b).

Even this ‘Golden Era’ of bilateral ties was fraught with uncertainty. Xi Jinping’s state visit was accompanied by optimistic statements from both countries pointing to the new age in the bilateral ties (BBC 2015). The aftermath of the visit was far less auspicious: first, there was a media silence, then there were reports of what might have gone wrong during the visit (BBC 2016a).

Despite this lack of an obvious strengthening of economic ties, diplomats had taken pains to publicly maintain the notion of a close relationship. In 2017, during the ninth UK-China Economic and Financial Dialogue, the British government highlighted ‘a new phase in Golden Era’ (HMT & DIT 2017), seeking ever-closer ties in trade and investment. However, the UK’s courting of China has proven to be a complicating factor in its special relationship with the US, which has increasingly approached China as a belligerent foreign adversary.

**Brexit: to trade or not to trade**

The results of the 2016 Brexit referendum delivered a shock to Britain’s bilateral relationships, including its ties with China. At the September G20 summit, questions were raised regarding the strength of bilateral ties (BBC 2016b), although by the end of the year the relationship was reaffirmed during meetings in London (BBC 2016c). The optimism of the still-recent ‘Golden Era’ under the Cameron government was replaced by a warier form of pragmatism as the May government sought to balance Brexit negotiations on two levels with the need to cultivate a relationship with an increasingly Sinophobic United States under President Trump. With the change in government, Osborne was replaced by Philip Hammond, leaving the prospect of ever-closer ties between the UK and China without a strong voice of support in the British government.

While the Brexit process itself holds significant consequences for British policy towards China, the implications for the Chinese economy and bilateral trade flows are likely to remain limited (Mackiewicz and McCaleb 2018). The return of trade-policy control to the UK government in the post-Brexit era could facilitate the creation of a free trade agreement between the two countries (Wang 2017; Yu 2017). However, such a deal would likely be hampered by several issues. China has less incentive to cultivate a relationship with the UK, as close relations had already been established under the ‘Golden Era’, and Britain’s position as its advocate in the West is significantly weaker outside the EU (European Parliament 2016; Turner 2018a). Likewise, the UK’s need to tread carefully through the tension between the United States and China has diminished its enthusiasm for closer ties.

It is in these complicated circumstances that the optimism of the ‘Golden Era’ has disappeared. As the then-Director of the UK Government Communications...
Headquarters, Robert Hannigan (Corera 2018, 80) had put it, ‘We are unsure whether the rise of China is a threat or an opportunity. The truth is that it is both but navigating that is difficult’.

The bureaucratic agenda and policy publications

Our focus, within the scope of UK–China ties, is on British policy documents covering commercial aspects of the bilateral relationship. The analysis presented in these documents both underscores and informs policy decisions, while additionally providing context and policy insight to non-government actors. Bureaucrats face different incentives and job demands from those countenanced by elected politicians and the media, leading to considerations of a wider range of issues than would typically be covered in the news cycle.

These incentives contribute to significant differences in the way that foreign policy is framed: a large body of research explores whether the media (Robinson 1999; 2001; 2005) or politicians (Wood 2009; Gentzkow and Shapiro 2010; McManus 2017) using media reporting sets policy agendas. But in either case, the result is a public discourse that emphasises policy changes rather than continuity. This suits politicians, as such publicity can raise their profiles for re-election and improve their intra-party promotion opportunities.

Bureaucrats’ career incentives are significantly different from those of politicians, although these incentives vary across different institutional arrangements. Permanent, non-partisan, and meritocratic bureaucracies have been deemed to be central to the Westminster system of governance (Aucoin 2012; Grube and Howard 2016), with the development of the Whitehall model to specifically capture the dynamic between politically-motivated elected officials supported by impartial and low-profile career bureaucrats in the UK (Wilson and Barker 2003).

Changes over several decades have led to what might be referred to as Whitehall 2.0, which features a shift towards a greater managerial emphasis with a focus on deliverables, as well as public statements of support from bureaucrats for government policies (Grube 2015; van Dorpe and Horton 2011). This need to demonstrate support for the ministerial line, as described by Grube (2015), means that policy analyses produced by government departments are likely to reflect broad shifts in government objectives. In particular, the Cameron government sought to create a more politicised bureaucracy, but Whitehall institutions proved to be resilient and the norm of a non-political civil service survived (Diamond 2019).

