

Energetic, constructive engagement

By **SIR WILLIAM EHRMAN KCMG**

BRITISH AMBASSADOR TO THE PEOPLE'S REPUBLIC OF CHINA



WILLIAM EHRMAN joined the British Diplomatic Service in 1973 after graduating from Cambridge University. He was posted to Beijing from 1976-78 and served in the UK Mission to United Nations before returning to Beijing in 1983. He was Political Adviser to the Governor of Hong Kong from 1989-93 and has been Principal Private Secretary to three British Foreign Secretaries. He has been Director for International Security, Director General for Defence and Intelligence and Chairman of the Joint Intelligence Committee, prior to his appointment as Ambassador to China.

Festivities marking the 60th anniversary of The Founding of the People's Republic of China

What a distance China has travelled since Chairman Mao declared 60 years ago, at the founding of the People's Republic, that the Chinese people had stood up. Today, while still a developing country, China is also a global power – the world's third (maybe soon second) largest economy, its second largest (maybe this year largest) exporter, with the world's largest foreign exchange reserves. Yet, reminding us why it is still a developing country, with only around the world's 100th largest per capita GDP. People often compare China and India. One economic comparison is worth highlighting. In 1978, the year China's reform and opening up started, each country accounted for 1 per cent of world GDP. Last year the figure for China had risen to 6.85 per cent, three times India's.

The UK's policy towards China is one of constructive engagement. That does not mean that we bury our differences, for example on issues of human rights. We don't. What it does mean is that there are few areas of life these days which do not have a China angle and over recent years we have sought to broaden and



deepen our interaction in every field with the country David Miliband has described as the 21st century's 'indispensable' power. That is apt: China's policies are critical to reviving the world's economy on a sustainable basis, to preventing catastrophic climate change, to liberalising world trade and investment, and for ensuring effective multilateral approaches to conflict prevention and resolution.

A notable example of working productively together was in the run-up to the G20 Summit in London in April. China played a constructive role at this meeting, and subsequently announced that it was prepared to purchase US\$50 billion of IMF bonds, a move welcomed by the Prime Minister. An agreement between China and the IMF to give effect to this has now been reached.

In our Economic and Financial Dialogue in May, the Chancellor of the Exchequer and Vice-Premier Wang Qishan agreed an extensive programme of financial services collaboration, including exchanges on financial regulation and on the development of the Chinese bond market. This work together on economic reform is of long-term significance.

The UK is the largest EU investor in China and the largest recipient of Chinese investment in the EU. Trade this year is tough, but UK exports of goods for the first half of the year were down by just 6.8 per cent, the smallest fall in exports to any of the UK's top 10 markets. That's not bad if we recall that our export of goods rose by 31 per cent last year. Indeed exports of goods and services combined grew by 40 per cent. China is today our largest market outside the US and EU, having overtaken Japan in 2007.

Understanding each other better is crucial for a healthy long-term relationship, which is why I welcome the strength of ties in the educational sector. There are now 85,000 Chinese students in the UK, 17,500 of whom are from Hong Kong, and last year there were almost 3,200 British students in China. The rise in the number of British students here in recent years is especially encouraging. They are now, proportionate to size of population, as numerous as Chinese mainland students in Britain. And 500 of our secondary schools now offer Chinese as a subject. Another important field of cooperation is science. Last year Chinese scientists co-authored and published over 3,000 research papers with British scientists, second only to the number of

Sino-US joint research papers published.

We have been developing cooperation with China on climate change, being involved with the work which led to the establishment of its first low carbon zone, in Jilin, leading the first phase of the work being undertaken by the EU to construct a demonstration carbon capture and storage power plant, and with British institutions financing 40 per cent of China's Clean Development Mechanism projects. We want to continue to work closely with China so that its emissions peak and then start to decline as soon as possible. Developing a low carbon economy, the goal set by President Hu in June 2008, is fully consistent with economic development generally.

China's role on international hot spot issues is important, in the six-party talks on the DPRK nuclear programme, in the E3+3 talks on the Iran nuclear programme, and in the Security Council and other international fora on Sudan, Burma and other complex questions. It contributes sizeable numbers of

UN peacekeeping forces, which we welcome. We have developed our dialogue with China over recent years on all these issues, and on generic counter-proliferation matters. As two P5 members, we both want to ensure that the next NPT Review Conference is a success. More widely, we should both work as responsible members of the international community on security and foreign policy issues.

This interaction contrasts markedly with the situation when I first worked in China in 1976. Then it was a largely closed country. There were 15 British students here and no mainland students in the UK. Businessmen visited but were not resident. The total number of British citizens living in China, largely the Embassy and the students, amounted to a few dozen at most. We had no Consulates. There were hardly any tourists. China today is a world apart from those days. Its further development will make a big impact on future generations of British people. That is why the policy of energetic and constructive engagement has to be right.

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