

# Authoritarian Advance

## Responding to China's Growing Political Influence in Europe

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# Executive Summary

China's rapidly increasing political influencing efforts in Europe and the self-confident promotion of its authoritarian ideals pose a significant challenge to liberal democracy as well as Europe's values and interests. While Beijing's efforts have received much less scrutiny than the efforts of Putin's Russia, Europe neglects China's increasing influence at its own peril. Drawing on its economic strength and a Chinese Communist Party (CCP) apparatus that is geared towards strategically building stocks of influence across the globe, Beijing's political influencing efforts in Europe are bound to be much more consequential in the medium- to long-term future than those of the Kremlin.

China commands a comprehensive and flexible influencing toolset, ranging from the overt to the covert, primarily deployed across three arenas: political and economic elites, media and public opinion, and civil society and academia. In expanding its political influence, China takes advantage of the one-sided openness of Europe. Europe's gates are wide open whereas China seeks to tightly restrict access of foreign ideas, actors and capital.

The effects of this asymmetric political relationship are beginning to show within Europe. European states increasingly tend to adjust their policies in fits of "preemptive obedience" to curry favor with the Chinese side. Political elites within the European Union (EU) and in the European neighborhood have started to embrace Chinese rhetoric and interests, including where they contradict national and/or European interests. EU unity has suffered from Chinese divide and rule tactics, especially where the protection and projection of liberal values and human rights are concerned. Beijing also benefits from the 'services' of willing enablers among European political and professional classes who are happy to promote Chinese values and interests. Rather than only China trying to actively build up political capital, there is also much influence courting on the part of those political elites in EU member states who seek to attract Chinese money or to attain greater recognition on the global plane.

The Chinese leadership's political influence-seeking in Europe is driven by two interlocking motivations. First and foremost, it seeks to secure regime stability at home. Second, Beijing aims to present its political concepts as a competitive, and ultimately superior, political and economic model. Driven by these motivations, Beijing pursues three related goals. First, it aims to build global support on specific issues and policy agendas. This includes fostering solid networks among European politicians, businesses, media, think tanks, and universities, thereby creating layers of active support for Chinese interests. Second, China seeks to weaken Western unity, both within Europe, and across the Atlantic. Third, Beijing pushes hard to create a more positive global perception of China's political and economic system as a viable alternative to liberal democracies.

In the debate on Beijing's influencing, Chinese officials have complained about Western actors questioning "normal economic co-operation and cultural exchanges with other countries." This negates the fact that, from the perspective of liberal democracies, all areas of interaction with China are potentially problematic and deserve

scrutiny. After all, China's political model is based on an authoritarian regime intent on strengthening a deeply illiberal surveillance state at home while also exporting – or at least trying to popularize – its political and economic development model abroad. Thus, today, all areas of Europe's interaction with China have strong political undertones.

If Europe intends to stop the momentum of Chinese influencing efforts, it needs to act swiftly and decisively. In responding to China's advance, European governments need to make sure that the liberal DNA of their countries' political and economic systems stay intact. Some restrictions will be necessary, but Europe should not copy China's illiberalism. While staying as open as possible, Europe needs to address critical vulnerabilities to Chinese authoritarian influencing through a multi-pronged strategy that integrates different branches of government, businesses, media, civil society, culture/arts as well as academia:

- **Europe needs to better leverage the collective weight of EU member states.** Larger member states like Germany and France need to take serious steps towards putting their privileged bilateral relations with China in the service of common European interests. Complaining about the *16+1* format China uses to interact with smaller EU members in Central and Eastern Europe while engaging in 1+1 formats with Beijing will not help to come up with a collective EU response on issues where Chinese action fails to resonate with shared European interests.
- **European governments need to invest in high-caliber, independent China expertise.** Raising awareness about and responding to China's political influencing efforts in Europe can only succeed if there is sufficient impartial expertise on China in think tanks, universities, NGOs, and media across Europe. This will also help to keep out 'unwanted' Chinese money in those institutions.
- **The EU needs to continue providing alternatives to (the promises of) Chinese investments in European countries.** Brussels can point to the fact that by far the most investment within the EU and its periphery still comes from within Europe. In the vast majority of instances, EU funding still is much more attractive for EU member states than Chinese money. However, the EU also needs to implement measures to align BRI investments in its neighborhood with European interests. This includes enabling third countries to properly evaluate, monitor, and prepare large-scale infrastructure projects, including those financed by China.
- **The EU and its members need to bolster a flexible set of investment screening tools.** Europe must be able to stop state-driven takeovers of companies that are of significant public interest. In addition to high-tech sectors as well as key parts of public infrastructure, this notably includes the media as an institution of critical importance to liberal democracies. In addition, foreign funding of political parties from outside Europe, including from China, should be banned across the EU.

- **The EU needs to invest in strengthening national and European security regimes, including cybersecurity and counterintelligence efforts.** European intelligence services urgently need to enhance cooperation on Chinese activities, both to arrive at a common understanding of the threat and to deliver joint responses. EU members should put (additional) awareness-building measures in place to sensitize potential targets of Chinese intelligence activities. In particular, decision-makers and scholars should be briefed more systematically about common patterns of contact-building and approaches by Chinese intelligence agencies or related actors.
- **For civil society actors and the wider public to get a full picture of authoritarian influencing, liberal democracies need to leverage one of the key assets of open societies: the power of critical public debate.** Implementing transparency requirements concerning collaboration with Chinese actors for media agencies, universities, and think tanks, among others, would also help raise awareness of the existence and often problematic purposes of the various influencing mechanisms Chinese state actors employ.
- **Europe needs to make sure that efforts to curtail the CCP influencing agenda do not degenerate into a campaign targeting Chinese citizens and culture.** EU members should also provide support to those in the Chinese communities in Europe who find themselves pressured to support the CCP influencing agenda.

# Chinese Political Influencing Efforts Challenge European Values and Interests

China is expanding its political influence in Europe. Investments into infrastructure in Europe's east and south, the insertion of Chinese Communist Party (CPP) propaganda in German and French newspapers, and the normalization of trade relations with Norway in return for the latter dropping its high-level support for Chinese human rights activists are only some of the most visible examples of Chinese political influencing efforts in Europe.

China is not just “at [Europe’s] gates”<sup>1</sup> – it is now already well within them. Its rising influence and self-confident promotion of its authoritarian ideals are not only a direct challenge to liberal democracy and Europe’s values and interests; they also call into question key assumptions that many have held about Europe’s role in the world. After the end of the Cold War, Western triumphalism prompted many to believe that China and other non-liberal countries were bound to become more “like us” – in part through Western democracy promotion efforts among political elites, civil society and academia, in part as a side effect of increasing economic development and interdependence. Europe was to be one of the key forces pulling the world in a more liberal and democratic direction as part of broader Western efforts spearheaded by the United States (US). The European Union (EU) envisaged itself as a transformative power whose model of peaceful regional integration and governance based on shared values would radiate outward into its periphery and far beyond.

Almost 30 years after the Cold War, the story has not unfolded as expected back then. In Europe, authoritarian populism is on the rise. The prime minister of one EU member state recently went as far as committing to the construction of an “illiberal state on national foundations.”<sup>2</sup> Europe’s gravitational pull has come to a screeching halt, with authoritarian regimes across the world entrenching themselves and exerting power in global institutions. In a striking reversal of fortunes, it is now authoritarian states that are seeking to influence the EU and its immediate neighborhood.

In the wake of the Brexit vote and the 2016 US presidential elections, Russian political influencing in the West has prompted considerable scrutiny. Russia’s tools of influence primarily copy Cold War-style mechanisms, such as using compromising information to blackmail politicians (*kompromat*) or creating rumors through new digital channels to destabilize liberal democracies. These often very visible efforts have created a high degree of awareness in Europe.

In contrast, China’s rapidly increasing influence in Europe has received much less attention. In part, this may be because Beijing’s efforts are less flashy than those of

Moscow. Furthermore, economic ties with China are more important to Europe than those with Russia and the stakes associated with calling out Beijing are much higher. But Europe is ignoring China's increasing influence at its own peril, for in the medium- and long-term Beijing's efforts are bound to be much more consequential.

China commands a comprehensive and flexible toolkit. Its growing ideological rigidity does not prevent Beijing from pursuing an experimental learning-by-doing strategy.

China commands a comprehensive and flexible toolkit. Its growing ideological rigidity does not prevent Beijing from pursuing an experimental learning-by-doing strategy. In line with its general long-term approach to policy planning, the CCP apparatus is geared towards building lasting leverage. Often, the Chinese side focuses on building relationships with political elites, scholars, or business leaders that “someday, some way, might become valuable”<sup>3</sup> with a view to exercising pressure or courting favors. The Chinese leadership often waits to see whether the unfolding professional or private interests of its contacts might naturally align with Beijing's. This can relate, for instance, to retired politicians who look for new engagements and income.

Overall, unlike Russia, China is interested in a stable — if pliant and fragmented — EU and the large and integrated European single market that it underpins. Properly tamed, the CCP leadership has concluded, parts of Europe can be a useful conduit to further its authoritarian interests. Politically, it is seen as a potential counterweight to the US — one that is even more easily mobilized in the era of the Trump administration's “America First” approach. Beijing is also acutely aware that Europe has many assets like technology and intellectual property, which China needs for its industrial upgrading, at least in those domains in which it has not yet established its own technological leadership.<sup>4</sup> The EU is also useful as a ‘legitimiser’ of Chinese global political and economic activities, such as the Belt and Road Initiative (BRI).

While Russian influencing operations put a premium on immediate impact, their long-term effects are much less clear. Very few outsiders see Putin's Russia as a successful model for sustained growth and development, and Russia invests less in building stocks of influence. By comparison, the CCP leadership's build-up of influence across Europe is reinforced by China's emerging status as a successful socio-economic model, in particular its streamlined top-down way of decision-making as well as its promise to deliver technological advancement and economic growth combined with political control. It is China that is set to be the bigger long-term challenge to Europe's values and interests.

Beijing's influencing tools range from the overt to the covert. The overt measures include public diplomacy to advance economic, political, or security interests. Among these are spreading Chinese official viewpoints via social media or organizing high-profile workshops with Chinese and European officials to market pet projects like BRI. The much less public and more covert efforts include obscuring party-state stakes within the ownership structures of Chinese companies making investments in Europe or Chinese intelligence befriending European officials and others via social networks.

But it is not just the more covert activities that are deeply problematic from a European vantage point. In the debate over Beijing's influencing, Chinese officials have complained that Western actors question “normal economic co-operation and cultural exchanges with other countries.”<sup>5</sup> This negates the fact that, from the perspective of liberal democracies, all areas of interaction with China are potentially problematic and deserve scrutiny. The reason is that China's high-tech state capitalism is based on

an authoritarian regime that seems intent on strengthening an illiberal, totalitarian surveillance state at home while also exporting – or at least trying to popularize – its political and economic development model abroad. At the 19<sup>th</sup> Party Congress last fall, party-state leader Xi Jinping left no doubt that he regards China’s illiberal concepts of political and economic order as superior to so-called Western models, and that he seeks to export ‘Chinese wisdoms’ to the world as a ‘contribution to mankind.’ Therefore, all efforts to expand political influence abroad are to some degree motivated by Beijing’s overarching desire to enhance the domestic stability of its authoritarian regime, while also increasing its normative power abroad.

The effects are starting to show in Europe. Political elites in the EU and its close neighbors have started to embrace Chinese rhetoric and interests, including where they contradict national or European interests. The EU’s unity has also suffered as a result of Chinese divide-and-rule tactics, especially where the protection and projection of liberal values and human rights are concerned. The challenges Chinese political influencing pose to Europe are particularly visible across three arenas that are the focus of this report:

1. Political and economic elites;
2. Media and public opinion; and
3. Civil society and academia.

Chinese efforts across these three arenas target all EU member states as well as the EU’s immediate neighborhood. However, the build-up of influence is happening particularly fast in smaller or economically and politically more fragile countries, where efforts bear fruit more quickly and translate into political leverage that helps fragment European unity where it is convenient for China.

Importantly, most of China’s influence comes through open doors. Europe’s gates are wide open, whereas China seeks to tightly restrict the access of foreign ideas, actors, and capital. Beijing profits from that the fact that there are willing enablers among Europe’s political and professional classes who are happy to promote Chinese values and interests, including challenges to principles such as transparency, pluralism, or human rights. They do so mostly for financial or other advantages, but at times also out of genuine political conviction. Not only is China actively trying to build up political capital; there is also a tremendous amount of influence-courting on the part of those political elites in EU member states who seek to attract Chinese money or attain greater recognition on the global plane and therefore propagate political ideas that deviate from the European mainstream. Rather than simply being bullied into submission, European states increasingly tend to adjust their policies in fits of ‘preemptive obedience’ to curry favor with the Chinese side.

Given the relative advantages that China enjoys, it is crucial that European policymakers gain a better understanding not only of its motivations and goals, but also of the various players, channels, and tools involved as well as the impact of its influence in Europe. This baseline knowledge is a prerequisite for European policymakers to devise adequate countermeasures such as:

- Leveraging the (collective) weight of EU member states;
- Building up high-caliber, independent China expertise across Europe;



- Offering an alternative to (the promises of) Chinese investments in European countries;
- Bolstering investment screening tools;
- Strengthening national and European security regimes;
- Introducing transparency requirements as well as building awareness among civil society actors and the broader public; and
- Providing support to Chinese communities in Europe.

