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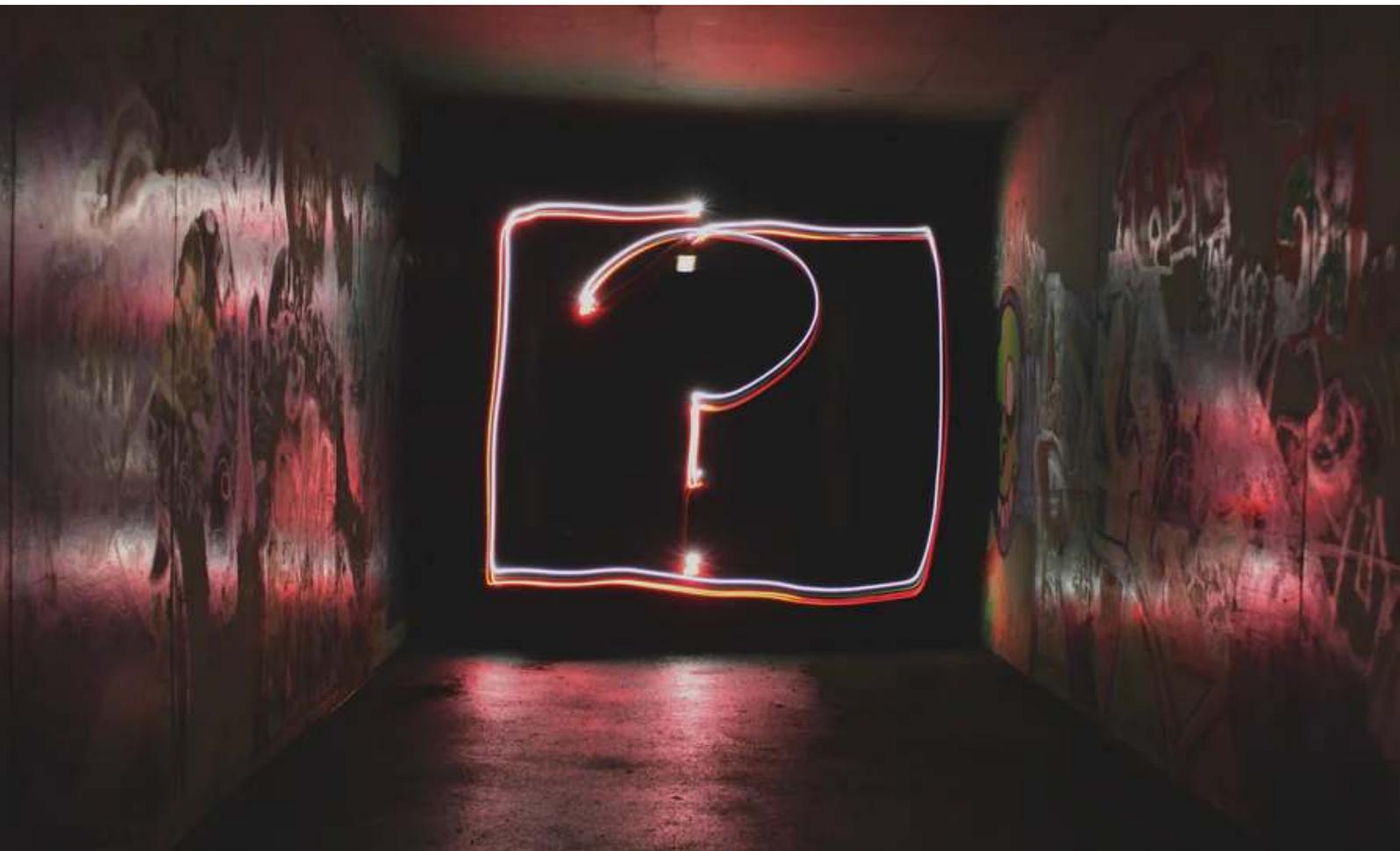
***"How does China really see the UK?"***

*Authors, alphabetically by surname:*

- *Sir Vince Cable, Leader of Liberal Democrats 2017-2019*
- *Lin Yue, Executive Director, Goldman Sachs Asset Management*

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## "How does China really see the UK?"

SIR VINCE CABLE INTERVIEW WITH CHARLIE DU CANE

Author: Sir Vince Cable  
Leader of the Liberal Democrats (2017-2019)

June 2021

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**Q. How did the Chinese come across to you as viewing us when you were in government?**

"If we can divide that into several parts it will be most useful. Firstly the Coalition government was aware of how relatively less well the UK had done in terms of engagement and trade with China, as compared to say Germany. We, as a government, were very determined to change that, and they would have seen us sending regular government delegations to China, and both George Osborne and I in particular worked on cultivating high level exchanges and regular dialogue with our Chinese counterparts.