These characteristics of the Whitehall model of bureaucracy directly shape the environment in which policy documents are authored. For example, they differ markedly from the separation of powers as an approach to governance, as exemplified by the United States. In this institutional environment, the principals directing the bureaucracy are divided between the executive and legislature; consequently, policy and advice issued by the bureaucracy may be hindered by the effects of disagreements or competing demands between the two branches (McCarty 2004). Just as the unitary principal in the Whitehall system can enhance policy stability and continuity, so too can the professional and nonpartisan status of the civil service, as variations in the politicisation of
bureaucracies themselves have been linked to differences in performance and policy outcomes (see, e.g. Krause et al. 2006; Ujhelyi 2014).

The combination of a unitary principal and nonpartisan professionalised nature of the civil service serves to insulate civil servants from the external pressures to which elected officials must respond. Likewise, policy documents are not necessarily crafted in response to external political dynamics even though they are meant to provide stakeholders with information relating to the government’s policies. Consequently, we expect the British government’s policy documents on doing business with China to present a fairly stable analytical base, with subtle changes over time in the issues garnering attention.

**Analysing British policy documents**

To examine variations in UK government publications in light of our argument, we carry out a textual analysis on those documents focussing on doing business with China between 2013 and 2018.

**Search method**

Searches of documents were focussed on the keyword ‘China’. Document topics were tailored to ‘business and industry’ to fit the project’s scope, and three types of documents were chosen for data reliability and authority: policy papers, guidance, and research and analysis. We further focussed on documents published by departments closely related to doing business with China: Department for Business, Innovation & Skills (BIS), Department of Energy and Climate Change (DECC), Department for Business, Energy & Industrial Strategy (BEIS, formed through the merge of BIS and DECC in 2016), The Intellectual Property Office (IPO), Department for International Development (DFID), Department for International Trade (DIT), Foreign & Commonwealth Office (FCO, replaced by the Foreign, Commonwealth & Development Office), HM Treasury (HMT), and UK Export Finance (UKEF).

We also undertook additional search filters as follows:

<table>
<thead>
<tr>
<th>Additional filters applied</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documents mentioning China but with a dominant focus on other countries were excluded.</td>
<td>Overseas business risk – Switzerland</td>
</tr>
<tr>
<td>Documents with a dominant focus elsewhere but mentioning doing business with China more than five times were included.</td>
<td>Overseas business risk – Bolivia</td>
</tr>
<tr>
<td>Guidance on signing up to economic forums in China was excluded.</td>
<td>Trade White Paper: Our Future UK Trade Policy</td>
</tr>
<tr>
<td></td>
<td>Export strategy: supporting and connecting businesses to grow on the world stage</td>
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<tr>
<td></td>
<td>China prosperity project concept bid form guidance</td>
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**Document analysis**

We employ a content analysis to systematically analyse the dynamics in political and economic issues occupying policy assessments (Hardy, Harley, and Phillips 2004; Hopf 2004; Hsieh and Shannon 2005). We focus our analysis on three questions:

1. **To what extent was doing business with China highlighted in the UK government papers?**
2. What issues shaped the UK government papers in the light of doing business with China?

3. At the document level, what was the prevailing sentiment of doing business with China?

We obtain publicly available documents spanning January 2013 through December 2018 from the UK government’s official website. This timeframe allows us to capture the events described in the section ‘Key landmarks in doing business with China’, particularly the establishment of the ‘Golden Era’ and the fallout from the Brexit referendum. A second, but more practical reason also explains the 2013 starting point: it was not until that year that all UK ministries began publishing their policy documentation online.

We select documents including China as a keyword and discussing business concerns; these are further limited to policy papers, guidance, and research and analysis in order to ensure data reliability and authority. Publishing departments are limited to those closely related to economic and international affairs. The initial search returns 243 documents; additional filters are employed to exclude tangentially relevant results, leaving us with 90 documents for analysis (a list of these documents and details on the search and refinement process can be found in Appendix A).

The data are initially coded using inductive content analysis, which allows the texts to guide coding decisions, rather than through the application of predetermined categories (Halperin and Heath 2017). The sample for this pilot study spans 2013–2018, with a focus on publications coinciding with important bilateral economic and political events. The resulting sample consists of 14 documents; these documents contribute to the formation of the coding scheme (described in greater detail in Appendix B), which is modified and enriched through interaction with the full set of 90 documents. This iterative classification approach ultimately gives us three key categories as the dominant document-wide themes: bilateral economic and financial ties; intellectual property (IP); and socio-political issues. We also note specific issues discussed in each document and additionally capture document tones through sentiment analysis.