This report seeks to contribute to a more informed European debate. It first introduces the motivations and goals that drive China's political influence activities in Europe. This section also identifies the various Chinese actors driving Beijing's political influencing efforts. Second, drawing on evidence from concrete cases, this report examines the range of influencing tools deployed by various Chinese players in Europe in three specific arenas: (1) political and economic elites, (2) media and public opinion, and (3) civil society and academia. Third, the report looks at China's influencing in other liberal democracies, particularly in Australia, to illustrate what might be in store for Europe should Chinese global political influencing efforts continue to intensify unchecked. Lastly, this report presents immediate steps Europe can take to counter China's authoritarian advance.

**Table 1: China’s Political Influencing Efforts in Europe are Driven by Various Actors and Draw on a Wide Range of Tools**

ARENA	TOOL	KEY ACTORS
Political Elites	<p>(1) Building political leverage through economic investments and aligning with leaders willing to break EU unity</p> <p>(2) Providing political elites with an alternative model to liberal governance and European cooperation</p> <p>(3) Marginalizing critical voices within foreign administrations and supporting China-friendly officials or former top-level politicians</p> <p>(4) Putting dissenting governments into the “freezer”</p>	<p>Ministry of Foreign Affairs</p> <p>International Liaison Department of the CCP</p> <p>United Front Work Department of the CCP and Overseas Chinese Affairs Office of the State Council</p> <p>Ministry of Commerce (MOFCOM)</p> <p>State-owned enterprises (SOEs) and private companies</p>
Media and public opinion	<p>(1) Spreading China’s official view and creating subtle dependencies by using newspaper supplements as vehicles</p> <p>(2) Turning European media into instruments of fostering friendship by promoting media cooperation agreements</p> <p>(3) Using the lure of the Chinese market to encourage (self-) censorship in film, art, and academic publishing</p>	<p>Central Propaganda Department</p> <p>State Council Information Office</p> <p>Ministry of Culture</p> <p>Foreign Languages Office of the CCP (also known as the China International Publishing Group)</p> <p>Party-state media (<i>Xinhua, People’s Daily, CGTN, China Daily, Global Times, etc.</i>)</p> <p>Film studios</p>
Civil Society and academia	<p>(1) Setting up research exchange mechanisms and think tanks in Central and Eastern Europe to influence perceptions and agendas</p> <p>(2) Funding knowledge production in Brussels and deploying European pro-China lobbyists to boost Chinese views on critical issues in EU-China relations</p> <p>(3) Investing in and shaping academic programs</p> <p>(4) Mobilizing student organizations to pressure Western European universities on critical issues</p>	<p>Ministry of Education</p> <p>Chinese Academy of Social Science (CASS)</p> <p>Other state think tanks (e.g., CICIR, CCCWS, DRC)</p> <p>Confucius Institute Headquarters (Hanban)</p> <p>United Front Work Department of the CCP</p> <p>Overseas Chinese Affairs Office of the State Council</p>

# **China Seeks Political Influence in Europe as Part of a Drive to Secure Regime Stability and to Popularize its Own Model**

The Chinese leadership's seeking of political influence in Europe is driven by two interlocking motivations. First and foremost, it seeks to secure regime stability at home. Second, Beijing aims to present its political concepts as a competitive — and ultimately superior — way of political and economic governance to a growing number of third countries. This second point also helps prop up the CCP domestically. Gaining widespread national support for its approach to political governance and its model of economic development is becoming more and more important to China as it expands its global presence and furthers those interests which depend on cooperation from third countries, such as a favorable climate for Chinese investments.

Beijing pursues three related goals. The first is aimed at building support among third countries like EU member states on specific issues and policy agendas, such as gaining market economy status from the EU or recognition of territorial claims in the South China Sea. A part of this short-term goal is to build solid networks among European politicians, businesses, media, think tanks, and universities, thereby creating layers of active support for Chinese interests. Recent Chinese attempts to discourage individual EU countries from taking measures that run against Chinese interests, such as supporting a coordinated EU response to China's territorial claims in the South China Sea, meeting with the Dalai Lama, or criticizing Beijing's human rights record, are cases in point.

The second related goal is to weaken Western unity, both within Europe and across the Atlantic. Beijing realized early on that dividing the US and the EU would be crucial to isolating the US, countering Western influence more broadly, and expanding its own global reach. China senses that a window of opportunity to pursue its goals has opened, with the Trump administration seen as withdrawing from the role as guardian of the liberal international order that the US has long played. This comes in addition to the challenges Western liberal democracies face from the rise of illiberal-authoritarian political movements.

The third goal is of a more systemic nature. It is geared towards creating a more positive global perception of China and presenting its political as well as economic system as a viable alternative to liberal democracies. In large part, this is motivated

From the vantage point of Beijing, European and Western ‘soft power’ has always had a sharp, aggressive edge, threatening the Chinese regime.

by the CCP’s continued fear of the appeal of so-called Western ideas like liberal and democratic values as well as of the popularity of European education or even of long-term brain drain as China’s elites settle abroad. From the vantage point of Beijing, European and Western ‘soft power’ has always had a sharp, aggressive edge, threatening the Chinese regime.<sup>6</sup> At the same time, this goal is based on the idea that as China rises in economic and military terms, it should command more respect in the court of global public opinion. Activities geared towards long-term shifts in global perceptions include improving China’s global image through measures like media cooperation, making liberal democracy less popular globally by pointing out real or alleged inefficiencies in democratic decision-making processes, and supporting illiberal tendencies in European countries.

## Multiple Players Drive the Expansion of China’s Political Influence in Europe

The Chinese leadership has clear motivations and goals regarding its influencing efforts. At the same time, it is important to understand that it is not a monolith. China’s political influencing efforts in Europe are driven by an array of different players in the Chinese system. Most of the time, the actors involved complement each other’s efforts, but they might also generate friction or have different priorities.

The first set of actors consists of party and state organizations focused on winning over political elites in Europe. The Ministry of Foreign Affairs makes use of official foreign policy channels, networking, and reaching out to diplomats via local Chinese embassies as well as preparing official visits and dialogues. However, their position within the party-state is relatively weak compared to other ministries and departments.<sup>7</sup> Their activities are often supplemental and geared towards downplaying the substance and intensity of China’s influence. It is the less well-known International Liaison Department of the Central Committee of the CCP that has been shaping and driving much of Beijing’s efforts to expand its influence abroad. While the department’s primary formal responsibility is party-to-party diplomacy, its director, Song Tao, has also been actively involved in shaping Beijing’s BRI policy and setting up the 16+1 framework.<sup>8</sup>

The second set of actors revolves around Chinese global investments, including state ministries, state-owned enterprises (SOEs), and private companies. While SOEs might also be driven by commercial interests, the link to potential political motives and rather nontransparent ownership structures makes their investments abroad more sensitive than those of privately owned companies (although most of them also have ties with party-state entities). In addition, regulatory institutions like the National Development and Reform Commission or the Ministry of Finance are likely to differ in terms of preferred investment targets and internal transparency requirements.<sup>9</sup>

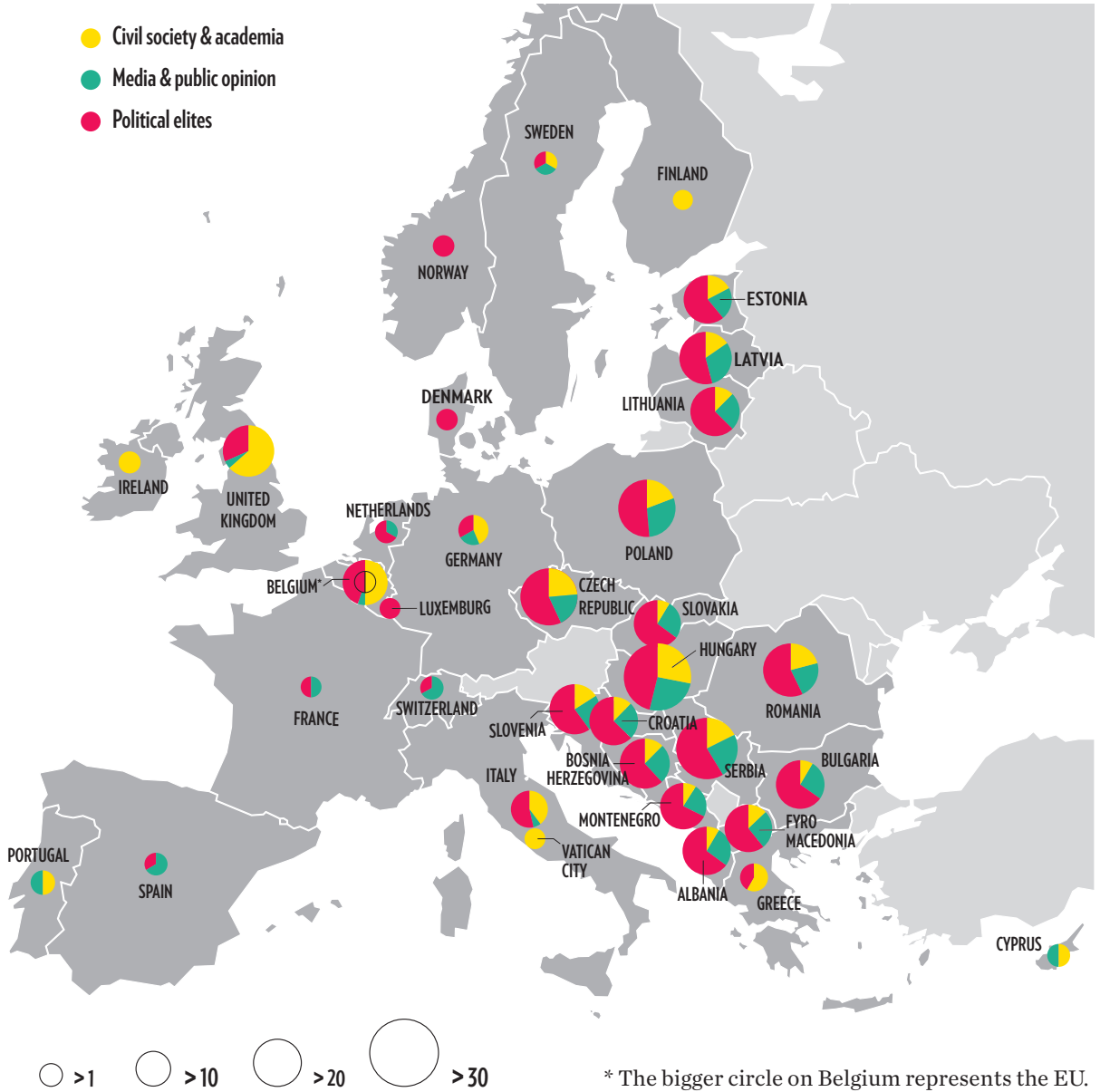
A third set of actors involved in influencing operations consists of organizations associated with China’s internal and external propaganda apparatus. This includes the Central Propaganda Department of the CCP and the State Council Information Office, both of which are responsible for the implementation of propaganda efforts, for instance setting up media cooperation and forums with European countries. Party-state media

are also involved. One key example is China Global Television Network (CGTN), a spin-off of the global branch of state broadcaster China Central Television (CCTV), which offers up-to-date, audiovisual “positive” news on China and its activities abroad in various European languages. Beijing uses dissatisfaction with the Anglo-American dominance over global news to turn European decision-makers as well as the public into willing consumers of CGTN’s stories.<sup>10</sup>

A fourth set of actors is focused on identifying and potentially co-opting scholars and journalists to promote Chinese positions. Various institutions, including the Ministry of State Security (MSS), the Chinese People’s Association for Friendship with Foreign Countries as well as state think tanks like the Chinese Academy of Social Sciences (CASS), drive this approach. Scholars might be approached either at conferences in China or Europe or, as the recent disclosures of the German Federal Office for the Protection of the Constitution have shown, via social networks like LinkedIn.<sup>11</sup> While these organizations may intend to work hand in hand without creating friction, their missions may ultimately end up undermining each other. For instance, while Chinese think tanks seek to build trust and a rather open intellectual atmosphere, influencing attempts by the MSS tend to raise suspicion and distrust.

A fifth and final set of actors is concerned with influencing Chinese communities overseas. This work is primarily coordinated by the United Front Work Department and the Overseas Chinese Affairs Office of the State Council.<sup>12</sup> While Chinese populations in Europe (which often still have family relations back in China) are vulnerable to pressure from Chinese officials, it is vital to avoid conflating the party-state with overseas Chinese communities or even European citizens of Chinese descent. The CCP itself is very keen on blurring these lines and presenting the interests of the party as the only possible embodiment of the interests of all ethnic Chinese. It is true that the Chinese government has stated that overseas Chinese communities are useful tools for its own agenda and that it tries to mobilize them.<sup>13</sup> However, by equating the two or even starting a witch-hunt targeting people of Chinese descent, European countries would only play into the hands of the CCP.

