In Conversation with Sherard Cowper-Coles

Tuesday 2 February, 10am

This transcript is lightly edited for clarity.

Tom Tugendhat
Well, I have already given you a pretty strong introduction and explained your history in the Foreign Office and your work in Israel, Saudi, and of course, Afghanistan, where we worked together. And your now role with not just HSBC, but also the China-British Business Council, two distinct roles in trying to help businesses understand the competing interests of two different forms of government and trying to square a circle, which some people find very difficult. And I was wondering if you'd perhaps like to start us off with a sort of five minutes from your perspective as to how you see the relationship, and particularly for business?

Sherard Cowper-Coles
Yeah. Okay, Tom. Well, thank you very much, and apologize to everyone for keeping them waiting. I don’t know what happened. Absolute sod's law. And I'm very sorry. And I also wanted, Tom, to pay tribute to you and the role that the CRG has played in bringing policy towards China to the front of public debate, and also raising the level of understanding about China.

And China matters. As you know, more than anybody else. It accounts for about 15% of GDP. It's the second superpower last year in its economy and grew by about the size of Nigeria's. And if the IMF is right, it'll grow this year, adding to the world economy an economy the size of Spain's. So it's very, very important. And it's very important, as you and Neil, who founded the CRG, have often said that policy towards China is based on evidence, evidence about politics, about human rights, about security, but also about the economy, not on emotion. And our policy in the view of the CBBC should be based on a clear-eyed calculation of what is in the British national interest, not anybody else's national interest. So, like you, we think we need post-COVID post-Brexit a comprehensive China strategy that protects our vital national security interests, that promotes British values, but also delivers for Britain post-COVID, Post-Brexit, the benefits of a sensible and balanced commercial engagement with a vast and growing economy with a middle class of 800 million people.

And that's where CBBC comes in. We were founded 65 years ago, we've got 500 members across the UK, 11 representatives across the UK, 11 offices across China. And so we're a member organization, who are pro-Britain, pro-business and pro-engagement. And we believe in engagement with China, which after the EU and the US is now Britain's third largest economic partner. Now, four strands to that relationship: exports, which are growing rapidly. They were up 30% in 2019. And even in the first 11 months of last year, they grew by 9%. And the deficit in exports, which reached its peak in 2016 in the flow of goods, is now narrowing rapidly. And that's everything from JCB to Jaguar Land Rover, Burberry, to BP, Rolls Royce to Rio Tinto, Peppa Pig to the Premier League. And then literally hundreds of SMEs all across the UK are now using the internet to export directly into the China market,
leapfrogging over the logistical problems. We've then got services; £5 billion worth of British services exported to China in 2019 with a surplus of 2.8 million.

Investment: Britain attracts more investment than the rest of Europe put together, big flows, but the total stock of Chinese investment in the UK is still tiny, under 2 billion pounds, compared with $500 billion for US investment and north of 110 billion for Japanese investment. So Chinese investment is there, but it's not true that the Chinese own everything. And then something that of course disappeared with COVID is tourism, but very important. 880,000 Chinese tourists visited Britain in 2019. And amazingly, spending more per capita than my old friends, the Saudis. And then as you've pointed out in the CRG, about 120,000 Chinese students spread all around the UK, in all sorts of different higher education institutions - a very important part of the local economy, not just the tuition fees, but also the corner shops, in the places where students live.

So it's jobs for Britain. It's also technologies, many of the technologies we need in the 21st century, for better or worse, are now Chinese, whether it's batteries, whether it's high speed rail, autonomous mobility, FinTech, mobile payments, we need that technology. I was talking the other day to an engineer on a big British infrastructure project. And he was saying, rather, sadly, that his engineers were learning far more from the three Chinese civil engineers on the project, when they were learning from us, they have got advanced techniques for building bridges and laying roads, which we're learning now from China. The boot is on the other foot.

