**Annual Report on Development of the United Kingdom**

**(2017-2018)**

**Abstract**

More than two years after the Brexit referendum, its influence has loomed large upon the nation’s politics, economy, society as well as foreign relations. The UK is now facing both opportunities and challenges in several aspects in the transformations of the state. In June 2017, the Conservative Party lost its majority in the Parliament in the snap general election, forming a minority government only under the support of the DUP, which has intensified the instability and uncertainty in British politics.

As the top priority for the Conservative Party, the Brexit negotiation has developed in twists and turns, where uncertainties lie beneath certain progress. The May government released its Brexit White Paper on 12 July, 2018, raising a compromised plan close to the vision of soft Brexiteers. However, doubts and obstacles still remain both in the UK and within the EU. Currently, the two sides hope to reach some kind of compromise through a vague deal, thus accomplishing the negotiation before December 2018 and bringing about an orderly Brexit. Nevertheless, both sides have failed to come up with a way to avoid a hard border in Ireland. The outlook of a no-deal Brexit or a second referendum is still in sight.

On domestic politics，the UK has run into serious political crisis because of the ongoing Brexit debate, where politics has become more divisive and party politics more fragmented. Aside with a weakening political consensus, the split emerge from within not only the ruling Tories but also other political parties, as well as among different parties and factions. That the various stances that exist among parties and factions on Brexit interact with the differences in traditional party ideology has rendered the political arena more complex and intricate. Besides, the separatist movements in Northern Ireland and Scotland have been strengthened by the current political crisis, which adumbrates greater danger of a divided nation.

In terms of the economy, economic growth remains sluggish due to Brexit’s negative effects. Although last year did not see a serious decline in British economic growth, pressure has increased. The uncertainties which go hand in hand with Brexit has caused a lack of confidence among investors and consumers, which leads to a fall in economic growth, while the fiscal policy and monetary policy are facing a dilemma. London’s financial industry has also been affected to some extent. With regard to trade policy, the May government insists upon the tradition of free trade, hoping to reach a bespoke free trade agreement with the EU. By strengthening its trade cooperation with other major global economies, it hopes to expand its overseas market and offset the impacts of Brexit.

At the diplomatic sphere, May’s strategy for Global Britain continued to advance amidcontroversial debate, and it has achieved some accomplishments and encountered some setback as well. Sino-British relations have ushered in a enhanced version of the Golden Era. The political, economic, cultural, science and technology, and higher education exchanges between the two countries have generally improved. The cooperation in large projects under the framework of the Belt and Road Initiatives has also made substantial progress. Chinese companies break record on foreign direct investment in the UK and are forging with a strong growth momentum, especially in high technology industry. Britain actively promotes special relationship with the United States, yet Trump’s move towards protectionism and unilateralism conflicted with May’s Global Britain of liberalism and multilateralism, which put British government’s efforts in unprecedented challenges. Britain, as an active participant of global governance, strives to play an active role in global security, economy, development, and environment improvement.

On the security issues, Theresa May’s government, with relatively lesser impact from Brexit, still maintains close connections with its allies in defence and anti-terrorism. In the security cooperation with the EU, May clearly expressed her hope to establish the possibly deepest security partnership with the EU on defence and counter-terrorism, and reiterated its “unconditional” commitment to the European defence cooperation. Despite the twists and turns in the Anglo-American relationship, the security cooperation between the two countries is still close, underpinned by the UK’s meeting NATO guideline on military expenditure, joint military missions against Syria, increased troops in Afghanistan, as well as sanctions against Russia on the spy poisoned case. In the Asia-Pacific region, Britain has strengthened military cooperation with Japan and expressed its willingness to cruise the South China Sea, intending to return to the Asia-Pacific region.

At the social and cultural level, British social differences and consensus coexist, and the cultural and entertainment industry continues to develop steadily. Apart from the obvious divergent opinions among the publicon Brexit and immigration issues, consensus on social issues such as education, health care, public safety and personal freedom has grown**.** This is manifested in the major public support for the government to solve the shortage of public service funds through tax increases, totake tough measures against crime and terrorist attacks, as well as a more inclusive public attitude towards homosexuality and premarital sex. The British cultural and entertainment industry continues to grow steadily: the digital media industry and the film industry are booming, especially in the UK movie market, which has set a new record in the past year. The box office share of British films and the global box office of British films are the second highest in the 21st century.