## Map 1: China's Influence on Political Elites, Media, and Civil Society Spreads Across Europe



Source: MERICS research<sup>1</sup>

1 This map is based on a review of all English language media reports identified through a Meltwater search, covering Chinese political influencing events in Europe from January 2015 to December 2017. This was done by using a combination of broadly-defined key words, including EU and neighboring countries, organizations, and policy fields critical to Europe-China relations. An event was defined as an episode belonging to one of nine categories: (1) meeting between heads of state/government, (2) high-level political meeting, (3) high-level statement, (4) signing of an agreement, (5) setting-up of an institution or a forum, (6) media event, (7) cultural event, (8) academic event, or (9) incident of pressure on/repression of European citizens, Chinese citizens, or European governments by China in Europe.

# Beijing Unleashes its Political Influencing Tools in Europe

Despite being less of an immediate target compared to liberal democracies in the Asia-Pacific region, Europe has already been significantly affected by Beijing's political influencing activities. The following section provides a set of concrete examples of China's expanded influencing efforts in Europe to examine the tools employed by the Chinese party-state to promote its interests and popularize its governance model in Europe. Specifically, it examines China's targeting of European political elites, media and public opinion, and civil society and academia.

## **Arena 1: Political Elites - China Builds Political Leverage Through Economic Investments and Aligns With Leaders Willing to Break EU Unity**

Chinese state actors already deploy a variety of tools to influence decision-makers in Europe. First, Chinese SOEs and state banks increasingly seek to affect European countries' policymaking by promising to fill investment gaps in exchange for political support for the Chinese government. This has prompted some European political elites to break ranks on European China policy and align with Beijing on critical issues. Second, increasingly confident with the competitiveness of its political model, China offers an alternative to liberal governance and European cooperation. By leveraging the success of its economic model without political liberalization, Beijing appeals to illiberal elites and eurosceptic leaders in some parts of Europe in frequent high-level exchanges among diplomats and heads of government. A third tool is represented by China's efforts to affect personnel decisions in European administrations. Increasingly, Beijing supports China-friendly officials and employs former political officials in Europe to serve China's state-led initiatives. Finally, in a more 'traditional' fashion, the Chinese government continues to retaliate against European governments for hosting the Dalai Lama by freezing political or economic relations and, in some cases, both.

Tool 1: By expanding investments, China prompts European political elites to align with Beijing and to break ranks on European China policy

Over the past five years, Beijing has significantly stepped up infrastructure financing and investments across Europe. In Europe's periphery in particular, this is creating political dependencies and influence as a valuable byproduct to economic gains. Especially in Eastern and Southern European countries, China's leadership combines

the pursuit of economic interests with the exploitation of a real or perceived lack of EU financial support for infrastructure projects and economic growth to build up leverage in the country and vis-à-vis Brussels. Hence, Beijing incentivizes state-led Chinese banks as well as SOEs to fill financing or investment gaps in EU member states and accession countries in exchange for political support for Chinese positions, such as on territorial claims in the South China Sea or human rights. By generating support of some EU member states for its positions, Beijing drives a wedge between European countries, exacerbating existing fault lines between EU member states with broadly liberal and integrationist agendas on the one hand, and those with eurosceptic outlooks on the other hand.

Chinese economic statecraft has been a known force in other parts of the world since at least the early 2000s, well before China was able to make economic inroads in Europe in the wake of the 2008 financial crisis. Strategically seizing opportunities to fill the vacuum left by the partial retreat of the US, and on the back of highly institutionalized, all-comprehensive partnerships like the Forum on China Africa Cooperation (FOCAC) established in 2000 or the Forum of China and Community of Latin American and Caribbean States (China-CELAC) set up in 2014, Beijing has been offering economic benefits in exchange for political support. For example, China has repeatedly used economic deals with neighboring countries in East Asia to secure tacit support for its military expansion in the South China and East China Seas.<sup>14</sup> In Africa and Latin America, expanded Chinese investment has prompted some countries – most recently São Tomé and Príncipe in 2016 and Panama in 2017<sup>15</sup> – to switch their diplomatic allegiance from Taipei to Beijing. Amidst US President Donald Trump’s threats to withdraw his country from the North American Free Trade Agreement (NAFTA), Mexico, one of Latin America’s largest economies, is discussing a free trade agreement with China.<sup>16</sup>

Beijing’s economic presence has also encouraged African and Latin American countries to back Chinese positions in UN organs. In the UN Human Rights Council (UNHRC), for instance, Chinese lobbying has been successful at building an ever-bigger group of countries from Africa and Latin America that align with the Chinese notion that economic development precedes human rights, relegating the latter to a matter of secondary importance. As outlined in the latest Human Rights Watch report on China in the UNHRC, Beijing “seeks to exert economic and political pressure on countries to obtain its goals,” with smaller and less well-off countries as main targets.<sup>17</sup> Indeed, the report reveals that economic dependency on China has led some African and Latin American states to align with Chinese positions for fear of retaliation in the economic realm.

In the European context, Beijing’s financing and investment push gained considerable pace as economic austerity policies became more pronounced in the wake of the 2008 financial crisis. Targeting Central and Eastern European countries in particular, China has sought to institutionalize dense economic and political cooperation agreements that promise to compensate for the EU’s allegedly limited ability to support development in the region after the crisis. In this respect, the 16+1 framework for cooperation is a case in point. Established in Warsaw in 2012, the 16+1 format has quickly developed into China’s most advanced sub-regional diplomatic initiative in Europe. It brings together 11 Central and Eastern European EU member states as well as five EU accession countries in the Western Balkans. Greece, too,



is considering becoming more actively involved in the format,<sup>18</sup> while Ukraine and Belarus have both expressed an interest in joining the initiative.<sup>19</sup>

As China enlarges its economic footprint in Central and Eastern European states, the political damage Chinese investment in the region has caused to unity among EU member states — especially on European China policy — is already visible. For some time, the EU has been unable to act cohesively vis-à-vis China on traditional hallmarks of European foreign policy, most prominently on principles of international law and human rights. In July 2016, Hungary and Greece — both major beneficiaries of Chinese financing and investments in recent years<sup>20</sup> — fought hard to avoid a direct reference to Beijing in an EU statement about a court ruling that struck down China’s legal claims in the South China Sea.<sup>21</sup> In March 2017, Hungary derailed the EU’s consensus by refusing to sign a joint letter denouncing the reported torture of detained lawyers in China.<sup>22</sup> In June 2017, Greece blocked an EU statement at the UN Human Rights Council criticizing China’s human rights record, which marked the first time the EU had failed to make a joint statement at the UN’s top human rights body.<sup>23</sup>

In the financial realm, a coalition of countries including Greece and the Czech Republic watered down the language of the European Council’s statement announcing a planned EU investment screening mechanism, which is scheduled for implementation over the course of 2018. While the mechanism would not only target Chinese activities, China’s expanded investment strategy and takeovers in strategic European sectors such as defense and telecommunications are a clear focus of the mechanism. In the summer of 2017, Greece specifically mentioned investments stemming from China as a reason for opposing an EU-wide tool for screening investment from third countries.<sup>24</sup>

Chinese investment has not only prompted EU member states to break ranks on European statements and policies opposed to Chinese interest; these investments have also encouraged Eastern and Southern European countries to publicly praise the virtues of Chinese policies, specifically BRI. For example, in the context of the BRI Forum in Beijing in May 2017, Greek Prime Minister Alexis Tsipras and Greek President Prokopis Pavlopoulos lauded the project in exuberant terms, using Chinese language. More importantly, Athens reiterated the centrality of Greece to China’s Maritime Silk Road as part of BRI. While the importance of what seems to be mostly opportunistic official rhetoric by Greece should not be overstated, it clearly strikes a chord with Beijing’s endeavors to bolster its global public profile. In return for its public praise of the Chinese initiative at the BRI Forum, Athens secured promises for several large-scale financial deals with China.<sup>25</sup>

## Tool 2: China provides political elites with an alternative model to liberal governance and European cooperation

Beijing does not only seek to shape European China policy in its favor, it also presents European elites with an alternative to liberal governance and European cooperation. In contrast to the EU and Western development banks, China offers political and economic cooperation to EU member states and neighboring countries without any element of political conditionality like principles of good governance or liberal economic reforms. At the same time, it offers a seemingly successful recipe for economic modernization. In doing so, Beijing appeals to an authoritarian sentiment spreading among some political

leaders in Europe who have welcomed China's growing presence in the region. Prior to gaining traction in Europe, the Chinese model of economic development was first and foremost considered an alternative to the good governance-based model advocated by Western liberal democracies among developing countries in the Global South. China's intensified engagement with Africa under the umbrella of the FOCAC since 2000 has led to heated debates in Western foreign policy circles concerning the appeal of the China model of economic growth without political liberalization. How it might potentially undermine Western countries' efforts to promote development based on good governance is a particularly contentious topic in this context. Today, bolstered by its strengthened international posture and a diminished US role in global governance, the Chinese government has become more proactive in promoting its norms with countries in the Global South in a push to legitimize the CCP's authoritarian take on human rights. This was highlighted by a recent conference that brought together more than 70 developing countries in Beijing in December 2017 for the first-ever South-South Human Rights Forum.<sup>26</sup> Closer to the EU, the alternative model offered by China has had effects in the security realm, with Turkey threatening to leave NATO and join the China-led Shanghai Cooperation Organization (SCO) instead.<sup>27</sup>

In offering the 'China alternative' to European elites, Beijing leverages two political currents in Europe that have the potential to erode European integration and democratic values. On the one hand, there is the notion that China's political and

economic development model might be superior to the Western model ('authoritarian minds think alike'). On the other hand, populist European political elites seem determined to use China's growing presence in their country as a bargaining chip in negotiations with the EU as a tool against the 'rule of Brussels,' which some Eastern European nationalists paint as 'the new Moscow.' Playing the part of a political 'alternative' is something Beijing is glad to accept as a byproduct of greater economic and

political engagement with European countries. In fact, as became clear at the 19<sup>th</sup> Party Congress in October 2017, China's leadership is increasingly confident about the exportability of Chinese concepts of governance, with party-state leader Xi Jinping stating that it is time for China to "take center stage" in global affairs.<sup>28</sup>

In Europe, China's role as a normative alternative to European as well as transatlantic integration has recently become a forceful theme among Central European elites. One prominent example is the Czech Republic and specifically elites close to the palace of Czech President Miloš Zeman. Between 2009 and 2014, Prague was one of the harshest critics of China's human rights record in the EU. Since leadership changed in 2014, voices critical of China's human rights record have instead been marginalized in Czech debates. During his state visit at the end of March 2016<sup>29</sup> – the first visit by a Chinese head of state to the Czech Republic – Xi Jinping enjoyed some of the highest national honors, including a 21-gun salute, the award of a key to the city of Prague,<sup>30</sup> and a reception in Zeman's private residence.<sup>31</sup> In return, Xi Jinping signed a strategic partnership agreement with the Czech president and also proclaimed a "new era of Chinese-Czech relations,"<sup>32</sup> promising multi-billion-euro Chinese investments in the Czech Republic.<sup>33</sup>

In offering the 'China alternative' to European elites, Beijing leverages political currents in Europe that have the potential to erode European integration and democratic values.

In the context of Xi's visit, Zeman deliberately juxtaposed the intensification of relations with China and the country's integration into European institutions. The Czech president declared on Chinese television that his country's previously poor relations with China were a result of the "submissive attitude of the previous government towards the USA and the EU."<sup>34</sup> He then went on to celebrate the signing of the strategic partnership with China as "an act of national independence." Zeman's words primarily speak to an ambition to free his country from the so-called shackles of European integration – a political agenda he has been pursuing openly for many years. In this respect, China serves as a convenient partner that he can draw on whenever leverage is required in negotiations with Brussels or Euro-friendly EU governments.

The use of relations with China as a bargaining chip against Brussels and other EU capitals is also evident in the case of some EU accession candidate countries. Macedonia is a case in point. In an interview that appeared in the *Telegraph* on November 4, 2017, Macedonian President Gjorge Ivanov said that the EU's failure to invest and build infrastructure in the Balkans left the door open for China to fill the gap: "Now we arrive at the situation where we are using Chinese money and credits to build a European corridor transiting the territory of Macedonia. This is the paradox. This is what I mean when I talk about Europe is withdrawing. It's like a call to China."<sup>35</sup>

In some EU member states, political elites might even be eager to flirt with China's authoritarian political and state-driven economic model out of ideological conviction, as it contrasts favorably to Europe's liberal market economies. Hungary's Prime Minister Viktor Orbán, who has openly advocated building an "illiberal state on national foundations" against the EU model of liberal democracy,<sup>36</sup> is a prominent example. In October 2016, Orbán addressed the China-CEE Political Parties Dialogue in Budapest. In a speech openly critical of EU integration, he endorsed Beijing's position, which rejects universal values and norms based on claims that each country needs a system that fits its unique national conditions. This view contrasts strikingly with the EU's commitment to promote the universality of human rights. As such, Orbán's remarks only thinly disguised his sympathy for China's alternative illiberal-authoritarian model of governance.<sup>37</sup>

Chinese efforts to build political capital and influence with populist parties is by no means limited to Central and Eastern Europe, but also relates to opposition parties in some of the biggest EU member states. In Germany, for example, Chinese diplomats and journalists have been actively reaching out to politicians from the far-right party *Alternative für Deutschland* (AfD). Notably, AfD politicians have used "Baizuo," a term popular among Chinese internet users, to discredit Chancellor Angela Merkel.<sup>38</sup> Now that the AfD is represented in the German parliament and has access to various confidential documents, this also presents a potential national security risk. In another remarkable example, in the run-up to the 2017 German federal elections, the fringe political party *Bürgerrechtsbewegung Solidarität* (BüSo) adopted official Chinese political language for its campaign, including ads in central locations in Berlin claiming that "the future of Germany is the Silk Road!"<sup>39</sup> Helga Zepp-LaRouche, a cofounder of BüSo, has long been one of the most outspoken supporters of China's BRI in Europe and also been one of the few Western 'think tank' representatives who was invited by the Chinese government to attend the BRI Forum in May 2017.<sup>40</sup>

### Tool 3: China marginalizes critical voices within foreign administrations and supports China-friendly officials or former top-level politicians

Over the past two years, the Chinese leadership has started to leverage its personal ties with EU heads of state and government as well as their staffs to influence personnel decisions related to European China policy. In doing so, Beijing has incentivized the marginalization of China-critical voices in European national administrations and supported the appointment of China-friendly officials. However, for now, it is difficult to discern whether China actively affects personnel decisions through promises and veiled threats, or if governments act pre-emptively to avoid repercussions or in order to gain favor with Beijing.