So, we're not naive about China. It's not El Dorado, the playing field is far from level, market access is improving but far from perfect. Intellectual property protection is better. There were 400,000 cases in front of Chinese courts last year. But there's a long way to go. But equally, we mustn't be the sort of persistent China bears. I remember one in the 1990s telling me that China's economy was smaller than Belgium's. And it was going to stay that way. We need to have the kind of evidence-based approach to China that you've advocated so powerfully, Tom, with the CRG. And what business needs from government - and what I know you understand - is clarity and consistency and predictability. So that's why we've welcomed the clarity in the National Security and Investment Bill. It's entirely right that we should protect our critical national infrastructure in the way they set out in that bill. That's why we put in evidence to the Integrated Review, calling for a strategy towards China that protects our national security, but also promotes our national interests. So we should have the confidence in our view, to engage on our own terms, and always in our own interests.

And we look at what the Americans are doing. I mean, tough rhetoric, of course. But the American financial services industry is absolutely cleaning up in China, while we're struggling to get an economic and financial dialogue arranged struggling to get the joint economic and trade committee to meet. The big Chinese banks, the big, the big American banks, the big American investment houses are making huge progress in the China market. And that's what we'd like to see. And I think, Tom, you know, we're in danger of agreeing, because I think that's also in what I've read of what you've written and said, that's what the CRG stands for: balanced engagement that is vigilant, but also seizes advantages for the working people of Britain.
Tom Tugendhat
Well, thank you very much indeed, Sherard. And it's it's, as I said, it's a delight to have an old friend on here with us. And as you know, the the CRG doesn't have opinions. I have opinions. And Neil has.
Yeah, others have opinions. And sometimes those opinions align, but they don't always and the CRG is just really intended to help share information. We're not a lobbying organization in that sense. And so it's very welcome to hear your views.

We do know that there are areas where we struggle to align. And you know, it's not going to come as any surprise to you that I'm going to talk about human rights. And we've seen this in Hong Kong, with the removal of banking services, for example, from Mr Hui. We've seen this Xinjiang with accusations, pretty well sourced, frankly, and indeed pretty well evidenced by organizations like Bellingcat of human rights abuses and slavery in the cotton fields, and indeed, in some factories, with Uyghur Muslims being treated appallingly. So we do have a challenge here. We're not just dealing with another large economy. This isn't simply engagement with for example, the United States with whose rules may or may not align to our interests. This is engagement with a country that has a very different value set. How do you see that engagement going forward? How do you see that balance that companies have to make?

Sherard Cowper-Coles
Well, it's extremely difficult Tom, I spent four years as Ambassador to Saudi Arabia, another large and important economy, which also is alleged to have human rights challenges of its own. And what a grown up country does is engage on political issues, engage on security issues, and also addresses the human rights issues. And we address them squarely as Foreign Secretary has done on his statement on Xinjiang. So the day after he made the statement in the house, our Chief Executive wrote to all our members, drawing attention to what the Foreign Secretary has said, saying that we expected our members to follow those guidelines. The Department for International Trade, as they elaborate there's dialogue, those guidelines, so I mean, business mustn't be naive about it.

If we found that one of our members was knowingly using forced labour in its supply chain, we wouldn't regard that as compatible with membership of the CBBC. But equally, we think business can do good by applying global standards, by educating our customers, educating everyone in both directions. So we don't think disengagement is the answer, but it's engagement with our eyes wide open. And I wouldn't disagree with you at all about the human rights challenges. But it's not unique. There are plenty of other large markets, where are our human rights challenges? And the difference in China, of course, is the scale of everything.

Tom Tugendhat
Well, indeed, and when you speak about the scale of everything, you're absolutely right. When you speak about the scale of everything, the reality is that we're seeing, unlike, as you rightly say, although there are other countries in the world with the human rights challenges and very significant ones, they don't - because they're smaller - set the norm for much of the world, and therefore they don't have the same impact. Now, I appreciate that this may be unfair towards China, that we're treating her differently. But the reality is, she is different. She is either the second or probably now already the largest economy in the world. And therefore the impact of slave goods on the markets, for example, are
much greater than if there is slavery, which we strongly suspect there is in some other parts of the world, but it's a much more local issue. So these challenges do raise different questions. And they do set different norms as VW found out with that interview with the BBC only the other day. So how do you see the UK, not just the UK alone, but the UK along with partners, talking to China to set regulatory norms so that we don't find allowing norms to spread, which we see as not just wrong - as in a moral sense - but also fundamentally undermining businesses in the UK and in free countries.