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**Ⅰ Keynote Report**

**B.1 General Trends of the United Kingdom (2017-2018) in the Context of Brexit**

Research Team of “General Trends of the United Kingdom”

**Abstract:**Since July 2017, the Brexit process has been experiencing ups and downs. Theresa May’s administration has been softening its position of a “Hard Brexit”, seeking to compromise with the EU on Chequers plan. However, the final Brexit deal is still up in the air and the possibilities of a no-deal Brexit and a second EU referendum still exist. The complexity and uncertainty of Brexit have profoundly affected the development of the politics, economy and social reality in Britain: first of all, the divergence on Brexit weakens the original political and economic consensuses in the UK and forms new divisions on European issues. There are challenges and crises especially for British party politics, democratic governance and national unity. Moreover, though Britain is still a member of the EU, the uncertainty for a long time in the path to Brexit has gradually brought pressure on British economy. It retards the UK economic growth, negatively affects investment and employment and binds fiscal and monetary policies. Thirdly, the UK's international role and foreign policy are under the pressure to be adjusted. All in all, no matter whether these challenges and pressures are regarded as a short-term phenomenon in the Brexit process or as an inception of a long-term national transformation, they are closely related with the final outcome of Brexit and profoundly affects the future of Britain.

**Keywords:** Brexit; General Trends of the UK; Party Politics; Economy; Foreign Policy

**B.2 Trends in British Party Politics**

**Xia Tian**

**Abstract:** Brexit negotiations have remained one of the biggest issues in British party politics during 2017-2018. The Conservatives were seriously divided over Brexit. The unsatisfying handling of Brexit negotiations and the lackluster socio-economic policies have triggered an on-going fall in support for Theresa May and the government over the past year. Labour adopted a more ambitious and passive approach to Brexit negotiations to maintain its current popularity, while Corbyn's leadership has become relatively more stable, with his ideologies and policies being practiced in some of the constituencies Labour controls. During the protracted Brexit negotiations, party politics in the UK are likely to become more divided and fragmented, and the major parties on the left and right shall face the challenge of balancing the objectives of market liberalism, social justice and economic growth in the UK.

**Keywords**: Conservative Government; Labour Party; Party Politics; Brexit Negotiations

**B.3 Trends in British Economy**

**Yang Chenyu**

**Abstract:** Due to the uncertainty of “Brexit” and the drag of the international economic and trade environment, the overall economic growth of the UK is weak this year, which falls behind that of the EU. Specifically, the EU's high economic growth and the UK’s gradual economy decline are clearly differentiated. Coupled with the continued decline in the attractiveness of international investment, the inhibition of consumption on economic growth, occupation of monetary policy adjustment space by high inflation and high unemployment, the long-term negative effects of the “Brexit’” began to emerge. However, in the face of possible negative spillover effects of “Brexit”, flexible trade, monetary and fiscal policies may help to release economic vitality after the formal “Brexit”, leaving still huge space for Britain’s economic policy. The trajectory of “Brexit” remains uncertain at the moment. As the deadline for “Brexit” approaches, the game will become increasingly fierce.

**Keywords:** UK Economy; Economic Growth; Brexit Effect; Trade Policy; Monetary Policy

**B.4 Trends in British Foreign Policy**

**Xu Ruike**

**Abstract:** To rehabilitate the declining image and rebuild the national confidence of the UK, the concept of Global Britain was correspondingly put forward by May government. Since Brexit, the concept of Global Britain has been embedded into May government’s diplomatic strategy. In its fledging period, the concept of Global Britain inevitably bears criticism and doubts about its ambitious agenda. During July 2017 and June 2018, the policies formulated by May government exerted both positive and negative effects on the performance of Global Britain. In order to maintain a free and opening trade environment, the UK government endeavored to negotiate a tailored free trade agreement with the EU, the US and China. Hard border and Harsh immigrant policy were in effect undermining the global-friendly image of Britain. The government played a proactive and responsible role in global governance in terms of security, economic cooperation, foreign aid and environmental protection. The UK also intended to enhance close relations with the EU members and Anglosphere countries, and in the meantime it tried to build a new partnership with promising countries such as India.

**Keywords:** Global Britain; Brexit; Free Trade; Global Governance

**B.5 Analysis on China-UK Relationship: From “Natural Partner” to “Rules-based Partner”**

**Yang Fang**

**Abstract:** In 2017~2018, compared with the uncertainty of the Brexit and the complex variability of the international situation, the Sino-British cooperation developed relatively steadily in the “Golden Era”. Bilateral relations have been advancing in a pragmatic manner, and the exchanges in political, economic, cultural and scientific areas have improved on the whole, while substantial progress has been made in terms of cooperation on major projectsunder the “Belt and Road Initiative” framework. At the same period, the Brexit negotiations between the UK and the EU entered a “critical stage”, with the British government’s internal and external policies being adjusted accordingly, which has a certain impact on the outside world. In addition, on some issues such as “China and the rules-based international system”, “National security and infrastructure investment review” and “free navigation” in South China Sea, different voices in the UK exist, which have influenced May’s government’s China policy to some extent. In the near future, if Britain and the EU can reach a consensus, and Britain could “orderly” exit from the EU, as permanent members of the UN Security Council and two of the world’s major economies, China and Britain are expected to jointly build some kind of “Rules-based Partner”, to jointly uphold the international order and systems based on the purposes and principles of the UN Charter, and the multilateral trading system with the World Trade Organization (WTO) at its core. The upgrading of trade relations in the post-Brexit era will also be one of the priorities of the future development of Sino-British bilateral relations.