The emerging pattern of influencing personnel decisions in European governments has high-profile precursors in other Western liberal democracies, specifically Australia and New Zealand. There, the injection of China-friendly personnel has been even more directly orchestrated by China. An example is Australian Labour Senator Sam Dastyari, who received Chinese political donations and has provided a detailed defense of China's posture in the South China Sea.<sup>41</sup> In New Zealand, Member of Parliament Jian Yang, a Chinese-born politician with connections to the Communist Party, was put under investigation by the country's Security Intelligence Service in September 2017 after it became public that he had been a professor at China's elite military colleges providing training to intelligence officers. Notably, between 2014 and 2016, he was a member of the country's foreign affairs committee and thus directly dealt with China policy. Through a recent investigation, it emerged that he had also lobbied ministers to overturn a national security blockage on a Chinese-born applicant for a sensitive position in the defense force.<sup>42</sup>

In Europe, the Czech Republic serves as another vivid – if more discreet – example of how China has started to shape the standing of political personnel and, by extension, debates within national governments. In October 2016, a deputy prime minister and two ministers fell out of favor with their country's top political leaders when they met with the Dalai Lama in Prague. In an unprecedented step, all three were sharply rebuked in a public statement issued jointly by President Zeman, Prime Minister Bohuslav Sobotka, and the heads of the Czech parliament's upper and lower chambers. The statement criticized the meeting and reiterated the "One China" principle, effectively undermining the authority of the three ministers and portraying them as political outliers on matters related to the Czech Republic's China policy. Notably, this stern statement was preceded by Chinese Ambassador Ma Keqing's confidential visit to Prague Castle, the seat of the Czech President.<sup>43</sup>

Even more hands-on instances of China's influence on the composition of the Czech political apparatus have also come to light. In spring 2017, President Zeman sent a strong signal that even some of the most senior members of the public administration could face severe consequences if they got in the way of deepening ties with China. Bedřich Kopecky, the Czech ambassador to Beijing, was on the verge of being recalled by President Zeman after he had signed a non-public human rights observance appeal addressed to the Chinese Public Security Minister along with ambassadors from other EU member states and like-minded countries. This did not require approval from the president's office. Still, Zeman publicly stated that "such a person had nothing to do in

an important position in Beijing<sup>44</sup> and threatened to recall Kopecky.<sup>45</sup> In addition, Zeman refused to confirm the appointment of Deputy Foreign Minister Ivo Šrámek, who as the Czech ambassador to the Organization for Security and Co-operation in Europe knew of and had authorized Kopecky's signature of the letter.

China has not only induced Czech leaders to 'silence' critical voices, it has also taken steps to insert proponents of Chinese interests into the Czech administration. Ye Jiaming, who was recently appointed as a senior economic policy advisor to President Zeman, is a case in point. Ye is the founder of a Chinese oil company that rose to prominence when it bought the top Czech soccer club, Slavia Prague, as well as a major publishing house, two Renaissance-era historic buildings, one of the country's oldest breweries, and a controlling interest in Prague's J&T Finance Group for a total of \$1.5 billion – all within one week in 2016. Evidence suggests that Ye maintains strong ties with nationalistic elements of China's People's Liberation Army. Most importantly, he makes no secret of the fact that he has China's national interest in mind when investing abroad, which likely shapes his advice to Zeman, too.<sup>46</sup> Significantly, in providing such advice, Ye might also have access to a vast array of confidential EU documents related to trade and investment as well as other issues of interest to Beijing.

While the most pronounced examples for the influencing of China-related policies from within European administrations stem from Central Europe, this trend is also gradually making inroads in Western Europe. Here, China makes use of former politicians as policy brokers with current governments and turns them into public as well as behind-the-doors advocates of Chinese positions. In the most high-profile case, former British Prime Minister David Cameron took on a leadership role in a \$1 billion BRI infrastructure investment fund during a two-day visit by the UK's Chancellor Philip Hammond's to Beijing in December 2017.<sup>47</sup> Similarly, former British Prime Minister Gordon Brown has been working as chief advisor to the Sino-CEE Fund.<sup>48</sup> He has also been actively organizing conferences promoting China's BRI at his alma mater, the University of Edinburgh.<sup>49</sup>

There are many examples of influential personalities deeply involved in national governments being selected for top positions in Chinese organizations. Several former German and French ministers are currently on China's payroll and use their contacts in the current administrations to amplify China's voice. Former German Vice Chancellor Philip Rösler was tapped by China's HNA group to head its New York-based foundation.<sup>50</sup> Jean-Pierre Raffarin, France's prime minister from 2002 to 2005, presides over the China-sponsored "Fondation Prospective et Innovation" and chairs the foundation's annual forum on China, which brings together high-level personalities from politics and business to discuss global policy matters with a China-friendly outlook. In another prominent case from 2015, two former British foreign secretaries, Jack Straw and Malcolm Rifkind, were accused of using their influential positions on behalf of a fake Chinese company in return for payments of at least £5,000 a day.<sup>51</sup>

## Tool 4: China puts dissenting governments into the "freezer"

China also does not shy away from putting European governments into the "political freezer" when they challenge Beijing on human rights or other sensitive issue areas. Chinese retaliation following the Dalai Lama's visit to EU member states is the most

China's leadership is pursuing one principal objective: limiting public discussion and media attention on issues where it falls short of the 'Western mainstream.'

prominent example of this practice. Political 'freezing' entails excluding European states from investment opportunities and other forms of economic collaboration, severely downgrading diplomatic exchanges, and banning political elites from travelling to China. In engaging in these activities, China's leadership is pursuing one principal objective: limiting public discussion and media attention on issues where it falls short of the 'Western mainstream.' At the same time, Beijing also adopts a longer-term perspective by attempting to impart a self-restraining mechanism in these 'frozen' governments to preclude further criticism of the Chinese regime once diplomatic relations return to normal. While most of China's other tools to deal with European political elites were previously tested in other geographies, punishment (or 'freezing') is one that has been used in the EU from very early on without significant prior cases in other parts of the world. European meetings with the Dalai Lama, for instance, have been met with various forms of punishment from Beijing for over three decades.

The list of European political elites who have experienced this retribution, be it in the form of cancelled meetings with Chinese counterparts or a freeze in some aspect of trade relations, is rather long.<sup>52</sup> The most high-profile European case in this respect is Norway. The Scandinavian state was hit with a complete freeze of its political ties with China until 2016 after Liu Xiaobo received the Nobel Peace Prize in 2010. Indeed, Norway seems to have 'learned its lesson' from the episode; for example, Norwegian Prime Minister Erna Solberg refused to comment on calls for Liu Xiaobo's release in July 2017, as she did not want to put the restart of negotiations over a free trade agreement with China at risk.<sup>53</sup> The government in Oslo has adopted a very cautious approach to addressing difficult issues in bilateral relations, demonstrating the success with which Chinese freezer tactics have created an atmosphere of self-censorship among Norwegian politicians.

Other European governments have also adapted their China policy considering Chinese punishment tactics. Following a meeting between Slovak President Andrej Kiska and the Dalai Lama in October 2016, Premier of the State Council Li Keqiang declined to attend a bilateral meeting with Slovak Prime Minister Robert Fico. Soon after, it became clear that the price tag China attached to Dalai Lama visits was too high for the Slovak government. Fico publicly announced in rather apologetic terms that the meeting with the Dalai Lama had "clearly damaged Slovak-Chinese relations." Moreover, Slovakia's ambassador to Beijing later sent a letter to China's Foreign Minister Wang Yi stating, inter alia, that "the Slovak president, government and all Slovak officials fully respect the sovereignty and territorial integrity of the People's Republic of China and subscribe to the one-China policy."<sup>54</sup>

In another example from 2012, China cancelled a planned visit to the UK by Wu Bangguo, who at the time was a member of the Politburo, in response to then-British Prime Minister David Cameron's meeting with the Dalai Lama. Cameron subsequently distanced Britain from the Dalai Lama on a visit to China in 2013. The effects of China's punishment tactics were also highly visible in the UK's diminished support to Hong Kong during the Occupy Central protests in 2014.

EU institutions have also not been immune to Chinese political pressure. A European Parliament Committee on Economic and Monetary Affairs (ECON) delegation trip to Shanghai and Beijing was postponed after Martin Schulz, who



at the time served as president of the European Parliament, met the Dalai Lama in Strasbourg in September 2016. In response, Chinese officials declared that the meeting contradicted the EU's stated commitment to the "One China" policy, and that it had "damage[d] the atmospheres of [Sino-European] bilateral exchanges."<sup>55</sup> Significantly, however, the EP has not toned down its criticism of Chinese human right shortcomings in response, underlining that EU institutions might be more able to play hardball in relations with China than individual EU member states.

## **Arena 2: Media and Public Opinion - China Tries to Set the Tone by Buying Into Existing Media Institutions and Setting Up New Ones**

In the media arena, China has stepped up its influencing efforts targeting European public opinion. A valuable tool in this respect is the inclusion of paid inserts prepared by Chinese state media in leading European newspapers. Besides promoting Chinese official views among readers, this tool also creates financial dependencies that could be turned into political leverage for Chinese state news agencies, with a potential impact on content. Secondly, different Chinese ministries and media organizations increasingly seek to enter into cooperation agreements with European media outlets, including by setting up official media forums and dialogues. Lastly, Beijing also leverages access to the Chinese market as a means to prompt organizations in the film and art industries as well as academic publishing houses to censor their own content.

### Tool 1: Newspaper supplements serve as vehicles to spread China's official view and to create subtle dependencies

One important channel through which China creates support for its interests and views in Europe is paid media inserts. The main element of this is *ChinaWatch*, an eight-page insert prepared by the *China Daily*, China's first and most important English language daily since 2010.

These supplements serve at least two goals. First and foremost, readers of the original publication are exposed to China's official point of view on various matters through the inserts. One potential advantage of packaging content in this way, compared to simply using China's own party-state media, is that it is more effective to use established media institutions in a particular country, since these have more credibility with local audiences than Chinese media. While *ChinaWatch* carries a disclaimer marking it as paid content, its layout makes it look like editorial content. Combined with the fact that *ChinaWatch* covers current events, it could easily be mistaken for a part of the paper in which it is carried.

Second, the fact that papers are paid to run *ChinaWatch* creates dependencies and, by extension, the potential to influence content in the parent publication. It is difficult to trace whether and to what extent this is already happening. The publications in question maintain that their paid supplements do not compromise their journalistic integrity; yet the fact that Chinese authorities are cofinancing these supplements creates potential channels for them to exert pressure on editorial decisions, much like granting a medium access to the Chinese market or granting visas to its journalists.

The first such media supplement, *Reports from China*, was prepared by *China Daily* and distributed in the US as early as in 1992. The idea of publishing them in print media received a considerable boost over the past 10 years, as mainstream media in Western countries have been struggling financially and searching for new revenue streams. After testing supplements in major US media (e.g., the *Wall Street Journal*, the *Washington Post*, and what was then the *International Herald Tribune*) that China's propaganda authorities consider particularly important in shaping global public opinion, the strategy was extended to Europe. The first European medium to publish supplements was the British newspaper *The Telegraph*, which started carrying *ChinaWatch* in 2011. Since then, the *China Daily* has signed various cooperation agreements directly with other individual media in Western Europe. At present, *ChinaWatch* is published by at least seven European papers in five languages: English, Spanish, Dutch, German, and French (see Table 3).