I'm afraid you're silenced, which is a very unusual phenomenon.

**Sherard Cowper-Coles**

You know, the question you raise is entirely legitimate. But it's a question for those who set policy, it's something I'd like to see addressed in the Integrated Review. My job at the CBBC is to represent my members, not to have an overall policy on China, to make sure that they're able to export where they can secure the investment, where they can attract the students, the tourists where they can, but subject to guidelines set down by Parliament, by ministers. As the Foreign Secretary has said repeatedly, we need a broadband relationship with China, which has all these different strands in it. And my strand is the business strand, and it shouldn't be completely insulated by the need for a dialogue on human rights, but equally, it shouldn't be completely dominated by that. And I don't think you're advocating breaking off economic relations with China because of the human rights concerns. You're just advocating that we're aware of them and that we wouldn't disagree with.

**Tom Tugendhat**

My last question is about the prospect of a trade deal, because we've recently seen the European Union signing an agreement, the Comprehensive Agreement on Investment that hasn't yet been approved by the European Parliament, but was recently signed by the European Commission. And we've seen the United States - a number of years ago, to be fair - but signing a similar deal on investment that, as you rightly say, has seen companies like JP Morgan and Goldman Sachs, enter the Chinese domestic investment market on pensions and things like that. How do you see a UK trade deal going forward? And what do you think, are the conditions or the elements that we will be able to offer? And how we'll be able to guarantee our own interest as we do so?

**Sherard Cowper-Coles**

Well, Tom, that's a very good question. I mean, we recognize the political realities in London. And at the other end, this isn't likely to happen soon. And it isn't a priority for the present government, they've got many more interesting priorities for trade deals in prospect. All I would say is that there's plenty of rich rewards to be harvested on the route to a trade deal. So every year when we've had an economic and financial dialogue with China, we've managed to push the market open a bit wider for British firms. Every year when the joint economic and trade commission meet, we're able to make progress. And Caroline Wilson in Beijing, the excellent John Edwards, the Trade Commissioner for China, every day, they are engaged in the business of levelling the playing field, opening the market, promoting the commercial relationship. And so you know, they've been little things, it's the British pork products and now able to be sold in China, as a result of a visit by Chinese inspectors to the UK. There are plenty of small gains to be made on the way so I wouldn't get obsessed by the prospect of a trade deal. I'd have
it there as an objective, but try to make progress on all sorts of different aspects of the relationship in the meantime - but always, always in the interests of British jobs, and the British economy.

Flick Drummond MP
Thank you very much, Sherard. It's just lovely to hear you and to see you as well. I was just going to ask about the impact of the Huawei decision on business generally, and whether that had an effect on other businesses as well. And in fact, going on in the future, too, is that made them a bit more wary about dealing with us?

Sherard Cowper-Coles
Yes, I think the Huawei decision has been taken, we need to move forward. BT and Vodafone have pointed out the consequences for the UK economy in terms of costs and delay in the rollout of 5G. The British government reversed its security assessment for reasons which it knows best, we now need to move on. But I have to say that Chinese investors, Chinese business people operating in this country are worried about what they see as the rise in anti-Chinese feeling. Some of it no doubt associated with the pandemic and the sense that this was all China's fault. But, you know, they have felt, in Parliament, in the media - and, you know, I talk every week to the chair of the Chinese Chamber of Commerce in London, who I'm rather ashamed to say, I'm president of the Jane Austen society but he read English literature at Beijing University and knows far more about Jane Austen than I do. But he's a very, very good man and his members are reporting in London - some of it is no doubt imagined, some of it is sort of exaggerated by emails, but a sense of rising anti-China feeling which frightens them and their families. So the Huawei decision is behind us, we now need to look forward. But we must bear in mind that words by ministers, Members of Parliament, politicians, if we're trying to build confidence, they can have consequences. Very good to see a flick.