One of the most concrete outcomes of this was the UK's early participation in the AIIB. Secondly they seemed to understand that investing in the UK was attractive in terms of our openness to external investment and relatively light touch regulatory environment. Thirdly there was an existing cultural affinity with the UK, from English language to football and large numbers of Chinese sending their children to British schools and universities.



Fourthly I, in particular, made it clear to them that we were interested in the longer term perspective Chinese companies might be able to bring to the table in terms of making investments in the UK. This was vital in my view for any Industrial Strategy that the UK wanted to build, as most UK companies are much shorter term in their investment horizons. I had long discussions for example with Geely to get them to invest here, as well as talking to Huawei and those investors in nuclear - so they saw a degree of mutual interest in coming to the UK."

**Q. What do you think the reversal of the Huawei decision has done to China's view of the UK?**

"Well, as the minister who was responsible for overseeing aspects of our relations with Huawei, I am genuinely confused as to what has happened, and I suspect that confusion is shared by the Chinese. We had a rigorous due diligence processes, involving the security services that concluded there was no risk from Huawei.

However even at the time there were elements within the Government, and from our NATO allies, that suggest the initial approach under Tony Blair had been handled carelessly, and there were reasons to be concerned.

Obviously these concerns have come to the fore and are now seen as crucial in deciding this. For the Chinese along with Brexit it will be seen as a surprising and disappointing decision to say the least. They will also be watching carefully whether other controversial Chinese investments such as in the nuclear sector are allowed to continue."

**Q. Let's talk about Brexit. Obviously you were a prominent voice for Remain. How do the Chinese now view Britain outside the European Union?**

"Simply put, we have lost our status as the 'gateway' to Europe for China, and, to a certain degree this has seen the Chinese focus more on the European Union such as the current trade agreement that has been negotiated. However it is not as simple as that. The Chinese have always recognised that the EU is not a nation state like the US, so has often focused on doing business with individual nations within the EU as much as they have dealt with matters on a China-EU basis. To that end they will not change their view of the UK as an attractive market in and of itself, but it may impact where they decide to site future projects that have a pan-European nature. In terms of the City of London, especially in the context of the 2015 RMB crisis, since when the Chinese have slowed down their plans for currency liberalisation, Brexit has made the City more attractive to the Chinese and less attractive.





It has become more attractive because City institutions will be hungry to win new customers to make up for the loss of European business, and will likely be more accommodating of what the Chinese need.

This builds on what happened during the coalition when George Osborne drove the need for businesses- and indeed we have seen some firsts with RMB denominated bonds and so on. The Chinese will presume the appetite of the City will be increased by Brexit.

Of course that doesn't take into context what the City now loses in terms of access to European Markets, and how vital that access is to potential Chinese partners. Overall it is clear we lose something by being now seen as just another country, rather than part of the EU, but only time will tell how much that deters Chinese investment and trade with the UK."

**Q. Turning to Hong Kong, how much is Hong Kong a prism through which China views the UK?**

"There is a sensitivity in China to anything relating to the 'century of humiliation' and certainly Britain's part in that is part of that sensitivity.

Early on in the coalition I witnessed a diplomatic incident in Beijing involving the wearing of poppies that showed that, whilst the handover of Hong Kong had done much to resolve that issue, the memories were still there. However they are much more concerned with the present when it comes to Hong Kong.

Obviously the large amount of British business operating there, especially in financial services is both seen as an incentive to trade with the UK, and as a place that gives China access to the City. Politically they are very sensitive to the idea that Britain, or anyone else, is interfering in Hong Kong and the recent protests there.

There is some reason to support the idea that the protests are, in part, stoked by foreign interference, but I think they have been quite clumsy in opposing Britain's offer of asylum to BNO passport holders."

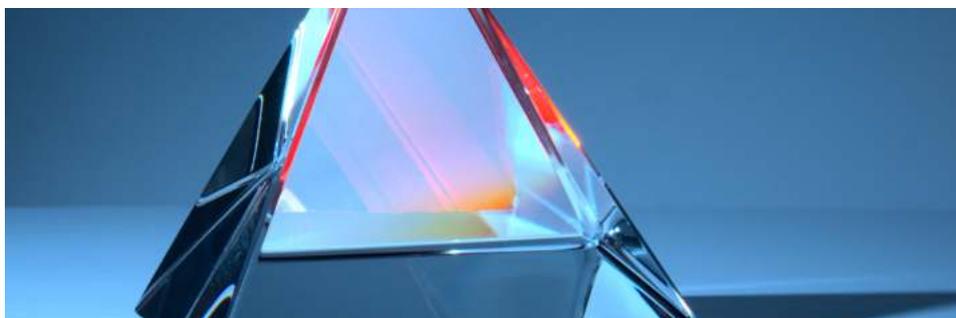
**Q. How do you think the Chinese will see the UK in ten years' time?**

"It's hard to say, but I think it's very driven by how Britain's post Brexit relationship with Europe unfolds.