**Table 2: A Growing Number of European Media Carry the Supplement ChinaWatch<sup>56</sup>**

COUNTRY	MEDIUM
UK	<i>The Daily Telegraph</i>
Germany	<i>Handelsblatt; Süddeutsche Zeitung</i>
France	<i>Le Figaro</i>
Belgium	<i>Le Soir; De Standaard</i>
Spain	<i>El País</i>

In addition to supplements published at regular intervals in specific media, various Chinese actors also sometimes buy one-off ad space in other media. One example was an insert about the Paralympics prepared by *Xinhua* and published by the German daily *Süddeutsche Zeitung*.<sup>57</sup>

Chinese government officials, media corporations, and academics have also considered buying struggling media in Europe with the aim of changing their editorial line and making them more 'pro-China.' Outside of Europe, both party-state media and mainland Chinese corporations have made several attempts to buy major Western media institutions, including *Newsweek* magazine (2010) and *Forbes* magazine (2017).<sup>58</sup> Hong Kong's *South China Morning Post* was the first major medium successfully acquired by a Chinese investor. In Europe, a first trial balloon for this media acquisition strategy was *Propeller TV*, a television channel in the UK that was bought up by a Chinese investor in 2009. At present, the Chinese energy and investment group CEFC has made a bid to buy Central European Media Enterprises, a media conglomerate operating primarily in Bulgaria, the Czech Republic, Romania, and the Slovak Republic. Similar attempts to buy European media could be made in the future.



## Tool 2: China promotes media cooperation agreements to turn European media into instruments of fostering friendship

In recent years, China has increasingly used state visits, media forums, summits, and other occasions to sign media cooperation agreements at a high political level. These agreements are with countries around the world as well as with individual media outlets, and they typically revolve around an exchange of content as well as a commitment to common principles. China has pursued similar strategies in almost all parts of the

world for decades; however, since the turn of the century, these efforts have consistently intensified and increased in number. In Europe, countries in the 16+1 initiative have been particularly important targets.

In its media cooperation efforts, China is pursuing two main objectives. First, signing cooperation agreements provides an opportunity to exchange content and thus have news prepared and controlled by China's party-state

media carried in foreign outlets. Second, agreements and forums are used to spread China's concept of journalism. Either subtly or overtly, the CCP is trying to market its alternative to watchdog journalism, from which smaller countries outside of Western Europe could profit in particular. Most of the current media cooperation between China and Europe is framed as part of BRI, once again illustrating the point that BRI is an umbrella initiative accommodating multiple interests and previously existing projects. In addition to high-level agreements and events organized by central party-state media, provincial media have also become more involved in direct exchanges with Europe. For example, in 2016, Guangdong organized the Media Dialogue on Connectivity as part of the Asia-Europe Meeting, which focused on the role of the media in creating visibility for the Asia-Europe Meeting (ASEM) and promoting people-to-people exchanges.<sup>59</sup> Media cooperation tends to be sold under the label of fostering "friendship and mutual understanding." Often, the underlying subtext of this is that smaller and developing countries are treated "unfairly" by "Western mainstream media."<sup>60</sup> Here, China tries to promote the idea of the press as an instrument of friendship between different countries. Of course, the implicit subtext is that it expects other countries to rein in media criticism of China. In some cases, it has gained explicit concessions. For example, in a meeting with Chinese foreign minister Wang Yi as part of a larger effort to improve security cooperation, Turkish Foreign Minister Mevlut Cavosloglu stressed: "We will take measures to eliminate any media reports targeting China."<sup>61</sup>

Media forums are also used to signal consensus with representatives and academics from other countries about media models and what journalism should be. Examples of such initiatives include the Media Cooperation Forum on Belt and Road (held annually since 2014), the Sino-Hungarian Media Forum (2015), the China-Serbia Media Forum, and many more. China has also used these forums to push its idea of 'constructive journalism' as an alternative to watchdog journalism. In practice, this means that China is trying to bolster support for the idea that media should not challenge those in power, but rather work with them. In an international setting, according to this logic, media should serve as a tool for fostering friendships between different countries.

Either subtly or overtly, the CCP is trying to market its alternative to watchdog journalism, from which smaller countries outside of Western Europe could profit in particular.

**Table 3: Chinese Ministries and Media Agencies Organize Media Forums and Dialogues With European Countries**

FORUM	ORGANIZERS	YEARS
Media Forum China – Germany – USA; China-German Media Forum	Robert Bosch Foundation, <i>Global Times</i> , The Center for Transatlantic Relations at Johns Hopkins University, CMM-I (media consulting agency in Beijing)	2010-2017
Media Cooperation Forum on Belt and Road	<i>People’s Daily</i>	2014-2017
China-France Media Forum	Fondation Charles De Gaulle, <i>Global Times</i> Foundation	2014
China-UK Media Forum	<i>China News Service</i> , <i>Global Times</i>	2014
“Across the Golden Bridge” China-Malta Culture and Media #forum	Malta’s Ministry for Tourism, China Cultural Media Group, China Culture Center in Malta, and Let’s go Malta Group	2014
Sino-Hungarian Media Forum	China International Publishing Group, Hungary’s National Media and Infocommunications Authority	2015
China-Netherlands Culture and Media Forum	China Cultural Media Group, DutchCulture	2015
China-Poland Media Dialogue	China’s State Council Information Office	2016

### Tool 3: The lure of the Chinese market encourages (self-)censorship in film, art, and academic publishing

China has also leveraged access to its own market using a carrot-and-stick approach. This strategy’s targets include, to differing degrees, news media outlets, publishers, and film studios. The goal is to change the content offered by these various foreign actors, tailor it to Chinese censorship requests, and, in the long run, use it to shape foreign perceptions of China and its core issues.

Foreign news media are banned from operating in China and do not stand a great chance of gaining access to the Chinese market. Many seem to be aware of that. Online news can be blocked at any time and thus exists in a grey zone. The example of *The New York Times*, which started a Chinese edition only to get censored shortly afterwards, may have served as a lesson. As such, the only way the Chinese side can try to exert pressure on foreign media is by refusing visas to their correspondents in China to change how the country is covered in foreign publications abroad. This can be done either in retaliation for coverage the Chinese government disapproves of, or pre-emptively to prevent such coverage from being published. The first journalist to be expelled was Melissa Chan of *Al Jazeera* in 2012.<sup>62</sup> The only European journalist to have a visa denied so far is Ursula Gautier who worked for the French magazine *L’Obs* and had to leave China in 2015, but other journalists have reported increasing pressure and difficulties in renewing their visas.<sup>63</sup>

Different rules apply to film studios and publishing houses. For them, the promise or maintenance of access to the Chinese market can be instrumentalized to get them to comply with Chinese requirements and censorship requests. Chinese rules for films cover a wide range of specifications, from banning nudity to making sure a movie's message is in accordance with official political views.<sup>64</sup> Similarly, publishers may be asked to remove their content from the Chinese market if the CCP objects to it.

Coproducing films with Chinese partners has become a popular way around film quotas, which until recently limited the number of revenue-sharing foreign films that could be shown in China to 34. Although that policy is officially no longer in effect since the end of 2017, China has created new legal barriers to limit the number of foreign films that can be shown in China.<sup>65</sup> While Hollywood's involvement with China has received much more attention, European film studios are following in its footsteps by signing cooperation deals with Chinese partners. For instance, Wuxi Studio and Studio Babelsberg recently signed a cooperation agreement that includes plans for a joint production service unit and is meant to grant the German film studio access to the Chinese market as well as helping Wuxi Studio internationalize its operations.<sup>66</sup> While there are no known examples of censorship on the part of European film studios, both direct requests from the Chinese side or the desire to appeal to the Chinese market could result in changes to a script.<sup>67</sup> Although such cooperation is not inherently problematic, the Chinese side has long considered Western popular culture as a threat<sup>68</sup> and is very interested in shifting the messages people consume through movies and television.

The problems of Chinese censorship also came into the spotlight when Cambridge University Press and Springer Nature, two major academic publishing houses, recently admitted to censoring articles on their Chinese platforms. According to the companies, this was done to comply with Chinese laws and, by extension, to continue to offer content in China. While Cambridge University Press has since reversed its decision, Springer Nature, which also recently signed a cooperation agreement with Chinese tech conglomerate Tencent, has defended its decision to censor. As a commercial publisher, the benefits it derives from maintaining access to the Chinese market may outweigh the reputational damage done by its decision to censor parts of its publications.

### **Arena 3: Civil Society and Academia - China Refines its Soft Influencing Tools to Shape Knowledge Production and Dissemination in European Think Tanks and Universities**

Chinese state actors are increasingly active in trying to influence debates and limit freedom of speech in European civil society and academia, specifically in think tanks and universities. Chinese state think tanks like CASS gather high-level Chinese and European officials and scholars under the guise of people-to-people exchanges. CASS has also successfully launched its first foreign branch in Europe. Moreover, Chinese state agencies like the Chinese Mission to the EU increasingly co-organize and sponsor events in Brussels, where they deploy European pro-China lobbyists to promote Chinese official views on critical issues in Europe-China relations. Backed by the Chinese government, Chinese investors look at Europe to set up academic programs. This third tool builds on an already extensive network of Confucius Institutes in European

universities. Lastly, Chinese embassies in European countries deploy a fourth tool, the Chinese Students and Scholars Associations (CSSA), which they mobilize on the occasion of public events on politically sensitive topics in an effort to silence voices that are critical of the Chinese government in Europe's academia.

## Tool 1: China sets up research exchange mechanisms and think tanks in Central and Eastern Europe to influence perceptions and agendas

China has set up new research exchange networks and think tanks to influence research agendas and policy recommendations pursued and delivered in Europe. Specifically, Beijing has tasked CASS with gathering Chinese and foreign high-level decision makers and think tank scholars under formats that are officially framed as people-to-people exchanges. In addition, the Chinese government has instructed CASS to set up foreign branches. This new responsibility adds to the efforts of other Chinese think tanks more traditionally affiliated with China's intelligence efforts and international cooperation, such as the China Institute for Contemporary International Relations (CICIR). In Europe, the arm of CASS has so far extended mainly into Central and Eastern Europe.

Policy documents and research topics covered under these formats reveal that, in the short run, CASS' efforts are aimed at favorably cultivating expert opinion on China and China-led initiatives in Central and Eastern Europe. This signals that Beijing is interested in influencing the tone of public debates on China-related issues to ultimately also shape European policymaking. Identifying and targeting key public opinion leaders in Europe is a core objective of this effort. Further, Beijing wants to use the expertise of and local networks with Central and Eastern European think tanks to identify key risks and obstacles concerning the implementation of Chinese policy initiatives like BRI, and to build up support for them. Finally, in the long run, the Chinese government also wants to gather know-how to develop its own internationally competitive think tanks.

Institutionalizing research exchanges in Europe is part of Beijing's new global effort to broadcast and propagate its official views through CASS and other state-led research organizations as a means to strengthen China's discursive power on the global stage. In 2015, the General Office of the CCP's Central Committee and of the State Council outlined a plan to develop internationally influential think tanks guided by the Party's ideological direction by 2020.<sup>69</sup> New requirements for Chinese think tanks included establishing multi-level exchanges and expanding international cooperation. Since then, China's research institutes have been officially integrated into China's soft power strategy as key public diplomacy actors. While the official strategy for think tanks applies to all Chinese research organizations, CASS has a special role to play – not least because of its ministry ranking and its direct relationship with the State Council.

Apart from Europe, where China has engaged think tanks bilaterally all across the continent, bilateral think tank dialogues have been set up with organizations in liberal democracies such as India and the US. In the summer of 2016, Beijing also set up the first Chinese think tank in Washington, DC called the Institute for China-America Studies.<sup>70</sup> In Africa, Chinese research organizations have funded and set the agendas of regular exchanges with African counterparts under the China Africa Think Tank Forum (CATTF) since 2011.<sup>71</sup> This format brings together scholars and high-level

personalities from politics and business under the guise of people-to-people exchanges. Similarly, Chinese government-led initiatives are conducted through state think tanks in Latin America and South Asia, such as the China-Latin America and the Caribbean (China-LAC) Think Tanks Forum and the China-South Asia Think Tank Forum.<sup>72</sup>

In Europe, issue-based forums concerned with promoting BRI have been organized since 2015 by the Development Research Center of the State Council with its European partners in the framework of the Silk Road Think Tank Network (SiLKS). So far, annual forums by the network have taken place in Madrid, Warsaw, and Beijing.<sup>73</sup> Other Chinese think tanks that have long been active in international exchanges are regularly involved in the organization of BRI-related conferences in Europe. A recent example is an international forum on the “New Silk Road,” which was organized, among others, by the China Center for Contemporary World Studies in Duisburg, Germany, in November 2017.<sup>74</sup>

In Central and Eastern Europe, the introduction of a 16+1 think tank network came about after a proposal by Chinese Premier Li Keqiang at the 2015 16+1 Suzhou Summit, where he charged CASS with setting up the network. Since its official launch in December 2015, CASS has served as the network’s secretariat. A High-Level Symposium of China and Central and Eastern European think tanks had already been in place since 2013. On April 24, 2017, CASS opened a foreign branch in Budapest, the China-CEE Institute. This marked the opening of the first Chinese think tank in Europe and highlighted a serious lack of reciprocity in the treatment of Chinese think tanks

in Europe as compared to European think tanks in China. China’s Foreign NGO Activity Management Law, which entered into force on January 1, 2017, considerably expanded the administrative burden and control the Chinese Ministry of Public Security exerts over foreign think tanks’ operations in China. In Europe, Chinese think tanks take advantage of the one-sided openness of liberal democracies. Hungary’s Sino-European Foundation, the stated mission of which is

to “bring China closer to Europe while also introducing China’s achievements to the region,” supported the founding of the China-CEE Institute and the launch event.<sup>75</sup>