Flick Drummond MP
Thank you. That was very, very helpful, because I just wanted to know about the impact on other businesses in particular, because that decision has been made. If you just go to any university town now you can see the difference between those pro-China and the anti-Chinese students. And that was very marked when we were at Party conference, I think it was in Manchester where there were two lots of protests on either side. About two years ago now. So it's quite interesting watching how it has been changing and the anti-Chinese sentiment here, but how do we deal with it? It's going to be the next issue with the human rights.

Sherard Cowper-Coles
It won't be the first or last time that British university campuses have been a cockpit for battles between different factions in disputes around the world in Israel and Palestine or Kashmir, or whatever it may be. It's part of the price or the reward of being an open society and an open economy.

Tom Tugendhat
Thank you very much. Shashank. Do you want to come in?

Shashank Joshi (The Economist)
Thanks for a very good discussion. I wanted to ask the defence question, perhaps unsurprisingly, given my job. I'm very interested in the question of military civil fusion, which is a term that is obviously, very, very intensely discussed in US circles, this concern about the very high degree of integration between the Chinese state and the PLA on the one hand, and the private sector, on the other hand, and the degree to which this is growing as part of a strategic plan initiated by the government. And how far does this complicate business ties, particularly in strategic areas involving technology that would otherwise be innocuous for other countries, but may inadvertently contribute to expanding PLA capabilities in ways that may not affect us gravely, but would certainly be seen as troublesome by our principal allies?

**Sherard Cowper-Coles**

Well, a very good question, which I'm not entirely qualified to answer Shashank. It's obviously for the advanced manufacturers, companies like Rolls Royce, something they have to bear in mind, they're subject to their own regimes. I'm a membership organization, you know, I represent my members. And this is an issue which is dealt with, firm-by-firm, sector-by-sector, they're obviously very sensitive sectors identified by the British government. I would just point out that China is not the only country, nor is Britain, where the civil sector has benefitted from the military sector. Indeed, the Internet is part of the fruits of the investment by the Pentagon, in such connections in the US. So it is a complicated subject, as you know better than anybody Shashank.

**Stu Woo (Wall Street Journal)**

I have a follow up to a previous question, which is that the Chinese Foreign Ministry and state media suggested that Beijing might retaliate against UK businesses that do business in China after the Huawei ban. What effects have you seen since the foreign ministry and state media raised these threats?

**Sherard Cowper-Coles**

Well, our members haven't reported any such retaliation. And we wouldn't necessarily know - we know only what our members report to us, but we're not aware of any such retaliation. And of course, it's not a ban on Huawei, it's changing the conditions in which Huawei can supply equipment to the United Kingdom.

**Stu Woo (WSJ)**

As a follow up to that, I noticed that the day the Huawei rules were announced last summer, the CBBC put out a statement saying it was disappointed in that, in that engagement with China is better than the not. I noticed that there's a similar dance happening in Sweden to where the CEO of Ericsson has been protesting the Swedish decision to block Huawei from 5G networks. So I wanted to ask, what kind of signals does industry anywhere, whether it's in Britain or Sweden? Is there an expectation that business has to send a signal to Beijing that, hey, this wasn't our decision, and that we're open to business?

**Sherard Cowper-Coles**

No, that that really wasn't a factor. I mean, this was a statement saying exactly what it said - that we were disappointed because we had been told by the British government that the security concerns which, entirely properly they had, had been addressed. And then that assessment changed. And it
wasn't entirely clear the circumstances in which that assessment changed. And there was no doubt that it did damage confidence. But Stu, that's not a decision we want to revisit. It's been taken, we've moved on. And, you know, the Chinese commitment to the UK is remarkably robust, and that's something to be welcomed. And we've now got the National Security and Investment bill soon to be enacted. And it's setting the framework in which such investment can be regulated. And that is, that clarity is something that the CBBC welcomes. I'm not going to speculate on behalf of the Chinese government about retaliation, which hasn't happened.