I think if we go down an Atlanticist path of moving in closer step with the Americans, that will limit the attraction we have had for China as an independent voice in the Anglo-sphere.

The peak of them seeing us as that was when we joined the AIIB despite reservations from Washington.

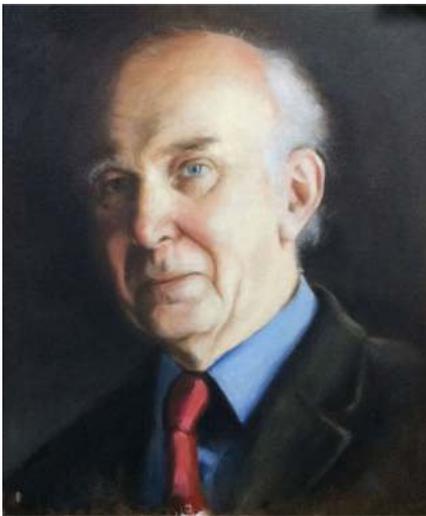
Whilst the closer we are to Europe the more important we are to China, the success or otherwise of the Global Britain project will also dictate how much important we seem to the Chinese."



## About the Author

*The Rt Hon Sir Vince Cable was Secretary of State for Business Innovation and Skills and President of the Board of Trade (2010-2015). He was Member of Parliament for Twickenham 1997-2015; deputy leader of the Lib Dems 2007-2010 and shadow chancellor 2003-2010.*

*He was the leader of the Liberal Democrats 2017-2019; he has served as Member of Parliament for Twickenham 1997-2015, 2017-2019.*



## About the UKNCC

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## "How does China really see the UK?"

Author: Lin Yue  
Executive Director  
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London - the Fog City? A top hat? The Queen? The English gentleman? No, this is not ancient Britain, but these are the first things about Britain that come to mind if you are Chinese.

But surely views cannot be this out of date? Interestingly, there are recent surveys that ask the British public about their perceptions of China: Chairman Mao is named as the number one response. To the Chinese, Chairman Mao feels as distant as the English gentleman does to the British. So perhaps things are not so different after all. When it comes to general perceptions of another country, there is an almost guaranteed level of oversimplification and stereotyping and it is bound to be out of date. And when it comes to China and its views of the world, there is an even bigger contrast. The China of today is not the China of yesterday: the China of tomorrow is approaching ten times faster than anywhere else.

This shapes how the Chinese view the UK.



### **Generational differences between the views of the old and the young in China.**

Firstly, it means that there is a huge divide between the younger and older generations which affects how they see the UK. Indeed, some of the out-of-date images are typically associated with the older generation. The younger generation, defined as the post-80s and 90s generation (equivalent to 'millennials') in the time of the one child policy, have much more access to education, the English language and the world. What then are the key impressions of the UK for this generation?

- **Sixty-three up** – Class is something that fascinates the Chinese, who often aspire to “move up” and improve their lives. The Up series of documentaries follows the lives of fourteen British individuals since 1964, when they were seven. The series became very popular with the Chinese younger generation. That is remarkable in itself. There is a lot of discussion about class because it is relatively new: not so long ago everyone was of the same class, by the very definition of Communism. So how one’s class impacts the outcome of one’s life is a point of intense interest, especially in light of the fluid upward mobility that China has experienced in recent decades.
- **Star-gazy pie** – A picture of this Cornish fish pie made a lasting impression on Chinese millennials.

Whilst the dish is not a common one in the UK, it was popularized on social media, with its distinctive image, and now represents the spirit of British food. (If you do not know what it is, do Google it! The beautiful and descriptive name does not do the dish justice, with dead fish sticking up out of the pastry and staring at the sky. It is not something you forget once you see it). As strange as it sounds, the dish speaks to the curious nature of British food for many Chinese, especially when they step into a Chinese restaurant in the UK for the first time.

The moment they step inside, it is as if they have turned back the clock. Such restaurant décor can only be seen in old fashioned movies. And when the menu arrives, that is an even bigger shock! As they stare at the Chinese menu, no Chinese can work out what this food actually is. How on earth have we never heard of any of these dishes in China? And what is a fortune cookie anyway? This highlights a contrast: good food in Britain is a privilege which often comes at a price, whereas access to good food is a right in China and has nothing to do with price.