To ensure coding reliability, two additional coders were invited to apply the same techniques to analyse a sample of the data and generate their independent results. To test the intra-coder reliability, after about two weeks of the first round of coding, we conducted the coding again over randomly selected documents.

Patterns and trends in UK policy documents on China

We begin by assessing a rough indicator of the policy importance attached to doing business with China based on UK government publications. Figure 1 presents the percentage of documents focussed on this subject out of the total volume of publications fitting our search criteria. The years 2014 and 2017 stand out from the rest, as there appears to have been a particular focus on doing business with China in government publications in these two years.

These patterns can be explained through the lens of the British government’s broader policy agenda. Policy work conducted in 2014 formed the foundation for the
establishment of the ‘Golden Era’ ties in the following year. Behind all the glamour of the deal-signing ceremony, the preparation process involving rounds of negotiations, renegotiations, and the structure of the cooperation agenda was expected to take place in advance. This was likely one of the reasons for the soaring number of high-level visits of delegations from both sides in the year leading up to 2015 (Turner 2018a). Likewise, the 2014 publications could have addressed concerns raised in earlier meetings and laid the groundwork for the final steps towards the declaration of the ‘Golden Era’ ties.

The second peak of China-business publications occurred in 2017, as the UK government sought to grapple with the legal and economic implications of the previous year’s Brexit referendum. In particular, this involved identifying key international partners that could potentially replace the economic role of the EU, as well as exploring the scope and shape of potential bilateral trade agreements to replace the WTO baseline the UK would inherit when it exited EU-based trade agreements. This specifically led to a close look towards the potential of redefining the Sino–British trade relations (Yu 2017; Garcia-Herrero and Xu 2016). This coincided with the announcement of a new chapter in ‘Golden Era’ ties and a renewed focus on economic and scientific cooperation (HMT and DIT 2017). This optimism was combined with detailed background research. For example, a series called ‘Business Fact Sheets for Southeast China’ was introduced, containing six separate guidance papers.
Top themes in doing business with China

The dynamic policy environment in which the UK–China relationship was enmeshed during this period highlights the need to examine the dominant issues illuminated by policy publications. Figure 2 presents a breakdown of the top eight dominant themes and non-dominant (specific) issues across the pooled set of publications. Among dominant themes, bilateral economic and financial ties and IP are the most common, closely followed by the relatively broad theme of socio-political issues. This latter theme focuses on the exposition of domestic political dynamics within China. These three themes are also predominant when it comes to discussions of specific issues outside the document-wide themes. Two other issues emerge as dominant themes, although with far less frequency: soft ties (educational and cultural links), and environment and climate changes.

These dominant themes are echoed in a survey commissioned by the Intellectual Property Office, which finds that, from the private sector’s perspective, IP and bureaucracy were the top two challenges for doing business in China (IPO 2016).

Business is central

As has been documented in the literature, shortly after the handover of Hong Kong in 1997, business and commercial concerns dominated the bilateral relationship (Breslin 2004; Ferdinand 2000). As Breslin (2004) notes, Britain in the early post-handover period differed from the US and the rest of Europe in focussing its policy towards China on engaging China to further British interests and balancing this goal with the
potential threat caused by a revisionist power. This focus on commercial interests continued to be the case through the period of our investigation.

The importance of business ties with China over the six years of our sample is revealed in Figure 3. The year 2014 represents a peak for the topic as both a dominant theme and specific issue, with economic linkages and cooperation playing a central role in the push to redefine the bilateral relationship. For example, where this topic was the dominant theme, policy papers on the Sixth Economic and Financial Dialogue, research and analysis on outcomes of the UK–China Joint Economic and Trade Commission, Great Britain in Kunming Week, and the China Prosperity Strategic Program Fund highlighted efforts to strengthen economic linkages between the two countries.

