



**COALITION ON
SECURE TECHNOLOGY**
THE CELLULAR IOT MODULE THREAT

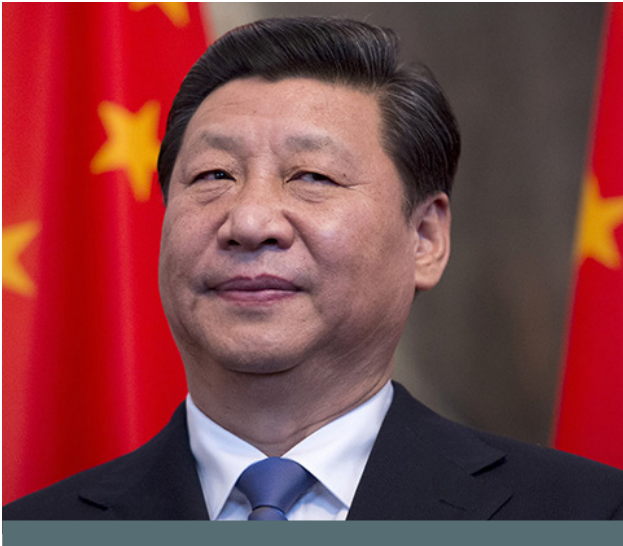


Council on Geostrategy
CHINA OBSERVATORY

China: The Top 10 Priorities For Early Labour Government Action

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Labour has declared that its 'China strategy' is based on three Cs: challenge, compete, and cooperate. It is now launching a 'China audit' aimed at formulating a strategy which should elucidate that slogan. The party's election manifesto declared that, 'After 14 years of damaging Conservative inconsistency over China, Labour will bring a long-term and strategic approach to managing our relations.'¹

Ideally, the new strategy should be published by June 2025, preferably earlier. It should be followed by all departments. The 10 priorities below represent early priorities for reacting to the nature of the threat and opportunities presented by the Chinese Communist Party (CCP). They reflect the need for a consistent and respectful bilateral relationship, a better organised government approach, and recognition of the importance of technology.

¹ 'Scotland - A strong and connected country', Labour Party, retrieved: 16/08/2024, <https://labour.org.uk/> (checked: 28/08/2024).

Some preliminary observations

China is shorthand for the CCP. To understand China means being clear about CCP aims and methods.

In the words of the 2023 Intelligence and Security Committee report: 'The greatest risk to the UK is China's ambition to become a technological and economic superpower, on which other countries are reliant.'² This requires:

- Strategic clarity *from the start*. The tone must be set now. Government departments should agree on the balance and relative priority between economic prosperity, national security and climate change. Rarely will all three pull in the same direction.
- A clear definition of national security, accepted across Whitehall.
- Updating priorities in defending critical national infrastructure. Technology and threats evolve. Evidence (Volt Typhoon³) shows that the CCP is scoping out critical national infrastructure (CNI) with an eye on future disruption. Experienced voices in the United States (US) and in Europe are warning of this.⁴
- Close coordination with allies and partners. Neither the US nor the European Union (EU) will allow the UK to be a weak link in dealings with the People's Republic of China (PRC). Connected vehicles will be a prime example.
- Recognising that the CCP's bark is worse than its bite – papers are available laying out why.⁵
- Reciprocity (protecting ourselves as the Chinese protect themselves), which always is a good defence.

² 'Intelligence and Security Committee of Parliament, China', Intelligence and Security Committee of Parliament, 13/07/2023, <https://isc.independent.gov.uk/> (checked: 16/08/2024).

³ For an explanation of 'Volt Typhoon' see: 'PRC State-Sponsored Actors Compromise and Maintain Persistent Access to U.S. Critical Infrastructure', Cybersecurity and Infrastructure Security Agency of the United States, 07/02/2024, <https://www.cisa.gov/> (checked: 16/08/2024).