- **Male friendship** – A fun and very fond term, Fu Guo (Bromance nation), was coined to refer to an unapologetically close relationship between two guys. This was popularized by some British shows that feature two male characters, such as Sherlock, with Benedict Cumberbatch as Holmes and Martin Freeman as Watson. Rowan Pelling from The Telegraph points out that “only in Britain could the resolutely non-smouldering Merlin, Doctor Who, and Sherlock Holmes become national sex symbols.”

### **The impact of rapid change in China on how Chinese see slowly-changing Britain.**

Secondly, the speed of change in China means that the Chinese and British are at opposite ends of the spectrum when it comes to experiencing change. The UK was one of the first countries in the world to industrialise and develop, so how is it regarded by a country that has been going through nothing but rapid transition for the past 40 years? Essentially, the Chinese view Britain somewhat in the same way that Generation Z (aka teenagers) view the Boomer generation (aka “old people”).





- **Lack of ambition?**

According to Kate Fox, an anthropologist, the top hobbies of the British are DIY and gardening. In the eyes of the Chinese, these hobbies are very ordinary. They are perceived as showing a lack of ambition and are only something that retired people would do. Acceptable “hobbies” in China would be to work on one’s own wealth creation, even better if this means working on an idea for a business that you can take public one day. It is common for young Chinese to have a second gig – a popular one these days is being an influencer on TikTok or such like. China is extremely commercial, entrepreneurial and competitive. Who has time to garden? It remains an intriguing observation.

- **Demographically “older”.**

In China, you do not see many 60 and 70 year olds around unless it is in an area where they tend to socialise such as in a park for exercise or looking after their grandchildren.

So the fact that in the UK the over-60s just go about having their own lives is quite a contrast. In the UK, the older generation also tend to be the ones with the most wealth, whereas in China it will be the opposite.

The younger generation have the spending power, and also know how to spend it much better than the older generation.

- **A lot less status anxiety.**

Only in the UK can people who look entirely ordinary and working class appear on TV. In China, just as in the US, the look would be entirely aspirational. It is very interesting to see that, whilst class plays an important role in British society, people within each class seem to be relatively secure about where they come from. This could not be further from the truth in China. If you are a Chinese millennial, you are most definitely a single child thanks to the one child policy. Your entire life has been filled with the unfulfilled dreams of your parents, the expectation to do well (since you are the only child), and the comparison with other children based on the gold standard of exam results.

This comparison continues after leaving school and turns then to salary, size of house, then the salary of the spouse, and then the comparison of the children. Another cycle begins. Because China has transitioned so rapidly from one of the poorest countries to where it is now, everyone knows someone who has transformed their lives from being poor to being wealthy. But what does it mean when you have money? No one knows, so they look at the British who have been rich the longest. The new elites are obsessed with getting their children accessorized by what they think a British boarding school offers. Thirty years ago, it was playing the piano that was a luxury. Now it is all about knowing what to do with horses.

- **A high sense of security**

A high sense of security is one of the key reasons why Chinese choose to live in Britain. There is easy access to resources. Everything is highly institutionalised and there are always procedures and instructions in place. People can enjoy living entirely ordinary lives without feeling the pressure to be successful, which evidentially is the only way to live in China.

The Chinese see British people as sensible and mature. They make a lot less fuss about things, often because they have seen similar things before, and they are much more secure in their social status and identities.

There is also high trust among people. This is a contrast to China, where things can be highly opportunistic in nature, coupled with the intense competition from a 1.4 billion population. Trust among people is relatively low. By the same token, trust in government is high in China. This is partly driven by the mentality that people hope the government can sort things out for them, almost like a parent.

### **And why do perceptions matter?**

Perhaps, in closing, it is worth highlighting why Chinese views of the British matter:

- Not least because of China's significance in the world.
- Whilst Chinese understanding of the UK may be superficial, the Chinese often know more about the UK than the British do about China - which potentially puts the UK at a disadvantage.
- An understanding of perceptions, right or wrong, forms an important foundation for more productive dialogue.
- The similarities uncovered between the young generations of China and Britain provide further fertile ground for mutual understanding.

## **About the Author**

*Lin is one of the HERoes 100 Women Future Leaders List 2020. She is recognised as a top 5 Future Leaders for Financial Time's HERoes Women Role Model in 2019. She won the EMpower Ethnic Minority 50 Future Leaders in 2019, the most inspirational women in the City of London by Brummell in 2018 and the Chinese Business Leaders Awards in 2016. She's currently the President of the Rising Network in London and works as an Executive Director at Goldman Sachs Asset Management in London UK.*

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