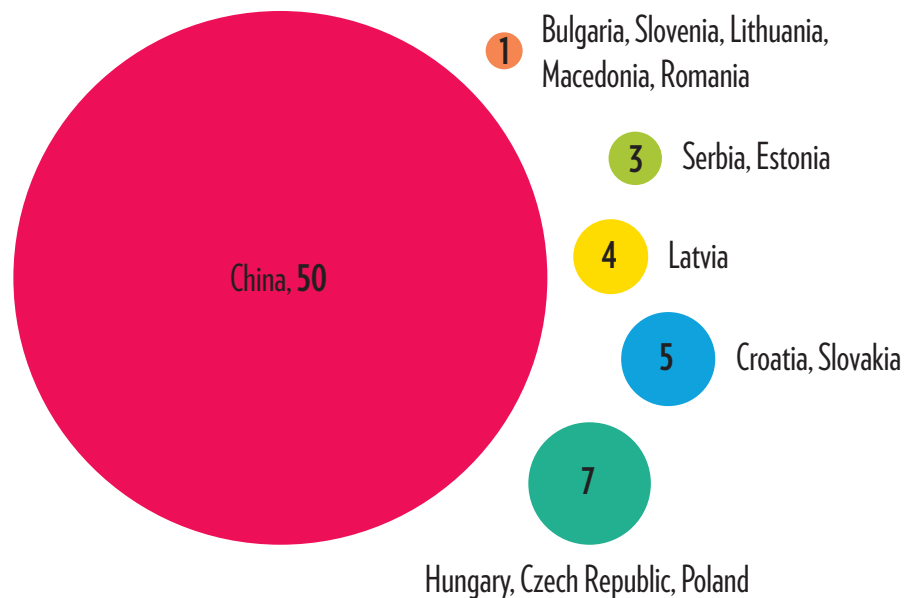
Despite being presented as people-to-people exchanges, CASS-led think tank initiatives organized within the context of the 16+1 format are better described as track 1.5 exercises. These forums bring together high-level Chinese government officials and diplomats, representatives from state-owned enterprises (SOEs), and the broader business community from China with Chinese as well as Central and Eastern European think tank scholars.<sup>76</sup> In addition, the China-CEEC think tank network’s partners include universities and research institutions that train civil servants as well as military and law-enforcement personnel in CEEC countries.<sup>77</sup> Research exchanges and cooperation initiatives under this framework have great potential to shape perceptions of China’s activities in the region, both in the short-term and in the long run. They grant Chinese influencers direct contact with future leaders of Central and Eastern European countries. Crucially, these exchanges take place behind closed doors.

Currently, CASS’s expanded public diplomacy activities in Eastern Europe mainly aim to survey European countries’ perceptions of BRI and the 16+1 format. This serves the Chinese government in overcoming obstacles to China-led infrastructure projects in the region, as foreign support is crucial to the overall success of BRI. At the

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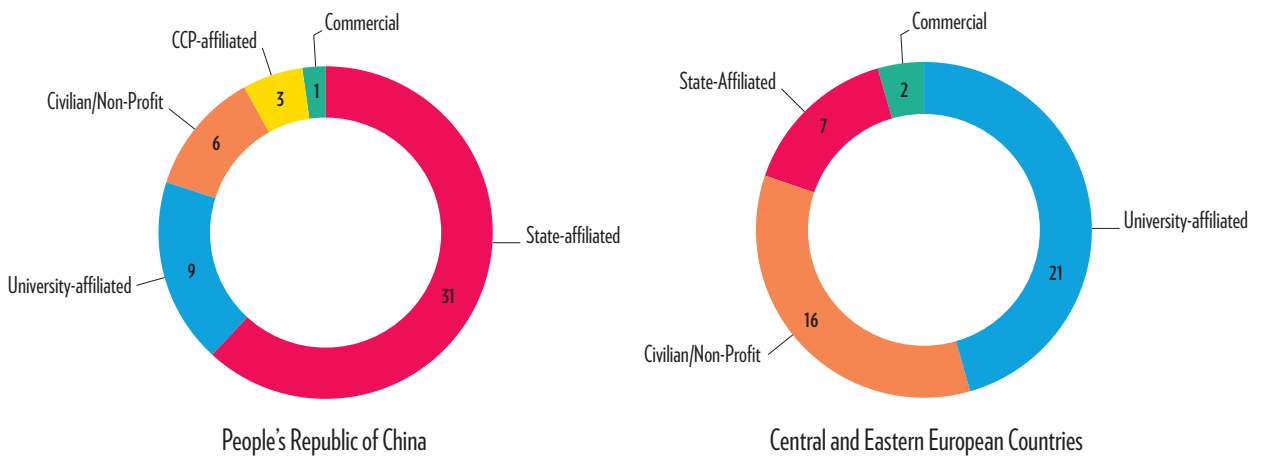
May 2017 Belt and Road Summit, Liu Qibao, then Head of the Publicity Department of the CCP'S Central Committee (China's central propaganda department), called on Chinese and overseas think tanks to "provide intelligence support for the Belt and Road development." In a report published in July 2017, Liu Zuokui, Director of the Department of Central and Eastern European Studies in the Institute of European Studies at CASS and Director of the China-CEEC Think Tanks Network, called on Chinese think tank scholars to "develop abilities of detecting issues through questionnaire surveys, so as to provide intellectual support to the implementation of the Belt and Road Initiative."<sup>78</sup> In line with this statement, the latest call for papers for the fourth High-Level Think Tanks Symposium of China and CEEC countries, which was held in Beijing in December 2017, was geared toward collecting studies on risks related to Chinese investments in Central and Eastern Europe, the legal obstacles facing Chinese infrastructure investments in Europe, and "attitudes of the EU and of main countries of the EU (i.e., Germany) towards the 16+1 cooperation."<sup>79</sup>

**Chart 1: China's Research Initiative Gets all Central and Eastern European Countries Involved**



Source: China-CEEC Think Tank Network

**Chart 2: Chinese State Think Tanks Drive Research Exchange With Central and Eastern European Countries**



Source: China-CEEC Think Tank Network

## Tool 2: China funds knowledge production in Brussels and deploys European pro-China lobbyists to boost its views on critical issues in EU-China relations

Chinese state agencies are very active in funding knowledge production and dissemination within foreign institutions. In Europe, these efforts particularly target Brussels as Beijing aims to implant its official views where EU decision-making takes place. By financing and co-organizing events, Beijing seeks to gain leverage to secure space for Chinese officials and European pro-China lobbyists to promulgate Beijing's views on key issues in EU-China relations. Moreover, these venues also serve as a first point of contact for attempts to recruit Western scholars or students to work for Chinese intelligence services, as highlighted in comprehensive reports compiled by German domestic intelligence services.<sup>80</sup>

On a global level, Washington, DC has become a key target of China's efforts to promote its views. The China-US Exchange Foundation (CUSEF), which was founded in 2008 by former Chief Executive of Hong Kong Tung Chee-hwa, has cooperated with nearly all prominent think tanks in the US. CUSEF is registered in the US as a foreign agent and its founder enjoys close ties with the United Front Work Department of the CCP, which manages influence operations overseas. Most recently, CUSEF financed a new professorship at the Johns Hopkins University's School of Advanced International Studies (SAIS) as well as a research project on China's role in Asia. The sources of funding for both projects were not revealed until an investigation made this public.<sup>81</sup>

In Brussels, Beijing is focusing its efforts on propagating Chinese official views on various issues at stake in EU-China relations by employing both Chinese and European voices. In particular, events involving pro-China lobbyists in Brussels often focus on the debate concerning China's Market Economy Status and EU-China free trade arrangements. Luigi Gambardella, the president of the business lobby ChinaEU, has been given several speaking roles at conferences organized by Brussels-based



think tanks in partnership with the Chinese Mission to the EU and other Chinese state agencies. Gambardella, dubbed “Brussels’ biggest Beijing booster” by *Politico*, is well-known in EU circles for his frequent trips to Beijing and, most importantly, for publicizing views that are at odds with those of most EU business associations.<sup>82</sup> He also regularly and publicly endorses the Chinese government’s views on internet control and governance. During a BRI conference organized by the European Institute of Asia Studies (EIAS) in collaboration with the Chinese Mission to the EU, he spoke alongside Mr. Mu Yongpeng, political counselor at the Chinese representation in Brussels, and claimed that “the EU’s public procurement market is completely closed to foreign companies” and suffers from a reciprocity problem with China.<sup>83</sup> This view strikingly contrasts with the EU’s official position on issues related to market access, whereas EU businesses complain about limited access to the Chinese market. In his most recent trip to China, on the occasion of the World Internet Conference in Wuzhen, Gambardella spoke highly of Chinese government-led approaches to bridging the digital divide and praised the exportability of China’s best practices in the digital economy.<sup>84</sup> This comes at a time when Beijing is developing an IT-driven and highly intrusive Social Credit System, which aims to assess and influence its citizens’ behavior.

Another example is the annual Europe-China forum, which is co-organized by Friends of Europe with its partner institutions – the Chinese Mission to the EU, the China Public Diplomacy Association (CPDA), the China Institute for Reform and Development (CIRD), and Chinese state media *China Daily*. The forum provided a platform for CIRD President Chi Fulin to advocate for EU-China free trade talks and for boosting BRI’s positive role for globalization. This was then broadcast by Friends of Europe’s media partner *China Daily*.<sup>85</sup>

### Tool 3: China invests in and shapes academic programs

State-endorsed Chinese investors increasingly fund educational programs abroad, building up China’s power to shape curricula and knowledge on China internationally. Chinese universities are setting up campuses abroad while also entering into cooperation agreements with Western academic institutions at home and overseas. Chinese

investors in higher education in Europe have particularly focused on Western European countries that are home to a high number of elite universities, such as the UK. Beijing is determined to control how China is taught and studied in Western academic institutions. This involves silencing voices that contrast with the Chinese government’s official views on politically sensitive issues, ultimately undermining academic freedom. By doing so, China also creates ‘safe’ programs and institutions for elite Chinese students who go abroad to pursue their studies. In a global context, and especially on the

African continent, Beijing has a track record of using scholarships and investment in higher education to draw local students to China for academic purposes.<sup>86</sup> While China has traditionally been an attractive destination for students in East and Southeast Asia due to its geographical proximity, 2017 marked the year in which “more Anglophone African students studied in China than in the United States or the United Kingdom,

Beijing is determined to control how China is taught and studied in Western academic institutions. This involves silencing voices that contrast with the Chinese government’s official views on politically sensitive issues, ultimately undermining academic freedom.



their traditional destinations of choice,<sup>87</sup> thanks to Chinese government scholarships. Here, teaching on China is mainly directed by the government-led Confucius Institutes. In the US, the rapid expansion of such institutes has faced some backlash, with at least two American universities shutting down their institutes due to concerns over academic freedom and over the personal freedom of their instructors, which are appointed by the government in Beijing. Similar concerns have emerged in Europe as well. The Chinese government has also tasked CASS with establishing a World China Studies Association (WCSA). The association already brings international China studies academics to China on a regular basis for high-level track 1.5 symposia.

There are now 160 Confucius Institutes in Europe.<sup>88</sup> Concerns over these institutions' influence on universities' curricula have already led some to close down their respective institutes, as Stockholm University did in 2015.<sup>89</sup> In another case in 2014, Hanban, the branch of the Chinese Ministry of Education that sets up the Confucius Institutes worldwide, censored materials at a Chinese studies conference in Portugal by tearing out pages related to Taiwan.<sup>90</sup> Adding to the network of Confucius Institutes in Europe and taking advantage of increased demand for expertise on China, prestigious Chinese universities are now investing in programs overseas. In April 2017, Peking University confirmed the purchase of Foxcombe Hall in Oxford for £8.8 million.<sup>91</sup> The Chinese university will establish its HSBC business school with the open support of China's Communist Party that, despite a campaign to limit Chinese investment going overseas, backed this initiative to open a Peking University campus in Oxford. The top-down nature of these initiatives has raised concerns over Beijing's increased efforts to export its authoritarian values into Western academia. Recent cases of Beijing pressuring Western publishing houses to block part of their content in China (as in the Cambridge University Press and Springer Nature cases) is a clear indicator of Beijing's attitude towards open debate and critical thinking. These ideals are central to the academic tradition of Western liberal democracies, and China's stance is telling of the self-censoring effects this has even on Western scholars when dealing with China.