**Edward Lucas**
Hello Sherard, greetings from SW10. So my question is about the difficulty of doing business in a quasi-totalitarian state, where you have the duty on the Chinese Communist Party members to swear an oath to give the party their full allegiance, and also under the Chinese national security law, all Chinese systems have to provide help on hesitatingly and in total secrecy, if asked. And so how can a global bank like HSBC protect its customer data outside China, when there's a slice of its employees who are under this draconian obligation to help the Chinese authorities. And we do know that the Chinese authorities are hoovering up huge quantities of personal data about finance and everything else, all over the world. And banks are absolutely key vector for this. What can you do to stop it happening?

**Sherard Cowper-Coles**
Well, I'm here as CBBC Chair to represent my members. The Group Chief Executive of HSBC, Noel Quinn, and our group Chief Compliance Officer, were grilled by Tom and his committee last week and answered very similar questions, and I'm not going to address them today. I would point out that the Communist Party has 90 million members. It's a large and diverse organization. And, I can understand why some people in the West worry excessively, or at all about what the rules say, but I would be as pragmatic as you possibly can. And, you know, try to look through what the rules say, to what is actually happening. And the experience of CBBC members is that, despite what you say about the rules of the Communist Party, with 90 million members, it is possible to do business very successfully in China on our terms, as I made clear in the beginning and British business is doing exceptionally well in China at the moment.

**Finnbar Bermingham (SCMP)**
Thank you, Tom. And thanks to everybody for the very interesting conversation. And I just wanted to follow up on some of the questions, I guess that were that you mentioned were part of the select committee last week, in particular, the freezing of the assets. headway here.

**Sherard Cowper-Coles**
Finbarr that was covered by the select committee, I'm here to represent the members of CBBC, not revisit that issue here.

**Finnbar Bermingham (SCMP)**
Well, let me let me rephrase it slightly. For British businesses in Hong Kong or in China, you mentioned, obviously, that there are national security concerns, and there are huge business interests as well. But are there red lines? I mean, at which point, you sort of have to think perhaps the interests
of our customers supersede those of the authorities in any local area? I mean, where are those red lines in your view?

Sherard Cowper-Coles
Well, it varies from company to company and sector to sector. I used to be asked similar questions when I was ambassador in Saudi Arabia: what equipment do you supply, to whom, when, for what purpose? There are British rules. There's a very strict British Arms Export Control Regime, which I worked on in the Foreign Office. It varies, of course, there are red lines, but you know, it's for companies operating within the rules to their global standards. And it's impossible to give a sort of generic across the board answer to a question like that. But, you know, we're proud that our members do have standards, we expect them to obey the law in every territory in which they operate. And I would say that, you know, we should be proud in Britain of our global reach, Global Britain. But if we're going to export to countries other than the Netherlands, and Sweden and Denmark, and possibly New Zealand, and Australia and Canada, we are going to be operating in countries where, you know, the human rights or other situation is less than ideal. And we have to make a judgment about whether economic engagement is in our interests on our terms. Or whether it's better, and it may well be in some extreme cases for us, just to disengage and decouple and keep ourselves poor, but pure.

Finnbar Bermingham (SCMP)
Sure. With that in mind, you mentioned obviously there are differences between Western European countries and then engaging in far-flung parts of the world. Is Hong Kong falling into that category where things are changing so fast that the categorization in the mind of a businessman is changing?

Sherard Cowper-Coles
Finbar, a nice try, but I'm not here to comment on Hong Kong. I'm here as chair of the China-Britain Business Council. I'm not going to speculate about where Hong Kong is or isn't on such a spectrum. But thank you for asking anyway.

Tom Tugendhat
May I ask you a question? You quite rightly talk about the ability to do business in difficult places. And the problem that businesses have, and that China isn't alone in local regulations and so on. China is not unique on this. But one of the great strengths of Hong Kong in the past has been the absolute certainty that the rule of law in Hong Kong has been, frankly, seen as gold plated. The Chinese rule of law has not been for different reasons. It runs as we know, two court systems, one for the Communist Party and one for everybody else. And that has caused problems for businesses. Are your members beginning to talk differently about how they see Hong Kong, or are they seeing it more as part of China, or are they seeing it easier to do business in China because actually, the extension of Hong Kong jurisdiction into mainland China is growing?