**Keywords:** China-UK Relations; Natural Partner; Rules-based

**B.6 China’s FDI in the UK**

**Hu Dan**

**Abstract:** TheUK, which has been a key destination for Chinese investment in Europe, saw during 2017~2018 what may become an overhaul in its approach and mechanism towards regulating capital inflow.While drastically lowering the review threshold for FDI in areas related to the military industry and advanced technology, the May government has been steadily moving towards more “long-term measures” of negating the traditional approach of “treating foreign and domestic investment alike” and establishing FDI reviewin Britain, which is consistent with major developed countries like the US, Canada and Australia. Though May has always been cautious about Chinese investment in the UK, she has become more pragmatic and welcoming towards capital from China under the pressure of sustaining economic growth post-Brexit. Inbound investment from China during these twelve months witnessed a record high, with technology being the most active sector. However, given the latest policy updates have been targeting security implications in sensitive technology areas, whether enthusiasm in this sector will remain strong is yet to be seen. The two cases on which “national security” review was initiated for the past year, both of which are by Chinese investors, have indicated a rather rational approach so far. As “long-term” measures are expected to be finalised in early or mid 2019, Chinese companies investing in the UK, particularly those related to sensitive technology, are advised to prepare themselves with solid due diligence.

**Keywords:** Sino-UK relations; FDI; Brexit; National Security Review

**B.7 Higher Education Reform in the UK and Developments of the Sino-UK Education Cooperation**

**Hu Wan**

**Abstract:** During 2017-2018, the UK government has been carrying out reform in the higher education sector, which has reinforced the key role of research and innovation in securing Britain’s global success. Building Teaching Excellence Framework in British universities is another important task in this reform, aiming to continuously attract outstanding international students and provide the global employers with highly-skilled professionals. In July 2018, the British government published the Brexit White Paper which elaborates on the government’s goals and plan for leaving the EU. The higher education sector will face new challenges after the UK leaves the EU. As regards Sino-UK relations, concrete achievements have been made in education exchanges due to the two countries’ strong willingness in cooperation.

**Keywords:** Higher Education; Research Excellence; Teaching Reform; Brexit White Paper; Sino-UK Relations

**B.8 UK’s Trade Policy in the Context of Brexit**

**Qu Bing**

**Abstract:** The UK will regain control over its trade policy when it leaves the EU. Its vision to build a future trade policy will be achieved by negotiating a “bespoke” trade deal with the EU, rolling over existing EU trade deals and reaching its own free trade agreements with countries outside the EU. In addition, resetting the UK’s place in the WTO is crucial. The UK government has made every endeavor to boost exports through making changes to domestic law, implementing the new Industrial Strategy and Export Strategy and increasing government-backed export finance. There remain several problems for the UK in establishing new trading relationships. Most of all, the success of UK’s trade policy is highly dependent on the final outcome of the Brexit negotiations.If Britain is heading towards a “no-deal Brexit”, Post-Brexit UK trade policy will remain a pipe dream.

**Keywords:** UK; Trade Policy; Brexit; Free Trade Agreement

**B.9 Developments of British Defense Policy**

**Zhang Biao**

**Abstract：**In its defense policy the UK has made significant progress. The UK changed its defense secretary；the National Security Capacity Review was issued; new equipment was deployed. The UK tried to strengthen Anglo-American special relationship and supported the Trump Administration's demand for increasing NATO members' military spending and the presence in Afghannistan. The UK proposed to establish a "New Security Partnership" with the EU and participated actively in Nato's military exercise and strengthened the ties with the Baltic Countries and Poland. The UK also strengthened its alliance with Japan and reiterated the importance of the rule-based international order."  
**Keywords：** British Defense Policy, British National Security, Anglo-American Special Relationship；Nato, UK-EU Security Cooperation, Uk-Japanese Alliance

**B.10 UK-EU Cooperative Relationship Against Terrorism in the Post-Brexit Era**

**Xu Ruike, Lu Yulin**

**Abstract:** Brexit will not only change the UK and the EU’s economic cooperative relationship, but also reshape their security cooperative relationship, in particular their cooperative relationship in terms of counter-terrorism. This article is set to explore how Brexit will reshape the UK’s relations with the EU’s current counter-terrorism cooperation mechanisms, and in what way the counter-terrorism cooperation between the two sides will be possibly changed in the future. The UK has already established a close relationship with the EU in combating terrorism, as demonstrated by its deep and broad participation in the current EU counter-terrorism mechanisms, including data sharing mechanisms, criminal justice tools and criminal justice institutions. There remains uncertain about the future UK-EU cooperative relationship in terms of counter-terrorism. Nevertheless, given their increasingly common interests in anti-terrorism, the UK and the EU will be highly likely to form a special and close cooperative relationship in dealing with common threat from terrorism in the future.