#### Tool 4: China mobilizes student organizations to pressure Western European universities on critical issues

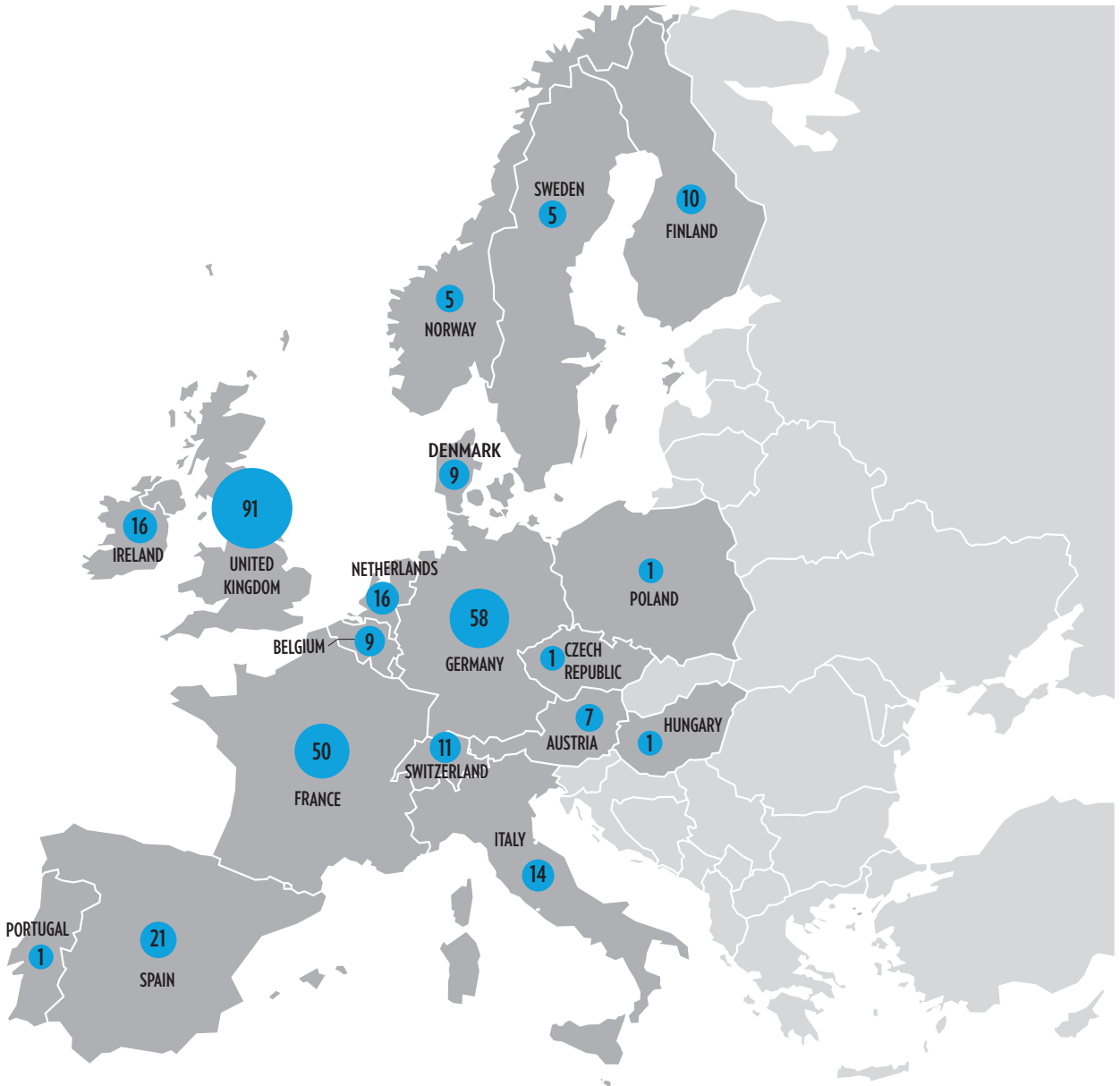
Chinese consulates and embassies mobilize embassy-funded Chinese Students and Scholars Associations (CSSA) at Western universities. While this has been a long-standing practice, these efforts recently seem to have intensified. The CSSAs have typically kept a low profile politically and have been focusing on fostering cultural ties with the host country as well as supporting Chinese students abroad. Now, however, Beijing employs them more strategically under the guise of bottom-up, civil society participation. Indeed, having student associations complaining that certain public events "hurt the feelings of the Chinese students"<sup>92</sup> (i.e., events on politically sensitive issues or involving speakers that are critical of the Chinese government) is a convenient, 'politically correct' way of silencing dissenting voices in Western academia. The CSSAs also report to Chinese embassies on Chinese students who take part in activities that are considered sensitive by the Chinese government. These students and their families at home can face retaliation in the form of threats from Chinese officials.<sup>93</sup> One of the most prominent cases of pressuring by the CSSA followed by retaliation from the Chinese

government took place in 2017 at the University of California San Diego (UCSD). Here, the CSSA pressured the university's chancellor to cancel the Dalai Lama's invitation to speak at a graduation ceremony. Protesting students mentioned that they had been in close contact with the Chinese consulate in Los Angeles on the matter.<sup>94</sup> In addition, the China Scholarship Council, the government branch that provides funding for Chinese students to go overseas, notified the university that it "would no longer process applications to study at UCSD for scholars who had not already been granted a visa appointment from the US embassy."<sup>95</sup>

In a key example within Europe's own borders, Durham University's CSSA brought a complaint against the university's debating society for having invited Anastasia Lin to speak at a public event in early 2017. Lin, a Falun Gong practitioner, is known for her advocacy work on human rights and criticism of the Chinese government. While she eventually took part in the debate, it was reported that the Chinese embassy in London had contacted the CSSA at Durham University.<sup>96</sup> Other reports made public that, in 2015, a Hong Kong expert at Durham University was emailed by the local CSSA president concerning a seminar on the Umbrella Movement, saying that the Chinese embassy in London was "very concerned that nothing should go on in the workshop that disturbs the harmonious relationship between Hong Kong and China."<sup>97</sup> In previous years, other controversies concerning the CSSA in Europe had come to light. In 2011, the CSSA at the University of Cambridge was shut down after it emerged that the Chinese embassy had advised Ms. Chang Feifan, then president of the association, to stay on for a second term without holding elections, violating the CSSA's own constitution.<sup>98</sup> The CSSA then failed to provide its constitution to the university's proctors for checking as required by Cambridge University. In 2005, a *BBC* investigation revealed that the CSSA was deployed by the Chinese government in Belgium as a front organization for espionage activities aimed at gathering technology and commercial intelligence.<sup>99</sup>

A mapping of CSSAs across Europe shows that the organization is well established in Western European countries, with a network of 50, 58, and 91 CSSAs in France, Germany, and the UK respectively.<sup>100</sup> While there have not been as many cases of CSSA-related retaliation in Europe as in the US, it is possible that this trend might feature more prominently at European institutions in the future. These incidents represent an escalation of Chinese government tactics aimed at incorporating the overseas Chinese community, and especially Chinese students abroad, into China's propaganda strategies. A State Council Overseas Chinese Affairs Office has long been in place to maintain deep connections with the overseas Chinese community. This organization seeks to draw overseas Chinese nationals into supporting Beijing's official views through what it defines as a non-governmental channel of influence – or "ambassadors among the people."<sup>101</sup> The January 2016 Chinese Ministry of Education's directives gave Chinese students abroad a role to play in the achievement of the "China Dream," China's official nationalist narrative.<sup>102</sup> In this way, the Chinese government appeals to students' patriotic sentiment as a means to exert pressure and co-opt them into following the embassies' guidance. An October 2017 *Financial Times* investigation shed light on how the United Front Work Department operates. Notably, the report indicated that the United Front Work Department of the CCP has named Chinese students abroad as one of the social groups that the party needs to further integrate into the official party line.<sup>103</sup>

**Map 2: The CCP Could Mobilize a Critical Mass of Europe-Based Nationals Organized in Chinese Students and Scholars Associations**



Source: MERICS research<sup>2</sup>

<sup>2</sup> The numbers of Chinese Students and Scholars Associations (CSSAs) in Europe are based on figures provided by Chinese embassies' websites (where available) as well as on a research of embassy-funded CSSAs in European countries.

# China's Political Influencing in Australia Suggests Path Ahead for Europe

Europe is neither the first nor the most important target of China's global political influencing agenda. Much of what this report details was first tested in other countries, notably those in China's periphery. Looking at these efforts can help understand how Chinese state influencing activities might evolve in Europe over the course of the coming years. Specifically, liberal democracies in proximity to China in the Asia-Pacific region serve as good examples of what may await Europe if China further intensifies its efforts, with Australia being a particularly helpful bellwether.

A 2017 report by the Australian government scrutinized and outlined Chinese influencing operations. It showed that Beijing has dense economic ties with Australia, from financially controlling the country's power grid to ownership of ports and a significant role in the property market. China has also developed deep financial links with Australia's political scene. About 80 percent of all foreign political donations to Australian parties between 2000 and 2016 came from China. A number of influential former politicians have been hired by Chinese companies after leaving office. Australia's intelligence agency identified ten Australian political candidates at the state and local government levels with close ties to Chinese intelligence.<sup>104</sup>

Extrapolating evidence from Australia, it becomes clear that gaining influence with European political elites – both current and former officials – will become an even more central aspect of Chinese influencing efforts in Europe in the future. David Cameron's recent appointment as a senior leader of a Chinese infrastructure fund worth one billion US dollars suggests that this is already taking place. The UK may prove to be an ever more important bridgehead of Chinese interests in Europe, with Beijing taking advantage of the country's need for a post-Brexit trade and finance strategy. UK Chancellor of the Exchequer Philip Hammond has actively courted China: "China and the UK have a very close fit, where China has huge manufacturing and construction capability and huge pools of capital available. Whereas the UK has great expertise in project finance and legal skills."<sup>105</sup> It is remarkable how Hammond celebrates a new division of labor, with China paying and building, and the UK limiting itself to acting as a financial and legal services provider. Despite the fact that the UK will soon no longer have a full seat at the EU table, a UK increasingly dependent on China has many negative side-effects for an EU that still seeks to closely coordinate with the UK on foreign and security policy. Also, within the EU, China will increasingly seek to leverage investment ties to push individual EU member states to break ranks

on European China policy. While China publicly supports European integration and unity, the examples illustrated in this report show the disruptive political consequences of Chinese investment activities in Europe. Those are likely to intensify in the coming years if investments continue unchecked.

In Australia, uneasiness about China's increasing influence in media and publishing recently reached a climax. In November 2017, Australian publisher Allen & Unwin cancelled the publication of a book titled *Silent Invasion: How China is turning Australia into a puppet state*. The company told the author, academic Clive Hamilton, that it was concerned about "potential threats to the book from possible action by Beijing." In Europe, many publishers and film studios consider access to the Chinese market as vital. This is likely to encourage self-censorship, while also giving China leverage to demand changes in content or censorship. Similarly, Chinese media supplements (or even acquisitions) in Europe may not immediately result in changing European views on China and the issues that the Chinese government cares about; but if supplements continue to increase in number and Chinese investors eventually succeed in buying up European media, this strategy will help the Chinese government gradually insert more and more "pro-China" talking points into European debates. Concerning content exchange agreements, whether or not China will be able to win over supporters of its alternative model of journalism (i.e., "constructive" rather than inquisitive) will depend on whether there are well-resourced supporters of independent journalism within the media. The Australian example demonstrates the difference this can make. Recent investigations by the Australian Broadcasting Corporation and Fairfax Media partly relying on strong China expertise in the country have brought to light many of the Chinese influencing efforts in the country. Only a few EU member states have media landscapes that are similarly well-resourced and independently-minded while also drawing on strong China experts. That some member state governments (such

as Hungary) actively work to weaken independent media will only make the Chinese efforts to control a favorable narrative in these countries easier. Several Australian universities have already established research partnerships with Chinese military companies.<sup>106</sup> For example, Chinese-Australian donors have provided funding for the Australia-China Relations Institute at the University of Technology in Sydney, which has been criticized for pushing a friendly line on China. Europe's academic landscape is likely to see much greater Chinese influencing as well. European universities

are likely to increasingly engage in research partnerships with Chinese institutions, including in areas that may be politically sensitive or have security implications.

Students are a key target of China's influencing efforts. Consider the one million ethnic Chinese living in Australia: "On university campuses, in the Chinese-language media and in some community groups, the party is mounting an influence-and-control operation among its diaspora that is far greater in scale and, at its worst, much nastier than any other nation deploys."<sup>107</sup> At European universities, Chinese student diaspora communities have increasingly become targets of Beijing's influence. Emphasis on political discipline and loyalty to the CCP as part of the strengthened ideological line resulting from the 19th Party Congress makes it plausible to think that pressure on overseas Chinese communities will mount drastically.

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As Chinese actors will expand their investments in European universities in the years to come, there will be even more significant efforts to influence curricula, specifically as they relate to developments in China or events on topics politically sensitive to China. Beijing will also continue to use more traditional tools to foster self-censorship in European academic circles, such as preventing scholars from obtaining visas to travel to China if their views are not aligned with those of the Chinese government. Government control over Western campuses, including European ones, and internationally-funded programs in China will keep academic debates in check. The CCP recently announced an order to establish party cells in foreign-funded universities in China, which indicates that further attempts to limit academic freedom and shape China studies curricula in a direction acceptable to the Chinese government are likely.<sup>108</sup>

Similarly, Chinese think tanks will continue aligning their research projects and exchanges with European counterparts, with priorities set by the Chinese government so as to attract economic and political support from Beijing. When they act in Europe, most of them do so as agents of the Chinese government, much like Chinese state media. For European think tanks relying on Chinese funding, questions about the independence of research as well as event organization in Brussels and across Europe will become more relevant. While the effect on policy decisions remains limited thus far, China will likely intensify its efforts, building on existing networks. The incentives for Western scholars to cooperate with and accept financing from China will also remain high. Besides a lack of alternative funding sources, fear of losing access to Chinese officials (or the promise from the Chinese side to grant high-level access) will push many Western institutions to accept compromises in presenting their views, to adjust conference agendas in a way that is accepted by Beijing, and to change crucial terminology in publications.