A very similar pattern is observed among single-issue mentions of bilateral economic relations, with a peak in 2014 pointing to the extent to which these economic concerns overlapped with assessments of other bilateral issues, particularly where those served as dominant themes. For instance, in the 2014 edition of the China Politics Update (FCO 2014), which focusses on providing political background, the importance of economic ties was readily apparent:

During his speech at Chatham House, Li said China will work more closely with the UK in infrastructure, manufacturing, urbanization and other areas to increase two-way trade and investment. In a joint conference, the Prime Minister acknowledged the commitment with China to ensure the growing economic and political ties of the two countries also contribute to much stronger links between the people. (FCO 2014, 1)

Once the ‘Golden Era’ ties were established, single-issue discussions of economic and financial ties gradually diminished in frequency, although they remained common
in the policy discourse on UK–China relations. The continual focus on the economic and financial ties, both in terms of dominant themes and specific issues, reflects the substantial share of the UK’s international trade conducted with China (Ward 2019).

**The elephant in the room: intellectual property**

Worries over intellectual property theft have long plagued the commercial relations between China and other major economic actors. While these worries differ dramatically across industries, from luxury-goods producers like Burberry facing competition with counterfeits (Jing Daily 2013, 2014), to British service providers concerned with the loss of IP control due to either possible state-linked hackers or contractual terms for working with Chinese partners (Corera 2018), IP is a widespread concern for British organisations seeking to engage the Chinese market. These apprehensions are reflected in the prevalence of IP in the policy documents we analyse on doing business with China.

As both a dominant theme and specific issue, IP is the second most prevalent topic between 2013 and 2018, following bilateral economic and financial ties. Figure 4 presents the frequency of IP as both a dominant theme and a specific issue. The first five years follow a comparable pattern to that of bilateral economic and financial ties, with IP appearing most frequently in policy documents in 2014 and tapering off through 2017. While discussions of both topics as specific issues increased in 2018, IP was discussed more frequently than at any other time in our analysis.

In 2014, a number of UK government publications provided guidance regarding IP rights in China. These covered a wide range of IP issues: well-known trademarks,
administrative enforcement of copyrights, technology transfers, trade secrets, and the relationship between trade events and IP. A number of these issues were covered in a series of papers published by the IPO that provided an official guide to protecting British business IP rights when trading with China (IPO 2014a). These publications remained the basis for official guidance on IP concerns over the next few years: while several later publications through 2017 did focus on IP as the dominant theme, the breadth of IP-related issues was not revisited in these later documents.

The peak of the IP discussion as a specific issue was in 2018, primarily in relation to other bilateral concerns, as IP was only featured as the dominant theme in one document. With foundational guidelines having been issued four years before, these later remarks demonstrate a response to the breadth of IP-related anxieties across a wide range of issues, particularly at a time when the United States was aggressively calling attention to China’s IP performance. While the IPO issued guidance on patent protection in China, IP also featured prominently in publications of the Foreign and Commonwealth Office (FCO) on overseas business risks in the Chinese mainland and the Hong Kong SAR of China.

The practical applications for such guidance abound. There have long been concerns about IP theft among foreign businesses and governments seeking to economically engage the Chinese market. While IP legislation underwent reform as part of China’s accession to the WTO, regional variations have persisted, and enforcement has not experienced similar improvements (Maskus 2004; Wang 2005; Yu 2007). This has caused much chagrin among foreign governments and firms (Yang and Clarke 2005; Breslin 2016; Cheung 2018). However, improvements in IP legislation have been linked to trade and the inbound FDI growth, incentivising further reforms by Chinese authorities (Awokuse and Yin 2010a, 2010b).

Looking beyond the legal aspects of IP protection in China, both cultural and broader structural issues pose challenges to Western conceptions of IP protection. In the case of the former, *shanzhai* (literally meaning ‘mountain fortress’) culture, which became especially pervasive in consumer technology in the early 2000s, was based on the mimicry of products that often originated in Western markets. Within the realm of consumer technology services, a similar approach to innovation contributed to the development of such domestic stalwarts as Baidu, iQiyi, and WeChat (Raustiala and Sprigman 2013). With respect to the latter, the Chinese government’s close relationship with private enterprises and the rigid regulations governing foreign investments have led to wariness among potential Western business partners. While the UK’s handling of the issue has been rather restrained, this approach has frustrated American officials (Corera 2018).