⁴ For example, see the comments of Christopher Wray (Head of the Federal Bureau of Investigations) and Harry Coker, (National Cyber Director, White House) within: 'Irresponsible China poses risk to global norms, warns GCHQ chief', The Times, 24/05/2024, <https://www.thetimes.com/> (checked: 16/08/2024). and; the comments of Ciaran Martin (former Head of the UK's National Cyber Security Centre) within: 'UK not heeding warning over China threat, says ex-cybersecurity chief', The Guardian, 22/05/2024, <https://www.theguardian.com/> (checked: 16/08/2024).

⁵ See: Charles Parton, 'Empty threats? Policymaking amidst Chinese pressure', Council on Geostrategy, 6/07/2021, <https://www.geostrategy.org.uk/> (checked: 16/08/2024).

10 priorities for the first 100 days

The first task is to set in place the structures for decision making. Certain specific issues also require immediate attention.

Decision-making mechanisms

1. Stop the high turnover of ministers and civil servants, a major cause of 'Conservative inconsistency'. In particular, ministers of state with Indo-Pacific responsibilities, and not just in the Foreign, Commonwealth and Development Office (FCDO), and senior civil servants should remain in posts for years, not months, if they are to devise – and more importantly implement – a sensible China strategy.

2. Establish a cabinet level China Committee. The National Security Council (NSC) is the highest decision-making body for matters such as 'China strategy'. Under the Conservatives, it discussed the PRC about once every two years. By contrast, Kevin Rudd, when prime minister of Australia, set up and chaired a cabinet level China committee, which met almost monthly. Labour should do the same. The senior Cabinet Office minister (the FCDO is not *primus inter pares* and cannot overrule other departments) should chair this committee. Ministers of all departments to which the PRC is relevant should attend. The prime minister's presence, when his schedule allows, is desirable. Director general level civil servants should be responsible for its agenda and the implementation of its decisions.

3. Harness non-government China expertise. HM Government lacks China expertise and experience. Hitherto input from civil society, business and other outsiders has been piecemeal. A convenor is required, under the authority of – but not a part of – the Cabinet Office, to identify and recruit experts, organise meetings, commission research, and help with budgets and the distribution of funds. The Great Britain China Centre (GBCC), already partly funded by the government, is an obvious candidate.⁶

4. Prioritise training on China. The GBCC currently runs training courses on China for government, parliament, business and others. Rather than government departments running their own China training, this should be centralised under the GBCC, which is practised in assembling much praised courses with relevant experts. Labour should ensure that such training is prioritised despite busy civil service and parliamentary timetables.

5. Adopt a whole-of-UK approach. A much-used CCP tactic is to seek to undermine a nation's policies on China by going round the back of central governments and dealing directly with provincial or local governments, which are often less aware of CCP issues and methods. Training and awareness courses should be extended to Scotland, Wales and Northern Ireland, and Manchester. Central government should involve other polities more closely in the China debate and decision making.

6. Protect against the threat to the UK's science and technology – perhaps the greatest threat from the CCP. Universities continue to cooperate on research with dual military-civil use; following targeted state direction, Chinese entities buy up British high technology startups, threatening both national security and economic prosperity. His Majesty's (HM) Government should set up a Scientific Advisory Group for Emergencies (SAGE) type committee, populated by experts in science and technology, able to give academia and businesses a quick decision on areas where cooperation is acceptable and areas where it is not. The Research Collaboration Advice Team should be further strengthened. The government should ensure that it has in place a law and mechanisms to prevent the export of technologies which boost the Chinese military or surveillance capabilities.

⁶ The author is not part of the GBCC. However he has lectured on some of its training courses.

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The most urgent issues

7. Chinese electric vehicles are a serious threat to British national security for three reasons:

- a. Vehicles are computers on wheels and, through the gateway of the cellular 'Internet of Things' module,⁷ they can be turned off at a time of hostilities;
- b. As the UK's automotive industry is killed off (this is precisely the CCP's intention), dependency on the PRC could be used to exert political pressure in other areas;
- c. Enormous amounts of data, some of it sensitive (e.g., a car's cameras inside a military base, contents of plugged in mobile phones), will flow back to the PRC.