Sherard Cowper-Coles
Very, very good question, Tom. It's not one that we've addressed collectively. I mean we've got a board meeting later this week of CBBC. And that may well come up. We're always briefed by the Foreign Office and by the Department of International Trade at those meetings on how they see the situation. But with 500 members, ranging from BP to a SME women's footwear manufacturer in the West
Midlands, they don’t all have a collective view and the levels of knowledge are different. And many of our smaller exporters, as I said, are now doing so over the internet - leapfrogging through time and space to send their products to an increasingly sophisticated Chinese consumer, who seems incredibly fond of Scottish whiskey, Scotch whiskey, smoked salmon, shortbread - all the products that Britain's consumer goods industry does well.

Tom Tugendhat
Well, no doubt, that we're all delighted that those have strong export markets but what jurisdictions do your businesses tend to use for dispute resolution? Presumably, the BPs of this world have to use local jurisdictions. But do the others use Hong Kong or the courts of England or Wales? Or is that not something that has come up?

Sherard Cowper-Coles
It's not something that's come up, it's something we should look into. We have got an intellectual property team in Beijing that helps our members protect their intellectual property that helps them resolve disputes. But I haven't actually polled them to see under which law the contracts are signed. And as I would say, if I were appearing in front of you, as a committee chair, I'd write to you on that question, because I don't have an answer. And we'd have to do quite a lot of work to ask our 500 members exactly how they, under what law, they did resolve these disputes.

Tom Tugendhat
Personally, I'd be interested. So forgive me, if I was the chair again. I'd be delighted, if you would remember that.

Sherard Cowper-Coles
We'll see what we can do.

Annabelle Timsit (Quartz)
You mentioned that you hope that in the coming weeks, those who set policy in the UK Government will come up with a concrete China strategy as part of the Integrated Review. And I wonder from your perspective, as a former diplomat and representing the interests of your members, what should be in that China policy? Or put another way, if you were in charge, what would be the UK's approach to China?

Sherard Cowper-Coles
Well, Annabelle, I'm not in charge. But it's very nice for you to ask. People like Tom should be and are in charge and are making an input. When the CBBC’s evidence to the Integrated Review is published, you will see that we want a consistent policy. It is predictability, consistency, but it also wants a policy that protects our national security, that promotes our values, and then gives us the access to export markets, to investment, to markets for British education, for British tourism that our economy needs and deserves. So it's a multi-strand balanced policy of the kind that I know Tom has called for. And the CBBC would agree 100% with Tom, a grown-up country has a broadband policy towards a giant like China, an economic superpower, a security and political superpower, probably as well, that embraces all these different elements in the relationship.
Isabel Hilton (ChinaDialogue)
I'm interested in picking up on some of the issues on rule of law that have come up in the discussion. And I wondered if there had been any rise in concern amongst your members over personal security in China, of non-Chinese citizens. There have been so many cases in recent times when the authorities appear to be pursuing other objectives through detention of citizens, through the application of laws, which certainly seem fuzzy and legal procedures which don't meet international standards. I have been going to China for decades and had never previously had to reflect on personal security, but I certainly do now and of my staff in China. I wondered if your members had raised these concerns in the light of - the Canadian case is an obvious one. But there are other cases like Richard O'Halloran, the Irish businessman who's been in China for two years and can't get home. Does this come up for your members? And if so, what what can you as an organisation have done?

Sherard Cowper-Coles
If I understood your question, it was whether our members were reporting increased concern about their personal security in China. I'm not aware of any such reports. I can't comment one way or the other, but we haven't had such reports. nor have we had such reports from our network of 11 offices across China. But so I can't really comment, I don't have the evidence base to say one way or the other. But I can say that British exports to China are booming. Britain's business with China is going very well, within the guide rails rightly set up by the British government.

