# US-UK trade talks stall over Chinese ‘super-embassy’ security fears near City of London



Crunch talks between the UK and the United States over a potential trade deal have faced significant hurdles, primarily due to the proposed construction of a Chinese ‘super-embassy’ in London. Diplomatic sources indicate that Washington is increasingly wary of the potential security risks associated with the embassy, particularly regarding the risk that Beijing’s operatives might exploit its location to tap into sensitive financial communications in the City of London. As negotiations progress, American officials have expressed a desire for a ‘China lock’ clause to be included in the trade discussions, ensuring that the embassy does not compromise US interests.

While British negotiators are keen to finalise the trade agreement initiated by former President Donald Trump and Labour leader Sir Keir Starmer, the overarching concern regarding the embassy has introduced palpable tensions. A source noted that despite the British government's attempts to downplay these apprehensions, the warnings from their own intelligence agencies carry significant weight.

The site earmarked for the new embassy, located at the historic Royal Mint buildings near the Tower of London, had previously been rejected due to similar security concerns outlined by British intelligence services and local authorities, including MI5 and Scotland Yard. Mapping data reveals that the proposed location is alarmingly close to pivotal financial hubs in the City and Canary Wharf, exacerbating fears among American officials and the Bank of England regarding potential espionage activities. Alongside concerns about intelligence sharing, a recent report highlighted disturbing details from planning documents, which mentioned 'spy dungeons'—unidentified basement rooms and a concealed tunnel—provoking further scrutiny and outrage from UK political figures.

Moreover, China has vigorously dismissed allegations that the embassy could serve as a espionage apparatus, labelling them as slanderous. However, ongoing intelligence assessments suggest that Chinese espionage in the UK is at unprecedented levels, prompting external and internal calls for a pragmatic approach to the growing influence of China. It has been reported that Chinese operatives are increasingly utilising advanced techniques to infiltrate the UK’s political sphere.

In a broader context, the renewed push for the embassy comes during challenging times in UK-China relations, which have become strained over various issues, including cybersecurity and human rights violations. In January, shortly after the Labour government took office, China resubmitted its plan to build the complex, having acquired the land in 2018 for £250 million.Questions remain as to whether the current government will ultimately favour stronger trade ties with the United States at the expense of relationship-building with China, especially given the latter's essential role in sectors like pharmaceuticals.