**Keywords:** Brexit; Counter-Terrorism Cooperation; Data-Sharing Mechanisms; Criminal Justice Tools; Criminal Justice Institutions

**B.11 Separatist Movements in the UK in the Context of Brexit**

**Zhang Bei**

**Abstract:** The recent history has seen relatively active regional separatist movements in the UK, in Northern Ireland and Scotland in particular.The former led to violence and instability in Northern Ireland over 30 years, while the latter reached its climax in the 2014 Scottish Independence Referendum, showing the vulnerability of the Union. Brexit, destined to bring fundamental changes to the UK, has touched the nerves of separatist movements. Currently, Brexit brings challenges to the stability of Northern Ireland brokered by Belfast Agreement. In addition, the Scottish National Party has adopted a wait-and-see approach towards the Brexit process while preparing fortheir second bid for independence.

**Keywords:** Brexit; Separatism; Scottish Independence Referendum; NI Peace Process

**B.12 British Social Attitudes and Major Concerns：Split and Consensus**

**Song Yunfeng**

**Abstract:** Except on the issue of EU and immigration, surveys show that Britain’s public attitudes to many issuesare actually moving towards more consensus. These include an inclination for the government to raise tax and spend more on public services (a reaction to the long-term austerity);high rate of support for government’s tough measures to tackle crime and terrorist attack; increased support rate for liberalism on issues of personal freedom such as same-sex relationship, pre-marital sex and abortion. These trends might have affected the Conservative Government’s policy on austerity which might be loosened and its willingness to conduct other social reforms. On social issues, pay inequality between male and female employees, Windrush Scandal involving racial discrimination and infringing personal freedom and rights, the negative impact of the implementation of “universal credit”, and the widening division between the degree holders and the degree-less people have caught the public attention.

**Keywords:** Split; Consensus; Social Attitudes; Major Concerns

**B.13 Change of Decade: The New Landscape of British Media**

**Li Danlin**

**Abstract:**Great changes have taken place in British media since 2007.This article has provided an introduction to the developments and the key issues regarding British mediabetween 2017 and the first half of 2018, with special reference to books, newspapers and magazines, broadcasting, internet, and advertising.UK network users have become saturated, and older people have a larger proportion of network utilizatio**n**during this period. Total revenue has slumped for traditional media broadcasting, books (using paper), and newspapers, which is in stark contrast to the continued high growth in digital sector. However, the first Quarter of 2018 has seen the best days in history for the whole of advertising, including traditional media advertising. In regard to the media regulation, the Parliament passed the Digital Economy Act in 2017 which reinforces the regulation on online pornography~~.~~The functions of the regulatory body in the field of communications, Ofcom, are also strengthening, while the role of self-regulatory bodies in newspapers and magazines has become increasingly prominent and the mechanism has been continuously improv**ed.**The implementation of the Digital Protection Act 2018 has brought certain impacts to the investigatory report of the media industry and the contents and information dissemination of social media. This Report has also offered explanations to the changes of the UK media industry as well as some worrisome issues since 2007.

**Keywords:** British Media; Ofcom; External Regulation of BBC; Free Arbitration; Data Protection Act; Digital Economy Act

**B.14 British Film Industry**

**Shi Tongyun**

**Abstract:** The British film industry performed better in 2017 and 2018 than in 2016. In 2017, UK box office broke new record; box office share of UK films (37.4%) and UK films’ global box office were second highest in the 21st century, just lower than the 2015 figures. Cinema admission increased slightly. The Top 20 Films continued to be dominated by Hollywood movies, but the top 3 were UK-US co-productions. Box office share of independent films rose from 7.4% in 2016 to 9.6% in 2017 and 15% in 2018. 265 films were shot in the UK. The 2017~2018 total UK production expenditure marked new record height. British film talents won 12% of key international awards in 2017, lower than past years, but were victorious with substantial 2018 BAFTA and Oscar awards. *Star Wars: The Last Jedi*, *Dunkirk*, *Paddington 2* and *Peter Rabbit*became box office hits; *The Darkest Hour* and *Three Billboards Outside Ebbing, Missouri*were honored with artistic awards. Global audience was moved with the charm ofWorld War II films.

**Keywords**: British Film Industry; Box Office; Production; UK Image