Chinese companies are planning a push on electric vans before the end of this year. Vans and lorries are particularly worrisome, since the CCP would gain the ability to freeze logistics if hostilities broke out. A policy is required in advance now. Meanwhile, the US and EU, both imposing large tariffs, will impose consequences on a UK which undermines their own approaches.

⁷ See: Charles Parton, 'Chinese cellular (IoT) modules: Countering the threat', Council on Geostrategy, 19/03/2024, <https://www.geostrategy.org.uk/> (checked: 16/08/2024).

8. Taiwan and the South China Sea. The CCP must be deterred from invading or blockading Taiwan. While maintaining the UK's traditional 'One China Policy' – which is very different from the CCP's 'One China Principle'⁸ – HM Government would do well to make it clear to the CCP now that in the event of hostilities full sanctions will follow. If asked by Taiwan, the UK should be prepared to export defensive equipment. In the South China Sea, it is important to maintain support for international law and freedom of navigation as per the United Nations Convention on the Law of the Sea (UNCLOS) – which the PRC ratified – including by sending Royal Navy vessels regularly through the Taiwan Strait. There should be no wavering in the commitment to AUKUS.

9. Dealing with vulnerabilities and dependencies on China (resources, minerals, technologies and more) is a high priority. Work on reinforcing and redirecting critical supply chains is ongoing, but needs to be sped up.

10. Proper implementation of existing legislation. More needs to be done to protect the UK from threats to security. The new government should ensure a speedy review of the National Security Investment Act and the National Security Act (for example, in line with Labour's promise that 'We will prioritise Britain's national security above all else'⁹ the PRC should be put on the enhanced tier threat level of the Foreign Influence Registration Scheme¹⁰). It ought also to ensure a thorough implementation of new acts such as the Procurement Act and the Higher Education (Freedom of Speech) Act in so far as they should be applied to threats from the PRC.

8 See: Gerrit van der Wees, 'Taiwan: The facts of history versus Beijing's myths', Council on Geostrategy, 08/01/2024, <https://www.geostrategy.org.uk/> (checked: 16/08/2024).

9 David Lammy, 'Britain Reconnected: A Foreign Policy for Security and Prosperity at Home', Fabian Society, March 2023, <https://fabians.org.uk/> (checked: 16/08/2024).

10 Details of the Foreign Interests Registrations Scheme are available at: Foreign Influence Registration Scheme factsheet, Home Office, 03/05/2024 <https://www.gov.uk/> (checked: 17/08/2024).

In the longer term

Dealing with the PRC concerns most government departments. The issues above represent only the most pressing aspects of UK relations with the PRC. The Labour government should publish a complete strategy and keep it updated. Clarity is needed on such issues as: cooperation in the often-mentioned global goods (in which fields and how to do so, given very different world outlooks?); on how the UK is to react to the PRC's application to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in the light of way the Chinese have skirted the obligations they undertook when joining the World Trade Organisation (WTO); on measures to stop Chinese retail companies avoiding customs duties on packages valued (often unreliably) at less than £135, something which is costing HM Treasury billions every year and is only set to increase as companies such as Shein and Temu seek to increase market share – a problem taken seriously in the US and EU. And there are many others.

Finally, no matter the state of future relations with the PRC, the prime minister and his ministers should seek to visit the country soon and often. They should encourage visits of Chinese opposite numbers to the UK. The press has in the past attacked Conservative ministers for visiting the PRC. While contacts may not always resolve misunderstanding and problems, they can help to avoid or minimise them.

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About the author

Charles Parton is Lead Expert of the Coalition on Secure Technology. He spent the majority of his diplomatic career working in or on China, Hong Kong and Taiwan. He was seconded to the EU Delegation in Beijing as First Counsellor, where he advised the EU and Member States on Chinese politics and internal developments. In 2017, Charles returned to Beijing as Adviser to the British Embassy to cover the Communist Party's 19th Congress and was chosen as the UK Parliament's Foreign Affairs Committee Special Adviser on China. He is an associate fellow at three thinktanks: the Council on Geostrategy, the Royal United Services Institute, and the Berlin-based Mercator Institute for China Studies.



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