The divisions between the US and UK approaches to dealing with Chinese IP performance are quite stark. Concerns over IP theft from American corporations contributed significantly to the US-driven trade war (The White House 2018) and similar considerations have driven the related American campaign against Huawei in the realm of 5G network infrastructure (BBC 2019). In contrast, the UK has neglected to take any direct measures against China, instead of attempting to balance the demands of their American ally with the lucrative prospects of increased economic engagement with China. This approach is highlighted in the documents analysed within our dataset,
particularly over the latest two or three years: at a time when American rhetoric over Chinese IP problems was growing, British documents dealing with IP as a dominant theme decreased in number. IP as a specific issue became obvious, but the baseline guidance on IP protection in China remained unchanged.

The dual emphasis

Given the dual emphasis on economic integration and ethical concerns highlighted in the earlier post-1997 British policy towards China (Breslin 2004), we also examine the presence of the ethical issues in our sample of 2013–2018 documents. The necessarily broad definition of potential ethical issues creates a classification challenge. Our category for socio-political issues covers this broad base and captures discussions of a wide range of topics with reference to the economic engagement with China. Political and legal topics covered include the political background for the current macroeconomic situation, military power, fiscal and administrative reform, geopolitics including the Korean Peninsula, human rights, and corruption. Socio-political topics cover a similarly wide range, including gender equality, child labour, and other issues.

Figure 5 presents the discussion of these topics in our policy documents focussing on doing business in China. To some extent, the patterns in the discussion of socio-political issues reflect those revealed previously: the 2014 documents to support the ‘Golden Era’ ties generated a peak in the discussion of socio-political topics. Mentions of these issues nearly disappeared in 2016 and 2017 before experiencing a slight resurgence in 2018, although this pattern may also reflect yearly variations in publications fitting our search criteria.

Figure 5. Discussions of socio-political issues.
While the documents in our sample have an explicit focus on business ties between the UK and China, it is worth noting that socio-political issues never disappear entirely from the discussion. As the British government’s aim is to promote ‘positive’ changes in Chinese governance and society that would bring it into closer alignment with liberal British ideals, its policy documents highlight the issues in these areas. For example, in a guidance document on overseas business risks in China, a detailed and systematic assessment of risks such as business and human rights is provided:

In September 2013, the UK launched its action plan on business and human rights, becoming the first country to set out guidance to companies on integrating the UN Guidelines on Business and Human Rights into their operations. China is currently listed as a country of concern in the FCO’s annual Human Rights and Democracy Report. (FCO 2018a, 30)

The report goes on to criticise the treatment of a variety of marginalised groups, in addition to calling attention to poor labour practices. Simply highlighting is not an end in itself; rather, the British government’s aim is to use business engagement as a means of incentivising behavioural reforms in China. Consequently, these negative points or ‘inconvenient facts’ are always presented in the context of economic development and further potential for cooperation. For example, in the same document as above, the big picture, as stated clearly as ‘the opportunity’ in the very beginning, is: ‘The Chinese government is now seeking to rebalance the economy away from investment-led growth and towards consumption. The emerging focus on innovation, higher-end consumer goods and services represents a significant opportunity for UK companies’ (FCO 2018a, 2).

To provide another example. In the regularly published China Politics Updates, there is not a single socio-political issue that is presented without the connection, subtly or overtly, to China’s economic performance and commercial potential. Consequently, it would appear that the dual emphasis remains embedded in the British diplomatic approach to China. However, whether this remains the case due to success or a lack thereof, or simply as a result of bureaucratic inertia, is unknown. As Breslin (2004) notes, successfully identifying the causal impact of such an initiative would be a very difficult task.

Taken as a whole, the three dominant topics – bilateral economic ties, intellectual property, and social-political issues – in British policy documents on doing business with China are unsurprising. As the dominant document-level themes, they exhibit similar patterns: a peak in 2014 as the UK prepared the background for the short-lived ‘Golden Era’ of bilateral ties, followed by a trough as other foreign-policy issues took precedence, with the 2014 documents providing a general policy backdrop. However, the question of how these issues are discussed in policy documents remains.

Tones in discussions of business ties

To assess the ways in which the abovementioned issues are presented in the policy documents, we conduct sentiment analysis to identify dominant tones at the document level. Figure 6 presents these tones, classified into five categories and distributed by year of publication. Three points, in particular, stand out. First, official publications...
have avoided entirely negative narratives when discussing the topic of doing business with China. Second, the negative-neutral category is predominant, driven by the concerns around intellectual property. Finally, document tones generally became more positive in the latter half of our sample.