As negotiations progress, UK officials have conveyed their commitment to avoiding unnecessary conflict with Beijing while working out the details of the trade deal with the US. Nevertheless, critics within the government and opposition parties continue to argue that accepting potential threats posed by Chinese interests undermines the nation's security. Given the delicate balance that needs to be struck, it is apparent that the future of this trade deal may ultimately hinge on the outcomes of the embassy discussions.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/news/article-14790849/US-UK-trade-deal-Chinese-super-embassy-London.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.ft.com/content/52f7be1c-e708-4b01-b486-7f189a52c842)
* Paragraph 2 – [[3]](https://www.reuters.com/world/china-resubmits-application-build-contested-big-embassy-london-2024-08-14/), [[4]](https://www.standard.co.uk/news/london/chinese-super-embassy-london-spying-fears-b1222229.html)
* Paragraph 3 – [[5]](https://www.standard.co.uk/news/politics/china-white-house-mi6-government-pharmaceuticals-b1222952.html), [[6]](https://www.irishtimes.com/world/asia-pacific/2022/07/06/us-and-uk-intelligence-chiefs-call-for-vigilance-on-chinas-industrial-spies/)
* Paragraph 4 – [[7]](https://www.firstpost.com/world/why-the-us-is-worried-about-chinas-mega-embassy-in-london-13865162.html)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.dailymail.co.uk/news/article-14790849/US-UK-trade-deal-Chinese-super-embassy-London.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.ft.com/content/52f7be1c-e708-4b01-b486-7f189a52c842> - China has criticised a recent UK-US trade deal, expressing concern that it is designed to exclude Chinese products from British supply chains. The agreement, which includes strict security requirements for sectors such as steel and pharmaceuticals, was the first deal signed by the Trump administration following the imposition of new reciprocal tariffs. Beijing warned that such bilateral agreements should not target third-party nations, deeming the UK's acceptance of US conditions—widely seen as aimed at China—unfair. The trade deal offers sector-specific relief from punitive US tariffs for UK exporters but ties these benefits to security assessments under Section 232, scrutinising foreign involvement in critical industries. Chinese officials and analysts argue that such “poison pill clauses” are more damaging than tariffs and urge the UK to reconsider. Although China has not yet retaliated, it is accelerating efforts to reduce reliance on foreign-made components. Despite the tensions, the UK maintains that trade with China remains important. Meanwhile, the US and China agreed to a 90-day trade war truce, with mutual tariff reductions tied to addressing the fentanyl precursor trade. Beijing calls for addressing the underlying issues with the US while urging the UK not to jeopardise future relations.
3. <https://www.reuters.com/world/china-resubmits-application-build-contested-big-embassy-london-2024-08-14/> - China has resubmitted its application to build a new large embassy in London, a project previously rejected in December 2022 over security concerns and impacts on residents. The resubmission comes shortly after the Labour government took power on July 5. The Tower Hamlets council, which initially rejected the application, is currently reviewing the new plans. The national government might intervene if the proposal is rejected again and China appeals. Relations between China and the UK have been strained due to suspicions of Chinese cyber-espionage and human rights issues. Labour Prime Minister Keir Starmer aims to strengthen post-Brexit ties with the EU while auditing the bilateral relationship with China. The planned embassy, intended to be China's largest in Europe, has sparked concerns among British politicians about potential espionage activities. The project has been in the works since China purchased the land in 2018 for £250 million.
4. <https://www.standard.co.uk/news/london/chinese-super-embassy-london-spying-fears-b1222229.html> - Downing Street is under fire over revived plans to build a vast Chinese 'super embassy' in London—a proposal previously blocked by the former Conservative government. Planning documents for the proposed site, located at the historic Royal Mint buildings near the Tower of London, reveal 'two suites of anonymous unlabelled basement rooms and a tunnel', with their intended purpose redacted 'for security reasons'. The Conservatives have accused the government of 'appeasement' towards Beijing, warning the so-called 'dungeons' could be used for espionage or to intimidate dissidents. Levelling Up Secretary Kevin Hollinrake has written to Prime Minister Keir Starmer, claiming the government has been caught 'red-handed in an attempt to ram this mega-embassy' through the planning system. He added: 'It would be a barbarous irony that a site so close to the medieval Tower of London could become a modern-day dungeon under a Starmer government.' Mr Hollinrake also criticised the 'striking' level of redactions in the embassy’s planning documents, asking: 'Why does the use of the basement rooms need to be redacted, given they are not in public sight and there is no public access?' He warned: 'This subterranean zone will undeniably be used for intelligence work by the Chinese Communist Party and its arm, the United Front Work Department. But there is also a chilling prospect that it could be used for the abduction, intimidation or torture of anti-Chinese dissidents living in the United Kingdom.' The original embassy plans were blocked under the Conservative government following objections from British intelligence agencies and Scotland Yard, who raised concerns about the proximity of sensitive data cables that could be intercepted by Chinese spies. But the application was resubmitted in January this year, shortly before Chancellor Rachel Reeves visited China. President Xi Jinping is said to have personally lobbied for the embassy’s approval. The government has yet to comment publicly on the renewed application. Meanwhile, internal divisions persist over whether to officially classify China as a hostile state alongside Iran and Russia.
5. <https://www.standard.co.uk/news/politics/china-white-house-mi6-government-pharmaceuticals-b1222952.html> - The UK 'would be in trouble' if it was to agree a trade deal with the US at the expense of China, a former spy chief has claimed. Nigel Inkster, the former deputy head of MI6, issued the warning after White House officials said they believe a trade deal with the UK could be agreed 'within three weeks', according to the Telegraph. The UK is hoping a deal can help stave off the full brunt of US President Donald Trump’s sweeping 10% tariffs on all goods imported to the US. But Mr Inkster said a US-UK deal could negatively impact Britain’s relationship with China, which is a 'critical supplier' of pharmaceuticals in both the UK and the US.
6. <https://www.irishtimes.com/world/asia-pacific/2022/07/06/us-and-uk-intelligence-chiefs-call-for-vigilance-on-chinas-industrial-spies/> - The heads of the FBI and MI5 have warned that China’s industrial espionage poses a growing threat to western groups, including through special purpose acquisition companies (Spacs). In a joint appearance in London, the chiefs of the US and British intelligence agencies called on companies to be much more vigilant about China. FBI director Christopher Wray said Beijing was using 'elaborate shell games' to disguise its spying and was even taking advantage of Spacs. 'The Chinese government poses an even more serious threat to western businesses than even many sophisticated businesspeople realise,' Mr Wray told business leaders at an event with his MI5 counterpart, Ken McCallum. 'I want to encourage you to take the long view as you gauge the threat.'
7. <https://www.firstpost.com/world/why-the-us-is-worried-about-chinas-mega-embassy-in-london-13865162.html> - Alarm bells are ringing in Washington over China’s proposal to build its largest diplomatic complex in Europe in London. The US House of Representatives’ Select Committee on the Chinese Communist Party (CCP), chaired by Republican Congressman John Moolenaar, has expressed 'significant security concerns' over the project. In a statement on X (formerly Twitter), the committee warned, 'The People’s Republic of China mega-embassy in the UK raises significant security concerns: from interference and surveillance to risks for sensitive infrastructure like London’s financial services.'