Isabel Hilton (ChinaDialogue)
May I just follow up quickly, if your members haven't hadn't expressed concern about the recent cases, it is something as an organization that you are noting on their behalf. And if so, if you have a view.

Sherard Cowper-Coles
If we detected any barrier to business, it's something of course, we would raise with the Chinese authorities. But we haven't detected; it's something I will now discuss with the team that you raised it, it wasn't - perhaps it should have been - it wasn't actually on my radar screen. And, you know, we're there to promote the economic relationship between Britain and China. Anything that impedes that we would obviously be concerned about anything which illegitimately impeded it. Thank you.

Stewart Paterson
Thank you. My question is really about the vulnerability of financial services firms, through cross border lending. According to the Bank of International Settlements, UK banks have about $600 billion of assets in Hong Kong, and Mainland China, that's sort of a 400/200 split. Now, if those assets in mainland China were to become severely impaired as a result of either some geopolitical action, or some economic fallout, and just wondering what the propensity is for that backfire on the UK taxpayer, and the UK economy, if those Mainland China assets are funded via liabilities from the UK. And I wondered if you could give us some colour on the mechanisms by which deeper financial engagement with China could backfire on the UK?

Sherard Cowper-Coles
Well, you know, deeper engagement with the world carries risks. And it's obviously something that risk management functions in banks around the world look at. The stock of British investment in China; the last numbers I saw were about £16 billion worth of British investment in China, but most of it not in financial services - that's about more than double the level of Chinese investment in the UK. Obviously, if we get into some sort of geopolitical crisis, which I devoutly hope we don't, then our assets overseas, are at risk, just as China's assets in the UK would be at risk. I hope we can avoid that, I hope, this sort of engagement, a balanced China's strategy in which there's an adult dialogue between governments about issues of mutual concern can avoid that. And I think it's neither probable nor likely, but it's right to be aware of the point that you've raised, but it's part of a much wider picture and that's why the Prime Minister the Foreign Secretary, have all called for what the Prime Minister calls a 'modern and mature' relationship with China, which I hope won't get to the point where our investments in China are at risk, or theirs here.

**Stewart Paterson**  
Sorry, may I just clarify? I think that the 16 billion you mentioned, of course, is foreign direct investment from the UK, by private companies. That's their private risk capital, they might lose it, they might not. What I'm referring to here is the assets of banks. Which is arguably guaranteed by the taxpayer.

**Sherard Cowper-Coles**  
Yeah. But that's a matter for government policy in the UK.

**Tom Tugendhat**  
Okay, well, look, it's we've got just a couple of moments left before we close. So I just wanted to thank Sherard enormously for coming and speaking to us this morning. It's always useful to have perspectives like his that focus on different aspects of the relationship than many of our other guests. And we're going to be looking to have different speakers as well speaking about China's economic rise and the different factors underpinning it, and perhaps - according to some - undermining it.

So I'd be very grateful if people who are watching and people who subscribe to our newsletter wanted to get in touch and suggest people who we should have as commentators. I know that not everybody agrees with the tone that I take, which is perfectly reasonable - as in it is perfectly reasonable to disagree with me. And you are very welcome to suggest other people. As you see, we are very, very welcome to having other views. Sherard is one but there are many others. And I would be very, very grateful for suggestions. We do have a very impressive pattern of work going forward. So I'm looking forward to people joining us again.

Now, please don't forget, in two weeks time, 10am on a Tuesday the 16th we have Rana Mitter, who is an exceptional academic and thinker on not just China, but also India's relationship with China. So please do join us then. Now it just leaves me to say thank you very, very much to Sherard. I'm hugely grateful for his insights. More importantly, I'm hugely grateful for his friendship over about 10 years or so. But look, it's been fantastic to have you with us making your case as always with passion and persuasion. And I am delighted that you have your role and CBBC and that we are able to have a robust dialogue as to what people should be looking out for and how to approach things. So thank you very much indeed.
Sherard Cowper-Coles
Thank you, Tom, very much indeed for listening so patiently. Intelligent, enlightened engagement in the British interest.

Tom Tugendhat
Thank you. Bye Bye, everyone.