The first point is readily apparent in Figure 6: no documents in our sample employ a straightforward negative tone. However, the negative-neutral tone is most commonly observed among the remaining categories. This category, which is similar in its construction to the positive-neutral category, captures documents that are divided in tones between negative and neutral sections.

The coverage of IP rights provides a good example of the negative-neutral category. Apart from two papers, published in 2016 and 2018 (FCO 2016 and FCO 2018b, respectively), all IP-related publications in our sample employ a negative-neutral tone. This outcome reflects the typical construction of documents covering this issue. The typical approach opens with an analysis of IP issues based on objective data, cases and facts. This is followed by suggestions for UK businesses looking to operate in the Chinese market; the majority of the conclusions drawn from the objective analysis urge caution. The documents typically close with a section describing options for assistance in IP rights disputes.

Taken as a whole, these documents combine both negative and neutral tones in roughly equal measures. The operational comments and suggestions presented in these papers are based on the premise of poor IP practice in China, naturally taking on a negative tone; in contrast, the sections analysing IP performance using objective indicators are decidedly neutral.
The following two passages provide representative illustrations of the negative components of these documents:

At the end of 2012, the State Administration of Industry & Commerce (SAIC) had recognised over 4,000 trademarks as well-known. But practitioners estimate that only around 1% are foreign-owned. It can be difficult for foreign brands to gather the evidence needed to satisfy the relevant condition. (IPO 2014b, 2)

… trade events can also expose businesses to risks. British companies traveling to China for trade missions should take precautions to protect their intellectual property (IP) and familiarise themselves with mechanisms to take action against infringing companies and individuals. (IPO 2014c, 1)

Both the passages deal with practical advice for British firms seeking to engage in opportunities in China. In each case, the advice follows a neutral and objective analysis of Chinese IP performance. The negative tone in these passages stems from the assumption that, based on the analysis of past Chinese performance, British firms are highly likely to engage in a range of activities to defend their IP. This tone was consequently revealed in the cautionary nature of the recommendations.

A comparable strategy is employed when risks and challenges surrounding other topics are considered. The prevalence of document tones in the middle of the spectrum – negative-neutral, neutral, and positive-neutral – is the result. As an example, in Business Risk Overseas – China (see FCO 2018), the guidance focusses on existing and potential risks in the Chinese market (negative), while the majority of topics covered in the document are presented in a neutral manner with constant references to facts and cases (neutral).

Struggling in uncertainty? The business momentum, the Brexit, and Trump

It is important to note that the distribution of tones across these policy documents varies over time. Over the latter half of our sample (2016–2018), the documents reveal a trend towards positivity in tone; the positive-neutral category peaks in 2017, while the tones of most documents in this period are categorised between neutral and positive.

There are several possible explanations for this general shift in tones. First, we observe a shift in document-level topics from potentially negative issues, like IP and socio-political concerns, to subjects naturally highlighting the benefits of cooperation, like economic and financial dialogue outcomes, people-to-people exchanges, and the twinning of cities. Second, the topics covered in guidance documents in the latter half of the sample were focussed primarily on the potential of further economic cooperation, and this focus was highlighted by a series of fact sheets published in 2017 looking into business opportunities in Southwest China, covering a wide range of industries, even the constant bugbear of IP rights was largely dealt within the context of business opportunities. For example, the 2018 discussions of IP rights were seamlessly embedded in discussions of collaborative prospects in science and innovation, 3D printing, and a UK-China Copyright Week. As a result, the document-level tones for these publications are either positive-neutral or positive, reflecting a significant departure from the tones of previous IP-focussed documents. Finally, the external political
environment in which bilateral UK–China ties exist underwent a substantial transformation between the first and latter halves of our sample, engendered by the 2016 Brexit referendum outcome and the election of Donald Trump as the US president later that year (Rosenberg and Boyle 2019; Yu 2017). The subsequent reimagining of the British connection with the EU and the meaning of its ‘special relationship’ with the US in the aftermath of these events also affected its ties with China, as the British government frequently referred to a ‘resetting’ of its relationship with China (Yu 2017). Far from being a unilateral adjustment to the bilateral relationship, this new beginning also reflected a reduced Chinese interest in the British economy outside the Common Market. It is possible that the increased positivity, the emphasis on economic opportunities and public-diplomacy topics, and the reduced focus on difficult issues reflect this change, a tacit admission by Whitehall, which faced reduced bargaining power in Britain’s relationship with China as Brexit took place.