An editorial in the *Global Times*, an English language Chinese newspaper that is part of the *People's Daily* group, recently summed up China's official attitude towards Australia. It was published in response to an Australian foreign policy white paper in late 2017, which was seen as skeptical of China's role in the region. While Australia "is economically dependent on China," the editorial argued, "it shows little gratitude. Being on the periphery of the Western camp, it has often tried to meddle in Asian affairs on behalf of the West."<sup>109</sup> Dependent but ungrateful — this may also describe how China will see the EU if Chinese economic and political influence continues to grow and EU countries still attempt to assert their values and interests.

However, it is not a foregone conclusion that Beijing's expanded influencing efforts, as seen in Australia, will also be Europe's future. A number of factors could counteract this trend. First of all, unlike Australia, the EU is not a part of the regional sphere of influence China aspires to control, and therefore less of an immediate target. Moreover, in terms of percentage of the population and socio-economic status, Europe does not have the same ethnic Chinese diaspora that Australia has.

Secondly, Chinese regime stability and Beijing's continued efforts to reshape formats of economic and political governance are by no means guaranteed. Due to potential domestic turmoil, China's leaders may lose some of the economic resources and political self-confidence that currently undergird the Communist Party's influencing operations in Europe. While this is a possible scenario, it is beyond Europe's control and not something EU countries should bank on.

A third set of constraining factors could emerge from within Europe. A number of countries in the EU, most notably France under its new President Emmanuel Macron, are waking up to galvanize European unity against the illiberal-authoritarian challenges from within and outside Europe. If successful, this could enable the EU to act in a more coordinated fashion towards these common challenges. Both at EU and member state level, this could also allow for the development of counterstrategies to blunt the advance of China's influence operations. Such a pushback could be driven by revelations of Chinese influence that capture the public imagination, as in the Australian case.

However, there are also factors that could facilitate the expansion of Chinese influence into Europe. If China's growing economic and political clout is left unaddressed, its influencing in Europe will only become a more pervasive phenomenon. Trends such as the rise of authoritarian political forces, the erosion of liberal democratic values, and a continued hunger for investments — especially in Europe's Eastern and Southern peripheries — can make Europe more vulnerable to Chinese state influence. Far right parties' deliberate use of Chinese official ideology to discredit democratically-elected leaders in their own countries as well as the UK's need for stable partners as it prepares to leave the EU in 2019 are only a few of the factors that will further add to this potential. Looking at public opinion and the civil society realm, the financial squeeze affecting traditional media institutions, universities, and think tanks makes them more likely to accept Chinese financing to secure their survival, even if this means constraining their own freedom of expression and research independence.

All of these factors are potential European weaknesses that China will all too readily exploit when that serves its interests. This is something Europe needs to prepare for by putting measures in place to rigorously counter Chinese influencing efforts.



# Europe Needs to Make Countering China's Authoritarian Advance a Priority

Recent years have seen China increasingly take advantage of Europe's political, economic, and societal openness to advance its own agenda and to build up stocks of political influence. Neither the EU nor its member states have sufficiently analyzed the consequences of this development or developed a coherent counterstrategy. This has provided Beijing with additional leeway to pursue its influencing activities across the continent. If European political decision-makers want to counter problematic elements of China's political engagement of both state and non-state actors, they need to act swiftly and decisively.

Policy priorities should revolve around six – partly overlapping – clusters of activity:

- Leveraging the (collective) weight of EU member states;
- Building up high-caliber, independent China expertise across Europe;
- Offering an alternative to (the promises of) Chinese investments in European countries;
- Bolstering investment screening tools;
- Strengthening national and European security regimes;
- Introducing transparency requirements and building awareness among civil society actors and the broader public; and
- Providing support to Chinese communities in Europe.

European governments need to make sure that the liberal DNA of their countries' political and economic systems stays intact. While some restrictions will be necessary, Europe should not copy China's illiberal tools to counter its influencing activities.

## **Leverage the (collective) weight of EU member states**

To date, Chinese political influencing in Europe has made inroads predominantly in smaller and economically weaker European countries where political leverage can be built in exchange for promises of investment and job creation more easily. Making use of significant stocks of influence in some European capitals, Beijing has been increasingly successful in dividing Europe politically when key Chinese interests are at stake. For the EU, this has meant a blow to key interests and its credibility on the global stage.



In response to these developments, German Foreign Minister Sigmar Gabriel has asked China to respect what he has called a “One Europe” policy – i.e., to stop lobbying individual member states to promote Chinese interests. What Gabriel did not mention, however, is that the larger and wealthier EU members themselves only pay lip service to the idea of pulling EU member states’ collective weight on issues where Chinese action fails to resonate with European interests.

Many member states engage in intensive bilateral formats with China in order to reap economic and political benefits. German officials, for example, argue that their own ‘strategic dialogue’ with China (which culminates in yearly cabinet-to-cabinet meetings) simply complements efforts at the EU level and takes place in close coordination with Brussels as well as EU partners. France and the UK have struck similar agreements in the past. However, smaller EU countries have always had a hard time buying this line of argument. For them, the 1+1 formats of larger EU members are an incentive to find their own privileged channels with China. Since relative size will limit the abilities of these countries to use bilateral channels, they are happy to be organized in China-led formats such as the 16+1. It will be up to the bigger EU member states to take serious steps towards putting their privileged bilateral relations with China in the service of common European interests and thus lead by example.

## **Build up high-caliber, independent China expertise across Europe**

Efforts to raise awareness about Chinese political influencing efforts in Europe can only succeed if there is sufficient impartial expertise on China in think tanks, universities, NGOs, and media across Europe. Right now, many European countries lack the necessary independent, high-caliber analytical capacity on China, as a growing amount of China-related research is also China-sponsored. All across Europe, China-supported Confucius Institutes as well as think tanks and university scholars with links to China dominate discussions, while an increasing number of journalists go through training programs designed and funded by the CCP.

European governments, foundations, and other philanthropists who have themselves undergone appropriate screenings should make funding available to build independent expertise to counter Chinese-funded or -affiliated think tanks and university researchers. Initiatives that track Chinese influence activities in Europe like “Chinfluence” are a promising start.<sup>110</sup> Besides academia and think tanks, independent, quality journalism can also play a major role in exposing Chinese influence, as demonstrated by the case of Australia.<sup>111</sup>

There is also a need to build stronger and broader networks among independent China analysts across Europe, especially between Western Europe and the 16+1 countries. There is also a powerful case for linking researchers working on China with others working on authoritarian influences across Europe. At the same time, European researchers need to work more closely with counterparts from other like-minded and affected countries, such as Australia, New Zealand, the US, and Canada. This will give them an opportunity to exchange lessons learned, to set up a regular tracking system, and to develop best practices for countering authoritarian influence.

## **Offer an alternative to (the promises of) Chinese investments in European countries**

As China's political influence in Europe is to a significant extent a product of investments or promises of investment, the EU needs to continue to provide attractive offerings. In doing so, it can leverage the fact that by far most investment within the EU and its periphery still comes from within Europe. With a view to Central and Eastern European EU member states, the EU needs to be aware of the fact that any reduction in structural funds for countries such as Hungary can result in a greater opening for China. Hungarian Prime Minister Viktor Orbán has already played the China card to put pressure on his EU partners, who are considering reducing structural funds in response to his authoritarianism and a post-Brexit recalibration of the EU budget: "Central Europe needs capital to build new roads and pipelines. If the EU is unable to provide enough capital, we will just collect it in China."<sup>112</sup>

Similarly, the EU needs to make funds available to non-EU members on Europe's periphery, where China is making inroads fast through its BRI. The EU will need to implement measures to align BRI investments in its neighborhood with European interests. This includes enabling third countries to properly evaluate, monitor, and prepare large-scale infrastructure projects, including those financed by China. To protect and promote EU norms and standards in the neighborhood, European institutions and EU member states need to support related capacity building.

## **Bolster investment screening tools**

The EU should have a flexible toolkit available to halt investments from China that run against European interests. As envisaged by European Commission proposals currently debated by EU member states, this includes a more extensive public interest test in addition to a more economically- and security-minded review. Any EU mechanism will need to be supplemented by enhanced investment screening mechanisms at the national level – especially in EU countries where no such mechanisms exist or where they have not been revised in recent times.

While the EU should welcome foreign investment in general, it must be able to stop any state-driven takeover of companies in systemically important sectors. In addition to high-tech sectors as well as key parts of public infrastructure, this notably includes the media as an institution of critical importance to liberal democracies. Given their difficult business environment, many Western newspapers are easy takeover targets, offering a potentially powerful entry point for Chinese propaganda in the future. In addition, foreign funding of political parties from outside Europe, including from China, should be banned across the EU. Current regulations vary from country to country and only some member states have an outright ban on foreign funding.

## **Strengthen national and European security regimes**

The example of Australia has shown that counter-intelligence needs to be at the heart of any effort to counter Chinese influencing. Canberra is now following the U.S. legal regulations on the registration of institutions as foreign agents.<sup>113</sup> EU members should put awareness-building measures in place to sensitize potential targets of Chinese intelligence activities, especially among individuals with frequent exposure to China. In particular, decision-makers and scholars should be briefed more systematically about common patterns of contact building and approaches by Chinese intelligence agencies or related actors.

There is a need to establish and expand channels for reporting attempted approaches by the Chinese side as well as protective measures for affected persons in Europe. Europe should also put in place mechanisms for regularly exchanging relevant information between European countries. Building up cyber defense capacities — especially for key political actors, economic decision-makers, and civil society and academic organizations — is crucial to preventing the exfiltration of sensitive information that could be used for influencing activities. There is an urgent need to enhance cooperation between intelligence services across Europe on Chinese activities, both to arrive at a common understanding of the threat and to deliver joint responses where appropriate.

## **Introduce transparency requirements and build awareness among civil society actors and the broader public**

For civil society actors and the wider public to get a full picture of authoritarian influencing, liberal democracies need to leverage one of the key assets of open societies: the power of critical public debate. Currently, knowledge of the different channels and effects of Chinese political influencing — and that of other foreign actors, for that matter — remains severely limited. Implementing transparency requirements concerning collaboration with Chinese actors for media agencies, universities, and think tanks, among others, would help raise awareness of the existence and often problematic purposes of the various influencing mechanisms Chinese state actors employ. Transparency requirements should relate to funding received from Chinese sources, any lobbying on behalf of China, or provision of professional services for Chinese interests. This would also cover non-profits and professional service companies in the domains of public relations, lobbying, banking and finance, or legal advice. Of course, such requirements should not only apply to China, but all funding from third countries.

However, not all influencing will be exposed through such mandatory transparency requirements. More clandestine political and financial avenues of influencing in particular will remain opaque in many instances. There is a clear case for funding more investigative journalism and research uncovering influencing channels. To this end, “more collaboration across the boundaries of journalism, academic and policy research” is required.<sup>114</sup> Governments as well as foundations and other philanthropic players dedicated to strengthening liberal democracy need

to put the necessary funding in place. Researchers, NGOs, and media organizations could cooperate on building a tracking system on Chinese influencing. The available data should then be used to raise awareness of the channels and effects of Chinese influencing among civil society peers and the general public. That also entails exposing the manifold European enablers of Chinese influencing in Europe, such as lobbyists for the CCP, who have largely managed to avoid the public eye until now.

## **Provide support to Chinese communities in Europe**

In the wake of intensified intelligence efforts from the Chinese party-state, Chinese citizens overseas have become frequent targets of Beijing’s influencing operations. Domestic “patriotic education” directives, namely education fostering nationalist and pro-CCP sentiment, have been extended to Chinese citizens and ethnic Chinese abroad. In addition, CCP officials increasingly approach Chinese citizens overseas in an effort to co-opt them into backing official propaganda in their host country or country of residence. While some may cooperate out of personal conviction, more reluctant members of overseas Chinese communities are subjected to pressure that is often also exerted on their wider family back in China.

European governments should treat overseas Chinese communities as groups that are particularly vulnerable to being pressured or harassed by Chinese authorities. Specifically, European countries with a sizeable Chinese population should introduce report mechanisms as well as mechanisms that provide protection to Chinese communities from the long arm of the party-state on European soil. To better protect and support those whom Beijing may pressure, public institutions should implement an early warning system and assign a person of trust to which affected Chinese individuals or communities could report. Legal training targeting overseas Chinese communities to inform them of their rights and the tools for reporting and protection available to them in European liberal democracies should complement the early-warning system.

European countries also need to strengthen the measures available to rein in clandestine surveillance or intimidation attempts against Chinese citizens or persons with ties in China undertaken by Chinese intelligence agencies within the borders of the EU. There must be a zero-tolerance approach vis-à-vis Beijing when it comes to such pressure on members of overseas Chinese communities in Europe. Publicly calling out the Chinese government is only one possible avenue for curbing such behavior.

“Vigilance is wise; confidence a useful adjunct,” *The Economist* recently counseled in a piece on China’s influence in Europe.<sup>115</sup> With the necessary defensive mechanisms in place, confidence should come more easily.

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