The Trump administration’s aggressive policy towards China formed an additional pressure point on the UK–China relationship, although we do not observe any direct effects from the US–China tensions on the policy documents in our sample. While the US–China disputes revolved around similar concerns to those discussed in the UK’s policy documents, the British documents remained focused on bilateral concerns alone.

**Implications and a look forward**

Our aim in this study is to examine the foundations of British commercial policies towards China during a unique period in the bilateral relationship, covering the establishment of ‘Golden Era’ ties and early reactions to the Brexit referendum. The media coverage of the period we examine, 2013–2018, paints a picture of a relationship in flux, with each step towards further cooperation accompanied by a step backwards. We argue that the characteristics of the British civil service, particularly its non-political focus, insulate bureaucrats from the political news cycle, generating stability in policy publications. Our analysis of British government publications pertaining to bilateral economic cooperation between the UK and China bears this out.

Over the six years of our sample, the publications are dominated by three topics: economic and financial ties, intellectual property, and socio-political issues. The year 2014 is the most prolific year for publications on doing business with China, as the government sought to lay the groundwork for the announcement of the ‘Golden Era’ in the following year. As the rate of publications released on the subject varied over time, so did the tones employed by these documents. Difficult topics, such as politics, IP disputes, and human rights, were treated with a largely neutral tone, while advice to British firms varied from negative to positive in tones. We also find a distinct shift in tones and topics between the first and second halves of our sample period. Publications from 2013 to 2015 tended to deal readily with difficult issues, where negative-neutral and neutral tones predominated. Documents from 2016 to 2018 tended to focus on business opportunities and less controversial topics, resulting in a more positive range of tones.
Linking these shifts found in our research to the contemporary political landscape, it is not difficult to capture some inspiration for further study. With the concerns and uncertainties building up towards an uncertain Brexit scenario after the 2016 referendum, the eagerness (and now the urgency) to establish new trade deals with countries including China, as the second-largest economy, is explicitly simmering in the government. As a result, the positive sentiment of doing business with China can be also captured through 2018 in the UK political sphere, until the relations started to go sour, especially when new developments and crises struck such as the China–US trade war, issues of China’s Hong Kong SAR, Huawei 5G, and most of all, the current global pandemic caused by the SARS-CoV-2 virus. These significant new changes leave us with great potential to research the trajectory to see whether the potential changes in policy considerations that have emerged over the past two years have contributed to a comparable effect on the same subject in more recent government publications. The ‘America First’ approach to the foreign policy of the US that engulfed the US and China in a trade war in 2018 soon led to trade disputes of the UK with the EU; the Trump administration’s Sinophobia led to a global battle over the future of telecommunication networks against Huawei and its 5G infrastructure offerings that pitted the UK’s ambitions for its ties with the US against its hopes for reshaping its relations with China. Protests in the Hong Kong SAR of China, the new national security law, and the related responses from both the UK and China have further complicated the UK–China relationship. And, perhaps most importantly, the global pandemic caused by the SARS-CoV-2 virus has been reshaping economies and interstate relations to an extent that we still do not fully comprehend. As events continue to evolve, so too will the British government’s strategy for doing business with China.

Note
1. Document counts by year are as follows: 2013, 8; 2014, 34; 2015, 12; 2016, 12; 2017, 16; and 2018, 8. The documents are listed by year in Appendix A.

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References


Appendix A. Documents included in the analysis

2013

2014


2015


2016

2016


2017


2018

Appendix B. Codebook of representative nodes

Bilateral economic and financial ties
This category refers to the idea or message conveyed from the text concerning the construction, development or change of Sino-British economic and financial ties.

As a dominant theme. Recording unit: a whole text

Examples:

As a specific issue mentioned in each document. Recording unit: the semantic boundary: a single idea

Examples:
UK goods exports to China reached £12,400mn in 2013, growing by 17 percent between year-on-year and by 63 percent since 2010. UK goods imports from China reached £33,394mn in 2013, growing by 6 percent year-on-year and by 9 percent since 2010. In March 2014, the UK exported £1,204mn worth of goods to China, an 18 percent rise on March 2013 and 109 percent higher than the equivalent figure for March 2011 (£575mn). In March 2014 the UK imported £3,582mn the worth of goods from China, a 30 percent rise on March 2013 and 44 percent higher than the equivalent figure for
March 2010 (£2,482mn). UK–China trade in services in 2013 was stable compared to 2012, with £3.3bn of export to China and £1.3bn of import from China. (FCO 2014, 2)

They also covered climate change, cyber issues and Hong Kong. A wide range of agreements was signed during the summit from a £12Bn LNG deal between CNOOC and BP to a £400m joint venture on solar energy. The total commercial value was £14Bn. During his speech at Chatham House, Li said “China will work more closely with the UK in infrastructure, manufacturing, urbanization and other areas to increase two-way trade and investment.” In a joint conference, the Prime Minister acknowledged the commitment with China to ensure the growing economic and political ties of the two countries also contribute to much stronger links between the people. (FCO 2014, 1)

### Intellectual property (IP)

This category refers to the idea or message conveyed from the text concerning intellectual property rights, either in the sense of violation or protection.

#### As a dominant theme. Recording unit: a whole text

Examples:


#### As a specific issue mentioned in each document. Recording unit: the semantic boundary: a single idea

Examples:

UK and China agreed to strengthen Intellectual Property (IP) cooperation and hold exchanges on improvements to patent and design systems, IP in emerging technologies and the registration and enforcement of trade-marks. They also reinforced commitment to cooperate on IP protections on e-commerce and social network platforms. (HMT 2016, 4)

China is the world’s biggest filer of patents. In 2013, China received over 2.4 million patent applications. This included 825,000 invention patent applications, of which 85.5% were from domestic applications. China is the world’s biggest filer of trademarks. In 2013, China received 1.88 million trademark applications. 92% of applications were from domestic applicants. China now hears more IP cases than any other country. Around 88,583 first instance IP cases were heard by civil courts across China in 2013. Around 1.9% of IP cases involve companies or individuals from outside Mainland China. In 2013, bank lending based on patents (including invention, utility model and design) reached RMB 25.4bn (£2.5bn); bank lending based on trademarks reached RMB 40.2bn (approx. £4.2bn); bank lending based on copyright reached RMB 3.2bn (£320 million). The overall bank lending based on IP reached RMB 68.8bn (£6.88bn) in 2013 and are growing at a rate of over 70% per year. (FCO 2014, 5)

### Socio-political issues
This category contains comparatively wide issues. Generally speaking, it focuses on ideas or messages conveyed from the text concerning the role of China’s politics and government in a wide context including political agenda and updates, and social and economic events.

As a dominant theme. Recording unit: a whole text
Examples:

As a specific issue mentioned in each document. Recording unit: the semantic boundary: a single idea
Examples:
The Chinese Government takes IP and bad faith trademark applications very seriously. They have recently revised trademark laws and the changes are currently finding their way through the Chinese IP system. These changes include Provisions to restrict bad faith registrations by business partners. Mandatory deadlines for initial examinations to be complete. Raising standards by introducing voluntary examinations for trademark agencies. Introducing a trademark agency directory with a quality of work indicator. (IPO 2016, 6)

On 13 June, Chinese President Xi Jinping stressed that the country should increase energy security. He said that China should increase energy production and consumption, energy provision, energy techniques, energy institutional systems, and international cooperation. (FCO 2014, 3)

Tone (balance)
Recording unit: a whole text. One thing to highlight here is that the coding of tones employed in each document aimed to capture the primary image of the message or balance implied from the text.

Negative
Being negative refers to a situation that the tone of the whole document is set to be critical and implying downsides without the engagement with objective data and factual cases. In this sense, there was no document in the dataset coded in this category.

Negative-neutral
This category refers to a situation that the tone of the whole document is set to be critical and negative (comparatively speaking), but with the extensive engagement with objective data and factual cases. The document with this tone is largely in the light of a sensitive issue.

Examples:
Neutral
For this tone, the topic was presented with an extensive engagement with objective data and factual cases. At the same time (or, as a result), there was no obvious stance (neither positive nor negative) that can be captured between the lines.

Examples:

Positive-neutral
This category refers to a situation that the tone of the whole document is set to be active and aspiring (comparatively speaking) with the engagement with objective data and factual cases.

Examples:

Positive
Being positive refers to a document with an overall tone of being vigorous and promising without or with limited engagement with objective data and factual cases. In this category, documents are largely about the outcomes of bilateral forums, the establishment and development of promising projects and cooperation.

Examples: