

2020-21 WILSON CHINA FELLOWSHIP

# Essays on the Rise of China and Its Implications



EDITED BY  
Abraham M. Denmark and Lucas Myers

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## **Essays by**

Darren Byler  
Sara Bush Castro  
Christopher Colley  
Rush Doshi  
Alexander Dukalskis  
Sheena Chestnut Greitens  
Isaac Kardon  
Lami Kim  
Wendy Leutert  
Jessica C. Liao  
Adam P. Liff  
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Oriana Skylar Mastro  
Joshua Shiffrin  
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# Foreword

**Stephen Del Rosso** is the Director of the International Peace and Security Program at the Carnegie Corporation of New York.

When publisher Henry Luce famously declared in his well-read and well-remembered 1941 *Life* magazine essay that the unfolding era would hence be known as the “American Century,” he made a bold prediction at a crucial time in global history, even before the United States had entered World War II. After the war, American power and influence validated Luce’s claim, as Europe lay prostrate and much of the world reeled from the effects of that enormously destabilizing and destructive conflict. In the decades that followed, as new problems and opportunities emerged, the century, in many ways, resounded with a distinct American accent.

Now, 80 years after Luce’s essay, there is a new major challenger to an America that no longer bestrides the world as it once did. Emerging from its own self-declared “century of humiliation,” China has risen to the rank of a great power and—given its rapid economic development, growing military might, and global reach—presents the United States’ with “the biggest strategic test of the 21st Century.” During the Cold War, the United States faced a Soviet Union with a comparable nuclear arsenal and a Mao-led China driven by aggressive revolutionary fervor, but it never faced a challenge from another great power, like today’s People’s Republic of China, whose economic strength rivals its own.

Understanding the nature of this multifaceted challenge is at the core of the papers contained in this publication. Carnegie Corporation of New York, the grantmaking foundation established in 1911 by the Scottish-born industrialist and philanthropist Andrew Carnegie to promote the “the advancement and diffusion of knowledge and understanding,” is proud to support the Wilson China Fellowship program at the Wilson Center that furthers this

cause. The program is aimed at expanding the range of current scholarship on China, with particular interest in projects that “transcend narrow specialties and methodological boundaries, and that focus on topics that are understudied, unconventional, unique, emerging, or new within academic and policy discussions”—and, importantly, “have relevance to public policy.”

By not only advancing empirically based, analytically rigorous, policy-relevant research, but also promoting a new generation of American experts on China, Corporation grantmaking—as exemplified by this program—seeks to continue addressing one of the most pressing and significant issues on the international peace and security agenda.

We hope you find this volume both insightful and thought-provoking.

**Stephen Del Rosso**

*Director, International Peace and Security Program  
Carnegie Corporation of New York*

# Introduction

**Abraham M. Denmark** is the Director of the Wilson Center’s Asia Program.

The Biden administration’s *Interim National Security Strategic Guidance* describes China as “the only competitor potentially capable of combining its economic, diplomatic, military, and technological power to mount a sustained challenge to a stable and open international system.”<sup>1</sup> This policy guidance follows two administrations that also spent considerable policy resources wrestling with the best means of addressing the rise of China with the Obama administration’s “Pivot to Asia” and the Trump administration’s “Free and Open Indo-Pacific.” It also follows several years of rising tension between the United States and China, growing confidence in Beijing that China’s time has come to emerge as a great power, and a wider understanding in the policy and scholarly communities that “competition” increasingly comes to define the U.S.-China relationship. Fundamentally, the Biden administration’s *Interim National Security Strategic Guidance* acknowledges both the central role that China has come to play in Washington’s discussion on foreign policy and the scale of the challenge facing U.S. policymakers. At stake are the international system and the predominant position that the United States has enjoyed since the Second World War.

As U.S. policymakers within the new administration and foreign policy leaders on Capitol Hill grapple with this challenge, the development of informed, academically-grounded analysis is increasingly vital to U.S. foreign policy. Considering the Wilson Center’s Congressional mandate to symbolize and strengthen “the fruitful relation between the world of learning and the world of public affairs,”<sup>2</sup> it is therefore imperative that the Center nurture the next generation of American scholarship examining the implications of China’s rise for both the United States and for the rest of the Indo-Pacific. The Wilson China Fellowship, established with the generous support of the Carnegie Corporation of New York, is a result of our efforts to address these critical issues.

I could not be more pleased with the first class of Wilson China Fellows. Featuring sixteen scholars (eight men and eight women), this class represents American scholars working in eight states and the District of Columbia and three continents around the world, two of whom, Dr. Rush Doshi and Dr. Julian Gewirtz joined the Biden administration during the fellowship.<sup>3</sup>

Even in the midst of COVID-19, the Wilson China Fellows worked diligently and effectively to conduct their research projects. They variously interviewed experts and stakeholders, carried out surveys, collected datasets, developed theoretical contributions, and analyzed language sources, all to enhance our understanding of China. Armed with their findings, our scholars then produced policy papers designed to help bridge the divide between academia and policymakers, while also expanding and deepening the conversation on China in the United States across a wide range of vital issue areas. The quality of their scholarship has been remarkable, and each essay they produced has important lessons to be learned for scholars and policy-makers alike.

Several scholars examine security issues across China's strategic periphery. Dr. Oriana Skylar Mastro examines Beijing's intentions in the South China Sea and their implications for the United States. Dr. Isaac Kardon's analysis of China's relations with Pakistan describes the focus as well as the limitations of cooperation between Beijing and Islamabad. Dr. Christopher Colley's essay focuses on the US-China-India strategic triangle, which is particularly significant following the deadly dispute that erupted over the Line of Actual Control along the China-India border, as well as the stronger ties being rapidly built between Washington and New Delhi. Dr. Adam Liff's essay examines how the U.S.-Japan Alliance can engage Taiwan and enhance deterrence vis-à-vis China's rising assertiveness.

Some of our scholars explore the question of Chinese authoritarianism and its potential impacts within China and abroad. Dr. Darren Byler, availing himself of internal police documents in Xinjiang, details the inner-workings of Chinese repression of Muslim ethnic minorities, while Dr. Sheena Chestnut Greitens discusses the export of Chinese surveillance technology and its potential impact across the globe.

This class also features several scholars examining the economic and environmental aspects of China's foreign policy. Dr. Jessica Liao's analysis of

China's "Green Mercantilism" explores the issues of environmental governance in China's foreign policy, while Dr. Lami Kim specifically focuses on China's exports of nuclear power and its implications. Finally, Dr. Cecilia Han Springer focuses on the critical issue of China's development of hydropower in Southeast Asia—an issue that is as political as it is economic.

Others examine underappreciated elements of China's rise, from data policy to "new frontiers." Dr. Rush Doshi explores Chinese policy in international "new frontiers," such as its attempts to leverage the polar regions for competition. Dr. Alexander Dukalskis studies Chinese "advertorials," or paid advertisements placed in major newspapers, and seeks to understand how they might alter readers' perceptions of China and its influence. Dr. Xiao Liu analyzes the state of China's domestic policy on data governance and privacy to expose surprising advocacy from private citizens and others for enhanced data privacy standards. Dr. Wendy Leutert looks into "policy collaging," a concept that describes the surprising influence that cross-border movements of people and ideas have had on Chinese domestic policymaking.

This cohort also highlights unique and informative analyses of the current state and future of U.S.-China relations. Dr. Sara Castro examines a history of American intelligence analysis of China, focusing on China's development of its own nuclear weapons during the 1960s and the risk posed by biases in understanding China. And Dr. Joshua Shiffrin's essay places U.S.-China competition in a historical and theoretical perspective that is essential reading for scholars and policymakers alike.

After reading each of these valuable essays, it is clear that the implications of China's rise, and the contours of U.S.-China competition, are far more complex and nuanced than is generally appreciated. Each of our scholars provides valuable insight into various important aspects of China policy, and these essays cover the breadth of important issues pertaining to the rise of China, U.S.-China relations, and the Indo-Pacific. As a primary goal of this fellowship, the Wilson Center hopes to support rising scholars and new voices on China in the United States, and these scholars and their research demonstrate the importance of this initiative. As the conversation on China expands and grows to incorporate new and diverse voices, our understanding of the issues and the complexities inherent to the challenge grows commensurately. Only with a firm understanding of the challenge can the United States can more

effectively prepare itself for a 21st century in which China will increasingly impact many facets of foreign policy and international affairs.

I expect that future classes of the Wilson Fellowship will only add more detail and intricacy to our understanding of these dynamics. Clearly, more than simply a re-run of the Cold War, American policymakers will be well-served by appreciating these complexities while formulating revisions to their strategy toward China and the Indo-Pacific.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

## Notes

1. President Joseph R. Biden, Jr., *Interim National Security Strategic Guidance*, The White House, March 2021, <https://www.whitehouse.gov/wp-content/uploads/2021/03/NSC-1v2.pdf>, 8.
2. *An Act to Establish a National Memorial to Woodrow Wilson*, Public Law 90–637, *U.S. Statutes at Large* 82 (1968), <https://www.govinfo.gov/content/pkg/STATUTE-82/pdf/STATUTE-82-Pg1356.pdf>, 1356–1359.
3. As a result of joining the administration, Dr. Julian Gewirtz was unable to contribute his essay to this collection.



2020-21 WILSON CHINA FELLOWSHIP

# Chinese Infrastructures of Population Management on the New Silk Road

**Darren Byler** is a 2020 Wilson China Fellow and Post-Doctoral Fellow with the China Made Research Initiative at the Center for Asian Studies, University of Colorado Boulder



## **Abstract:**

This essay examines the way Turkic Muslims in the Xinjiang Uyghur Autonomous Region in Northwest China have found themselves caught in webs of surveillance and biometric control that restricts their movement and cultural practices. While tightly focused on an archive of thousands of recently obtained internal police files from the Ürümchi Public Security Bureau in the capital of the region, this research also assesses the extent to which these technologies have traveled to other spaces in China and around the world. This research presents five primary findings. First, the internal police reports document that around 80 percent of policing focuses on Uyghurs and other Muslims despite them representing less than 20 percent of the population in the city. Second, surveillance infrastructure is being used to eliminate or diminish the role of social institutions such as mosques and family life in Muslim society. The reports frame this process as intentional and a success. Third, the system depends to a significant degree on low level police labor at checkpoints and in home inspections. Fourth, political ideology is a key feature of the system—"flag-raising ceremonies" where people pledge loyalty to the state show up again and again in the reports. Fifth, top-down coercion is a strong feature throughout the system, with quotas, incentives, and punishments for both the surveilled and the surveillance workers. The density of policing infrastructure, combined with the ideological fervor of counter-terrorism, creates a criminalization of normative behavior and normalizes interpersonal cruelty that is unparalleled elsewhere in China. Without foreclosing the possibility that Uyghurs and other Muslims will find ways to protect their human autonomy from this new system of control, the essay concludes that it is likely that within a single generation Muslim embodied practice and Turkic languages in Northwest China will cease to provide essential ways for Uyghurs and other targeted groups to bring their knowledge systems into the present. At the same time, because of the specific ideological and human labor components of the system it is also difficult to replicate even in other frontier spaces of China such as Hong Kong. In order to mitigate harms to Muslims in Northwest China and toward other unprotected populations the essay proposes several policy recommendations.

## **Policy Recommendations:**

- At the broadest level, policymakers and concerned citizens everywhere should advocate for community-led policing reform in order to mitigate harmful effects of policing on marginalized populations.
- At the same time the United States should work with partner nations to develop a global body to regulate harmful forms of surveillance on a company and country neutral basis.
- Such coalitions should develop initiatives to develop democratically-driven technology alternatives designed to mitigate harms to unprotected populations.
- In the shorter-term U.S. companies should not actively and knowingly support and supply companies involved in Xinjiang surveillance. The U.S. government should require supply chain transparency.
- U.S. policymakers should strive to create targeted assessments and regulation of Chinese firms which design tools to automate racialization and harm to minorities.

## Introduction

Over the past two decades Chinese Public Security Bureaus across China have increasingly begun to build and deploy interlinked systems of surveillance technology through private-public partnerships with technology companies. Since 2010, the Xinjiang Uyghur Autonomous Region has become a limit case for the development of such technologies. Xinjiang now has one of the highest densities of surveillance cameras, face-recognition checkpoints, and digital forensics infrastructures of any location in the world. From cellular towers, mobile devices, to smart ID systems, QR coded housing, neighborhood-level sub-monitoring stations, centralized command centers, server rooms, and “smart” detention camps, a system of digital enclosure has enveloped the 24 million people who live in the vast Muslim-majority region.

Some of the developers of these data-intensive technologies see Xinjiang as a space to develop and train new prediction products that can be marketed to other governments and corporations.<sup>1</sup> Large companies deemed “national-level artificial intelligence champions” by the Ministry of Science and Technology, have shown particular aptitude in adapting surveillance platforms to the requirements of other governments.<sup>2</sup> Recent research has shown that already as many as 100 nations—many of whom are located on the Belt and Road development Initiative (BRI)—have purchased “safe city solutions” from such private Chinese technology firms.<sup>3</sup> Yet, despite this spread, it remains unclear how exported systems will affect the societies where they are adapted. What would it take for other governments to develop systems similar to the surveillance platform that has been deployed in Xinjiang?

In order to answer this question, this essay examines the scales and capacities of the Xinjiang system as deployed in Ürümchi—the capital city of the Xinjiang Uyghur Autonomous Region. Drawing on a database of approximately 40,000 internal police files, it first describes the effects of the surveillance system in Uyghur, Kazakh and Hui social life. It then turns to the role of human labor, ideology and state power in implementing and maintaining the system. After considering these unique attributes of the Xinjiang system, the essay then discusses the possibility of adaptation of similar systems in other frontier spaces of global China such as Hong Kong. A final section examines what institutional supports would be necessary to replicate the system in non-

Chinese spaces and how the policy community should respond to these challenges in China and around the world.

## Reading Internal Files from the Ürümchi Mobile Police System

Since the arrival of 3-G cellular networks in Xinjiang in early 2010, police in Xinjiang have begun experimenting with Mobile Police Systems (*Jingwu Tong*).<sup>4</sup> Several months after large scale violence in the region on July 5, 2009, police in Ürümchi and other urban locations purchased a trial number of 20 third generation mobile scanning devices to check vehicles on high traffic routes.<sup>5</sup> On June 27, 2013 the Public Security Bureau of Ürümchi purchased 34 more mobile units for use in foot patrols.<sup>6</sup> These devices integrated 3G mobile technology through smart phone terminals and VPN-enabled database synchronization in order to allow rapid individual identity authentication. Later that year, more than 20,000 of the devices were distributed to police in locations throughout Xinjiang.<sup>7</sup> By late 2016, a fourth generation Xinjiang-specific version of the system arrived. This version of the system allowed second-generation ID cards to be scanned and read instantly linking ID numbers, issuers, and photos to the individual being checked to a cloud-based database.<sup>8</sup> Within several months yet another version of the system allowed for automated Uyghur-Chinese translation.<sup>9</sup> By mid-2017 this mobile platform was joined by yet another app that linked the smart phones of government workers to a region-wide Integrated Joint Operations Platform.<sup>10</sup> And around the same time Xinjiang Public Security Bureaus purchased yet another mobile digital forensics tool, referred to as “counter-terrorism swords,” which search through digital histories and data stored on devices for flagged materials.<sup>11</sup> By this time mobile policing systems appear to have become ubiquitous from the smallest villages to the largest cities across Xinjiang.

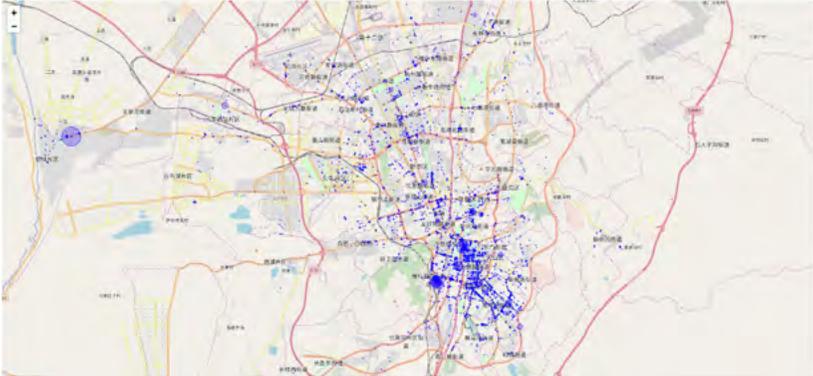
Over 2020 I have analyzed parts of a 52 gigabyte internal police dataset obtained by *The Intercept*. The dataset contains close to 250 million rows of data which make up tens of thousands of police files. These files were recovered largely from the Mobile Police System of Ürümchi, the standardized mobile policing system nested within the larger Integrated Joint Operations Platform. The majority of these files dated to 2018 and 2019 are short reports

of encounters between Public Security Bureau “police assistants” (*xiejing*) and flagged individuals. The reports list the date and time of the encounter, the precinct, name, ID number, gender, ethnicity and phone number of the suspect. They describe the reason why the individual was flagged and if they warrant further investigation. They also list the geolocation of the encounter. Although the data in these “social incident” reports is quite brief, because of the biographical and geographic data they contain they are useful in mapping the spread, regularity, and scale of checkpoints across Ürümchi.

The city of Ürümchi has an official population of 2.2 million and is over 70 percent Han, according to the 2018 Xinjiang Statistical Yearbook. In the northern districts of the city the Han population makes up more than 85 percent of the population. In the south district of Tian Shan, Uyghurs make up 27 percent of the population. The greatest density of checks archived in the dataset are in the Tian Shan district of the city where the highest proportion of Uyghurs live. The greatest number of flagged individuals recorded in the dataset are Uyghur. The supermajority are Muslim—Uyghur, Kazakh, Hui, Kyrgyz and others. These “social incident” reports and larger weekly population management reports provide thousands of names, ID numbers and other identifiers of people who were detained by the Ürümchi Public Security Bureau. They also describe minute details of the way the family members of detainees were subjected to checks and targeted observation.

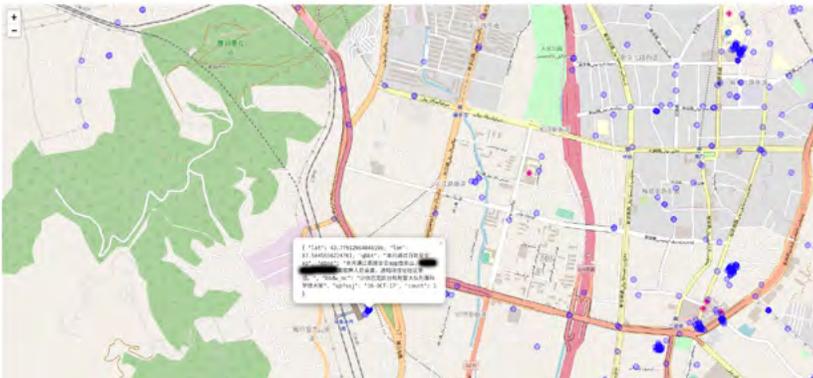
More detailed weekly intelligence reports filed by local police precincts provide more clues to the effects of the surveillance system, how it is implemented, and its capacities. While there is some variation between precincts the majority of these weekly reports follow a standardized schema. Each weekly report begins with a general section called the “situation of the enemy” (*dijing*). It is comprised of a discussion of the prior week’s “push clues” (*tuisong xiansuo*) and supervision orders sent by the Integrated Joint Operations Platform regarding people within the precinct’s jurisdiction, cases under investigation, and the management and control of local religious institutions. Then zooming out to the level of the urban district it discusses broader social stability issues such as special Party meetings or changing work patterns. The second major section of each weekly report is called the “situation of the neighborhood watch unit” (*sheqing*). It considers special unit level campaigns related to the “People’s War on Terror” such as an amorphous “three cleansings” campaign—which focused

**FIGURE 1.** Distribution of police check “social incident” reports archived in the Ürümchi Mobile Police System in 2018-2019. The largest concentrations are in Uyghur majority neighborhoods in the Tian Shan District (Image by *The Intercept*).



Leaflet | Map data © OpenStreetMap contributors, CC-BY-SA, imagery © Mapbox

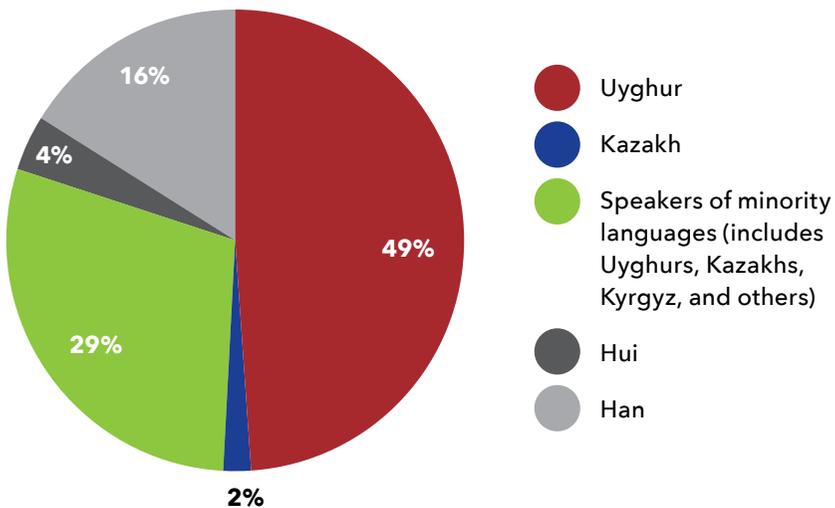
**FIGURE 2.** An example of the type of data contained in “social incident” reports in the Ürümchi Mobile Police System (personal identifiers have been obscured) (Image by *The Intercept*).



Leaflet | Map data © OpenStreetMap contributors, CC-BY-SA, imagery © Mapbox

on illegalized religious teachings, materials, and relationships contained in household objects and digital devices. They often discussed the endless search for “terrorism” related videos—ranging from news items to videos of street protests. And they documented the weekly operations of the community’s People’s Convenience Police Stations—the surveillance hubs responsible for invasive checks of targeted individuals. Finally there is a report about the “targeted group” (*teshu qunti*)—the “three categories people”—who are being monitored within each jurisdiction. As outlined in a Chinese government document submitted to the UN, this term refers to three categories of detainees: people whose extremism did not rise to the level of criminality, those whose extremism was unintentional, and those who had been convicted of past crimes.<sup>12</sup> In a more general sense the term is applied to those who have been affected by the

**FIGURE 3.** Reports from the Mobile Police Network of the Ürümchi Public Security Bureau from 2018–2019 skewed dramatically toward Uyghurs, despite them comprising only 12.9 percent of Ürümchi’s population as of 2018. More than 84 percent of reports focused on Muslim minorities. Only 16 percent focused exclusively on the Han population, which makes up 71 percent of the city’s population.



interrelated and vaguely defined “three evil forces” of ethnic separatism, religious extremism or violent terrorism.<sup>13</sup>

Among the regular weekly reports, many of which become repetitive over time, there are also occasional “risk analysis reports.” One such report regarding Ramadan 2018 from the Xiheba Police Station in the Tian Shan District provides some of the most detailed and straightforward assessment of the goals and effects of the Ürümchi policing system. It begins by saying “As part of the harsh crackdown, two imams from the mosque in Xiheba have been detained and charged.” This, it explains, has not caused any trouble since the assistant imam has also been transferred to another district and thus all formal religious activities at the Xiheba mosque have thus been suspended. While the mosque remains open, the number of people who entered the mosque to pray during the first 4 months of 2018 had dropped by 96.52 percent as compared to 2017 when 80,211 people attended the mosque to pray. In total, it continues, “there are 167 believers remaining in the precinct jurisdiction. Among those people, 5 of them are the relatives of the ‘three categories people.’” The remaining attendees are elderly and have residency permits to live in the district.

The next section of the report then discusses the reasons for what it calls a “dramatic decrease” in mosque attendance. First it says that demolition projects, which evicted many Uyghurs from the city, had the effect of relocating the population. Second, it credits the success of the “deextremification” campaign in “developing and transforming the consciousness and thoughts” of the population. The third factor had to do with “strictly implementing a real-name checkpoint system to enter the mosque.” The fourth factor were a number of policies which were “beneficial for the people” (*buimin*). It explained that these initiatives required migrants from Uyghur majority areas in Southern Xinjiang to return to their villages, where they were then assessed by local authorities. Finally, “problematic” people in the Xiheba jurisdiction had been detained and subjected to reeducation, this in turn, it notes, has resulted in a further drop in the “actual population” of the district.

The report further specifies that religious people are afraid to pray in the mosque because they “have been told that those who enter the mosque more than 200 times will be sent to ‘education’”—the widely used euphemism for the detention camp system. The police also reported that they discovered no

instances of people conducting “illegal” prayers at home or in any other unauthorized place—another violation that can result in detention.

Yet despite the apparent policing “success” of the anti-extremism infrastructure, the report notes that there is still cause to remain vigilant. Much of this concern centered around the attitudes and effects of the system on relatives of camp detainees. It explains:

The relatives of the “three categories people” are primarily concerned with the question “When can I see my relatives who have been detained?” They face obstacles in finding jobs because of the label they now carry, so they have trouble entering the workforce and finding an income. This brings certain risks to our society. Some children of the “three categories people” also face difficulty in kindergarten and school. There are frequent complaints and emotional instability among the relatives. Most of the detainees are the breadwinners of their families, so their family members have had financial difficulties since they were detained. Even though the neighborhood watch unit has provided supportive measures, they cannot solve these underlying issues. So this group of people has become a source of instability and potential risk for our society. This is further exacerbated because of the demolition of their “shantytowns.” Although they have lost their homes, the relatives of “three category people” have difficulty renting apartments. Instead entire families now stay together in a single dorm room. This is also difficult to manage and has potential risks.

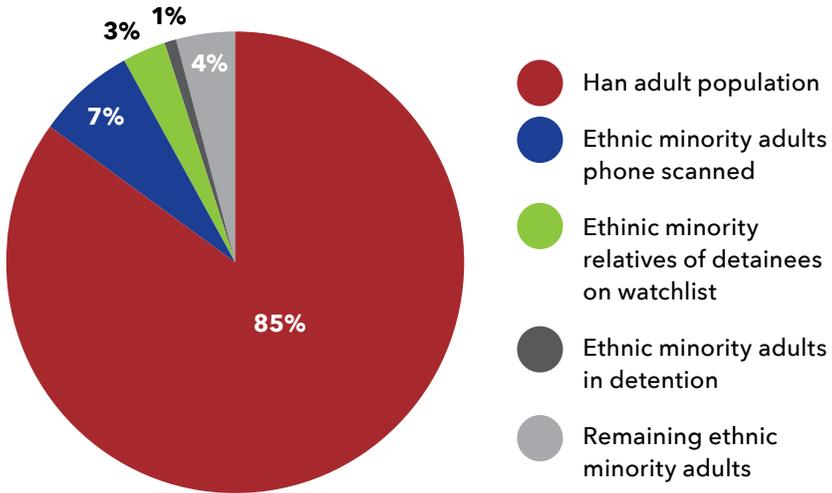
Concern with the controlled management of the relatives of “three categories people” appears in nearly every report in the data set. In weekly reports from the Shuimoguo District of Ürümchi between February 2018 and March 2019 the phrase “three categories people” appears 5467 times. Managing this population along with meeting the constant demand for intelligence gathering quotas form the core of neighborhood level activity in the Ürümchi Mobile Policing System.

## Human Labor

The primary actors in the Mobile Police System are a category of contracted security officers that I refer to elsewhere as “data police.”<sup>14</sup> Beginning in late 2016, hundreds of advertisements from Xinjiang Public Security Bureaus for “auxiliary police” and other workers appeared across Xinjiang. The scholars James Leibold and Adrian Zenz show that approximately 90,000 new officers were hired.<sup>15</sup> While some of these officers were formal Public Security Bureau employees who were transferred to Xinjiang from other provinces, the vast majority were low-level contracted employees referred to as assistant police (*xiejing*).<sup>16</sup> After one-week boot-camp like training, they were assigned to posts in newly built People’s Convenience Police Stations. These stations, which function as surveillance hubs within a policing grid, formed central nodes in a system of surveillance that an Ürümchi police chief purported to be “seamless”<sup>17</sup>—a response to Xi Jinping’s 2014 call to build “walls of steel” and a “net over the sky” to defend against Muslim terrorism.<sup>18</sup> The tasks of these data police consisted of “fixed duty, video patrol, car patrol, foot patrol, and plainclothes patrol.”<sup>19</sup> Based on prior research, it is clear that much of the work of police assistants focused on the first two tasks, sorting populations at fixed checkpoints and watching banks of video monitors.<sup>20</sup> In some areas such as mosques and train stations, face recognition enabled cameras would issue alarms if someone identified by a watchlist walked in front of them.<sup>21</sup> Over time, as police assistants gained experience they were given more tools and more authority to conduct spot checks of pedestrians and drivers.

The Ürümchi Mobile Police dataset makes clear that actions carried out by police assistants that occurred in People’s Convenience Police stations, at fixed checkpoints and through spot checks form the bulk of the data recorded in the system. For instance over the week of April 23, 2018 in the Qidaowan precinct of Ürümchi’s Shuimogou District, 40 officers scanned the phones of 2057 people using a digital forensics tool called an “Anti-Terrorism Sword.” These devices made by a range of companies use software developed by the company Meiya Pico and the Ürümchi Public Security Bureau to search for more than 53,000 unique identifiers of Islamic or political activity. In addition to scanning phones, the police assistants also manually scanned the faces of 935 people using face recognition technology. Throughout 2018 the weekly

**FIGURE 4.** Adult population of Qidaowan Precinct, Ürümchi, week of April 23, 2018. One out of every 15 Uyghur, Kazakh or Hui adults is in detention. It is likely that as many as 27 percent of the adult ethnic minority population was not assessed during this week. A small number of minority adults may be counted in more than one category. A small number of Han adults may have also had their phones scanned.



reports present slight fluctuations in these numbers, some weeks the police assistants scanned slightly more, some weeks slightly less. As of 2018 the total population of Qidaowan was approximately 36,000, of which 6569 were ethnic minorities such as Uyghur, Kazakh and Hui, and around two thirds were adults. As my prior research has shown, police assistants prioritized scanning Muslim adult residents.<sup>22</sup> This means that in an average week perhaps as many as half of the adult Muslim population in the jurisdiction were subjected to phone scans. In another report, police assistants reported residents complaining that their phones “had been scanned no fewer than 10 times.” Often the scan of either IDs or phones would result in a “yellow warning”

which according to another report indicated the person was the relative of a detainee. A “red warning” resulted in immediate detention and investigation.

This data, along with similar reports from precincts across Ürümchi, shows that a large percentage of the population was largely untargeted by the surveillance systems. A supermajority of the Muslim population on the other hand was subjected to regular scans, watch lists, and detentions. Only approximately 27 percent of the adult minority population was not targeted. This further demonstrates that a “reeducation campaign” must target entire communities. It also requires a whole of society mobilization which focuses on the minority population. Technology extends the power of this focused mobilization by automating certain actions and applying a numerical calculus—200 mosque visits, 10 phone checks and so on—to evaluations. The technology systems cannot simply be plugged in and work their magic on their own. They require a great deal of labor and ideological focus. State power—the ability to affect the behavior and thinking of those within a state’s sovereign regime—must be mobilized and brought to bear not only on the surveilled, but also those carrying out the surveillance. That is to say, the force of the surveillance platform used in Xinjiang produces overt coercion and manufactures tacit consent from differently positioned members of a surveillant society.

Surveillance platforms allow the work of spying on Muslim community members to be quantified and given a quota. In a city-wide report, leaders in the Ürümchi Public Security Bureau admonished low level workers “in all departments” to collect actionable intelligence rather than information about activities unrelated to counter-terrorism or ethnic minority issues. The report notes that much of the intelligence that workers input in the system were “fillers created just to meet the intel quota. They cannot be used.” This form of noise in the system has an effect on the overall usefulness of data assessment tools, the report explains, because it requires manual intervention and a great deal of time to sort through it. In order to streamline data collection which focuses more fully on the People’s War on Terror, they directed low level workers—including police assistants and neighborhood watch unit employees—to avoid reporting on the general social situation in their precinct. For instance, the report notes, resident reports regarding kids urinating in the elevator should not be considered actionable intelligence. It was also important to note the full names and ID numbers of people encountered in “social

incidents”—indeed some ID numbers included in the dataset are incomplete. They should also not focus on rumors and reports that were unrelated to counter-terrorism and minority policy. For instance, reports of people being scammed while buying mooncakes online should not be included. Social life issues such as Uyghur kids playing soccer noisily next to the road should not be included. Nor should there be reports about the lack of cleaning supplies in the People’s Convenience Police Station. Garbage not being cleaned up or kids fighting should not be reported. Issues related to resolved issues should also not be counted as part of the intel quota. For example, when the police arrived on the scene of an alleged cafeteria fight at a construction site, they found no one had been hurt. There was thus no need to report it.

This report is significant for two reasons. First it says directly that low level officers were given quotas to collect intelligence related to the Muslims living in their districts. This is significant because it provides an incentive to profile and manufacture intelligence about Muslims in the community. Second, the report shows how essential human intelligence is to the functioning of the system. The algorithms of surveillance platforms are only as good as the data they are trained on. By introducing non-Muslim related noise into the system, the police assistants and neighborhood watch unit employees were making the system less effective. This points to a third issue. In order for these systems to be effective, the technicians who operationalize these systems must be trained themselves in what counts as actionable intelligence. This also means that large segments of social life—all the non-Muslim parts of life—fall outside the purview of the surveillance system. The police work thus comes to serve the needs of the algorithm, producing an unthinking normality in how Public Security Bureau employees encounter the world and consider the human costs of Uyghur, Kazakh and Hui detentions. Rather than seeing urban life as a whole, increasingly social and political life is filtered through the interface of data assessment tools which themselves were trained around ideological imperatives of transforming Muslims.

The reeducation campaign and the Mobile Police System also incorporated the work of employees in Neighborhood Watch Units or *shequ*. In other contexts, these units of civil servants formally employed by the Ministry of Civil Affairs, not the Public Security Bureau, are sometimes described as neighborhood or community committee units.<sup>23</sup> In this context though, their offices

function as a “watch unit.” As I have shown in other research, in Xinjiang these units have formal sub-command or monitoring centers with banks of screens. They coordinate extensively with People’s Convenience Police Stations and larger Public Security Bureau precincts. As one former Xinjiang officer told me in an interview for this paper:

Neighborhood watch units are the base of the policing hierarchy in Xinjiang. Everyone knows this. The people who are working in the units aren’t actually police, they are government officials. But their job is to gather information about their residents, such as where do those residents live, where do they work, do they have financial or domestic difficulty in their daily life and are they satisfied with the government. In the past, their job was to help people in need. But now, especially after the violence of 2009, their job has become similar to the job of the police. They directly report the information they gather to the police station in their jurisdiction. Police in the precinct police stations reported that information up to the district police station. Police in the district police station in turn report information up to the municipal Public Security Bureau. So there are four levels in the policing relationship, with the People’s Convenience Police Stations providing extra extensions of both the neighborhood watch units and the precincts.

Much of the data included in the weekly reports in the Mobil Police System focused directly on the Neighborhood Watch Unit management of the “targeted population”—in this case, the adult relatives of detainees and the children of detainees. For instance, in Qidaowan 278 “three categories people” had been detained and 810 of their relatives were on a watchlist. As a controlled population cadres and other workers in the neighborhood watch unit were required to enter their homes on a daily basis. According to the reports, during visits the cadres were told to ensure that a digital forensics app called “Clean Net Guard” which monitored their movement and communication was installed on their phones.<sup>24</sup> The government workers made sure that an “absence of religious atmosphere” was maintained by “thoroughly checking” the residents and their belongings. They reported on the “good attitudes” of the relatives, made sure they recorded their scheduled phone calls with detainees, and

that they attended flag raising ceremonies and political education events. These workers also used an app connected to the larger Integrated Joint Operations Platform (IJOP) to assure that each resident had provided their biometric data. “If we discovered a suspicious alert through the IJOP, we notified the National Security Team,” a Qidaowan report noted.

## Ideology and State Power

The attention paid to ideology in the reports indicate a level of acceptance and consent on the part of state workers in the necessity of the reeducation campaign. Indeed, an element of the campaign centered on manufacturing passion for the surveillance project. For instance, in a March 2, 2018 report from the Liudaowan Precinct in Ürümchi discusses a neighborhood watch unit project to watch the patriotic blockbuster film *Operation Red Sea*—a 2018 film about Chinese special forces rescuing Chinese citizens and other foreign nationals from the port of Aden during the 2015 Yemeni Civil War. The film which is presented as a Chinese entry point into the Global War on Terror was the highest grossing Chinese film of 2018. In Ürümchi the unit organized a trip to the theater for intelligence workers. The post cinema experience notes, “by watching this type of movie, our sense of Chinese national identity and the national mission of our staff was increased. The staff actively want to contribute to the social stability of Xinjiang by doing their job well.” The next step according to the secretary of the unit would be to organize movie viewings for residents across the precinct jurisdiction. “After watching it we will discuss it together and help to build everyone’s patriotism,” the report concluded.

The reports took great care in noting how receptive the relatives of detainees were to these monitoring visits, including the terms of endearment the detainee’s relatives used to refer to the state workers. In many of the reports, the state workers describe providing “comfort” (*anwei*) to the relatives of detainees. Nearly every weekly report also emphasized the role of flag raising ceremonies in raising the consciousness of residents. They say directly that the relatives of detainees, and migrants who did not have household registration in the district, were required to attend each week. At the ceremonies, people on the watch lists, and others, were asked to stand and declare their vows (*fasheng liangjian*) to fight for the nation and against terrorism.<sup>25</sup> As a Qidaowan

report from October 15, 2018 put it, this type of consciousness raising would contribute to the “deep rooting-out of ‘two-faced people’”—those who publicly supported state policy, but privately dissented.

In weekly reports collected over a year from across the Shuimogou District of Ürümchi the term “thinking” (*sixiang*) appears 4,187 times. Much of what the police assistants and neighborhood watch unit employees were monitoring was the thinking or “state of mind” (*sixiang zhuangkuang*) of their Muslim neighbors. The “comfort” and consciousness raising work of the state workers both aspects of ideological practice. By placing themselves in the position of comforters and educators, the workers projected a resolved yet ideologically committed human self-image. They also appeared to be monitoring and building their own inner resolve—steeling themselves against “two-faced” thoughts. The regular repetition of flag raising ceremony recitations, fists raised in loyalty to the Party, had a norming effect. In fact, sorting out “normal” from “abnormal” social behavior—terms that appeared thousands of times as well—became their primary task. In this sense, low level intelligence workers came to become arbiters of what counted as normal, and by extension what the surveillance systems counted as “safe” (*fangxin*). Maintaining a focus on the work of cultural and social engineering required a driving passion. It meant that people needed to engage with movies like “Operation Red Sea” and see their own ideology work as an extension of the patriotic, counterterrorism they saw enacted on screen. In short, a Liudaowan report puts it, “most now believe in doing their part to achieve world peace.” Through the infrastructure of the surveillance platform, state power and “thought work” seeped into nearly all aspects of majority-minority relations.

### **Domestic Seepage**

As Jennifer Pan has shown, since the early 2000s Chinese state authorities have embarked on a widespread plan to engage targeted populations ranging from religious and ethnic minorities to former prisoners and protestors with what she terms “repressive assistance.”<sup>26</sup> What began as a welfare campaign to address poverty among historically marginalized populations was transformed into a program of surveillance and control through a mechanism of authoritarian statecraft she refers to as “seepage.” This process describes the

way state power begins to shape the effects of seemingly unrelated programs and infrastructures. A paradigmatic example of this approach is the way poverty alleviation programs—which often do offer real aid or jobs—simultaneously extract data from targeted groups and foster forms of unfreedom and forced labor. The Xinjiang case is an extreme example of the way state power seeps through and pervades the whole of society via government fostered campaigns and infrastructure systems.

In this context, surveillance infrastructures should be thought of as an outcome and driver of both authoritarian statecraft and global economies. Surveillance infrastructure promote the movement or transformation of hidden or resistant populations into the domain of the state. They also create their own facts; they detect crime where previously there was simply social behavior. They classify and count human behavior in particular ways and train the people who implement them to do the same. That is to say, they simultaneously create systems of interconnection and exclusion. They are also built and implemented through global supply chains and markets, even as they find local variations in applications. In this sense surveillance systems transcend scale. They produce local effects while at the same time feed back into political decisions, social futures, and economic development at broader domestic and global scales.

Versions of the systems that are in place in Xinjiang, are also in effect in other parts of China. As a number of studies have shown, Sharp Eyes and Safe City projects which target specific populations through grid style policing are the norm throughout the country.<sup>27</sup> What is unique about Xinjiang, and to a lesser extent Tibet, is the density of both human intelligence and signals intelligence tools. The population of low-level police assistants and neighborhood watch unit personnel in Xinjiang is without parallel in the rest of the country. Likewise, the scale and fidelity of biometric data collection and the density of regularized surveillance checkpoints are unmatched in any other part of China. And of course, undergirding the entire system is extrajudicial and arbitrary detention of over a million Muslims in camps and prisons across the region—something that again is non-existent in such scale elsewhere in China, even in Tibet.

Part of what the scale of human intelligence, intensive technological intelligence and extralegal detention system accomplishes is a type of institutional

capture. The report of dramatic decrease in mosque attendance and the records of thousands of family separations included in the Mobile Police System dataset make plain that faith-based social organizations, and the basic family unit of Muslim society itself, have been captured by surveillance platform. As other research has shown, since 2017 natural birthrates have fallen dramatically across the region.<sup>28</sup> Religious practice is now only the domain of a very small number of elderly, protected individuals. Religious and ethnic minority language texts, that are not translations from Chinese, have been banned in large part.<sup>29</sup> As such, the future of Uyghur society itself is called into question.

While there is likely some ways in which similar dynamics can and have been applied to other disfavored populations in Eastern China—such as the Falun Gong, evangelical Christians, labor rights advocates and democracy protesters—it is really only in other frontier settings that it is likely that similar surveillance systems may be instituted. In such locations, namely Tibet and Hong Kong, where Chinese state sovereignty is called into question, it is more likely that state power seepage can move through surveillance platforms into the most intimate spaces of daily life and the social institutions that sustain difference in those locations. Already in Hong Kong, significant capture of basic institutions by Chinese state power has occurred.<sup>30</sup> Even before the new National Security Law was announced key nodes of Hong Kong society—the police, the media, the education system, civil service sector, and election systems—had entered into a phase of transformation shaped by Chinese financial and legal power. Yet, because these institutions lack some of the key elements at work in Xinjiang—police assistants, neighborhood watch units, and, most importantly a settler population in nearly all positions of power—there are likely yet many obstacles to implementing systems like those in Xinjiang. That said the implementation of the National Security Law could foster a similar scaling-up and intensification of human surveillance in a manner similar to the effects of the 2016 counter-terrorism laws in Xinjiang.

## **International Transfer**

There are even further obstacles to producing Xinjiang effects in international locations. As the Mobile Police System dataset demonstrates, human labor, ideological commitment and extrajudicial detention are essential elements of

the Xinjiang system. Absent any of these three elements, safe city systems in other locations will not produce the same types of effects.

Preliminary research I have begun to conduct in the Malaysian capital of Kuala Lumpur shows that pilot surveillance projects with similar capacities, even built by the same companies and, to some extent, targeting the same people, produce differential effects. Since 2018 Malaysian authorities have pursued a strategy that they refer to as “total security.”<sup>31</sup> This approach targets not only the Malay majority which they fear may be influenced by global political movements, but also the population of more than 150,000 refugees who inhabit marginalized areas of the city. This population of refugees is primarily made up of Rohingya, but also include small numbers of Uyghurs who fled China and joined Rohingya forced migration routes. Because some of these refugees have been unable to authenticate their status as refugees, and because refugee status is not formally recognized in Malaysian statutes, many of this population are forced to live as undocumented immigrants.

As urban authorities in Kuala Lumpur began to ramp up urban security, they hired a small auxiliary police force—workers positioned very similarly to the police assistants used in Ürümchi—to monitor mosques and other high traffic areas. The police assistants wear face-recognition enabled body cameras manufactured by the Chinese firm Yitu.<sup>32</sup> These cameras compare faces to a vast database of over one billion face images hosted by Yitu—the company which provided the algorithm used by the Chinese surveillance manufacturer Dahua and is used in Safe City systems across Xinjiang.

Yet as similar as these systems appear to be, there are some marked differences in effects. While in Xinjiang these systems are used to observe the daily life of Muslims who remain outside of detention. The research of Shae Frydenlund shows that in Malaysia they largely have the effect of marking certain spaces of the city off limits to undocumented refugees.<sup>33</sup> In this sense they mimic the effects of surveillance systems in the U.S. and Europe which push undocumented immigrants into gray zones, at the margins of cities and into low wage work. That is to say, in Kuala Lumpur, Chinese surveillance systems produce forms of banishment and structural violence, but unlike in Xinjiang they do not colonize immigrant institutions or begin to transform their knowledge system in an intentional or overt manner. In Xinjiang, the goal of the surveillance system is to include the minoritized population in

order to monitor them, rather than exclude them by pushing them out of public view. Part of what produces this difference is ideological difference vis-à-vis the Xinjiang situation. In Kuala Lumpur, the intention of the system appears to be not to transform, but to halt the circulation of individuals and ideas deemed harmful while reducing friction for protected individuals and ideas. In this sense, the Kuala Lumpur system resembles policing intentions that were in place in Xinjiang prior to 2014 and the People's War on Terror. And, as Ananya Roy and Brian Jefferson have shown, mirrors the effects of surveillance systems in many global North locations.<sup>34</sup>

The citizen versus enemy border logics inherent in technology-led safe city policing create differential effects that disproportionately harm unprotected populations.<sup>35</sup> In many locations which deploy such systems urban policing is defined by statistical measurement of racialized populations. Since the late 1990s police departments across the world have begun to generate their own statistics and work in direct partnership with leading technology companies to quantify and assess the communities they police.<sup>36</sup> In doing so, police, associated government agencies and technologists have taken the lead in defining the priorities of urban governance. Things that lend an appearance of disorder—for example the broken windows in racial minority neighborhoods—become predictors of crime itself.<sup>37</sup> This shift has led in some cases to a diminishment in community-led policing and in others a continuation of racialized policing. The “objective science” framing of technological assessments works to hide the way biases around which the systems are designed. As a result large segments of citizen and non-citizen populations are presumed likely to commit crimes primarily because of the ethno-racial and religious identities. In order to produce greater equity and mitigate these harms, regulations and surveillance systems should be crafted or designed from the vantage point of those targeted by these systems.

Another effect of surveillance systems built by Xinjiang-related companies in international locations is a truncating of democratic politics. Investigations of Huawei-built systems in Ecuador, Uganda, and Zambia, show that in each case surveillance systems were used by those in power to harm or immobilize political opponents.<sup>38</sup> While the ostensible purpose of these systems was to build intelligence on drug trafficking or other criminal activity, Huawei service providers also helped local regimes to develop domestic spying systems. Over

36 countries have also received public opinion guidance training from Chinese authorities connected to the Public Security Bureau and Civil Ministry as part of a “Digital New Silk Road” initiative.<sup>39</sup> Here, as the Xinjiang case demonstrates, in the joining of civil service with policing, is where capacities for gaining institutional control and targeting particular disfavored populations is most possible. Yet, the Xinjiang case, also demonstrates that large amounts of human intelligence—low level workers ideologically committed to state goals and focused nearly exclusively on controlling targeted populations—is necessary in order to achieve something on the order of the Xinjiang campaign. In general, however, absent robust civil liberties and privacy protections, complex surveillance systems have the capacities to produce tremendous harms, particularly for minoritized, targeted populations, even as they do not rise to the level of crimes against humanity which are present in Xinjiang.

In the era of COVID-19, Xinjiang-related companies have also begun to sell contact tracing products to international buyers. These buyers range from companies like Amazon and IBM in the United States and the Bournemouth Airport in the United Kingdom to locations in South Korea and Dubai.<sup>40</sup> In Ecuador, an auxiliary Huawei system that is related to the system used for policing and to track political opponents is now being used to monitor the spread of the pandemic.<sup>41</sup> While there is a clear public health benefit to such systems, it is important that entities which use such systems develop plans to mitigate the potential harms of biometric tracing.<sup>42</sup> Recent reports from Singapore indicate that such data can now be used by police—exactly the type of slippage in civil protections that should be mitigated.<sup>43</sup> Buyers of technology from Xinjiang related firms should also consider their moral culpability in buying systems that were trained in part in Xinjiang.

## **Policy Recommendations**

The Xinjiang case demonstrates that surveillance infrastructure-led policing amplifies existing power dynamics. The distancing and “black-box” effects of advanced technological systems extends capacities for power over life and, counter-intuitively, often diminishes context and community specific capacity of law enforcement. While it has the potential to hold police accountable by providing evidence of police overreach, in most contexts it appears that in

the absence of regulation the harms to targeted communities are amplified by such systems. As a result, such systems must be accompanied by regulation that limit the use of biometric and digital surveillance to specific domains and purposes. As a limit case of the harms caused by advanced computer vision and digital forensics technologies the Xinjiang case demands that policymakers and technologists reexamine basic practices of technology design and deployment.

- In order to mitigate harmful effects of policing on marginalized populations, policymakers should advocate for community-led policing reform. Such reforms should include community guidance on the use and regulation of surveillance. It should end quota-driven intelligence seeking and reverse discrimination toward individuals and groups based on racial ascription, ethnic affiliation, and religious practice.
- In the longer-term the United States should work with partner nations to develop a global body to regulate harmful forms of surveillance on a company and country neutral basis.
- The Global Partnership on AI (GPAI) and other multilateral organization should work with international government agencies to develop initiatives to develop democratically-driven technology alternatives designed to mitigate harms to unprotected populations. They should actively invest and build such systems in spaces like Hong Kong and along the BRI.
- At a more strategic and short-term scale, U.S. companies should not actively and knowingly support and supply companies involved in Xinjiang surveillance. The U.S. government and industry assessment organizations should require supply chain transparency when working with law enforcement agencies in China.
- U.S. policymakers should strive to create targeted assessments and regulation of Chinese firms which build tools to automate racialization and harm to minorities. If sanctions of such Chinese technology firms are

put in place, U.S. authorities should present detailed, unclassified reports explicating the reasons for such actions.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

## Notes

1. See Darren Byler, "The Global Implications of "Re-education" Technologies in Northwest China," *Center for Global Policy*, <https://cgpolicy.org/articles/the-global-implications-of-re-education-technologies-in-northwest-china/>
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2020-21 WILSON CHINA FELLOWSHIP

# Lop Nur and the U.S. Intelligence Gaze: Evaluating the U.S. Intelligence Process During China's Nuclearization

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## Abstract

U.S. intelligence assessments in the 1950s and early 1960s established a pattern of underestimating Chinese nuclear development capabilities and overestimating U.S. intelligence capabilities. Declassified U.S. intelligence assessments of China's nuclear weapons development from the 1950s and 1960s convey a somewhat contradictory message. On one hand, the reports universally begin with recognition that the U.S. intelligence community lacks necessary intelligence collection on the issue of China's nuclearization. On the other hand, the reports also tend to provide estimates of China's progress that, in retrospect, were ultimately overly dismissive and conservative, compared with records released in later decades that document when China reached the nuclear milestones in question.

To their credit, U.S. intelligence officials admitted, and even emphasized in reports to their policymaker audience, that they did not know enough about China's plans, intentions, or progress on nuclear issues. However, the absence of useful details from collection efforts to share and the constant questions from policymakers opened the floor for speculative analysis that, reviewed today, reveals important patterns of misconceptions and bias. China did achieve a nuclear weapons program, with not as much Soviet aid as the United States thought they would require. The risk of "othering" China in assessments or approaching negotiations with an attitude of superiority has not vanished over the years that the United States has pursued a policy of engagement with China. Analytic traps in the 1950s and 1960s and the effect they had on the U.S. government's understanding of China's nuclear arms development thus offer an important cautionary tale today. Policymakers, public intellectuals and government officials in the United States who follow China closely and have become aware of the bias trap that exists in underestimating Chinese capability have an obligation to raise the level of discourse and improve diplomacy.

## **Policy Recommendations:**

- The start of the new U.S. presidential administration is an important point of inflection where U.S. stakeholders can reinforce problematic past behaviors and biases in the relationship with China or seek to correct them.
- The Biden administration and U.S. industries that do extensive business with China should seek Americans with expertise on China's history, politics, and culture.
- U.S. government programs that enable Americans to learn more about China and to interact with Chinese people should be improved and amplified.
- The U.S. government should widely recognize and provide effective warnings and education to the public about counterintelligence concerns from China where they exist.
- The U.S. government should partner with technology and business leaders to provide global leadership on issues of technology governance to counter China's global advancement in this area.

## Introduction

“Bigness has the difficulties of being big.” Mao Zedong, quoting Wang Xifeng from *Dream of the Red Chamber* in reference to the United States and USSR in September 1963.<sup>1</sup>

On October 16, 1964, the People’s Republic of China (PRC) celebrated successfully detonating its first nuclear device at the remote Lop Nur test site in Xinjiang.<sup>2</sup> The bomb used uranium-235 that Chinese scientists had mined and enriched within China to trigger a fission implosion, yielding a 20-kiloton explosive reaction.<sup>3</sup> With this successful explosion, China entered into the small group of countries with nuclear weapons capabilities. After that first test, China conducted another 44 tests prior to 1992 when it acceded to the Nuclear Proliferation Treaty.<sup>4</sup> China today possesses a nuclear arsenal that includes a variety of delivery systems and nuclear payloads, and it maintains the “no-first use” policy with the weapons that it adopted as soon as it had the first one.

By 1964, U.S. government officials knew that China was pursuing nuclear technology for both energy production and weapons development, and they anticipated that a nuclear bomb test could happen at any time. However, China’s methods for developing this successful bomb contradicted the most important assumptions U.S. intelligence analysis had made, even with the benefit of expensive overhead imagery for intelligence. China’s first test of a thermonuclear weapon in 1967 also came slightly earlier than most U.S. intelligence predictions, and U.S. intelligence agencies were surprised again a few decades later when PRC leaders acquired cutting-edge and secret U.S.-designed nuclear technology, presumably through successful espionage.<sup>5</sup> Across agencies, U.S. intelligence officers lacked the intelligence they wanted on China but made assumptions anyway about how China’s nuclear weapons program would evolve. A few of the assumptions were accurate, but a pattern emerges in which U.S. intelligence agencies frequently assume China will make less progress on its developmental goals than it eventually does. In the case of early nuclear weapons testing, mistaken assumptions steered U.S. intelligence officials away from exploring or communicating the alternative paths that China’s nuclear scientists ultimately followed. Declassified U.S. intelligence assessments convey an intrinsic sense of doubt that China could become capable in the nuclear arena during the early Cold War, and certainly

not without substantial assistance from foreign countries such as the Soviet Union. This underlying tone is a distinguishing factor between U.S. intelligence assessments on China and similar analysis that policymakers requested at the same time on other countries pursuing indigenously developed nuclear arms, such as India, France, and Israel, even though China's nuclear weapons came online faster than the arsenals of those other nations.

China's nuclearization is well trodden turf for historians. The substantial documentary evidence has enabled scholars to create detailed, but largely separate, chronologies of the historical milestones in China's nuclear weapons program and the process in the United States of recognizing and responding to these milestones. The solid foundation of scholarship on these matters makes it possible to give the materials a fresh look and ask what does this flawed U.S. intelligence record reveal about U.S. attitudes toward China. The tendency for U.S. intelligence assessments to simultaneously underestimate Chinese capabilities and overestimate U.S. capabilities exposes a historical cultural bias toward paternalism on the U.S. part that is worth recognizing and considering, particularly as bilateral relations become increasingly tense and issues of technology governance come to the forefront of the international dialogue.

This comparative analysis begins with analysis of China's initial nuclear strategy and the challenges Chinese leaders faced in achieving goals. Next, this article explains structural factors about the U.S. intelligence community in the 1950s and 1960s that made answering policymaker questions about China's nuclearization a formidable puzzle for U.S. intelligence analysts at that time. Third, a review of selected U.S. intelligence assessments measured against records of China's nuclear program reveals a web of specific flawed assumptions in U.S. intelligence collection and analysis on China's nuclearization. Reflection on these flawed assumptions and the deeper biases that facilitated them yields implications that policymakers today may find relevant to U.S.-China relations, public diplomacy, and broader questions of U.S. grand strategy as a new presidential administration begins. The U.S. intelligence community is not the audience that really needs this cautionary tale today; it has recognized and resolved many flawed intelligence processes through decades of continuous intelligence reforms. Rather, the case of bias in early American intelligence estimates on Chinese nuclearization has important lessons for the increasingly diverse array of Americans who are new stakeholders

in U.S.-China relations. Vulnerability to cognitive traps and biases similar to those that allowed U.S. intelligence officials in the 1950s and 1960s to underestimate China and assume the ubiquitous superiority of the United States could imperil the efficacy of near-term U.S. foreign policy and continuity of global leadership.

## **China's Nuclear Moonshot**

To be sure, China's plans for nuclearization in the 1950s were a moonshot, and Chinese leaders were under no illusions about this fact. The PRC had formally started its nuclear weapons program as early as January 1955 when Mao Zedong gave his initial approval for Chinese scientists to pursue the project during a secret meeting.<sup>6</sup> Less than ten years elapsed between the meeting and the first successful detonation at the remote Lop Nur test site the PRC engineers created from scratch in Xinjiang. In between those bookend events, China had to develop or acquire not only the plans for the bomb, but also the materials to construct it and systems for testing it.<sup>7</sup> Chinese scientists had support from the Soviet Union in the earliest years of their efforts to develop nuclear energy and weapons, but this relationship became strained in the late 1950s and ended by 1960, before the Soviets delivered promised support.<sup>8</sup> For most of China's early nuclear weapons program, producing the materials required Chinese scientists and engineers to independently scout proper locations that had the necessary resources, were sufficiently remote for safety when necessary, and were sufficiently obscure to evade detection by other states' increasingly sophisticated intelligence.<sup>9</sup> All this work had to be completed under a veil of secrecy, even though China's top leaders were publicly announcing their intentions in diplomatic venues, contributing to the vulnerability of Chinese efforts to diplomatic responses and, potentially, covert actions from other countries that could impede or end the programs.<sup>10</sup>

Furthermore, while the PRC leaders were pursuing their nuclear weapons project full throttle, various other destabilizing domestic and international developments occurred, any of which could have derailed the progress. Mao Zedong launched a series of mass campaigns designed to consolidate the CCP's legitimacy and accelerate China's industrial productive capacity. The combination of drastic changes to economic policy and the distraction that

the mass political campaigns imposed on the population led to the brutal period 1958 to 1962 known as the Great Famine, leading to as many as 36 million deaths by starvation.<sup>11</sup> Other destructive mass political campaigns, including the Cultural Revolution, followed in the 1960s and early 1970s, when China was testing thermonuclear weapons and a variety of delivery systems.<sup>12</sup> Simmering disputes over border issues became direct or proxy military conflict or threatened to do so at several times in the PRC's first several decades, and Taiwan was a potential flashpoint then as it is now. CCP leaders had many opportunities to become diverted away from their progress to nuclear state in the 1960s and 1970s.

The fact that Chinese leaders consistently continued the nuclear weapons program despite these real obstacles, and ultimately succeeded, is a testament to how much importance CCP leaders placed on acquiring nuclear weapons. Mao Zedong, in particular, was convinced that to deter existing nuclear powers, China must develop its own nuclear arsenal. Mao's writings and speeches into the 1960s reveal an obsession with developing nuclear weapons for their deterrent capabilities. Scholar M. Taylor Fravel has demonstrated that a new military strategy introduced in 1956 assumed that China needed to prepare for its most likely threat to come from "a surprise attack by a technologically and materially stronger adversary: the United States."<sup>13</sup> Mao calculated that this attack would be less likely to come, especially in the form of a nuclear attack, if foreign adversaries expected a nuclear response from China. "Not only are we going to have more airplanes and artillery, but also the atomic bomb. In today's world, if we don't want to be bullied, we have to have this thing," Mao told an enlarged meeting of the CCP Politburo in April 1956.<sup>14</sup> Delaying or eliminating the potential for such aggression toward China would buy the PRC time to industrialize, modernize its military to address its regional security goals, and reach out to nations in Africa and southeast Asia likely to support the anti-imperialist tenets of its foreign policy.

In the April 1956 Politburo session, Mao was not only trying to garner support for developing nuclear weapons but also to persuade military leaders to economize so that more resources can go toward nuclearization.<sup>15</sup> Fravel describes Mao's nuclear strategy as separate from but parallel to developments in Chinese military strategy in the mid-1950s. Mao's comments about foreign policy and strategy in the 1950s and 1960s suggest that he viewed having a

retaliatory capability for a nuclear first strike to be as a basic requirement for all of the other changes that he intended to make to improve China's position. The reasoning was that without a nuclear deterrent capability, China would live in fear of a first-strike attack and that would affect its geopolitical power. Moreover, military invasion or the threat of it from opponents might distract China and its resources away from its other goals of industrialization, economic growth, and building an alternative to the imperialism of past geopolitical powers. It is noteworthy that while China's nuclear strategy has often been consistent with its military strategy, the two are separate. PRC military leaders have no control over the nuclear strategy, which has been the domain of the top political leaders since Mao started the nuclear weapons program.<sup>16</sup> Fravel assesses that since Mao, the party's nuclear use policy has changed little, and the nuclear arms program has consistently focused on "assured retaliation" rather than offensive or first use.<sup>17</sup>

The U.S. intelligence community correctly assessed that developing an indigenous nuclear arms capability would be difficult for China, but U.S. intelligence analysts seemingly failed to appreciate in their assessments that the PRC's grand strategy could lead to a level of commitment to the nuclearization project that might overcome the formidable obstacles. For example, a National Intelligence Estimate was released in 1958, not long after China's leaders internally announced its new military strategy and Mao's nuclear decisions proceeded behind closed doors. The report conveyed U.S. intelligence assessments on China with a five-year time horizon. It anticipated the change in military strategy (though does not articulate it directly), but it dismissed the potential for nuclear achievements:

"Although Communist China will almost certainly not have developed a missile or nuclear weapons production capability of its own by 1962 because of the continuing shortage of technicians and the demands of other military and economic programs upon its limited resources, we believe that the Chinese Communists will press the USSR for such advanced weapons."<sup>18</sup>

By 1962, China was developing a production capability for nuclear weapons, including a complete supply chain, without Soviet assistance (the Soviets

split from their alliance with China in 1959). Why did U.S. intelligence analysts fail to convey to their U.S. policymaker audience a deeper understanding of China's leaders' intentions, capabilities and commitment to nuclear strategy at the beginning of China's nuclear arms development process? Multiple factors together caused U.S. intelligence and U.S. policymakers to regularly underestimate PRC technical capabilities and the commitment of Chinese leaders to continue developing its capabilities as a fundamental strategic choice. This perception cropped back up sporadically in U.S. intelligence on China throughout the Cold War years and has even been hard for policymakers to shake through the normalization of diplomatic relations.

### **Chinese Nuclearization Challenged Early U.S. Intelligence Agencies**

When CIA analysts assessed the People's Republic of China in the 1950s and 1960s, the practice of all-source intelligence analysis was still fairly new within the U.S. government. Several factors at the time made early assessments on China particularly vulnerable to biases and flawed takes. First, intelligence analysis is a process that contains intrinsic susceptibility to error and bias. Intelligence analysts build a mosaic of information to answer questions of national interest where the greatest uncertainty exists. As bits of information emerge, analysts assess them, weighing new details with existing evidence and prior expectations. All of it comes together to build a corporate response to policymaker questions, conveying information, assumptions and the level of confidence in those assumptions. A constant process of identifying and questioning the assumptions that support assessments is crucial. Intelligence analysts never have all the information they need (or they would be more like journalists), but they must attempt to answer policymaker questions anyway, given the stakes of national security. Without yet having a professionalized methodology, early U.S. intelligence assessments often succumbed to bias-induced errors or misled readers about the level of confidence behind assessments.

Furthermore, the People's Republic of China was a denied area for Americans. Intelligence on the PRC had to be collected obliquely, via other countries that had contact with China, through Hong Kong or Taiwan,

through reading between the lines of China's party-controlled media or public statements of leaders, and through brand-new forms of technical and overhead surveillance. Intelligence collection through these means required careful targeting to be accurate and could take a long time to return results. Intelligence collection often yielded unsatisfying results and significant knowledge gaps.

Absent sufficient information coming from the field, analysts and policymakers facing questions on "Communist China," as they called the PRC to distinguish it from Taiwan, acted upon unflattering cultural and ethnic generalizations about China. A vocal segment of American public intellectuals in the 1950s and 1960s had no direct experience of China and saw the Chinese Communists in profoundly orientalist tropes, as a mysterious, irrational, unenlightened horde that had been seduced by Lenin and Stalin into following the wrong sort of Western philosophical and economic principles. These prejudices were not universal, but they were pervasive, recalcitrant, and very damaging for U.S. officials who were assessing China's capabilities. The views are implicitly evident in the intelligence reporting itself and in the assumptions that analysts made about China's potential for developing nuclear weapons. The collective and simplistic dismissal of communist ideology within the United States further distorted U.S. assessments of China. To be sure, the mass movements Mao led in the 1950s to introduce his version of a modern era to the Chinese public were destructive, violent, and regressive, as Josef Stalin's movements had been. However, the history of the People's Republic—like all history—is a complicated patchwork of successes and failures. American policymakers generally struggled to find a mental harbor in which they could appreciate this complexity for China in the early Cold War, even as a first wave of skilled and prescient American scholars argued for it.<sup>19</sup>

Third, compounding the significant intelligence gaps and the orientalist tinge pervading the U.S. government, few experts who could discharge unfavorable cultural biases about the PRC remained in government positions when China's started its drive for nuclear arms. Many public servants with the greatest expertise in China after the 1940s, including the few who had met the Chinese communist leaders, had been eliminated from the government by the machinations of the powerful China Lobby and Senator Joseph McCarthy by the early 1950s. Others had voluntarily left under the threat of loyalty hearings. Some of the fired bureaucrats, such as Foreign Service

Officer John Service, pressed their issue in the courts throughout the 1950s (the Supreme Court ultimately vindicated Service in 1957).<sup>20</sup> By the time President Kennedy took office in 1960s, the State Department only employed two “China-language experts in the Foreign Service with pre-Second-World-War experience in their field who still had anything to do with China,” according to journalist E. J. Kahn, Jr.<sup>21</sup> U.S. intelligence officers who expressed sympathy, charity, admiration or positive recognition for China’s Communist leaders also likely perceived at least some professional vulnerability throughout the 1950s and 1960s.

Finally, debates that occurred at the creation of the modern U.S. national security regime in the late 1940s and the compromises that resolved them help explain some blind spots for U.S. intelligence officers investigating China’s nuclear arms development. President Truman’s intention to expand peacetime U.S. intelligence generated domestic controversy. The practical intelligence requirements global leadership competed with some policymakers’ perceptions of the appropriate comportment of a state that claimed moral exceptionalism.<sup>22</sup> The National Security Act of 1947 and other subsequent policies and norms ultimately established a figurative wall between law enforcement functions and national security functions. However, some policymakers deeply opposed the CIA’s “dirty tricks.”

Preference for sanitizing American intelligence work resulted in a clear policymaker consensus favoring technical means of intelligence collection, such as satellites and surveillance aircraft that would facilitate collecting intelligence imagery, signals intelligence, and other scientific samples, such as atmospheric chemicals. Consistent with what some scholars have called “technophilia” that overtook policymakers in the postwar era, influential voices in U.S. intelligence argued in the 1950s and 1960s that “techint” tools gathered data that was more precise and could lead to more confident analytical assessments.<sup>23</sup> The act of developing and deploying the sophisticated tools was expensive and required the best minds in science and engineering, meaning that having these capabilities also gave the United States a chance to flaunt wealth and talent. The case of analysis on China’s first nuclear weapons tests makes an ironic argument against this prioritization of one form of intelligence over another, as will be shown in specific examples below.

## **Underestimates, Overestimates, and the Harm of Flawed Assumptions**

China's nuclear program was indeed challenging for Chinese leaders and scientists to implement, but China achieved the required milestones anyway, in a comparatively reasonable amount of time, and without the foreign assistance that the U.S. intelligence estimates anticipated. Moreover, China almost always reached its nuclear arms development milestones either on the schedule the U.S. intelligence agencies estimated or in advance of estimates, and often using methods, tools, or locations that were not what U.S. intelligence agencies had said they expected. U.S. intelligence estimates of China's nuclearization up to at least 1964 paint a different picture. They emphasize two conclusions: 1) intelligence collection on the issue is woefully scarce, and 2) even without intelligence, the U.S. intelligence community assumes with some confidence that China will make slow progress or fail entirely.

- U.S. intelligence agencies sought answers to questions that would have required robust intelligence collection to inform confident analysis. U.S. policymakers wanted to know if/when China might be able to threaten other countries or the United States with nuclear weapons. To answer that standing requirement, intelligence agencies would have asked a series of questions, such as:
- Would China develop a nuclear weapon? If so, when was the earliest time China could threaten regional neighbors with a nuclear bomb? Or the United States?
- What were China's intentions and strategic goals for their nuclear weapons program?
- To what extent was China relying on help from other countries, such as the Soviet Union?
- How would China physically create its bomb? What materials would Chinese scientists use?

- Where would they mine and manufacture the materials? Where would tests occur?

Some of the most useful historical records to determine how U.S. intelligence officials handled their tasks are declassified National Intelligence Estimates (NIEs). NIEs map out the analytic view of the U.S. intelligence community in general, and often with a much longer time horizon than other intelligence art forms. NIEs are a product with a broad reach within the U.S. government, and they become part of the historical record of the sense of the U.S. intelligence community on a topic at any given point in time.<sup>24</sup> NIEs focused on China in the 1950s and 1960s, now declassified, demonstrate a composite of what U.S. intelligence agencies assumed about China in the face of significant intelligence and expertise gaps on the topic.

Early U.S. intelligence analysis on Chinese nuclear weapons development recognizes and emphasizes significant gaps in collection on the issue. The NIEs relating to Chinese nuclearization from the 1950s and 1960s typically begin with a long disclaimer about the lack of intelligence information on the issue. For example, in April 1962, the intelligence community published a top secret NIE on Chinese Communist advanced weapons capabilities.<sup>25</sup> The very first line of the report states:

“In analyzing the evidence on Chinese programs for advanced weapons, we have encountered numerous important gaps and inconsistencies. The evidence available to us clearly proves the existence of programs in the missile and nuclear fields, but it is insufficient to permit us to reconstruct these programs in the fashion which is possible for various comparable Soviet programs.”<sup>26</sup>

Every other declassified intelligence report reviewed for this article contains similar introductory language. For example, one NIE from December 1960 states, “our evidence with respect to Communist China’s nuclear program is fragmentary as is our information about the nature and extent of Soviet aid.”<sup>27</sup> These disclaimers may have intended to deflect accountability, but analysts were not always so aware of collection gaps or ready to admit them.

As early as 1955, U.S. intelligence agencies had determined that China's leaders were interested in a nuclear program, but they doubted it would achieve any success. In one of the first U.S. intelligence assessments of China's nuclear ambitions that has been declassified, famous and respected CIA analyst Sherman Kent, after whom the current CIA analytic training school is named, in June 1955 assessed that "China almost certainly would not develop significant capabilities for the production of nuclear weapons within the next 10 years unless it were given substantial external assistance."<sup>28</sup> Kent's analysis conveys one of the most persistent and most damaging flawed assumptions present in early U.S. intelligence assessments about Chinese nuclearization: that China could only develop nuclear weapons with Soviet assistance.

This line of analysis was hardly a complete red herring. The Soviets did have an agreement to support Chinese nuclear efforts in the 1950s, and the existence and objectives of the Comintern were well known. However, little evidence today suggests analysts were rigorously testing the assumption of Soviet aid. Factors shaping early U.S. intelligence analysis mentioned earlier, such as the scarcity of China experts that McCarthyism left in the federal government and an American norm for "othering" China, also likely reinforced the resilience of the idea of Soviet aid to China in analysis until CIA received sufficient evidence, much later, to convince analysts that the Sino-Soviet split had occurred.<sup>29</sup> The Soviets in China never actually passed the equipment and plans China had requested, and most of China's nuclear program is of completely indigenous development.<sup>30</sup> By 1962, overhead imagery of Chinese nuclear sites verified that the Chinese had a nuclear program.<sup>31</sup> Lacking sufficient information from other corroborating sources to confidently estimate how far along the programs were and crippled by biases about the techniques China would use, analysts failed to interrogate their assessments. U.S. analysts' conviction that China required Soviet help led them to several other problematic core assumptions, driven by cognitive biases that are now easily recognized by anyone who has studied international relations theory: mirror imaging and confirmation bias.

Mirror imaging is a bias that occurs when an actor assumes that their opponent will behave in the same way the original actor has in the past or how the actor would behave under the circumstances. In this case, U.S. intelligence agencies assumed that the PRC's path to a nuclear arsenal would mirror

the steps that the United States and the Soviet Union took in terms of timing, cost, facilities, and recognizable signatures that intelligence agencies could collect. Indeed, on some of these factors, China did follow the precedents that the United States and the Soviet Union had set because science required it. On other key factors, however, the context of China's unique situation ended up skewing the milestones of China's nuclear program away from the U.S. intelligence estimates of timing, cost, and even technique. Cultural expertise related to China and fluency with analytic tradecraft methods similar to those used today, that routinely excavate and test core assumptions, might have prevented this bias trap. As things were in the late 1950s, this initial bias encouraged an extremely problematic analytic error and another damaging form of bias.

In terms of the error, because U.S. intelligence assessments in the late 1950s and early 1960s assumed both that China would require Soviet assistance to make a nuclear weapon and that China's path to a bomb would mirror the steps that the Soviet Union and the United States took to make their bombs, the assessments for years confidently expected China to produce their first bomb with a plutonium warhead. At the time, it was well known among nuclear scientists that either a plutonium warhead or a heavily enriched uranium warhead could yield a nuclear bomb. Plutonium warheads had some advantages over enriched uranium in terms of cost and efficiency of production, but plutonium-based nuclear warheads were more complicated to design and create. Conversely, enriched uranium-235 was more difficult to acquire and process, but the bomb itself was easier to produce.<sup>32</sup> U.S. analysts expected that Soviet aid to China in the nuclear field would be more likely to facilitate efficient plutonium production than to help the Chinese enrich sufficient amounts of uranium.

The core assumption proved incorrect. By 1960, China had developed plants for processing uranium into the required enriched form using facilities for the gaseous diffusion process that Chinese scientists had independently designed and built in the late 1950s.<sup>33</sup> China exploded its first plutonium bomb in December 1968, just over four years after its first uranium-235 bomb and without Soviet aid.<sup>34</sup>

The erroneous assumption that China would first create a plutonium bomb encouraged the development of a compounding problem in the U.S. intelligence collection: confirmation bias. U.S. intelligence assessments prior to

China's successful nuclear bomb test tended to evaluate the status of China's nuclear weapons program based on the fact that they sponsored overhead surveillance imagery of China and had not discovered the signatures of plutonium production facilities. In other words, emerging information (or in this case, information *not* emerging) confirmed preceding beliefs. The U.S. government had high confidence in the pictures that returned from the newly deployed CORONA satellites and U-2 planes that the United States arranged for a team of Taiwanese pilots known as the Black Cats to use.<sup>35</sup>

These tools could acquire detailed aerial pictures of the otherwise denied Chinese countryside. Indeed, the pictures that these expensive and cutting-edge tools returned were remarkable. Most NIEs in the early 1960s included as evidence examples of pictures from CORONA satellites, U-2 planes, and other increasingly sophisticated tools for overhead surveillance.<sup>36</sup> However, aerial imagery requires targeting. If satellite operators or pilots know where to point the camera, the result is a photograph that can reveal a great deal of information about a nuclear facility. With little other intelligence information to aid in the targeting, finding a uranium facility in a space as large as China was a bit like finding a needle in a haystack. The availability of imagery in this case encouraged confirmation bias and other analytic traps.

Relying on imagery with little corroboration also made U.S. intelligence assessments vulnerable to Chinese counterintelligence efforts. From the earliest days of the nuclear program in China, CCP leaders emphasized secrecy. CCP leaders and Chinese nuclear scientists worked together to locate facilities in both the upstream and downstream production chain for nuclear weapons that geography would help shelter from U.S. aerial imagery. China's first nuclear facilities were either nestled in cloud-covered locations in interior, remote western locations, such as Xinjiang and Gansu, or hidden in suburbs near Beijing.<sup>37</sup> CIA's Office of Scientific Intelligence (OSI) had geographers identify targets using scientific methods, but analytic biases led them to emphasize the search for plutonium. Plutonium installations would have had different signatures than uranium tetrafluoride plants established to process uranium-235. Locating the building sites in obscure locations was far from the only effort the PRC leaders made at denial and deception to hide their program. Indeed, the entire system for naming nuclear facilities and personnel components included a set of generic names and non-sequential numbers,

such as the uranium oxide production plant known simply as “Plant Number 2” near Beijing.<sup>38</sup>

Human intelligence reporting from a source with access to knowledge about the Chinese nuclear program that U.S. intelligence officials believed to be reliable could have been sufficient to challenge the firm assumption that China’s first bomb attempt would use plutonium. No evidence in the currently declassified U.S. government intelligence assessments suggests that such a source existed. William Burr and Jeffrey Richelson describe a report from Chiang Kai-shek’s intelligence services shared with the CIA in 1963 that conveyed intelligence that the Chinese were operating a nuclear reactor at Lanzhou to process uranium.<sup>39</sup> Records now show that this report was probably accurate. At the time, CIA dismissed it, for reasons that are not currently known to the public. The information contained in the report would have challenged the U.S. assumption that China would pursue plutonium, which they might have verified by different reviews of or targeting of imagery.

Initial flawed U.S. intelligence estimates about China’s nuclear ambitions calcified into damaging biases just before the PRC’s first successful test in 1964. Despite false steps in estimating *how* China would get its bomb, U.S. intelligence assessments had still estimated *when* the test would occur within a reasonable margin of error. Intelligence analysts at the State Department’s Bureau of Intelligence and Research (INR) such as Allen Whiting (who later became a professor) and other nuclear science experts in the United States had hinted to CIA in 1963 and 1964 that they should revisit their assumption about China’s bomb being plutonium-based. However, Jeffrey Richelson has shown that analysts in CIA’s Office of Scientific Intelligence, which had the responsibility of analyzing global nuclearization, stubbornly stood by their focus on the plutonium.<sup>40</sup> Even with the flawed assumption that China planned a plutonium bomb still in place, the intelligence community had sufficient intelligence about China’s nuclear test site at Lop Nur from imagery intelligence to warn policymakers in August 1964 that the site could host a nuclear test within two months, though analysts specified that they had low confidence that China possessed the necessary fissionable material to construct a bomb.<sup>41</sup> It is fascinating to imagine that even looking at detailed photographs of a nuclear test facility prepped and ready for a bomb test did not spur analysts to review and test their assumptions about China’s plans and

capabilities. As intelligence agencies collected information on China's test after it happened, many of the mistakes in their estimates became clear. NIEs after 1964 reflect more sophisticated analytic tradecraft and less consensus between U.S. intelligence agencies, but the tendency to underestimate Chinese capabilities persisted.

The point of the analysis in this section is not to laud China for its nuclear achievement or poke holes in the stumbles of early U.S. intelligence efforts. Rather, the intention is to highlight the lack of self-awareness on the American side about cultural and cognitive bias, to show an example where this lack of awareness caused real harm, and to note that arrogance or paternalism on the part of U.S. leaders and diplomats toward the PRC in this case was particularly misguided and dangerous. U.S. intelligence analysis has changed since 1964, not just on China, but on global issues, as a result of learning from errors. One does not get the sense, however, that U.S.-China relations has absorbed the lessons of the past.

## **Policy Implications**

For far too long, the American public has taken an ostrich-approach toward China, refusing to sufficiently recognize China's strengths, particularly in the face of fear of increasing authoritarianism in the People's Republic. Examples are easy to find in the tone of shock present in U.S. media coverage whenever the Chinese government, military, or business sectors achieve a milestone. Take, for example, the media shock and conspiracy theories that resulted from the meticulously reported article in December 2020 that a Chinese spy had targeted U.S. politicians including Rep. Eric Swalwell.<sup>42</sup> In 2017, the establishment of China's first overseas military base in Djibouti generated the same reaction.<sup>43</sup> The pattern has repeated with press reports of China's naval, missile, and space achievements, such as those in the lunar exploration program China started back in 2003. The global spread of COVID-19 in 2020 also unleashed a stream of anti-China press coverage and political rhetoric suggesting that prejudices of the early Cold War are not as distant as many American China watchers might have hoped. The presidential transition in the United States this year makes a natural point of inflection to reconsider what is true about Chinese capabilities, reckon with what China's intentions might be and cope

directly with the fact that widespread American unfamiliarity with China and fear of its authoritarianism is making U.S. policies less effective and relevant.

The biases and implicit assumptions in the United States about China described in the nuclearization examples above also influenced the diplomatic normalization process and early years of post-normalization bilateral diplomacy. The risk of “othering” China in assessments or approaching negotiations with an attitude of superiority has not vanished over the years that the United States has pursued a policy of engagement with China. China experts in the United States are starting to recognize that engagement policy introduced in the 1970s and 1980s, intended to mentor the People’s Republic toward Western-style democratic transition has not worked as expected partially because of its intrinsic emphasis on the superiority of the United States. Analytic traps in the 1950s and 1960s and the effect they had on the U.S. government’s understanding of China’s nuclear arms development thus offer an important cautionary tale today.

Constructive debate within the United States over China’s intentions and how to respond will require truthful acceptance of China’s current and potential capabilities. Practical and effective policy development cannot proceed if stakeholders cannot accurately grasp capabilities and intentions of their counterparts. Unlike in the 1950s and 1960s, the U.S. intelligence community is not the audience that most needs the message of the mistakes the U.S. assessments made about China’s nuclearization. National security methodologies have evolved to recognize and challenge biases, and the workforce has diversified. Experts on China are far more numerous in the United States now than during the Cold War, and successful programs to lure personnel with expertise on the issues and regions most strategically important to the United States have helped the U.S. government. The greater risk lies with the increasing number of U.S. companies and industries that influence—and are influenced by—U.S.-China relations. This expansion means that more Americans not likely to have been previously exposed to education about China’s history, politics, or culture are now stakeholders. They are left to form their own assessments of Chinese capabilities with the aid of siloed media, often deeply politicized and preserving the biases apparent in the historical case above. With influence over the bilateral relationship diffused over a much broader cross section of American society than was the case in the 1950s and 1960s,

the responsibility of policymakers and public intellectuals to provide fact-based guidance on China and authentic policy toward China has increased.

Policymakers, public intellectuals and government officials in the United States who follow China closely and have become aware of the bias trap that exists in underestimating Chinese capability have an obligation to raise the level of discourse and improve diplomacy. Programs that improve American education about China would pay dividends for years to come. Some changes that could aid this process are relatively simple to accomplish:

- Renew past efforts at hiring government officials who have expertise on China and generate new hiring incentives for these individuals.
- Encourage companies in industries that rely on business with China to incentivize China expertise in hiring.
- Remove the Trump Administration's limitations on the Fulbright exchange program between the United States and China.
- Develop and fortify U.S. Department of Education and State Department programs that encourage U.S. students to pursue the study of Chinese history, politics, and language.
- Support programs for Track II diplomacy between the United States and China and continue to innovate these opportunities.

Counterintelligence concerns have caused the U.S. government to increase limitations on these kinds of engagement programs in the past decade. A more constructive approach would be for the U.S. government to boost internal counterintelligence efforts and perform greater outreach and training to the U.S. public about the realities of Chinese espionage and cyber espionage programs. For example, efforts could include:

- Fostering cooperation between U.S. government and the tech sector to produce standards for security, privacy, and freedom from surveillance in the cyber realm.

- Improving public outreach in the United States to explain security concerns with Chinese technology that have spurred specific regulations, such as Huawei 5G and TikTok.

## Conclusion

A change in the U.S. diplomatic attitude toward China to start treating it more as “peer” than “near peer,” in terms of capabilities, will be challenging to orchestrate, even in a new presidential administration. Treating China as a capable counterpart instead of a younger sibling that needs mentorship will require a paradigm shift for some U.S. stakeholders. Nonetheless, this goal is worth attempting because without doing so, the world is likely to move on without U.S. leadership. As David Wertime wrote, “America doesn’t get to veto China’s rise, only to reckon with it.”<sup>44</sup> Many have convincingly argued that this leadership shift is already occurring with Sino-European relations changing fast, and Europe already taking a global leadership role on issues of technology governance and data security. The United States can simultaneously recognize China’s strengths and present viable alternatives that compete favorably with Chinese global efforts. These approaches are not exclusive and need not suggest U.S. weakness.

Recognizing China’s strengths does not equate to being “soft” on China or relinquishing the ability to serve a global leadership role on issues of importance. Historical cases within the last century reveal the harms of allowing prejudice and assumptions to distort critical reflection on the important Sino-American relationship; now is a perfect time to recalibrate to address it.

*The views expressed in this essay are those of its author, Dr. Sara B. Castro, and do not represent the official policy or position of the United States Air Force Academy, the Air Force, the Department of Defense, the U.S. Government, the Wilson Center, or any other organization.*

## Notes

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  7. William Burr and Jeffrey T. Richelson, “Whether to “Strangle the Baby in the Cradle”: The United States and the Chinese Nuclear Program, 1960–1964,” *International Security* 25:3 (Winter 2000–2001): 58. By 1955, many details about nuclear technology had become public, at least to scientists.
  8. Burr and Richelson, “Whether to “Strangle the Baby in the Cradle,” 58.
  9. For further on the details of China’s early nuclear program, see Lewis and Xue, *China Builds the Bomb*.
  10. Although PRC leaders did declare China’s intention to develop nuclear weapons, they did not celebrate or publicize milestones along the way to the first successful test in 1964 in the press.
  11. Chinese journalist Yang Jisheng calculated losses of at least 36 million, reported in his book *Tombstone: The Great Chinese Famine, 1958–1962*, (New York: Farrar, Straus & Giroux, 2012). Other estimates vary. The estimated casualty figure is the source of some debate. The exact casualties in the Great Famine are unknown and may be impossible for historians to ever fully reconstruct.
  12. Lewis and Xue, *China Builds the Bomb*, 244–245
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  14. Talk by Mao Zedong at an enlarged Meeting of the Chinese Communist Party Central Committee Politburo (Excerpts),” April 25, 1956, History and Public Policy Program Digital Archive, Mao Zedong wenji, vol. 7 )Beijing Renmin chubanshe, 1999), 27. Translated by Neil Silver. <http://digitalarchive.wilsoncenter.org/document/114337>.
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  30. See Burr and Richelson, "Whether to Strangle the Baby in the Cradle," 58.
  31. CIA, National Intelligence Estimate 13-2-62, "Chinese Communist Advanced Weapons Capabilities," April 25, 1962, declassified on May 2004; cia.gov.
  32. For clear and comprehensive explanations of basic nuclear weapons technology relevant to this point, see Lewis and Xue, *China Builds the Bomb*, especially chapters 4 and 5.
  33. Lewis and Xue, 55.
  34. *Ibid*, 113. Simple and small-scale Soviet equipment shared to jumpstart China's nuclear energy program in the early 1950s may have given China's scientists a boost in the 1950s, but this technology alone was insufficient to deliver a successful plutonium warhead in the 1960s.
  35. For further on the Black Cat pilots, see Richelson, *Spying on the Bomb*, 146.
  36. For example, see NIE 13-2-62 from April 25, 1962 as previously referenced.
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  38. Both Richelson, *Spying on the Bomb*, Ch. 4, and Lewis and Xue, *China Builds the Bomb* mention Chinese efforts at nuclear secrecy regularly.
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2020-21 WILSON CHINA FELLOWSHIP

# The Emerging Great Power Triangle: China, India and the United States in the Indian Ocean Region

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## Abstract

The past two decades have witnessed a significant warming of ties between the United States and India. A core driver of this has been the uncertainty behind the rise of China and what this means for India. China's rapid ascent represents both opportunities and challenges for India in the Indian Ocean Region (IOR). This paper examines several key questions surrounding this development. For example, how aware is Beijing of Indian sensitivities surrounding Chinese activities in South Asia and the IOR? Are Chinese analysts cognizant of the impact that Chinese activities have on the strengthening of ties between New Delhi and Washington? Of equal importance, are decision makers in the U.S. conscious of the concern their Indian counterparts have about working too closely with the Americans? Importantly, this paper addresses one of the crucial developments of the 21st Century, the geopolitics of the rise of China and India and the role that the United States plays in this phenomenon.

## Policy Recommendations:

- New Delhi is willing to work closely with Washington, but it is not willing to form any kind of formal anti-China alliance with the United States. American leaders need to temper their expectations of India and not force New Delhi into a situation where Indian leaders feel they are being pressured to join some sort of explicitly anti-China alliance.
- If Beijing continues to misplay its hand vis-à-vis India and seems tone deaf to how its behavior is pushing India closer to the United States, Washington should take full advantage of Chinese mistakes in the region and capitalize on these by forging closer ties with India.
- Washington needs to be aware of New Delhi's limits, these include the unwillingness of New Delhi severing or curtailing India's security ties with Russia.
- American policy makers need to keep a close watch on some of the domestic constraints Indian leaders may face to deepening bilateral ties. While the Modi administration has been able to sidestep many of

the constituencies that hobbled previous administrations from forging closer relations with Washington, American officials need to have an accurate gauge of the political left in India. When necessary, they need to work with their Indian counterparts to head off any potential challenges that may arise from such political parties or groups in the future.

- Domestic politics in India are much more critical than foreign policy. New Delhi's ties with Washington are important to American leaders, but they are not a core concern to India and are best viewed as a peripheral issue. The COVID-19 pandemic's harmful impact on the Indian economy will likely increase the saliency of domestic issues over foreign policy.

## Introduction:

The signing of the Basic Exchange and Cooperation Agreement (BECA) on October 27, 2020, was the fourth and final major foundational defense agreement between Washington and New Delhi. This combined with the three previous agreements, represents a sustained commitment by both democracies to increase military-to-military cooperation and interoperability between their respective forces. For the past two decades these agreements, that are common between the U.S. and its allies and partners, were extremely controversial in India. It has only been in the last five years that substantial progress has been made to their implementation. A key and decisive driver of New Delhi's willingness to cooperate with Washington in the security field has been the rising power and influence of China in South Asia and the Indian Ocean Region (IOR).

This paper examines the drivers and the security dynamics of the evolving strategic relationship between the United States and India and the role that China plays in this process. While China's rise is viewed as an opportunity for many states in Asia and beyond, the festering Sino-India rivalry has shown no signs of abating, and in fact, in the summer of 2020 it witnessed its first deadly encounters in 45 years.<sup>1</sup> Specifically, this essay will analyze these dynamics from the perspectives of Beijing, New Delhi, and Washington. Some of the key questions asked are: how cognizant are Chinese leaders and policy analysts of India's concerns about Chinese activities in South Asia? How close is India willing to get to the U.S.? Is Washington aware of Indian sensitivities towards working with the U.S.? This paper makes its conclusion by drawing on extensive interviews conducted in China and India from 2016–2019, and from a deep reading of the relevant scholarly and policy literature in both English and Chinese.

This essay is divided into four sections. First, I provide a short, but necessary background and introduction to the current situation. Second, I discuss the American approach and analyze American interests and goals. The third section assesses the role that China plays in the dynamic. The final section examines the situation from India's perspective.

## Background:

The Sino-Indian rivalry has been a fixture of Asian geopolitics since the 1950s. A core component of this rivalry is the territorial dispute along their shared Himalayan border. Contested territory is found in multiple areas, but it primarily centered on Aksai Chin, a 38,000 square kilometer section of land on the Ladakh and Tibetan borders in the northwest of India, and Arunachal Pradesh/South Tibet (90,000 square kilometers) along the northeastern Himalayan border. Tensions led to a brief, but bloody, war in October 1962, where the Chinese military quickly defeated Indian forces. The war and defeat came as a shock to India and to this day has a powerful influence on Indian perceptions of China.<sup>2</sup>

The post-1962 era witnessed multiple periods of military mobilization along the border, but no large scale conventional military confrontations. Since the 1980s there have been regular confidence building measures (CMBs) between Beijing and New Delhi, but no major diplomatic breakthroughs. In fact, in every year since 1981, there have been talks aimed at solving the dispute. These include eight rounds of vice-ministerial meetings in the 1980s, 15 meetings of joint working group from 1989–2005, and 21 meetings of special representatives at the level of national security advisor since 2003.<sup>3</sup> A potential solution to the territorial dispute would have both states accept the status quo that has existed for over a half century, which would entail China keeping Aksai Chin, which it occupies, and India maintaining Arunachal Pradesh (South Tibet for China), which it occupies and in 1987 was made an Indian state. While China floated the idea of a “border swap” in 1960 and 1980, for reasons of sovereignty, and of possibly greater importance, domestic political considerations, India has rejected such a solution. Jawaharlal Nehru justified his rejection of the potential swap in 1960, by stating, “if I give them Aksai Chin I shall no longer be Prime Minister of India—I will not do it”<sup>4</sup>

Since the beginning of the 21st Century, the rivalry has expanded from the Himalayas to the IOR. According to the Indian Navy, at any given time 6–8 Chinese warships are present in the northern Indian Ocean.<sup>5</sup> While such patrols are in full accordance with international law, they significantly increase New Delhi’s perceptions about being “contained by China.”<sup>6</sup> These naval forays by the Chinese People’s Liberation Army Navy (PLAN), along with the continuing tensions along the border and the overall greater anxiety in India

about the long-term strategic implications of China's rise, have provided a strategic opportunity for Washington to push for a closer and much deeper relationship with New Delhi. The deadly confrontation along the Tibetan/Ladakh border in the summer of 2020 only reinforces the hand of those in India and the United States who advocate a more robust defense relationship. It is in this context that this report is derived.

## **I. America's Outreach to India.**

### **American Interests:**

Over the past two decades Washington's rivalry with China has expanded from tensions centered on the status of Taiwan and China's immediate periphery to a much more comprehensive rivalry that is rapidly extending to the global arena. Since at least 2000, every American administration has sought to strengthen bilateral relations with India as a way to hedge against the uncertainty of the rise of China. A cornerstone of these ties have been the foundational defense agreements between the two country's militaries.

### **Foundational Agreements:**

The current American military outreach to India saw its first major accomplishment in 2002 when, after 15 years of negotiations between Washington and New Delhi, the General Security of Military Information Agreement (GSOMIA) was signed. This was followed by the signing of the New Framework for Defense Cooperation in 2005 and the 2012 U.S. Defense Technology and Trade Initiative (DTTI). The New Framework for Defense Cooperation was renewed in 2015 for another 10 years.<sup>7</sup> The GSOMIA is a foundational defense agreement that furthered defense ties. Such agreements are usually paired with other foundational agreements. However, due to mostly domestic political considerations in India (see below) it would take another 14 years before the U.S.-India Logistics Exchange Memorandum of Agreement (LEMOA) agreement was signed. This was followed in 2018 with the signing of the Communications Compatibility and Security Agreement (COMCASA). These documents helped facilitate logistical challenges and interoperability between the two militaries.<sup>8</sup> The final defense agreement, the

Basic Exchange and Cooperation Agreement (BECA), was signed in October 2020. This specific agreement helps facilitate the provision of targeting and navigation data from American combat systems and makes available a more advanced version of GPS reserved for the Pentagon, which is classified and much more accurate than the civilian one.<sup>9</sup>

From a military-to-military perspective, these agreements open the door to enhanced cooperation, thus strengthening ties and enhancing interoperability. One of the most recent examples of this can be seen in November 2019 with the first ever tri-service exercise between the United States and India. The nine-day “Tiger Triumph” exercise was ostensibly about humanitarian assistance and disaster relief, but a core goal was to expand interoperability.<sup>10</sup>

### **American Expectations and Goals:**

A central American goal is to work with India and enhance the interoperability of conventional military forces and to help counter the uncertainty surrounding China’s rise.<sup>11</sup> Perceptions of an assertive China have greatly increased over the past decade and India—with its size, geographic location, and enormous potential—is one of the few countries that can directly assist Washington in this goal. The Pentagon’s 2019 Indo-Pacific Strategy Report classified India as a “Major Defense Partner,” a status unique to India. The designation seeks to elevate the U.S. defense partnership with India to a level commensurate with that of America’s closest allies and partners.<sup>12</sup> This, when combined with the renaming of the U.S. Pacific Command (PACOM) to the U.S. Indo-Pacific Command (INDOPACOM), firmly places India at the center of American grand strategy.<sup>13</sup>

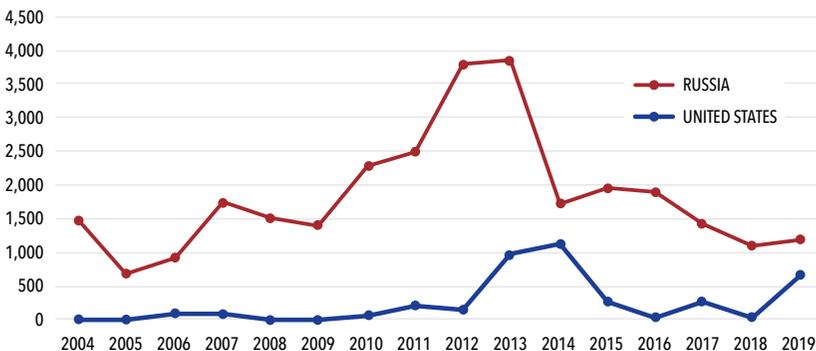
A key question is, what does Washington expect from New Delhi? Indian leaders and foreign policy strategists do see China as a long term strategic challenge. In a 2019 poll conducted by Brookings India, 75 percent of India’s strategic community see the United States as India’s most important partner on global issues. Furthermore, 54 percent view China’s perceived assertiveness “as the most significant external challenge India faces.”<sup>14</sup> While Beijing is clearly viewed as a threat by India’s strategic community, this does not mean that New Delhi is ready to join Washington in an anti-China alliance.<sup>15</sup> Several analysts from the Center for Naval Analysis in Washington D.C. have warned that American decision makers must temper their expectations of

India as New Delhi is not a reliable partner for countering China.<sup>16</sup> Despite the growing power of China, some in the New Delhi’s security think tanks see the foundational agreements as attempts to make India a client state of the U.S.<sup>17</sup> Alyssa Ayres, a former U.S. Deputy Assistant Secretary of State for South Asia, has warned that leaders in New Delhi do not necessarily welcome every offer of help from Washington. This even applies to situations where the U.S. believes it is bending over backward to help New Delhi.<sup>18</sup> Ayres also stated that she regularly heard decision makers in Washington refer to India as an “ally.” While this may not appear to be a major gaff, as will be discussed in greater detail below, India policy makers are vehemently opposed to a formal alliance with Washington.<sup>19</sup>

While India and the United States do not have an official alliance, interestingly, India conducts more military training exercises with the United States than with any other country.<sup>20</sup> The United States has been instrumental in India’s defense modernization program. As Figure 1 below shows, over the past 15 years the U.S. was the second largest source of arms imports to India, second to only Russia.

**FIGURE 1.** Indian Arms Imports from the U.S. and Russia: 2004-2019. Based on Trend Indicator Values. (SIPRI)<sup>21</sup>

Indian Arms Imports From the U.S. and Russia: 2004-2019. in Trend Indicator Values. (SIPRI)



### **India's Russian Dependency:**

As noted in Figure 1 above, Russia has been a crucial source of arms to India for years. Russian weapons systems are ubiquitous in the Indian military. Russian warplanes such as the SU-30 and Mig-21 and Mig-29 form the backbone of the Indian air force, and Russian warplanes represented nearly 75 percent of India's total fighter bomber fleet as of 2019, while 44 Mig-29K/KUBs are divided into two squadrons that constitute the naval fighter bomber wings.<sup>22</sup> Of India's 15 diesel electric attack submarines (SSK) nine are Russian Kilo-class submarines renamed the Sindhughosh-class and serve as stalwarts of India's undersea warfare programs. In addition, India's one nuclear powered attack submarine (SSN), the Chakra, is the renamed Russian Submarine Akula II.<sup>23</sup> Since 2009, the Russian nuclear powered submarine the Arihant, a scaled back version of the Russian Charlie-class with 4 silos instead of 8, was used by the Indian navy as a training platform.<sup>24</sup>

American opposition to Indian purchases of Russian weapons, and threats of economic sanctions if India persists in acquiring advanced systems such as S-400 missile batteries are counterproductive. For decades India has relied on both Soviet or Russian systems and even if New Delhi wanted to walk away from Moscow, it could not. So much of India's inventory is reliant of Russian technology and thus, potential spare parts, that the idea of India breaking from their Russian suppliers is a non-starter. This is a point that policy makers in Washington need to realize. In addition, New Delhi has legitimate concerns about long-term American reliability. While American has been instrumental in working with India in certain areas, (such as nuclear power) concerns over contentious issues such as human rights, the status of Muslims in India, or changes in American administrations that may not be as willing to work with India, cause New Delhi to diversify their sources of military hardware. This is both a political and strategic decision in India.

### **The Dragon in the Room:**

Indian leaders are not willing and will likely never be willing to join a formal alliance with the United States against China. However, this political reality has not stopped the two states from cooperating on countering China's emerging role in the IOR. In terms of weapons systems, as noted in Figure 1 above, the United States has been a major supplier of arms and logistical

equipment to India over the past decade. Some of these systems include an entire squadron of 11 C-17A heavy transport aircraft, Apache helicopter gunships, and a squadron of 8 P-8I Neptune anti-submarine warfare aircraft.<sup>25</sup>

The Manmohan Singh government which was in power from 2004–2014 was much more skeptical of American designs than the current Modi administration. Under Singh's Minister of Defense, A.K. Antony, the Indian military reduced the number of naval exercises with the American navy because of Chinese opposition and a desire to reduce the profile of U.S.-India military cooperation.<sup>26</sup> Antony's constituency in Kerala has major concerns about getting too close to the United States, and military-to-military ties therefore suffered. This changed dramatically when Narendra Modi came to power in 2014.<sup>27</sup> Importantly, in Modi's first four months in office, India had more high-level engagement with Chinese officials than with American ones. Prime Minister Modi even spoke about potentially solving and not just managing the territorial dispute.<sup>28</sup> Several months after taking power, Modi hosted Chinese President Xi Jinping in India. However, just before the September visit, Chinese troops crossed into Indian territory and constructed new roads and stayed for 20 days.<sup>29</sup> This incursion coinciding with an official visit by the Chinese leader was perceived as an insult to Modi and to India. After this episode, it was clear to the Modi administration that the U.S. was essential to Indian security interests.<sup>30</sup>

Of strategic significance, the United States and India are laying sensors designed to track Chinese submarines on the ocean floors of critical choke points leading into the Indian Ocean.<sup>31</sup> In addition, the United States is also assisting India on both its nuclear submarine program and aircraft carrier program.<sup>32</sup> Perhaps of greater importance is the reported assistance Washington has provided to New Delhi during periods of border infractions such as the 2017 Doklam standoff,<sup>33</sup> as well as the 2020 Galwan conflict.<sup>34</sup> In fact, according to Kenneth Juster, the American Ambassador to India, during the tense Ladakh standoff the U.S. provided crucial intelligence. He states, "our close coordination has been important as India confronts, perhaps on a sustained basis, aggressive Chinese activity on its border," Such confirmation is in addition to the working relationship between Trump administration Secretary of Defense Mark Esper and his Indian counterpart Rajnath Singh, who are also reported to have discussed the standoff.<sup>35</sup>

### **Takeaways for USA:**

The events of the past year have provided American policy makers with a strategic opportunity to work with India on China-related issues. Real or perceived Chinese aggressiveness both along the China-India border and in the IOR, have made New Delhi much more amenable to America's strategy of countering China. This, when combined with the Modi administration's willingness to partner with Washington, greatly enhances the prospects for future bilateral ties. However, Washington must be cognizant of the following five key points.

- New Delhi is willing to work closely with Washington, but is not willing to form any kind of formal anti-China alliance with the United States. American leaders need to temper their expectations of India and not force New Delhi into a situation where Indian leaders feel they are being pressured to join some sort of explicitly anti-China alliance.
- If Beijing continues to misplay its hand vis-à-vis India and seems tone deaf to how its behavior is pushing India closer to the United States, Washington should take full advantage of Chinese mistakes in the region and capitalize on these by forging closer ties with India.
- Washington needs to be aware of New Delhi's limits, these include the unwillingness of New Delhi severing or curtailing India's security ties with Russia.
- American policy makers need to keep a close watch on some of the domestic constraints Indian leaders may face to deepening bilateral ties. While the Modi administration has been able to sidestep many of the constituencies that hobbled previous administrations from forging closer relations with Washington, American officials need to have an accurate gauge of the political left in India. When necessary, they need to work with their Indian counterparts to head off any potential challenges that may arise from such political parties or groups in the future.
- Domestic politics in India are much more critical than foreign policy. New Delhi's ties with Washington are important to American leaders,

but they are not a core concern to India and are best viewed as a peripheral issue. The COVID-19 pandemic's harmful impact on the Indian economy will likely increase the saliency of domestic issues over foreign policy.

## **II. Chinese Views of the Evolving India-U.S. Partnership.**

For most of the past 70 years South Asia and India, in particular, have not been high on China's strategic agenda. From a security perspective, Chinese leaders have been preoccupied with East Asia and the United States. It is only recently that security concerns in the IOR, many of these centered on China's sea lanes of communication (SLOCs), have gained more prominence in Beijing. While more attention is now directed towards India, part of this is related to recent Chinese concerns about the budding defense ties between New Delhi and Washington.

### **China and its SLOCs: From Dalian to Rotterdam:**

The year 1993 was an important year for China and its SLOCs. The year is frequently cited as the point when China became a net importer of oil, which is often viewed a critical juncture in Chinese overseas trade.<sup>36</sup> What is less publicized is that this same year the Chinese merchant ship "Yinhe" ("Galaxy" in English) was stopped on the high seas by the U.S. Navy on its way from China to Iran. While the precise details of the case are available in other works, it is relevant to point out that the Yinhe was suspected of carrying components used in the manufacture of chemical weapons.<sup>37</sup> The U.S. Navy shadowed the Yinhe across the Indian Ocean and then forcefully stopped it and had a crew from Saudi Arabia search it for contraband. Importantly, no illicit materials were found, and the Yinhe was allowed to continue on to Iran. Unbeknownst to most western security analysts, this event had a profound impact on Chinese thinking about protection of Chinese SLOCs. Sha Zukang a Chinese diplomat and the UN Under-Secretary-General for Economic and Social Affairs, publically stated, "I think that we were bullied [by America] because we [China] are not strong enough...As we used to say that 'weak countries have no diplomacy,' I am afraid that this is an example of that."<sup>38</sup> The impact that

this event had on the Chinese government and military was profound. One of Beijing's leading security scholars who has given lectures to the top levels of the Chinese government called the event a "great humiliation" and stated that China has to take action so that this will "never happen again."<sup>39</sup>

In the 28 years since the Yinhe incident, the PLAN has gone from a force with less than 5 percent of its force considered "modern" by the American Office of Naval Intelligence, to a force able to project power on a regular basis in the IOR with entire categories of warships approaching the criteria for being classified as "modern."<sup>40</sup> Chinese SLOCs through the IOR now carry 80 percent of China's imported oil,<sup>41</sup> as well as 95 percent of China's trade to the Middle East, Africa, and Europe.<sup>42</sup> In order to protect these vital SLOCs, the Chinese government has devised several linked strategies. The concept of "forward edge defense" calls for China to set up an "arc-shaped strategic zone" that covers the western Pacific Ocean and northern Indian Ocean.<sup>43</sup> In former Chinese President Hu Jintao's 2012 speech to the 18th Party Congress, he specifically called for China to have the ability to "resolutely safeguard China's maritime rights and interests, and build China into a maritime power."<sup>44</sup> Other Chinese analysts have advocated for additional strategies in the Indian Ocean.

Song Dexing, Director of the Nanjing Institute of International Relations, argues that the main concern for China is energy security in the IOR, and the real challenge for China is India and the U.S. seeking to jointly control the India Ocean.<sup>50</sup> Hu Bo, the Director of Beijing University's Center for Maritime Strategy Studies and one of China's leading authorities on maritime security, has called for China to establish two oceangoing fleets (for the Pacific and northern Indian Oceans) centered around aircraft carriers. Professor Hu argues that "by maintaining a certain military presence in the India Ocean, it will prevent adversaries from paralyzing China's operational resolve by means of sabotage, blockade, or restrictions on China's SLOCs."<sup>51</sup>

China's expanding missions aimed at SLOC protection in the IOR have raised serious concerns in India. As stated above, the PLAN operates at any given time 6–8 warships in the northern Indian Ocean. In the summer of 2017, the PLAN conducted live fire exercises in the region, which caused the Indian Navy to initiate "Mission Based Deployments" (MBD) that are designed to shadow PLAN warships throughout the IOR.<sup>52</sup>

**TABLE 1.** Estimated 2021 Chinese, American and Indian Modern Blue Water Capable Vessels.<sup>45</sup>

Vessel Type	United States	India	China
<b>Aegis type DDG</b>	90	4	36
<b>Modern Frigate</b>	25 <sup>46</sup>	4	30
<b>Aircraft Carriers</b>	11	1	2 <sup>47</sup>
<b>Diesel Submarines</b>	0 <sup>48</sup>	16	30
<b>Nuclear Powered Submarines</b>	57	2	14
<b>Total Vessels<sup>49</sup></b>	261	33	132

Chinese efforts to protect SLOCs by sending warships to the IOR, causes rising concern in New Delhi. Simply put, China sends warships to the IOR to defend Chinese interests against possible American-led attempts to sever Chinese SLOCs. These very naval forays cause great unease in New Delhi driving India to both modernize its navy, and of greater strategic significance, to work much more closely with Washington.

The role of the Belt and Road Initiative, has been cited by Chinese security scholars as a tool to be utilized in the IOR. Liang Meng argues that the BRI can break the “strategic containment” of China by the United States and India. Meng further states that American bases in the Indian Ocean have triggered “great dissatisfaction in India.”<sup>53</sup> Several analysts from the Chinese Naval Academy of Military Science pointed out that China lacks a “strategic fulcrum” in the Indian Ocean and that this needs to be established. While these author’s call for maintaining the “flatness” of the China-India-U.S. triangle, and argue for minimizing “military color” in the region, they still insist on developing potential bases in Dar-es-Salem, Hambantota, or the Seychelles.<sup>54</sup>

### **Chinese Perceptions of India:**

Chinese scholars and analysts tend to view India as a “second rate power” and view South Asia in general as a “secondary strategic direction for China’s rise.”<sup>55</sup> One of China’s leading scholars of maritime security argues that China does not see India as a threat, but he believes more and more Indians view China as a threat. This scholar stated that the Chinese government does not take the Indian navy seriously and it is only recently in academic circles that the Indian navy has gained more scrutiny. Greater attention to India is largely based on the Indian navy’s ability to interfere with Chinese SLOCs. While acknowledging the development of India’s maritime capability he argued that the border conflict is a more serious issue.<sup>56</sup> Some Chinese analysts have even stated that Beijing views India as the “weak link in the Quad” (The Quadrilateral Security Dialogue, an informal strategic forum composing the U.S., India, Japan and Australia).<sup>57</sup> While Chinese security experts emphasized the secondary role that India plays in Chinese strategic calculations, several were quick to point out the growing concerns in Beijing about the rapidly warming ties between Washington and New Delhi.

### **Chinese Views of India-U.S. Ties:**

Chinese security and South Asian experts may not see India as a great power, but there is wide agreement that India, when combined with the United States, represents a serious threat to Chinese interests. Multiple Chinese experts explained that these emerging ties are “a big problem” and that this represents a major security concern for China.<sup>58</sup> Interestingly, one expert whose focus is on South Asia, argued that the CPEC (China-Pakistan Economic Corridor) helps drive India towards the United States: “The Chinese leadership knows this, but there is no consistent foreign policy for China.”<sup>59</sup>

Zheng Xinkai has warned of Washington playing the “India card” and has stated that “the strategic base in the United States’ ‘India Strategy’ lies in the fact that the United States looks to India, whose strength is rising...India sees the United States as a balanced force for the threat posed by China’s rise.”<sup>60</sup> Lin Minwang of Fudan University and one of China’s leading South Asia experts has even referred to India as “the prize” of strategic competition between great powers. Lin also writes that President Trump’s February 2020 visit to

India was designed to show America's strategic relevance to India while also reinforcing U.S.-India defense ties.<sup>61</sup>

Several Chinese analysts have voiced skepticism on the durability of India-U.S. relations. Wang Shida believes that close India-U.S. security cooperation has had a serious negative impact on India's overall foreign strategy, especially in regards to its tradition of long-standing strategic independence. Furthermore, Wang argues that the U.S. uses military technology as "bait" to increase India's procurement of U.S. weapons, thus diminishing India's autonomy.<sup>62</sup> Xiao Jun is also skeptical of long-term Indian-American ties because each state has different strategic ideas, different perceptions of international affairs, and disputes between the two on the issue of defense and security cooperation. Xiao argues that the U.S. considers India to be an important partner to curb the rise of China and that it continues to increase its relationship with India on the grounds of the "China threat theory."<sup>63</sup>

In one of the more interesting analyses of this evolving security dynamic, Zheng Yongnian argues "when we deal with China-India relations, the first thing we must consider is: Do not push India into the American Camp." In addition, Zheng points out that if the Sino-India border crisis promotes the alliance between the United States, Japan, and India, the consequences will be very troublesome for China and that China's understanding of India is far from enough and is often biased and wrong.<sup>64</sup> Zheng is clearly cognizant of the dangers of being too aggressive towards New Delhi, and this level of awareness and "speaking truth to power" is crucial if China seeks to reduce tensions with India. This is especially true after the deadly violence of June 2020. While Professor Zheng's interview was posted in Chinese language media, he is based at the National University of Singapore, and thus may have greater latitude in discussing such matters.

Blaming India for the recent violence, as some Chinese analysts do as a "solo adventure" planned by Colonel Santosh Babu of the Indian army, may be politically correct and convenient in Beijing, but will likely not help bring the two sides together, or for that matter convince New Delhi to keep its distance from Washington.<sup>65</sup> Zhang Jiadong and Wei Han, also from Fudan University, touches on the role that China plays as a driver of cooperation between the United States and India by stating that it is "to a certain extent in response to the development of China's Belt and Road." They further

acknowledge that the re-emergence of the “Quad” is a response to China’s new maritime strategy.<sup>66</sup> However, they do not offer any deep assessment on why India may feel threatened by China’s expanding role in South Asia.

Overall, Chinese perceptions of India’s ties with Washington are varied. However, very few Chinese analysts are willing to publically warn Chinese leaders of the dangers of pushing too hard on India. A long-standing fear in China is to be surrounded by hostile countries and the possibility of a two-front conflict, one in East Asia and one along the Himalayan border would be a strategic disaster for Beijing. The perceived rise of the so called nationalistic and aggressive “Wolf Warrior” diplomacy of the past several years has led to a growing mistrust of China. An October 2020 survey from the Pew Research Center found that on average 73 percent of respondents in a 14 country survey hold “very or somewhat unfavorable views” of China.<sup>67</sup> Real or imagined, China’s perceived aggressiveness is a direct cause of India moving much closer to the United States. This is clearly not in Beijing’s long-term strategic interest.

### **Recommendations for China:**

- Real or imagined Chinese aggressive behavior in South Asia is a direct cause of New Delhi and Washington enhancing security ties. Beijing should look at how it responds to American political and military moves in East Asia and understand how this raises threat perceptions in Beijing and apply these same fears to Indian concerns over Chinese military activities in the IOR. A similar level of empathy with New Delhi and actions taken to reduce Indian concerns may help to alleviate strategic mistrust.
- Publically decouple the BRI from CPEC. While Chinese officials no longer use the term “BRI” around Indian officials, the fact that CPEC runs through contested territory and India was not originally consulted on its implementation makes it nearly politically impossible for Indian leaders to cooperate with the BRI.
- Find a solution to the border dispute. While half of this rests on New Delhi’s willingness to accept a solution (extremely difficult), in its current state it is a political weapon for hawks in Washington and New Delhi to justify closer strategic relations between the United States and India.

A “border swap” may not be feasible, but the status quo, as recent events have demonstrated, is a liability.

- Avoid the self-fulfilling prophecy. Beijing has managed to convince itself that Washington is bent on “containing” China and preventing its rise. Evidence of such “containment” is frequently cited as American military maneuvers with China’s neighbors. What Beijing needs to realize is that many of these states are hedging against the uncertainties of China’s rise and reach out to Washington as a result. Real or perceived Chinese bullying of smaller Asian states, will likely lead them to hedge with the United States. This is clearly not in China’s interest.

### **III. India and the Triangle:**

India’s festering rivalry with China has experienced periods of both relative calm and sharp escalation over the past six decades. The deadly encounters over the summer of 2020 were the first recorded fatalities in 45 years between the Indian and Chinese militaries. While China’s rise has been seen as an opportunity by some in India, large sections of the political and security establishment view China with apprehension, fear, or both.<sup>68</sup> In the security community, the greatest concern over China’s rise is fear of “containment” by China. With China’s “all weather friendship” with Pakistan, the protracted border dispute in both the western and eastern sections of the Himalayas, and, over the past two decades, regular PLAN incursions into the IOR, Indian politicians—and especially the Modi administration—perceive China increasingly as a threat. Understanding New Delhi’s perceptions of Chinese “containment” is essential to assessing the emerging China-India-U.S. triangle.

#### **Perceptions of Chinese Containment:**

India’s primary geostrategic objective in the Indo-Pacific is to prevent China from dominating the region. There are strong concerns in New Delhi that China is employing a policy of “strategic encirclement” of India. A recent manifestation of this can be found in the various BRI projects in surrounding South Asian states where Beijing has plans ranging from investing more

than 62 billion dollars in CPEC in Pakistan,<sup>69</sup> to the building of bridges in the Maldives.<sup>70</sup> These, when combined with the occasional port visit by Chinese warships, or more importantly, Chinese nuclear and diesel powered submarines, greatly exacerbate Indian concerns over China's long term plans for the region.

Of deep concern to New Delhi was the manner in which the BRI rolled out in South Asia. According to numerous policy experts in New Delhi, the Indian government was not consulted on the initial roll out of an initiative that will have a profound impact on the physical connectivity of the entire South Asia region. To make matters worse, a large portion of the CPEC runs through territory that is claimed by India, but occupied by Pakistan.<sup>71</sup> A commentary from S. Kalyanaraman of the Indian Ministry of Defense's think tank IDSA stated, "China's objective until recently was to tie India down within South Asia through support for Pakistan, it is now determined to supplant India as the leading power in the Indian subcontinent as well as become a predominant power in the Indian Ocean Region."<sup>72</sup> The BRI, when combined with the historical and psychological baggage attached to the rivalry and the long-standing tensions (and recent deadly violence) along the disputed border, all contribute to perceptions in India of a rising China that is determined to relegate India to second-class status in an Asia led by China.<sup>73</sup>

For their part many Chinese experts are strongly opposed to the idea that China seeks Asian hegemony. They argue that the BRI is empirical evidence of China providing public goods in the form of infrastructure to a region that is in desperate need of quality roads, bridges, and power stations. In fact, Beijing no longer uses the term "BRI" when dealing with their Indian counterparts.<sup>74</sup> China's Premier Li Keqiang reportedly told Modi that the CPEC is a means to "wean the populace from fundamentalism" by promoting economic development.<sup>75</sup> This effort at persuading India of the benefits of the BRI failed.

### **Limited Progress on the Border Issue:**

Despite decades of bilateral talks on trying to solve the territorial dispute the events of summer 2020 clearly demonstrate that this is a long way off. While the possibility of a "border swap" may appear to be the easiest solution to the issue, statements from Chinese President Xi that "not a single inch of our land" will be ceded by China make it very difficult for any Chinese leader to justify

relinquishing claims to the 90,000 square kilometer Indian state of Arunachal Pradesh/South Tibet.<sup>76</sup> Furthermore, any leader in New Delhi who gave up Indian claims to the 38,000 square kilometer Aksai Chin could be voted out of office. Interestingly, India has offered to formally demarcate the Line of Actual Control, however this proposal was rejected by China.<sup>77</sup>

Both states have taken steps to reinforce their sections of the disputed territory. Over the past decade, India has built 73 new border roads, the majority of them in the north-east. Although many of them have fallen behind schedule, the fact that they are being constructed as a means to reinforce India's claim strength in the disputed territory is a cause of escalation. For its part, China has built or is currently building multiple all weather roads and railways, as well as upgrading airfields in Tibet.<sup>78</sup> In fact, satellite images show that China is rapidly reinforcing their presence in the disputed Doklam area.<sup>79</sup>

### **Changing Views of Washington:**

As mentioned above, India-US relations suffered when A.K. Antony was Minister of Defense. However since Prime Minister Modi came to power in <sup>2014</sup>, there has been steady progress in deepening military ties with the United States. Such progress has been significantly aided by Chinese behavior ranging from the border incursions during President Xi's <sup>2014</sup> visit to India to the border tension in Doklam in <sup>2017</sup> to Beijing's blocking of India's entry into the Nuclear Suppliers Group. Such acts of perceived aggression have been a welcome development for security hawks in both New Delhi and Washington. Pu Xiaoyu has argued that few in China have an understanding of India's sensitivity about China's presence in South Asia and the IOR.<sup>80</sup> Chinese behavior is causing India to "cautiously" shed its aversion to alignment.<sup>81</sup> The signing of the three foundational defense agreements with Washington since Modi came to power is a powerful signal of this. A recent paper published by the U.S. Army War College argued that India needs to have a balance of power with China and that it needs to elicit the help of the United States to achieve this.<sup>82</sup>

The Meetings between Prime Minister Modi and President Xi in Wuhan in 2018 and in Tamil Nadu in 2019 were an attempt by Beijing to stall and reverse this geopolitical shift. However, considering the border events of June 2020, these meetings clearly failed to reduce underlying tensions. There continues to be a belief in China that India is so entrenched with its strategy of

strategic autonomy that alignment with the Americans is out of the question.<sup>83</sup> Such analysis in China is wishful thinking and is extremely counter-productive. If the dominant narrative in Beijing is that ideological barriers in India prevent it from developing a multifaceted working security relationship with the United States, the Chinese are at risk of not only self-deception but, of greater importance, lacking an understanding of how their own behavior may be the primary cause of Indian-U.S. cooperation. The inability to self-reflect and realize how one's own country's behavior is perceived by other states is not unique to China. In fact, this is a challenge that all countries must confront. However, the structure of the political system in China can cause such views to be silenced or dismissed as simply anti-China rhetoric from China bashers who "do not understand China." As renowned sinologist John Garver explains "Chinese beliefs about their country's long history make it difficult for Chinese to understand, put themselves in their neighbor's shoes, and effectively assuage or reassure their neighbor's strong apprehensions about China's growing power."<sup>84</sup> China's small, but growing field of South Asian scholars and analysts need to make it clear to China's leaders that Chinese actions in South Asia, while being trumpeted as "win-win" arrangements, are not always viewed as such in New Delhi. Such "win-win" deals may in fact be very helpful and welcome in India's neighbors, but, in the context of a rivalry and concerns over Chinese ambitions in the IOR, they are often perceived through a zero-sum prism in New Delhi.

### **Takeaways for India:**

For the past seven years, New Delhi has steadily shed its longstanding aversion to working with Washington. However, much work needs to be done to take full advantage of its new defense relationship with the Americans. While the two militaries have frequent joint exercises, these need to be deeper and take advantage of the opportunities that agreements like BECA and COMCASA provide. A complaint of some of these exercises is that they are superficial and designed more for public relations than the pursuit of genuine interoperability.<sup>85</sup> Even with the change of leadership in Washington, New Delhi needs to be aware that the Sino-American rivalry may see periods of relative thawing, but the structural mistrust and strategic competition are not likely to abate. Given such a situation, Indian policy makers would be wise to examine the following recommendations.

- Washington is firmly on New Delhi's side in the Sino-Indian rivalry. New Delhi should leverage this to take full benefit of the opportunities this affords India. These range from cooperation and working together on strategic areas such as anti-submarine warfare and naval aviation. This essentially entails continuing the current trajectory of relations and most importantly do not stall or reverse course on bilateral ties.
- New Delhi should make it clear to Washington that they are not going to be an official American ally anytime in the near future, and possibly never. By clearly articulating this, it will lower expectations in Washington, while also preserving India's ability to work with other partners such as Russia.
- Given the pressing infrastructure needs of India and South Asia, it would be in India's interest to find a workable solution to cooperating with China on various infrastructure projects designed to increase regional connectivity. There is a strong precedent for this in India's signing on to the Chinese-initiated Asian Infrastructure Investment Bank.
- After the next leadership transition in India, the national security community in New Delhi needs to protect the relationship with Washington. This means preventing powerful figures from scuttling joint operations and maintaining the top-level yearly exchanges, such as the<sup>2+2</sup> Ministerial Dialogue between each state's respective top diplomat and military official.
- New Delhi needs to meet the Americans halfway on various initiatives. Frequent complaints from the American side that Washington is "bending over backward" to help India, and India is not cooperating are not helpful.

## **Conclusion:**

Over the past 20 years, and especially since Prime Minister Modi came to power, New Delhi's deepening strategic ties with Washington represent a structural and ideological shift in India's foreign policy away from one of non-

alignment to one where India sees the United States as a viable security partner and strategic hedge against a rising and perceived aggressive China. The inability to settle the border dispute contributes enormously to the absence of trust between China and India. China's expanding activities in the IOR are within its sovereign right and frequently contribute to the provision of public goods, as in the case of the anti piracy patrols off the coast of Somalia where 51 percent of the merchant ships escorted by the PLAN have been foreign flagged.<sup>86</sup> However, Beijing so far appears unable—or unwilling—to understand how this is a cause of concern for New Delhi. On a regular basis, Chinese officials complain about the forward American military presence in East Asia. However, they do not appear willing to understand how China's increasing military footprint in the IOR is causing concern in India. This lack of empathy is increasingly turning into a Chinese self-fulfilling prophecy where China claims that the United States and its allies and partners are trying to “contain” China. Chinese behavior in the IOR is providing a convenient excuse for coalitions hostile to Chinese security interests to garner political support and reinforce New Delhi's strategic engagement with Washington.

*The research and opinions in this article are the author's personal assessment and does not reflect the policy of any government entity, the U.S. Government, or the Wilson Center.*

## Notes

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2020-21 WILSON CHINA FELLOWSHIP

# The “New Strategic Frontiers”: China’s Pursuit of Influence in the Arctic and Antarctica

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## Abstract

This project focuses on the varied fringes of international order that China now groups together as “new frontiers”: space, the poles, and the deep sea. These ungoverned or under-governed spaces, once somewhat walled off from serious great power competition by technological limitations and U.S.-backed norms, are seen in Beijing and increasingly Washington as sites for sovereignty claims and rivalry and now risk being transformed from a global commons into contested spaces. If successfully and cost-effectively exploited, these domains have the potential to transform the global balance of power—just as past frontier scrambles once did. Together, they constitute an important test case for whether the rise of great power competition will overwhelm the necessity of rules-based governance. In particular, this project closely examines China’s interest in the polar regions, its activism in the Antarctic and Arctic, and its policy investments in becoming a “polar great power.” Ultimately, it finds that China, like many great powers, views these frontiers as sites for sovereignty claims and rivalry in an era of great power competition, a prospect with significant implications for the United States and global governance.

## Policy Recommendations:

- The United States needs to redouble its investment in polar diplomacy and institutions to better shape rules and norms in directions that reduce competition in what should remain a global commons.
- The United States should call attention to instances of Chinese coercion against Arctic and Antarctic states, including Australia, Canada, Sweden, and in the past, Norway. It should clearly link that coercion to reduced U.S. and allied and partner support for China’s Arctic and Antarctic activities.
- The United States should remain vigilant about the possibility that Chinese infrastructure investments within the poles could be dual-use.

“At present, Antarctica is the last piece of the earth with abundant resources. Undeveloped pure land. Therefore, we must hold high the banner of scientific research, find a foothold in Antarctica, and take root.”

—*Yang Huigen, then Deputy Director of the Polar Research Institute of China*

“I have said on many occasions that China’s population accounts for one-fifth of the world’s population, so can’t we get a fifth of the interests in the Antarctic and Arctic?”

—*Yin Zhuo, Retired Rear Admiral and CPPCC Member*

In the last few years, China has focused more intently on the varied fringes of international order that it often groups together as “new strategic frontiers” [战略新疆域]: space, the poles, and the deep sea. These ungoverned or under-governed spaces, once somewhat walled off from serious great power competition by technological limitations and U.S.-backed norms, are seen in Beijing as sites for sovereignty claims and rivalry and now risk being transformed from a global commons into contested spaces.<sup>1</sup>

If successfully and cost-effectively exploited—by no means an easy task—the poles, the deep sea, and space have the potential to one day transform the global balance of power just as past frontier scrambles once did. Together, they constitute an important test case for whether the rise of great power competition will overwhelm the necessity of rules-based governance.

The so-called “new strategic frontiers” have grown more important in the wake of three trends: (1) China’s increasing ambitions across them; (2) technological innovation that makes exploitation increasingly feasible; and (3) perceived U.S. withdrawal, which has weakened rules-based approaches.

The “new strategic frontiers,” like past frontiers, may prove a mirage that cannot be exploited in any cost-effective way. Even so, its lure and the competitive dynamics between leading states can induce a scramble for influence across them.

This paper briefly discusses the idea of a “frontier” in historical and contemporary context. It then discusses China’s frontier discourse and efforts at the poles—both the Arctic and Antarctica.

## I. The “Frontier” in Global Politics

The lure of a “frontier”—an unclaimed land that can reshape global power—has long been a powerful driver of state behavior, but it has rarely received due study in international relations literature despite its manifest impact.

### The “Frontier” in Historical Context

European colonizers came to see the Western hemisphere as a frontier that could reshape the European balance of power. Similarly, the expansion of the early United States westward and Russia eastward in the nineteenth century led envious European colonial powers like France and Germany to seek their own frontiers in Africa or Eastern Europe, seeing it as essential to their country’s power and status—often with the American West as explicit inspiration.

In the early 19th century, Alexis de Tocqueville believed that countries without frontiers were fated to reach “their natural limits” and either “stopped” or would “continue to advance with extreme difficulty.” He looked enviously on the expanding United States and Russia, which seemed to him “to be marked out by the will of Heaven to sway the destinies of half the globe.” To Tocqueville, the solution was clear: Urging the French colonization of North Africa, he wrote, “I have no doubt that we can raise on the coast of Africa a great monument to the glory of our country.”<sup>2</sup>

A few decades later, post-unification Germany also felt the pangs of having missed out on American expansion. “If we had had the option 200 years ago, we too would have preferred to carve a New Germany out of North America,” remarked the influential German geographer Friedrich Ratzel at a major political conclave in 1884.<sup>3</sup> “However, today we do not have this choice and it would be foolish to turn down black bread [i.e., other continents] just because we did not reach the white bread [i.e., North America] in time.” These ideas persisted decades later, this time with a focus on lands to Germany’s east. Adolf Hitler declared in 1941 that “our Volga must be the Mississippi,” envisioning a continental German empire that would create its own frontier in the Slavic-occupied East.<sup>4</sup>

The line between frontier, global commons, or another’s legitimate lands can be thin, and the social construction of a “frontier” and fears others might claim it first has often overwhelmed reality, driving the behavior of states even when such behavior was not cost-effective. Now, the idea of a “frontier” has returned to politics.

## The “Frontier” in Contemporary Context

The fact that French and German thinkers—as well as liberals and fascists alike—were all animated by the idea of a frontier is powerful evidence that state interest in frontiers is hardly unusual and should be unsurprising, including in China’s case. Both the United States and Russia pursued a space race during the Cold War, and even today, other powers that feel that they missed out on past scrambles are interested in the “new frontiers.” For example, several of the Indian navy’s doctrinal and strategy texts of the last decade lumps together the deep sea and the polar regions as unorganized domains for exploitation.<sup>5</sup> Chinese authors too have a sense of having missed out on past scrambles and are determined not to miss the next one.

At the same time, advances in robotics, rocketry, submersibles, materials science, and other areas have created expectations that these domains could become exploitable in two to three decades. In space, launch costs are expected to fall so much over the next decade that they will be three orders of magnitude lower than they were the year 2000, permitting greater exploitation of the earth’s orbit and possibly bodies farther afield.<sup>6</sup> In the Arctic, global warming, next-generation nuclear-powered icebreakers, and melting permafrost may produce navigable waterways and networks of mines, military bases, and oil and gas facilities. In the Antarctic, tens of thousands of lakes and subsurface rivers are breaking apart ice sheets and could open parts of the continent to extraction—particularly given advances in mining technology.<sup>7</sup> And in the deep sea, innovations in robotics, drilling and riser systems, deep sea submersibles, and undersea stations may eventually permit remote extraction of rare earths or other minerals found in rich nodules on the sea floor.<sup>8</sup> Whether exaggerated or real, these visions of exploitation are shaping state behavior—including China’s.

Another factor accelerating competition in the frontier is the fact that the United States has underinvested in the regimes that govern these spaces and in the capabilities needed to assert its own interests across them. It was, by contrast, American attentiveness that helped keep these regions a global commons in the last century. Indeed, even at the height of its postwar powers, the United States did not assert sovereignty over the poles, seabed, or space—opting instead for rules-based approaches. Agreements like the Antarctic Treaty, the Outer Space Treaty, the Moon Agreement, and the UN Convention on

Law of the Seas—backed in part by U.S. power and restraint—helped bound competition in the global commons.

Over recent decades, however, the United States has disengaged. It withdrew from its main Arctic airbase; let its Antarctic facilities deteriorate; allowed its icebreaker fleet to fall to one ship; permitted Chinese purchases of U.S. drilling, rocketry, and submersible technology; privatized much of its space program and was left reliant on foreign companies for launch; and failed to ratify UNCLOS, limiting its ability to secure Arctic interests or shape seabed mining. Even now, it lacks a national strategy across any of these three domains—in sharp contrast to Beijing.

### **China's Frontier Ambitions**

China, by contrast, has openly broadcast its ambitions in space, the poles, and the deep sea. In recent years, these “new frontiers” have repeatedly appeared in Chinese theoretical texts, diplomatic speeches, and even the country’s new National Security Law—suggesting a centralized and high-level plan to target them.<sup>9</sup> As one legislator who supported including the frontiers into law declared: “there is no room for dispute, compromise, or interference” over China’s interests, including in space, the deep sea, and the poles.<sup>10</sup> In January 2017, President Xi grouped these three specific domains together—along with the internet—as the “new frontiers” that could yet prove a “wrestling ground for competition.”<sup>11</sup>

To match this rhetoric, China has announced multi-decade plans for each of these domains, with aspirations to become a “polar great power” by 2030 and “world-leading space power” by 2045. Bureaucratic restructuring, massive public investment, technology acquisition, and constant attention in China’s five-year plans have made these aspirations increasingly credible.<sup>12</sup>

We turn now to consider China’s discourse and its efforts in one of these three domains—the poles—focusing on China’s interests in both the Arctic and Antarctic.

## **II. China's Polar Institutions and Discourse**

China’s interest in the Arctic and Antarctic emerged in the 1980s. Over the ensuing years, China’s polar discourse and its polar capabilities have evolved

significantly. Despite lacking any polar proximity, China’s polar capabilities are now considered some of the world’s strongest and in line with the great power status it seeks.<sup>13</sup>

### **China’s Polar Planning and Institutions**

In a speech on China’s long-term planning for polar strategy given by State Oceanic Administration Director Liu Cigui in 2014, China’s polar efforts were divided into three main periods.<sup>14</sup>

The first stage, from 1980–2000, was “the initial preparation stage.” In this period, which started after the dawn of Deng Xiaoping’s reform and opening, China began to dispatch its first scientists to the poles, acquired an icebreaker from Ukraine, built some of its first stations in Antarctica, and joined relevant multilateral treaties.<sup>15</sup>

The second stage, from 2000–2015, was the “development stage.” In this period, China significantly increased its polar capacity by building more stations at the poles, building its first domestic icebreaker, launching more expeditions, investing polar fixed-wing aircraft and autonomous platforms, and dramatically increased its political role in the region—joining the Arctic Council as an observer significantly expanding its Antarctic footprint.<sup>16</sup>

The third stage is to span from 2015–2030, and is the “polar great power stage.” Party leaders like Xi Jinping and leading polar figures like Liu Cigui say China is at “the starting point of a new historical stage towards the construction of a polar great power [极地强国].”<sup>17</sup> The concept likely includes but also transcends hard power, and this era is to bring a more significant Chinese Arctic presence, including even more expeditions, more stations, new fixed-wing aircraft and icebreakers, more autonomous capabilities, a “polar survey fleet,” more technological investment, a Polar Silk Road, greater efforts to safeguard China’s polar rights and interests, and more military deployments into the region.<sup>18</sup>

Multiple parts of the Party and state will play a role in carrying out this effort—including the Ministry of Foreign Affairs and the People’s Liberation Army. Among the most important is the former State Oceanic Administration (SOA), reconstituted and now subsumed by China’s Ministry of Natural Resources. Within this structure sits most of China’s polar infrastructure and expertise, including the Polar Research Institute of China (PRIC), which was

established in 1989 to coordinate and oversee China's Arctic and Antarctic research under the State Oceanic Administration and was later upgraded into an institute and then a center to reflect its growing stature.<sup>19</sup>

Known as the “business center” of China's polar expeditions, the PRIC manages the *Xuelong* icebreaker, in addition to various Chinese polar stations in the Arctic and Antarctica.<sup>20</sup> It is not simply involved in the minutiae of Arctic science, it also has a strategic purpose. In 2009, the PRIC established its Strategic Studies Division, which “takes the responsibilities of the tracing and analysis of the polar circumstances, and the research on the strategic issues in the domains of polar politics, economy, science & technology, as well as security.”<sup>21</sup> It is expected to “provide advices for the national decision-making related to the Polar Regions and build the brand of an influential think-tank with regard to the polar strategic studies.”<sup>22</sup>

Other bodies also play a role in Arctic policy. The Chinese Advisory Committee for Polar Research [中国极地考察咨询委员会] “is charged with advising the Chinese leadership and bureaucracy on polar matters, organizing scholarly conferences on polar themes, and evaluating China's polar program and its outcomes.”<sup>23</sup> The China Arctic and Antarctic Administration (CAA) [国家海洋局极地考察办公室] oversees China's polar expeditions and membership in regional organizations.<sup>24</sup>

### **Chinese Discourse on Polar Competition**

As early as 2011, Chinese source began referring to the polar regions as a “new frontier” [新疆域], with many Chinese scholars noting that such frontiers are becoming areas of competition between the major powers.<sup>25</sup> In 2015, a group of prominent Chinese universities and think tanks studying the Arctic released the first *Arctic Region Development Report* [北极地区发展报告], which argued that “the polar region has become an important part of China's ‘strategic new frontier.’”<sup>26</sup> In addition, it is clear that China wishes to help set rules across the frontiers. For example, China's 13th Five-Year Plan stated that China “will take an active role in formulating international rules in areas such as the internet, the deep sea, the polar regions, and space.”<sup>27</sup> As Wang Chuanxing, a polar expert at Tongji University noted, “Polar regions, together with the oceans, the internet and space exploration, have become new but strategic areas where China is seeking to develop in the future.”<sup>28</sup>

Discussions of the “new frontiers,” or what China calls “global public spaces” or “new strategic spaces,” also abound in other works, including its 2013 *Science of Military Strategy*. That document warns that “new geopolitical struggles surrounding the control of oceans, polar regions, space, internet, and other global public spaces will become fierce and will surely have a major and far-reaching impact on the military strategies of major powers.”<sup>29</sup> It laments that, “some developed countries are using their own advantages to try to monopolize and control international public spaces, creating obstacles for latecomers to enter and use them.” Accordingly, as competition intensifies, military instruments will be important: “In the scramble for new strategic spaces, military preparation and pre-positioning is important not only for guaranteeing a country’s free use of international public spaces, it is also an important measure to fight for the new commanding heights of military strategy, and it has received great attention and attention from major countries in the world.”<sup>30</sup>

China also sees these regions as houses of enormous resources, and it believes that scientific investments and research stations might help lay the foundation for future resource claims. Yang Huigen, one of China’s top Polar officials who previously served as Deputy Director of the Polar Research Institute of China before being promoted to director [中国极地研究中心] once said, “according to the World Antarctic Mineral Resources Management Treaty, the share of resources that countries can enjoy when Antarctica can be developed will be determined by their contribution to the Antarctic scientific investigations and undertakings.”<sup>31</sup> Yang was unambiguous about how doing so would provide China long-term benefits as a global commons was converted into something more exploitable by nation states: “At present, Antarctica is the last piece of the earth with abundant resources. Undeveloped pure land. Therefore, we must hold high the banner of scientific research, find a foothold in Antarctica, and take root.”<sup>32</sup> Grouping together the very same domains that would later constitute the “new strategic frontiers,” Yang observed that “the three most competitive resource treasures in the world are the seabed, the moon, and Antarctica. In order to gain a greater say in the Antarctic issue, some small countries are also doing everything possible to set up stations in Antarctica to ‘plant flags.’ It can be said that the loss of the scientific research base in Antarctica means the loss of space for resource development.”<sup>33</sup>

Similarly, another prominent Chinese polar scholar who also served in a senior position at the State Oceanic Administration said: “Under the premise of international scientific research cooperation in compliance with the Antarctic Treaty, we must safeguard our national interests. The ability to build more scientific research stations...strengthens China’s right to speak in international Antarctic affairs.”<sup>34</sup>

In the Arctic too, the idea that China has significant resource interests is common. In 2010, on the sidelines of a major Chinese political conclave often referred to as the “Two Sessions,” retired Chinese naval Rear Admiral Yin Zhou, a member of the Chinese People’s Political Consultative Conference, made a remarkably candid set of statements about China’s Arctic ambitions. “I have said on many occasions that China’s population accounts for one-fifth of the world’s population, so can’t we get a fifth of the interests in the Antarctic and Arctic?” Yin asked. The Arctic and the Antarctic are “very rich in various resources,” he noted, and their “sea lanes will also be important in the future.” China will have to struggle hard to protect its interests: “if you do not defend it, do not fight for it, then you have no say....We cannot leave it all to others; the Chinese people have rights there.”<sup>35</sup>

Others echo these sentiments, noting that scientific engagement in the Arctic can help serve China’s interests. One of China’s prominent Arctic scholars, Professor Guo Peiqing of Ocean University of China, asserts that a country’s level of scientific research activity in the Arctic “directly determines its ‘right to speak’ [话语权] in Arctic affairs.”<sup>36</sup> Government officials make similar points. During a visit to the *Xuelong* icebreaker in Chile, Wan Gan, the then Vice Chairman of the Chinese People’s Political Consultative Conference, also emphasized that “conducting scientific investigations in ‘new frontiers’...like polar regions...contributes to China’s transformation from a maritime large country to a maritime great power.”<sup>37</sup> At a meeting of the China Advisory Committee for Polar Research (CACPR), established in 1994 with the approval of the Ministry of Science and Technology and part of the State Oceanic Administration, then Deputy Director of the State Oceanic Administration Chen Lianzeng declared, “The committee members believe that China’s polar scientific investigations and undertaking are a window that reflects national power and displays the image of a great power, and it is of great significance [to China].”<sup>38</sup>

## Becoming a Polar Great Power

Given China’s interest in the region, Beijing takes seriously its goal of becoming a “polar great power” in the next decade. This objective is central to China’s Arctic policy, has been invoked by Xi Jinping, and has even been subtly tied to various Chinese five-year plans.<sup>39</sup>

The concept was elevated in 2014, when Xi Jinping gave an address on China’s *Xuelong* icebreaker while it was docked in Hobart, Australia. The speech, Anne-Marie Brady notes, was “a signal to the entire Chinese political system that polar affairs had moved up the policy agenda.”<sup>40</sup> In it, Xi stressed that “this is a critical period when our country is moving from a large polar country to a polar great power.”<sup>41</sup> He also noted that “the profoundly changing international situation requires us to better carry out polar work.”<sup>42</sup> The change that most concerned Xi was intensifying competition within the Arctic. He warned that “the geopolitics of the Arctic and its economic relations with other regions of the world are undergoing significant changes,” and that other countries were introducing their own “strategic measures” to expand their influence in the poles.<sup>43</sup> “Given this situation,” he argued, “China urgently needed to...enter the ranks of the world’s polar great powers” with renewed emphasis on science, economics, and the defense of China’s polar rights.<sup>44</sup>

This speech, and others that call for China to become a polar great power, have guided much of China’s polar work. Indeed, State Oceanic Administration officials have repeatedly encouraged staff to study that speech.<sup>45</sup> State Oceanic Administration Director Liu Cigui put it, “We must thoroughly study the spirit of President Xi Jinping’s important instructions, and continue to make new and greater contributions to the building into a polar great power and a maritime great power.”<sup>46</sup> Liu emphasized the significant environmental and geopolitical changes in the Arctic and stressed China’s need to “strengthen strategic research, clarify strategic goals, formulate national polar policies and long-term development plans, and improve polar work mechanisms” while focusing on its goal of becoming “a maritime and polar power” during the 13th Five-Year Plan period.<sup>47</sup> Others have tied this goal to China’s 12th Five-Year Plan. What is clear then is that China’s ambition to be a polar great power dates back at least a decade, has found expression in long-term planning documents, and was accelerated around

2014 when it was championed for the first time by Xi—and yet it is left out of China's most prominent foreign-facing texts.

### **III. China's Polar Activism**

China's polar ambitions have been accompanied by a set of efforts to advance its interests across a wide range of domains in both the Antarctic and the Arctic.

#### **China's Antarctic Activism**

China's interests in Antarctica are clearly long-term, in part because the continent will remain difficult to exploit for years to come. The continent's high winds, freezing temperatures, and massive ice sheets—believed to be a mile thick in some places—make mining virtually impossible at present. Global warming, however, may open up parts of the continent before 2049. Warming temperatures have caused vast lakes and pools of water to form on the ice sheets and under them, breaking them in the process, and more of the region may become exposed rock. It is also possible that advances in drilling techniques will facilitate resource exploitation. Mining aside, the region is home to rich fish stocks.

Despite the difficulty of exploiting the Antarctic, the region has at times been subject to great power competition. In the 19th and early 20th centuries, there was a brief scramble for parts of Antarctica even though the continent had little economic potential. British, French, German, Argentinian, Chilean, and Russian military personnel moved southward to seize relevant islands and control access to the continent. That competition was decisively halted with the Antarctic Treaty System established by the United States during the 1960s. This complex web of rules and treaties temporarily suspended the question of sovereignty. It held scientific research as the principal purpose of human engagement in Antarctica, and it permits only countries with scientific research facilities on the continent to vote on questions of the region's governance. In 1998, the system expanded to include the Madrid Protocol, an agreement that forbade mineral exploitation for fifty years, with states given the option to revisit the issue in 2048.

In the 1980s, China built two Antarctic stations which it gradually expanded over subsequent years. Before it opened its first Antarctic station in

1985, China did not have the “right to speak” on Antarctic affairs. But soon thereafter, Beijing became an active participant in Antarctic governance.

In the last decade, China has significantly expanded its Antarctic footprint. It built three facilities in less than ten years—an unprecedented acceleration leaving China only one facility fewer than the United States.<sup>48</sup> And as discussed earlier, China believes that these stations could strengthen its sovereignty claims to various parts of the coast and interior. China has also hosted the 40th Antarctic Treaty Consultative Meeting in Beijing.<sup>49</sup>

In addition to facilities, China’s investments in the same icebreakers and polar planes valuable in the Arctic are similarly proving invaluable in the Antarctic. A few years ago, China’s State Oceanic Administration reported that these investments had matured, providing China “fully self-sufficient land, sea, and air capabilities at the poles.”<sup>50</sup> In 2014, China’s *Xuelong* icebreaker rescued a Russian research vessel stuck in Antarctic waters—an incident that illustrates better than any other how China has caught up to previous leaders in the region.<sup>51</sup> China and Australia also signed a five-year contract allowing Chinese vessels and aircraft to resupply and dock in Tasmania en route to Antarctica. As in the Arctic, China’s distance from the Antarctic requires it to seek out nearby partners.

China’s proactive policy in the Antarctic seems motivated by a determination not to be left out of Antarctica’s future. Resource exploitation is almost certainly a priority. According to Anne-Marie Brady, in 2014, the Polar Research Institute of China—the state’s official agency for all polar affairs, and the operator of China’s icebreakers—worked with the Chinese Company Laurel Industrial to produce a movie called *Antarctica 2049*.<sup>52</sup> The documentary looked to the 100th year of the PRC’s founding, and predicted that by then “humanity will open up a new area of mineral resource exploitation” in the region.

### **China’s Arctic Activism**

China is far more active in the Arctic than it is in Antarctica. China has worked hard to engage the region—particularly given that it lacks proximity to it. Part of this effort has involved branding itself as a “near-Arctic state” [近北极国家]. The concept appeared as early as 2015 and then found its highest expression in 2018, when China released its Arctic White Paper which said

China was a “Near-Arctic State” because it is directly affected by the natural conditions of the region.<sup>53</sup>

Beyond questions of branding and image, China has made several efforts to increase its Arctic influence. At the political level, China has sent thirty-three high-level figures—at the General Secretary, Premier, Vice President, Foreign Ministry Spokesman, and Defense Minister levels—to visit the Arctic countries over the last twenty years (excluding the United States and Russia).<sup>54</sup> Beijing lobbied heavily to become an Arctic Council observer too, became a strong presence at many other regional Track II fora, and launched its own diplomatic and Track II regional efforts, including a China-Russia Arctic Forum and the China-Nordic Arctic Research Center, to deepen relations with governments and sub-national actors.

In recent years, China’s military profile in the Arctic has increased too. China has dispatched naval vessels to the Arctic on two occasions, including to Alaska and later to Denmark, Sweden, and Finland for goodwill visits.<sup>55</sup> It has built its first indigenously produced icebreaker, has plans for more conventional heavy icebreakers, and it is considering investments in nuclear-powered icebreakers too.<sup>56</sup>

China’s scientific activities in the Arctic are particularly noteworthy. Some give it greater operational experience and access. For example, China has sent roughly ten scientific expeditions into the region on its *Xuelong* icebreaker, generally with more than 100 crew members on each.<sup>57</sup> China has also established science and satellite facilities in Norway, Iceland, and Sweden while pursuing additional facilities in Canada and Greenland—with its facility in Norway able to berth more than two dozen individuals and provide resupply.<sup>58</sup> Finally, China has used the Arctic as a testing ground for new capabilities whether related to satellites coverage, fixed-wing aircraft, autonomous underwater gliders, buoys, and even an “unmanned ice station” configured for research.<sup>59</sup>

China’s economic activism has received considerable attention. Chinese entities have been involved in dozens of mining and energy projects across the main Arctic states, with varying degrees of success. Of particular note are China’s infrastructure projects, including some affiliated with its “Polar Silk Road” concept—a spinoff from its broader Belt and Road Initiative. A few of these projects appear to possibly be dual-use and, lacking any obvious economic

purpose, are believed to be strategically motivated. These include efforts by a former Chinese propaganda official who later became a billionaire to purchase 250 square kilometers of Iceland to build a golf course and airfield in an area where golf cannot be played. He later attempted to buy 200 square kilometers of Norway’s Svalbard archipelago. Chinese companies have also sought to purchase an old naval base in Greenland; to build three airports in Greenland; to build Scandinavia’s largest port in Sweden; to acquire (successfully) a Swedish submarine base; to link Finland and the wider Arctic to China through rail; and to do the same with a major port and railway in Arkhangelsk in Russia.<sup>60</sup>

### **Conclusion and Policy Recommendations**

This paper focused on China’s interests in the poles, but Beijing’s cultivation of the “new strategic frontiers” by its own admission expands beyond them to other domains, including space and the deep sea. These interests are in some sense unsurprising—great powers have long pursued a “frontier” even when the possibility of resource extraction was overstated. China’s texts, its five-year plans, its ambitions to become a “polar great power,” and its commitment of resources across multiple domains—military, diplomatic, scientific, and economic—all suggest its seriousness of purpose.

#### ***U.S. policy in the period ahead should involve the following components:***

First, the United States needs to redouble its investment in polar diplomacy and institutions—the better to shape rules and norms in directions that reduce competition in what should remain a global commons. At the state level, this requires rebuilding ties with allies and partners in the Arctic and in the key states party to Antarctic regimes. At the institutional level, it will require ratifying the UN Convention on the Law of the Seas and building coalitions to sustain rules-based governance in the poles.

Second, the United States should call attention to instances of Chinese coercion against Arctic and Antarctic states, including Australia, Canada, Sweden, and, in the past, Norway. It should clearly link that coercion to reduced U.S. and allied and partner support for China’s Arctic and Antarctic activities. As a state relatively distant from the poles, China lacks the ability to sustain regional access without the support of regional states, and its coercion should be linked to the loss of those privileges.

Third, the United States needs to reinvest in its own polar capabilities. Increased investment in icebreakers is essential, especially as the U.S. ice-breaker fleet now falling far behind China's.

Finally, the United States should remain vigilant about the possibility that Chinese infrastructure investments within the poles could be dual-use. China's projects in the Indian Ocean region—from Pakistan to Sri Lanka to Cambodia—were often discussed in secondary Chinese sources as explicitly dual-use, and a similar approach seems to have been pursued with less success and enthusiasm in the Arctic. At times, this will require multilateralizing Chinese investments to reduce the possibility of coercion, dependence, or dual-use activities; at others, it will require providing alternatives.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

## Notes

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  19. See the website for the Polar Research Institute here: <https://www.pric.org.cn/detail/sub.aspx?c=29>. Anne-Marie Brady, “China’s Rise in Antarctica?” *Asian Survey* 50, no. 4 (2010): 759–785. In 2003, the Chinese name of the PRIC changed from the Polar Research Institute [中国基地研究所] to the Polar Research Center [中国基地研究中心]. According to Anne-Marie Brady, “The choice of name was significant, demonstrating that China was not only interested in investigating Antarctic science but would now expand to include the Arctic.”
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2020-21 WILSON CHINA FELLOWSHIP

# Paying for Propaganda: A Preliminary Study on the Effectiveness of Beijing's “Advertorial” Inserts

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## Abstract

Authoritarian states try to present a positive image of themselves abroad by showcasing their achievements, culture, and foreign relations. They do so to enhance their international legitimacy, which in turn helps bolster their internal and external regime security. States use a variety of tactics to improve and/or protect their image, ranging from external propaganda outlets to silencing critical dissidents abroad. This paper focuses on a tactic that is used frequently by the Chinese government, namely paying for advertising inserts in foreign newspapers and/or their websites. These are variously called propaganda inserts, native advertising, or “advertorials” because they attempt to match the look and feel of the host publication. One open question is whether these advertorials work to persuade readers to view China in more favorable terms. This paper sets up a survey experiment to test that proposition. Participants in Myanmar and Malaysia were randomly assigned into a control or treatment group; both groups read a selection of online newspaper articles and the treatment group also saw an advertorial insert from the Chinese government. Participants then responded to a series of questions about their political attitudes, including their perceptions of China and China’s role in their country. Ultimately the paper finds that among these participants, advertorial inserts were not as persuasive as Beijing surely hopes but also did not appear to engender anti-Beijing backlash either. There was limited evidence, however, the advertorials were effective for participants who were more politically aware readers and consumed more news.

## Policy Recommendations:

- No drastic policy of banning or severely restricting advertorial content should be considered at this time.
- The Federal Trade Commission should consider issuing guidance specific to pro-government advertorial content to assist media outlets.
- If they chose to run advertorials, media outlets should consider modifications to agreements with advertorial clients to increase

transparency and to prevent advertisers from laundering the content later by re-posting it with attribution given to the independent media outlet.

- Effective guidance and policy in this area should be promoted as international best practice given the global scope of the advertorial strategy.

*The Irish Times* is generally considered the newspaper of record in Ireland, with a building in the center of Dublin, a national circulation, and a full-service website. It has full-time foreign correspondents in several countries, including China. One can find on the newspaper's website a portal called "Gateway to China".<sup>1</sup> The look and feel of the portal is similar to *The Irish Times*, with comparable fonts and layout. The stories feature headlines unremittingly positive about China and Irish-Chinese relations: "China hosts world's largest trade expo," "Chinese companies in Ireland—a win-win story"; "Building on a warm and close relationship between Ireland and China"; and so on. If one were to click on one of the headlines, the article would mostly look the like any other *Irish Times* article save for a label that says "Sponsored by the Embassy of China in Ireland." An information button about sponsored content explains that it is "premium paid-for content produced by *The Irish Times* Content Studio on behalf of commercial clients. *The Irish Times* newsroom or other editorial departments are not involved in the production of Sponsored content."

*The Irish Times* is unusual insofar as it has produced material for the Chinese government, but it is certainly not unique in running paid-for propaganda for Beijing. Readers of *The Economist*, *Washington Post*, *Los Angeles Times*, or the *Wall Street Journal* will have seen this at various points over the years. Indeed, in the 2018 mid-term elections the practice briefly became a national political issue in the United States as the *China Daily*—a government-controlled newspaper—placed a four-page supplement in Iowa's *Des Moines Register* targeting the state's farmers amid the U.S.-China trade war.<sup>2</sup> A journalistic investigation in 2018 found that the Chinese propaganda apparatus places advertorials in dozens of countries around the world, often in newspapers with readerships in the millions and with major national newspapers of smaller countries like Ireland.<sup>3</sup> The practice is not new, nor is it by any stretch the only (or even the most important) tactic in China's external image management portfolio, but the practice has gained more attention with China's growing power and global visibility. Some newspapers have begun to halt the practice of running China's advertorials after public and government criticism, but many publications continue to do so.

One question that remains unanswered, however, is whether the tactic of placing advertorials in foreign media outlets actually works. Is it effective

in shaping perceptions about China's politics and foreign relations? Many analysts of Chinese politics assume that the inserts are not effective because they know that it is simply propaganda destined for the recycle bin or to be skipped over online without being read. Some may go even further and posit that advertorials might backfire by repulsing readers who do not want to see propaganda from a foreign government in their newspapers. Still others fret that readers may miss the subtle and sometimes opaque language about "sponsored content" and be misled by the authentic look and feel of the advertorials, thereby being influenced to think more in line with the advertorial's content. Yet there is little systematic evidence to substantiate any of these viewpoints.

This study tries to shed light on this question through a survey experiment. More details will be provided below, but in sum the study was conducted in two countries: Myanmar and Malaysia. For each country, two hundred people responded to several questions after reading a selection of news articles. In each country, one hundred of them had a pro-Beijing advertorial included in their reading material and one hundred did not. Participants were then surveyed about their political attitudes, including about various aspects of Chinese politics and foreign relations.

The results suggest at the aggregate level that the advertorials had no statistically discernible impact on participants' views, although digging deeper reveals some more nuanced associations. Specifically, there is some limited evidence that when the advertorials are effective, they are effective on more politically aware readers who follow the news more closely. The strategy of placing advertorials in agenda-setting outlets around the world targets precisely these types of readers, although the results of the study should not be overstated, nor their limitations ignored.

The remainder of this paper will proceed in four sections. First, an overview of China's external propaganda will help situate the advertorial analysis in a broader context. Second, an explanation of China's advertorial strategy with examples will illuminate this specific tactic of external propaganda. Third, details of the survey experiment will be explained. Fourth, results will be discussed. Finally, concluding remarks will address advances and limitations of this research and elaborate some policy recommendations.

## External Propaganda, or “Telling China’s Story”

The Chinese government has long been concerned with how it is perceived abroad.<sup>4</sup> Even before the Chinese Communist Party (CCP) emerged victorious in China’s civil war, Mao Zedong and the top leadership of the party understood that a positive image abroad could help the party. A positive image could help gain international supporters and material aid, as well as frustrate the ability of international opponents to make their case. The most famous early effort to burnish the party’s image abroad came with the publication of American journalist Edgar Snow’s influential book *Red Star Over China*, which was based on his time spent with Mao and the communists in 1936 and introduced them to the world as sympathetic romantics.<sup>5</sup> Snow’s book was written after extraordinary hospitality and access facilitated by the party. Reflecting the importance of the book to the CCP cause, content was shaped by Mao and Zhou Enlai themselves, with the former editing his reported comments (translated for him into Chinese) to hand back to Snow for corrections.<sup>6</sup>

Especially since the early 1990s, “promoting a positive image on the world stage has been a top priority for the Chinese government.”<sup>7</sup> During that time China was still trying to recover from the international backlash resulting from the 1989 violent crackdown on protesters in and around Tiananmen Square and several other cities throughout the country. It hired foreign public relations firms to help improve its image abroad and mobilized foreign supporters to defend the government’s actions.<sup>8</sup>

There was a deeper reason for the government’s renewed attention to authoritarian image management around this time. To facilitate its rise, the Chinese authorities needed to pay attention to how they were perceived abroad, especially given that China’s political system did not comport with the democratic values that had seemingly acquired international normative legitimacy.<sup>9</sup> China’s rise was bound to encounter scepticism—what the Chinese government derisively calls the “China Threat Theory” or sometimes the “so-called China Threat Theory”—and so a softer, reassuring image was necessary to mollify foreign audiences as China rose and opened economically.

For the Chinese government, this realization heightened the importance of foreign propaganda work.<sup>10</sup> Chinese policymakers and intellectuals began to debate how China could acquire more “soft power” abroad in order to show

China as a culturally attractive and politically benign rising power.<sup>11</sup> While there is a common perception that China's external propaganda began to go global under Xi Jinping, in 2008 during Hu Jintao's tenure, Beijing invested the equivalent of about 7 billion U.S. dollars to that end.<sup>12</sup> When Xi took power in 2012 he built on this foundation, emphasizing in a major 2013 speech that the CCP should "tell a good Chinese story, and promote China's views internationally" and "should spread new ideas and new perspectives among developing states."<sup>13</sup>

The result has been external propaganda products with greater reach and sleeker appearance. China's foreign language television channels were re-branded as China Global Television (CGTN) and the country's state-controlled print outlets earnestly took to foreign social media platforms to spread their messages. *Xinhua*, the main state news agency, continues to function as a wire service for foreign news outlets, and produces content that packages Beijing's preferred messages to suit different geographic audiences.<sup>14</sup>

The idea behind China's external propaganda is to get a "Chinese perspective," which is a euphemism for a CCP-approved perspective, into the media diet of foreign audiences. Sometimes this is done quietly, as with *Xinhua*'s news agreements, which rely on readers of foreign news sources not knowing that *Xinhua* is a government-controlled outlet. Sometimes the approach is to mimic the look and feel of modern mainstream international news sources so that CCP messages appear normal and natural, as with the case of CGTN or the social media content of China's state-controlled media. Occasionally the effort relies on subterfuge, as when CCP-controlled *China Radio International* used several layers of intermediaries to obscure its stake in over 30 radio stations around the world, allowing them to run pro-Beijing content without listeners knowing they were listening to party propaganda.<sup>15</sup> And of course, in the case of advertorials, it is sometimes done directly, bluntly, and relatively transparently.

## **Pro-CCP Advertorials: Background & Examples**

Given the money and attention devoted by the CCP to its external propaganda operations, the persistent presence of advertorials seems puzzling. Advertorials appear to be a crude propaganda device unfit for a sophisticated

global information strategy. And yet, they continue to be a tool in Beijing's external propaganda toolbox as of this writing.

Filings with the United States Department of Justice pursuant to the Foreign Agents Registration Act (FARA) reveal that the China Daily Distribution Corporation spends millions of dollars every year in the United States on advertising in mainstream newspapers.<sup>16</sup> According to these filings, it has paid the *Washington Post*, *Wall Street Journal*, *Foreign Policy* and others to carry its content in recent years. As mentioned above, the United States is not the only target. Lim and Bergin recorded major newspapers in at least a dozen countries that carry Chinese government advertorials, such as the *China Watch* supplement.<sup>17</sup>

The true number is undoubtedly much higher. *China Focus* is a subsidiary of *Beijing Review*, which itself was formerly the *Peking Review*. The *Peking Review* was the weekly magazine that the Chinese government propagated abroad, particularly during the Mao years.<sup>18</sup> Today the *Beijing Review* still operates, and its *China Focus* supplement is frequently one of the advertorials that Beijing pays to insert in foreign outlets. *China Focus* has purchased space in several major news outlets, including *The Economist*, *Newsweek*, *Time*, and *Bloomberg Businessweek*.<sup>19</sup> On a par with the financial figures reported via FARA, in the UK *China Daily* is reported to have paid £750,000 annually to *The Daily Telegraph* to run the former's *China Watch* supplement monthly.<sup>20</sup> It is not possible to determine how much Chinese officialdom spends every year globally on advertorials, but clearly the sums are substantial.

Not surprisingly, the content of the advertorials is overwhelmingly positive about China. The advertorials are about China advancing, developing, being a leader, and playing a constructive, positive role in the world. This mirrors the content of China's main state news agency, *Xinhua*, and indeed the advertorial content is oftentimes just reprinted *Xinhua* copy. A content analysis of the *Peking Review* between 1954 and the early 2000s found that the predominant images it presented to the outside world were that China is peace-loving, the victim of foreign aggression, against hegemony, and was a developing country.<sup>21</sup>

This is not so different from today's *Beijing Review*. The presentation is sleeker than its Maoist predecessor and shorn of much of its revolutionary jargon, but the core message is similar. China is peacefully advancing in every

possible way and wishes to collaborate with willing partners. The 2020 end-of-year issue of the *Beijing Review* features a list of China's top ten news stories: a "decisive victory" against covid-19, eradicating extreme poverty, new development plans and civil codes, advances in space, and so on. The only potentially contentious story that made the list was the Hong Kong National Security Law, which the article presented in passive language.<sup>22</sup> The top business stories of the year were just as uncritically upbeat, if not more so, with no mentions of major business stories that may cast China in a negative light, such as regulators halting at the last minute the enormous and highly-publicized \$34 billion IPO of Ant Financial, let alone issues like coerced Uyghur labor in China's supply chains.<sup>23</sup>

Advertorial content appears to mirror the strategy apparent in *Xinhua* content, namely to adjust its messaging for regional audiences.<sup>24</sup> *Beijing Review*, for example, is available in English, French, German, Japanese, and Chinese. Reflecting the importance of burnishing China's image in Africa, it also has a dedicated *ChinaAfrica* section. It features a "special report" available in English and French called "Promoting Friendship: Highlighting China-Africa people-to-people exchange".<sup>25</sup> On the main *ChinaAfrica* site, of the eight "Latest Headlines" as of this writing, five are about various Chinese entities training or donating to African countries and/or about China as a model for Africa (see *Table 1*). The text of all eight articles is *Xinhua* copy with the look and feel of a genuine news story.

As mentioned earlier, *China Focus* describes itself as a "special feature produced by *Beijing Review*." Whereas the latter publishes stand-alone issues, *China Focus* appears explicitly designed in the advertorial format. Its website features examples of the content that it has paid to run in *The Economist*, *The Daily Mail* (Pakistan), *Bloomberg Business*, *Newsweek*, and *Time*. Again, the content is overwhelmingly positive about China. A January 2020 piece by the president of the Center for China and Globalization, a pro-government think tank, is called "Building a Shared Future For All" and echoed familiar CCP talking points about China's role in the world.<sup>26</sup> As with other examples of propaganda inserts highlighted on this portal, the webpage of this article misleadingly attributes *The Economist* as the source of the article, neglecting to note that *China Focus* paid to put this content there. Most of the recent advertorials housed on the site are relatively staid texts about how China is a fair

**TABLE 1:** Latest Headlines from <http://www.chinafrica.cn/> on December 23, 2020.

Africa CDC chief urges African countries to prepare for second wave of COVID-19 infections
WHO says COVID-19 spurs health innovations in Africa
Africa's confirmed COVID-19 cases near 1.8 mln: Africa CDC
Chinese medical experts arrive in Angola to aid fight against COVID-19
Ugandan, Chinese hospitals to cooperate to fight COVID-19
Chinese training project benefits Zambians: official
Chinese firm donates anti-malaria drugs to Kenya
Ugandan analysts hail China as example for developing world in anti-poverty fight

international player, an attractive market, developing rapidly and sustainably, and so on. Occasionally there are more pugilistic examples, such as a piece that ran in the *Daily Mail*, Pakistan titled “National Interest or Self-Interest?”<sup>27</sup> This piece argues that the United States is hypocritical, brings up the 2003 invasion of Iraq, laments the “ongoing smear campaign against China,” and claims that “a few U.S. politicians purposefully refuse to tell the truth about China and the China-U.S. relationship.”

In general, though, the advertorial genre is more anodyne and highlights ostensibly positive aspects of China, Chinese development, and the Chinese government’s policies. These efforts are often targeted toward geographical and/or linguistic audiences. An open question, however, is whether these efforts have any influence on how people think about China. Subsequent sections attempt an initial test of this question.

## Case Selection & Survey Experiment

Malaysia and Myanmar were chosen with the logic of similarity in mind. Both are in Southeast Asia and ASEAN members, which is important to China

due to its geographical proximity and economic exchange. Both have political systems that rank similarly in terms of depth of democracy.<sup>28</sup> In 2019 the Varieties of Democracy project, for example, rated Myanmar as .25 (out of 1) on its Liberal Democracy Index and Malaysia as .33. For reference in Asia, China was .05 and South Korea was the highest in the region for 2019 with a rating of .78.<sup>29</sup> Both countries are ethnically diverse, but with one ethnic group consisting of about two thirds of the population and with significant ethnic Chinese populations. Finally, both countries are signatories of China's Belt and Road Initiative, which indicates both an elite receptivity to Beijing and that these are countries in China's long term political and economic plans.

Most importantly for this study, both Malaysia and Myanmar have featured pro-CCP advertorial content in domestic media. Even setting aside Beijing-friendly Chinese language media, which is particularly germane in Malaysia, news consumers in both countries have been exposed to advertorials. The issue received national attention in Malaysia in 2019 as the Chinese embassy took out an advertorial in the Malaysian newspaper *The Star* to tell the CCP's version of events in Xinjiang.<sup>30</sup> Repression in Xinjiang is especially salient in Malaysia as it is a Muslim-majority country but with close economic ties to China. It has grappled with whether to extradite Uyghurs back to China, for example. As such, the propaganda efforts of the Chinese embassy on the issue encountered pushback.<sup>31</sup> In Myanmar, a journalistic investigation found several media outlets that ran advertorials and other paid-for content on behalf of Chinese state media, ranging from local outlets in northern Myanmar to news sites with national readerships.<sup>32</sup> It appears that the advertorial strategy is active in both countries as of this writing.

For the study, over 200 participants were recruited in each country so that the sample roughly mirrored the country's overall demographics.<sup>33</sup> Participants were assigned randomly to a treatment or control group. The control group read a selection of news articles and then answered 16 questions about their political attitudes, including their feelings toward China and its role in their country. The treatment group read the same selection of articles plus an advertorial insert and then answered the same 16 questions. Both groups followed the same protocol with the only difference being the presence of advertorials alongside the articles in the treatment condition. Exclusion criteria for low-quality submissions included those who did not spend a reasonable amount

of time reading the articles or who did not answer the questions. The number of articles and questions were determined after multiple rounds of pilot surveys and feedback from participants pertaining to how long it took them to read the material and how they understood the questions. The survey was conducted in May 2020 by the Myanmar and Malaysian offices of the Kantar Group, with the Yangon office as the primary point of contact.<sup>34</sup> Due to covid-19 restrictions in each country the survey was conducted entirely online. The study conformed to European Union GDPR data protection protocols and the study design was granted an exception from full review by the University College Dublin Office of Research Ethics (reference HS-E-20-73-Dukalskis).

In Myanmar, participants were given articles in the Myanmar language. The articles included one about education and school closures/openings during covid-19, a piece about the November 2020 elections in the country, an analysis of media freedom in Myanmar, and an article about earnings of graduates in Singapore. In addition to these ordinary news stories, a translation of a *China Daily* article titled “Belt and Road Boosting Myanmar Development” was included for treatment group.<sup>35</sup> The article was presented using the *China Daily* imagery to replicate how advertorials often look in practice.

In Malaysia, participants were given the option of taking the survey in Malay or in English, which is common practice survey research in the country. Out of 200, 126 answered in English and 79 answered in Malay. Participants were again given a selection of ordinary news articles that did not reference China, such as articles about police monitoring for covid-19 compliance, restaurants moving their services to take-out only, debates in the parliament about lowering the voting age, a Philippine senator proposing taxes on digital content, a heatwave in Vietnam, online education, food supplies during covid-19, and the Shell Oil company partnering with local business. Participants in the treatment group were also given a *China Daily* insert (translated in the case of the Malay language participants) titled “Southeast Asia Grateful for Chinese Help in Crisis” that dwells at length about how China is helping Malaysia during the covid-19 pandemic.<sup>36</sup> Again, the iconography of the *China Daily* is retained to replicate how an advertorial is usually seen by a newspaper or web reader.

After reading the articles, all participants were asked the same 16 substantive questions followed by several demographic questions. The substantive

questions were adopted and adjusted as necessary from the Asian Barometer Fourth Wave Core Questionnaire.<sup>37</sup> These questions had already been scaled and deployed in the region by a respected survey project, so this approach was preferable to constructing new questions specifically for the study. The questions addressed issues such as the relationship between democracy and development, the actual and desired influence of China and the United States in the country, which country should be a development model for the participants' country, whether the Belt and Road Initiative is positive or negative for the country, and how democratic the following states are on a scale of 1 to 10: Malaysia, China, Singapore, the United States, and Myanmar. These questions were chosen with the aim of seeing whether the advertorial insert had any discernible effects on the treatment group's attitudes and perceptions on issues important to China's engagement in that country.

## Results of Survey Experiment

The results of the survey experiment reveal that for treatment and control groups as a whole there is no discernible difference in participant's views about a host of questions involving perceptions of Chinese politics or China's influence in their country. In these samples there are no significant differences between (not) viewing an advertorial and responses to questions such as "generally speaking, the influence China has on our country is...[range from very positive to very negative]" or "generally speaking, China's Belt and Road Initiative is...[range from very positive for our country to very negative for our country]".

Moreover, participants were asked "Which country should be a model for our own country's future development?" and given the options of the United States, China, India, Japan, Singapore, and Other (with a randomized order for each participant). In Malaysia, 46 of the participants who did not read the advertorial chose Japan; 41 who read it also chose Japan. Participants chose China as a model at the exact same rate, with 29 in the treatment group and 29 in the control group choosing China. Singapore was selected by 20 in the treatment and 21 in the control. For the same question on the Myanmar sample the differences were similarly non-discernible. Only 2 participants who read the advertorial chose China while 6 who did not choose China. Singapore, Japan, and the United States all far outpaced China as a preferred

model in Myanmar but there was no difference in terms of whether participants had been exposed to the advertorial or not.

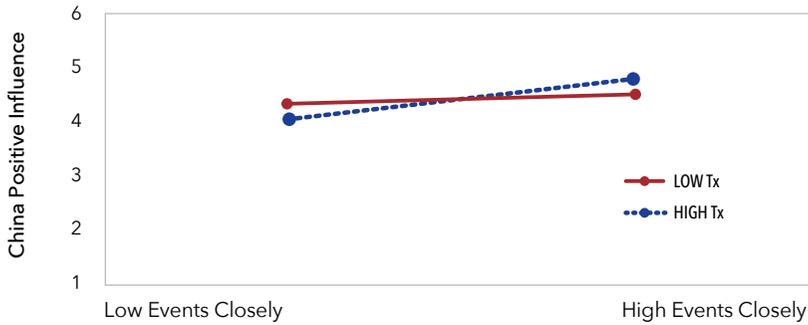
At first glance then, it seems that advertorials had little discernible impact on reader's perceptions and assessments of China in this experiment. From the perspective of China's external propaganda aims, this is bad news. However, given that there is no discernible correlation, evidence for a backlash from readers does not appear either.

However, digging deeper it appears as if being in the treatment group (i.e. exposed to the advertorial) had a small moderating effect on perceptions of China for those who followed news and major events closely. Previous research on authoritarian propaganda has found differential effects for audiences depending on how politically aware they are.<sup>38</sup> In this experiment participants were asked how closely they followed major news and events in foreign countries and the world ranging from very little to very closely. This was designed to proxy how aware participants were about global current events. This interaction between political awareness and exposure to propaganda yielded at least two noteworthy findings.

First, in the Malaysian control group, there is no direct effect on following events closely and responses about whether China's influence in Malaysia is more or less positive. However, in the treatment group there is a relationship between following events closely and how positively one assesses China's influence in Malaysia. Put differently, there is no direct effect on following events closely on the positive influence of China in the control group, but there is in the treatment group.

*Figure 1* displays this relationship for the Malaysia sample. The "Low Tx" line is the control group, or the group that did not read the advertorial, whereas the "High Tx" group represents the treatment group that did read the advertorial. The Low Tx line is essentially flat, indicating that there is no significant difference between those not exposed to the advertorial who follow or do not follow events. The High Tx line indicates that those exposed to the treatment who followed events closer had a more positive assessment of China's influence in Malaysia at the trend level (coefficient .32; standard error .18; p-value .07). If a participant follows global events more closely in this sample, they have a more positive view of China's influence in Malaysia if they are in the treatment group.

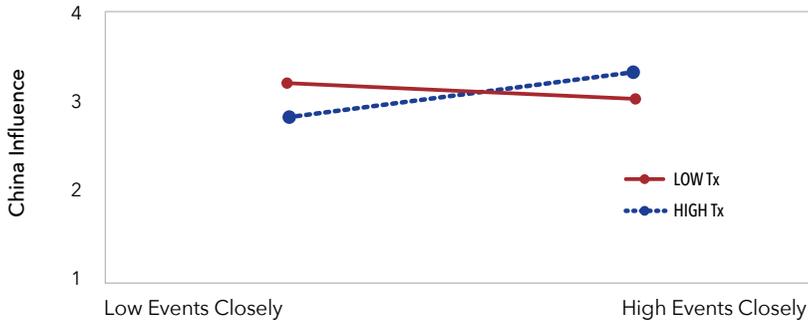
**FIGURE 1:** Moderating Effect of Treatment on Following Events and Assessments of China’s Influence, Malaysia



Second, in Myanmar there is a main effect for the treatment on how much influence China has in the country (“How much influence does China have on our country?” with responses ranging from a no influence at all to a great deal). Paradoxically those in the treatment group see less influence of China overall. However, there is also a significant interaction. In the control group (i.e. not reading the advertorial) there is no effect of following events closely on how much influence China is perceived to have in Myanmar. However, in the treatment group there is a link between following events closely and perceptions of the level of China’s influence.

*Figure 2* displays this relationship for the Myanmar sample. Again, “Low Tx” connotes the control group, and “High Tx” represents the treatment group. It shows that the control group (i.e. those who did not read the advertorial) is displayed as a relatively flat line. There is a positive effect for the treatment (i.e. those who read the advertorial). For those participants in the treatment condition who followed major events more, they also reported that China had greater influence in Myanmar (coefficient .31; standard error .12; p-value .01). Put differently, those with higher political awareness who were exposed to the treatment were more likely to think that China had more influence in Myanmar.

**FIGURE 2:** Moderating Effect of Treatment on Following Events and Assessments of Levels of China's Influence, Myanmar



While these findings are noteworthy, their limitations should be kept in mind. This is one experiment in two countries with a relatively small number of participants. Furthermore, the main effects of the treatment on a host of questions about China are not significant. It is only if we consider the combination of political awareness and being exposed to an advertorial that we find effects. Even so they are relatively minor, and we have no evidence that these perceptions remain with participants after the experiment ends.

Despite these limitations, and without wishing to overstate the findings, the results are suggestive of the logic behind China's advertorial strategy. Advertorials are generally placed in agenda-setting outlets. Readers of major international outlets like the *New York Times* or *The Economist*, or of major national newspapers in small countries, like *The Irish Times*, would likely fall into the category of people who follow major events closely. This research suggests that there is a logic to placing advertorials in front of their eyes. Highly globally aware readers of these publications may feel themselves immune to such a crude tactic as being targeted with an advertorial. This experiment, however, shows that at least in this sample it may be precisely this category of people that is most influenced by pro-CCP advertorials.

## Conclusion and Policy Recommendations

Beijing has been on a renewed global propaganda push for more than a decade now. The effort unfolds across multiple media platforms in dozens of languages. It is designed to make the Chinese government and its policies look acceptable for foreign audiences, which in turn may diminish resistance to its foreign policies and reduce pressure for Beijing to change aspects of its domestic politics.<sup>39</sup>

There is a persistent question about whether these efforts are effective. According to the Pew Research Center, perceptions of China in wealthy democracies appear to have become much more negative in recent years, with 2020 appearing to damage the country's image especially badly.<sup>40</sup> In every country surveyed, at least 70 percent of respondents had "no confidence" in Xi Jinping to "do the right thing regarding world affairs."<sup>41</sup> According to the same research group, in less wealthy countries China's image appears to fare better, perhaps because it is perceived as an engine for economic growth or even as a model for how to develop.<sup>42</sup>

These macro-level surveys are useful for providing a big picture as to how China is perceived abroad. But they struggle to give us insights into how China's external propaganda strategy fares. After all, even with negative perceptions growing, perhaps China's image would be worse without its external propaganda efforts. It is hard to say with certainty, so experimental evidence can supplement our understanding of how effective China's foreign propaganda is.

Based on these results, and with all the caveats noted above about limited sample size and geographical specificity, it appears that the advertorial strategy does not always have major effects on readers. The experimental results did not indicate widespread shifts in how readers perceived China, Chinese politics, or China's role in their country. There were some limited exceptions to that general finding with readers who follow global news events more closely perceiving China's role in their country differently after having read the advertorial. The latter finding speaks to the underlying logic of the advertorial strategy: influence the perceptions of those most engaged with current affairs so that they view China more positively.

What policy recommendations flow from these findings? First, the findings are not strong enough or clear enough to justify extreme measures like

banning the use of advertorials. While it may be distasteful for independent news outlets to run government propaganda, the advertorials do not appear to be an unqualified success from Beijing's perspective. Indeed, as noted above in the cases of the Xinjiang advertorial in Malaysia or the trade war advertorial in the United States, they sometimes even become a focal point for objections to China's policies. In any case, banning advertorials would likely backfire. Using the tools of authoritarianism to fight authoritarianism is fraught with pitfalls, and censoring pro-CCP advertisements, especially in "the West," would only feed Beijing's claims that the West is hypocritical and biased against China.

Second, this does not mean that advertorials should be of no concern. They are a clear case of an authoritarian state using the protections of the liberal public sphere to advance an agenda designed to undermine that very sphere. In the U.S. context, consistent with existing regulations on deceptive advertising, media houses should be clear that if they run advertorials, they are paid advertisements and are independent of editorial or news content. In Beijing's global media push these lines are often intentionally blurred such that the end consumer does not know if they are engaging with CCP propaganda. If advertorials run, they should be transparent on this point. Some outlets do better than others in this regard, but in general the label should be large, clear, and easy to understand to be consistent with United States Federal Trade Commission (FTC) advice on native advertising.<sup>43</sup>

Furthermore, the FTC should consider issuing specific guidance relevant to pro-government advertorials. On its website, the FTC provides easy-to-understand advice for businesses on advertising laws and ethics in the United States. Most relevant to advertorials is the guidance on native advertising, which establishes the logic that "knowing that something is an ad likely will affect whether consumers choose to interact with it and the weight or credibility consumers give the information it conveys."<sup>44</sup> Providing advice specific to pro-government advertorials might include guidance on the ultimate ownership of the advertiser, as when social media companies label *China Daily*, for example, as a Chinese government-affiliated outlet. Of course, this only affects advertorials that run in U.S.-based news outlets, but such guidance may act as a template of best practice for other jurisdictions even more affected by paid-for propaganda.

Media outlets have a responsibility, too. In addition to labelling requirements, agreements to run this content should stipulate that sites like *ChinaFocus* cannot then attribute that paid-for content to the outlet in which it was advertised. This would limit the ability of the advertiser to use the credibility of the independent outlet to launder the content. Independent media outlets should also consider publishing the financial agreements that undergird the advertorials, perhaps initially as a voluntary cooperation scheme with the FTC. This would give a better sense of the parameters of the agreements and enable more literacy about their scope and influence.

Third and finally, advertorials are only the most blatant form of the CCP's propaganda in foreign media environments. CGTN, *China Radio International*, China International Publishing Group, and content specifically for Chinese language audiences abroad, to name a few, are all part of a much larger external propaganda ecosystem of which advertorials are only a small part.<sup>45</sup> The content generated by the massive operation of *Xinhua*, for example, often has the imprimatur of being legitimate news even if analysis of its themes suggests that it is in essence a propaganda outlet.<sup>46</sup> Increasing transparency in these murkier areas of pro-CCP foreign propaganda is a pressing concern for which there are few obvious strategies. Perhaps the best that democracies can do is insist on protecting their own liberal public sphere, defending the principle of independent journalism, and letting labelling of external propaganda and scrutiny of its aims do the work for them.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

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2020-21 WILSON CHINA FELLOWSHIP

# The Global Impact of China's Surveillance Technology: Issues for U.S. Policy

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## Abstract

The rise of China's surveillance state has had a clear global impact. As of late 2019, China had exported surveillance technology platforms for use in policing and public safety to over 80 countries, raising questions about how their use will impact data privacy and data security, human rights and democratic freedoms, and technology competition between the United States and China. This report outlines these developments and offers eight recommendations for future U.S. policy, beginning with the idea that the United States needs to develop a comprehensive, interagency strategy to address the challenges posed by the global impact of China's surveillance technologies.<sup>1</sup>

## Recommendations:

- Develop a comprehensive interagency strategy to address issues raised by the development, use, and export of Chinese surveillance technology.
- Develop a process to track the adoption and impact of Chinese surveillance technology on key outcomes worldwide.
- Tailor messages about the risks of Chinese surveillance technology to address regional conditions and the perspectives of subnational officials.
- Work with potential adopters to address the underlying governance challenges that make Chinese surveillance technology appealing in the first place.
- Strengthen U.S. and partner innovation capacity to ensure that alternative, democracy-compatible technological solutions are competitive in the global marketplace.
- Work with countries where de-adoption of Chinese surveillance tech is unrealistic, where possible, to create technical or legal mechanisms that protect liberal democracy.

- Create and implement a plan for engagement with standard-setting bodies to promote democracy-compatible international standards on the use of emerging technologies.
- Carefully consider the role of the Chinese diaspora and ensure that education and immigration policies operate in tandem with the proposed strategy.

How is China's pursuit of a surveillance state at home affecting its foreign policy and the contours of global politics? By now, most readers will have seen media discussions of China's use of surveillance technology, particularly given the prominence of these tools in China's handling of the COVID-19 pandemic. But even before the outbreak of the pandemic, policy analysts had expressed concern about autocratic employment of high-tech and artificial-intelligence-based approaches to policing and public security, and the potential for tools developed in China to affect civil liberties, human rights, and freedoms well beyond the borders of the PRC.<sup>2</sup>

Journalists and scholars have extensively documented the rise of the surveillance state inside China itself. These analyses have traced the procurement of large amounts of surveillance technology of various types in subnational units across the Chinese mainland;<sup>3</sup> explored China's efforts to solve "information islands" that limit the party-state's ability to make use of the massive amounts of information it is collecting;<sup>4</sup> interrogated the current and potential future use of surveillance technologies in Hong Kong;<sup>5</sup> and examined the application of surveillance tech tools to the escalation of collective and mass repression in Xinjiang, where Turkic Muslim minorities, particularly China's Uyghur population, have been targeted for mass detention, involuntary ideological reeducation, and escalated monitoring and control in the name of 'counterterrorism' and 'deradicalization.'<sup>6</sup>

The global export of various surveillance and policing technologies by Chinese companies has also received a heightened level of scrutiny.<sup>7</sup> We can now read detailed case studies of the spread and use of surveillance technology from China to places like Venezuela, Ecuador, Zimbabwe, Uganda, and Myanmar.<sup>8</sup> Huawei, the largest supplier of these kinds of platforms, has occupied a central place in the discussion of U.S.-China trade and technological competition, and was a central focus of the Trump administration's efforts to warn of the dangers of Chinese tech company expansion.<sup>9</sup> A Congressional hearing in May 2019 cautioned that China's export of surveillance technologies would give "countries the technological tools they need to emulate Beijing's model of social and political control,"<sup>10</sup> while a prominent piece in *Foreign Affairs* asked if China was "making the world safe for autocracy."<sup>11</sup>

This project explores the international consequences of the rise of China's surveillance state. As of late 2019, Chinese surveillance technologies were in

use for policing and domestic security purposes in at least 80 countries worldwide (an estimate that may well miss some instances).<sup>12</sup> China's growing major power role, and its leadership role in a number of international institutions, make it more likely that these technologies and tools will spread into use globally, even if China is not explicitly exporting some kind of full and well-defined authoritarian "model."<sup>13</sup> The United States needs a comprehensive and strategic approach to this issue. This report, therefore, briefly outlines the domestic development of China's surveillance state, investigates the effect that surveillance platforms have had on crime control and democracy abroad, and closes with recommendations for U.S. policy.

## Domestic Development of China's Surveillance State

Xi Jinping has significantly overhauled China's approach to domestic security, a redirection that was signaled early in his tenure by remarks on the importance of "comprehensive" or "holistic" national security, the 2015 launch of China's inaugural national security strategy, and an organizational and legal overhaul of China's political-legal apparatus (政法系统, *zhengfa xitong*).<sup>14</sup> Xi emphasizes "prevention and control" (防控, *fangkong*), a more proactive term than the previous lexicon of "stability maintenance."<sup>15</sup> In 2015, Meng Jianzhu—then the head of China's Central Political-Legal Commission (中共中央政法委员会, or *Zhongyang Zhengfawei*)—emphasized *fangkong* as the "correct direction" for political-legal work.<sup>16</sup> In 2019, Minister of Public Security Zhao Kezhi urged his audience to "always insist on putting prevention of political risks as the first priority."<sup>17</sup>

Information technology and surveillance play a central role in this vision. In April 2015, the CCP Central Committee and PRC State Council called for creation of a "three-dimensional information-based prevention and control system for public-social security" (创新立体化信息化社会治安防控体系, *chuangxin litihua xinxihua shehui zhi'an fangkong tixi*) to "comprehensively promote the construction of a peaceful China."<sup>18</sup> This directive outlines an expansion of networked video surveillance and community grid management, enhancement of predictive and early warning capabilities in public security, and reorganization of local party and government work to limit information gaps and achieve smoother coordination of public security intelligence.<sup>19</sup>

From 2008 to 2018, almost all of China's 332 prefectural-level units adopted an approach known as "community grid management" (CGM). Under this system, high-tech data collection and integration platforms manage a system of local "grids," closely monitoring developments and triaging responses to strengthen social control.<sup>20</sup> Under initiatives such as Skynet (天网, *Tianwang*) or the "Bright Snow Project" (雪亮工程, *Xueliang Gongcheng*, also called "Sharp Eyes"), video surveillance and facial recognition are being integrated into grid management platforms, and officials are learning to use the data-integration platforms to identify threats via predictive analytics.<sup>21</sup> In March 2018, a graduate student working on surveillance in Hunan province tested the system run by his local PSB; it took the police four minutes and fifteen seconds to locate him, and just over five minutes to take him into custody.<sup>22</sup> A similar experiment by BBC reporter John Sudworth in Guiyang in December 2017 lasted seven minutes.<sup>23</sup>

The outbreak of COVID-19 in early 2020 in Wuhan accelerated consolidation of these systems, and further strengthened them.<sup>24</sup> Community lockdown enforcement relied heavily on CGM.<sup>25</sup> The Politics & Law Committee in Hubei (population 59 million), for example, mobilized 170,000 grid workers to conduct health surveillance and home checks, and to enforce quarantine and travel restrictions.<sup>26</sup> The 2008 Beijing Olympics precipitated global diffusion of China's surveillance technology in public safety and urban security; 2020 could, potentially, serve as a similar demonstration point for marketing and export of Chinese health surveillance technologies.

## **China's Global Surveillance Exports: Questioning Impact**

China's surveillance and policing technologies are already having global impact. China has exported surveillance platforms for use in policing and internal security to at least 80 countries worldwide.<sup>27</sup> There are a range of motivations cited for these exports, involving both supply- and demand-side explanations. Supply-side explanations tend to focus on these exports' potential to gain China strategic leverage, or on China's desire to ensure a world friendly for autocratic practices.<sup>28</sup> Chinese tech companies and adopting jurisdictions, however, tend to emphasize a governance demand that these products meet, usually related to public safety, tourism, and job creation.<sup>29</sup>

While systematic data on the effects of these systems remains limited, we are starting to get a sense of whether the systems work for the various purposes that have been attributed to them. Unfortunately, the systems appear to be better at aiding repressive governments than at performing crime control. The cases of Kenya and Myanmar provide some useful illustration on this point.

### **Case Study: Kenya**

In 2014–15, the city of Nairobi worked with Huawei on a Safe City project involving a reported 2,000 high-definition surveillance and traffic cameras enabled with automatic plate number recognition and connected under an “integrated command solution.” The city became one of Huawei’s favorite success stories. One marketing piece from the company described the system’s efficiency in crime control and public safety as follows:

The system worked during Pope Francis’ visit to Kenya in 2015, where more than eight million people welcomed his arrival. With Huawei’s HD video surveillance and a visualized integrated command solution, the efficiency of policing efforts as well as detention rates rose significantly. The regional crime rate has since dropped by 46 percent. In 2016, the number of international tourists travelling to Kenya rose by 13.5 percent year-on-year.<sup>30</sup>

This initial success prompted expansion of Huawei’s Safe City activities in Kenya and in the region. In 2017, the Kenyan government signed a further agreement with Huawei that included provision of safe city technology to three cities (Kisumu, Nakuru and Eldoret, according to the draft 2019 budget for Kenya), as well as technical training for 30 IT students under the “Seeds for the Future” program.<sup>31</sup> A Chinese concessional loan funded a \$172.7 million “Konza Technology City” project that involved a data center, smart city, and surveillance project.<sup>32</sup> Huawei’s success was praised in a promotion package on its own website, as well as in a market report and a journalism piece that referred to Huawei as a “precious ally” of Nairobi’s police.<sup>33</sup>

Huawei’s advertisement of its success in Kenya appears to have encouraged others in the region to adopt the same approach. For example, the project is

mentioned as precedent in coverage of a command center and 2000-camera surveillance system for the Gendarmerie Nationale in Yaounde, installed by Huawei in partnership with Cameroon’s state-owned telecom operator, Camtel.<sup>34</sup> Huawei marketing executives were also granted an opportunity to speak at a conference for mayors and other local government officials in Mombasa in fall 2019, pitching their wares with phrases like “Safe City first... if it’s not safe, no-one will invest there,” and “it’s not only the camera, but also the artificial intelligence behind it on the cloud,” which they describe as recognizing brands of footwear, clothing, and an individual’s gait.<sup>35</sup>

However, the 2014–15 drop on crime that Huawei cited as evidence of success didn’t last, and it’s not clear whether the drop was actually attributable to the “Safe City Solution” in the first place. There was a drop in Nairobi’s crime rate from 2014 to 2015, though the Kenyan National Police Service calculates it at 40 percent rather than 46 percent—but there had also been a drop the year prior to the Safe City installation, and the 2014–15 decrease was followed by a rising crime rate for several years thereafter. Annual crime reports issued by the Kenyan National Police Service list Nairobi’s crime statistics as 7288 (2014, an 18 percent decline from 2013); 4383 (2015, a 40 percent drop, similar to the effect advertised by Huawei); 4954 (2016, a 13 percent year-on-year increase); 7434 (2017, a 50 percent increase); and 7128 (2018, a 4 percent decrease, and the latest available data).<sup>36</sup> Perhaps unsurprisingly, the marketing material touting Kenya as a major Huawei “Safe City” success had been removed from Huawei’s website by early 2021.

The lesson from Kenya is that there is reason to question the marketing pitch that Huawei and others have used, which argues that Chinese surveillance tech provides a public good by enhancing public safety and thereby job creation and economic growth. Conversely, however, how much surveillance technology has contributed to weakness of democracy in Kenya is uncertain. Freedom House’s 2020 report notes that “the government in recent years has used broadly defined surveillance powers to monitor mobile phone and internet communications,” but does not specifically mention the Safe City project or urban surveillance.<sup>37</sup> Over the course of the past decade, Kenya’s Freedom House score has declined within the Partly Free category, but some of this “authoritarian drift” predates the Safe City project, leaving open the possibility that both surveillance and declining freedom are a result of illiberal choices

by Kenya's leaders.<sup>38</sup> In that case, surveillance would be facilitating, but not necessarily independently affecting, Kenya's democratic erosion.

### **Case Study: Myanmar**

In 2019, the Mandalay regional government in Myanmar announced a Safe City agreement with Huawei, under which Huawei would provide CCTV cameras equipped with AI and facial-recognition technologies, as well as installation and technical support services—a 1.9B-kyat (USD \$1.24 million) project which was supposed to be operating within six months of the contract signing.<sup>39</sup> Regional officials emphasized the primacy of public safety for attracting investment at the time the accord was signed, as well as Huawei's cost-competitiveness. In December 2020, the capital Naypyitaw also launched a \$2.9 million, 355-camera system enabled with facial recognition and AI. The system was a partnership between Huawei, which supplied most of the equipment, and two local companies that are building the physical command center and installing the cameras, a common structure in the export of Chinese technology where Chinese surveillance companies provide some but not all of the tech stack. As in Kenya, the pitch was crime control. Zhou Kai, the head of Huawei in Myanmar, commented that “the Mandalay government selected us because this Huawei system will improve the police task force's capability and reduce crime rates.”<sup>40</sup>

The surveillance systems provided by Chinese companies in Myanmar have not been around long enough to test whether they positively affect investment, tourism, or job growth (though at present, positive movement in those indicators seems unlikely). Their installation has, however, facilitated the military's crackdown on protest in the aftermath of their February 2021 seizure of power from the civilian NLD and declaration of a yearlong state of emergency under military rule. Less than two weeks after seizing power, the Tatmadaw suspended specific portions of the Law Protecting the Privacy and Security of Citizens—specifically the sections that place limits on arbitrary search and seizure, arbitrary detention, and warrantless surveillance.<sup>41</sup> Surveillance technology has played a key role in the junta's crackdown, including technologies that unlock, recover, and decrypt data from mobile phones, Israeli surveillance drones, and other digital forensic technology (not just

from China, but from a number of Western countries as well).<sup>42</sup> Moreover, *Voice of America* has reported that China is providing technical assistance to Myanmar's military on the implementation of a draft cybersecurity law that would create firewall, data monitoring, and censorship mechanisms in Myanmar's internet similar to those found in China.<sup>43</sup> The use of cell data, de-encryption of communications, and combined use of Chinese and other technology in escalation of political repression is similar to the pattern reported by the *Wall Street Journal* in Uganda and Zambia, where Huawei personnel were alleged to have provided even more specific technical assistance in gaining access to political opponents' apps and other communications and identifying their physical locations for eventual arrest by Zambian security forces.<sup>44</sup>

It is, of course, too early to tell the impact of Myanmar's newly installed surveillance platforms from China. But in spring 2021, the promised advantages of tourism, investment, and public safety appear not to be forthcoming, while the repressive advantages that these platforms confer upon a government determined to wield them against political opposition have become increasingly clear. Provision of Chinese surveillance technology may not turn democracies into repressive autocracies on its own, but it seems to facilitate and sharpen repression once leaders have embarked on an autocratic course, while also failing to deliver the benefits that tech companies have marketed and that recipient-country officials have used to justify their procurement.

## Implications for Policy

The growing global presence of Chinese surveillance technologies is potentially concerning from a U.S. policy standpoint for three main reasons. The first is the one noted above, that these technologies may be used to violate human rights and/or corrode democracy in the places they are exported to. Second and relatedly, there are concerns about data security and data privacy, which may present problems even if overall democratic erosion does not occur. Third, American policymakers have concerns about the overall role that technology will play in U.S.-China strategic and security competition, and surveillance technology falls under this heading. Going forward, it will be helpful for American policy discourse to be specific about which interests are at risk in specific countries and policy decisions.

This section offers eight major recommendations to enhance the clarity and strategic coherence of U.S. policy.<sup>45</sup> Since export controls and sanctions designations have already become the go-to tools of choice for American policymakers on these questions, I try specifically to look beyond these approaches to focus on recommendations that are not already incorporated into American policy.<sup>46</sup>

First, the U.S. government should establish an interagency strategy for addressing the issues raised by the China's use and export of surveillance technology. Given the range of U.S. interests, bureaucratic equities, and policy tools involved, an interagency approach led by the National Security Council makes the most sense. Although Chinese technology was a large focus for the Trump White House, the previous administration's strategy documents (either the White House strategy document on China or the recently-declassified Indo-Pacific strategy document) did not call for or offer a comprehensive global strategy on Chinese surveillance technology.<sup>47</sup> Going forward, the United States should produce a clear framework that outlines exactly what threats the global use of Chinese surveillance technologies pose to American interests, and links this assessment to a discussion of how various tools should be employed to protect American interests against these potential threats. This framework could be a stand-alone or a subcomponent of a larger strategy review; it could be done privately or publicly; and it could be done on the administration's own initiative or mandated via a Congressional reporting requirement (the latter of which would ensure more continuity across administrations). It should also include some process of getting input from—though not being captured by—the technology sector, civil society organizations impacted by these developments, and stakeholders outside the United States.

A coordinated strategy would provide both a baseline reference point and a shared lexicon for explaining specific policy decisions. For example, the links that some companies involved in surveillance tech export have to the PRC defense-industrial complex has elevated concern about their activities. CEIEC, for example, has contributed significantly to public security technology projects in Latin America; it is a state-owned enterprise under China Electronics Corporation that concentrates on defense electronics, and was previously sanctioned by the U.S. for nonproliferation violations.<sup>48</sup> Hikvision

and Dahua, among others, have been sanctioned for involvement in human rights violations in Xinjiang.<sup>49</sup> Other companies, however, are concerning on both data privacy and democracy-eroding grounds: for example, the Trump administration targeted WeChat and TikTok because of their use of surveillance and potential coercion, but also due to concerns about data privacy.<sup>50</sup> Outlining *ex ante* the standards for U.S. government concern will enhance the coherence and predictability of U.S. policy and make coordination with allies easier. It will also highlight areas where company-specific actions make sense, and where U.S. objectives may be better served by creating sector-wide solutions and principles.<sup>51</sup>

Second, the United States should develop a process to regularly track the adoption and assess the impact of Chinese surveillance technology on global democracy, civil liberties, and human rights. It would be helpful to have close-to-real-time analysis of whether these technologies actually have the impact hypothesized—by those who market them, those who adopt them, and those who are concerned about their negative impacts. That analysis should be multidimensional in order to assess policy tradeoffs: it is a different global conversation if the use of these technologies produces both a decrease in crime and increase in repression versus if their adoption impacts only one of these metrics, and will also differ if the impact is different in different political contexts.<sup>52</sup> This kind of monitoring could be collected and incorporated into the U.S. State Department’s annual reports on global human rights, or could be gathered in partnership with academic research institutions and civil society advocacy groups, such as the ongoing V-Dem project that measures pandemic-related democratic backsliding.<sup>53</sup>

Third, the United States should adapt more tailored messaging that better addresses the interests of its global audiences. Some of this is regional specificity: Huawei’s marketing materials emphasize extremism in the Middle East, crime in Latin America and parts of Africa, and data management and “smart city” sustainability in Europe.<sup>54</sup> Recent survey data also shows that global levels of concern and preferred approaches toward Chinese tech companies vary considerably.<sup>55</sup> Thus far, however, U.S. rhetoric has been relatively one-size-fits-all, China-focused, and not sufficiently specific about why partner countries should be concerned. Diplomatic messaging, therefore, should adapt overarching concerns to the context and conditions in particular recipient

countries to maximize the effectiveness of U.S. public and private communications with potential adopters.

The other area in which the U.S. needs to tailor messaging is by recognizing that subnational authorities—mayors, provincial governors, local police chiefs, etc.—are the ones typically making adoption decisions, rather than foreign policy and national security specialists at the national level. Subnational officials often have different priorities; they are more directly accountable to voters on specific electoral timetables; and they may have more varied levels of knowledge and expertise about China and/or the national security issues that can arise in different technology platforms. Any future American communication strategy should factor these differences into deciding what messages to deliver, in what format, at what time, to whom.

A fourth recommendation is also audience-related: the United States must understand that some countries pursue Chinese surveillance technology platforms because they believe these platforms can solve real governance problems. The U.S. cannot effectively message about the risks and dangers of Chinese surveillance technology unless it has a credible alternative to solve the underlying governance challenge that is driving officials to seek out Chinese surveillance platforms in the first place. Moreover, if listeners perceive that American warnings on Chinese surveillance technology compete with other U.S. policy priorities, it may be unclear how they should weight the resulting tradeoffs. In Latin America, for example, how would a provincial official address the potential tension from messages to decrease crime and drug-related activity to lower migration pressure on the United States' southern border, but do so without using the platform (from China) that he believes is most cost-effective and likely to work?<sup>56</sup> Similarly, if the United States is concerned about China's role in data integration and big-data analysis of the UN's sustainable development goals, it should articulate the sources of its concern and explain what viable alternative the United States would propose and support.<sup>57</sup>

Fifth, the United States should strengthen its own innovation capacity and development of democracy-compatible technologies, to ensure that these alternatives are competitive in a global marketplace. The U.S. will only convince the world to use "Clean Networks" (the Trump administration's initiative) if the technologies involved are as good and as affordable as the ones offered by

Chinese technology companies.<sup>58</sup> Strengthening capacity for technological innovation is a complex challenge; it will involve thorny questions about (among other things) how to guard against illicit technology transfer in a world where much of America's tech talent originates from individuals born in China who come to the United States to study.<sup>59</sup> The need to incorporate education and immigration into U.S. strategy amplifies and reinforces the need for a comprehensive interagency approach.

Sixth, the United States needs to consider a two-layered strategy regarding third-countries' use of Chinese surveillance technology. Most emphasis to date has been on convincing other countries not to use Chinese technology.<sup>60</sup> This approach has had some success in recent decisions to curtail use of Huawei products in countries like the UK and India, but overall, there are very few cases of complete de-adoption after a country has installed a Chinese platform for public safety purposes. (De-adoption may happen more often as some of the initial platforms reach the end of their technological shelf-life, but this remains to be seen). Instead, cities or countries have been more likely to put restrictions on specific features of the platform used. This dynamic has been most common in countries like the Philippines and Malta, where civil society and media reporting has contributed to scrutiny of Chinese technology and led to specific safeguards and elite commitments regarding both data privacy and civil liberties.<sup>61</sup>

This suggests that the United States should create an additional layer of policy, in which it works with countries that have already adopted Chinese surveillance technology to create safeguards and firewalls around their use. For cases where immediate de-adoption and replacement of these platforms is not be feasible, the United States and others are likely best served by creating strong mechanisms that constrain their use. Such protective measures could be both technical and legal (either legislative or regulatory/administrative), providing intermediate measures to protect democracy and data security. U.S. democracy promotion attention and funding, as well as partnerships with organizations that focus on capacity-building, such as the American Bar Association, National Endowment for Democracy, and National Democratic Institute, among others, could be deployed toward this goal. The approach also does not have to be China-specific (since China is a significant but not the sole source of these technologies), but could be framed as working with allies

and partners to establish global norms and standards to protect democracy in a rapidly changing technological climate.<sup>62</sup>

Seventh, and related, the strategy must include a clear plan for American engagement with global standards-setting and regulation of surveillance technologies. Use and export of this technology has to date been subject to very few global regulations,<sup>63</sup> and where international standards exist, many of them have been proposed or drafted by Chinese tech companies. China's growing leadership role in global governance has been particularly important for the tech sector;<sup>64</sup> the International Telecommunications Union, for example, has been headed by PRC national Zhao Houlin since 2014, has received nearly all its suggestions on facial recognition tech standards from China, and had adopted over half of what it had received as of late 2019.<sup>65</sup> China's September 2020 proposal for a Global Data Security Initiative codified "a blueprint for the formulation of international principles," and invited other countries and international organizations to participate in China's proposed framework, positioned as an alternative to the United States' "free and open internet" approach.<sup>66</sup>

Success in setting standards and a regulatory environment that favor Chinese companies is likely to correspondingly affect global markets, providing governments worldwide additional reasons to use these technologies. This, in turn, may seed support for these platforms across the international system, making it harder for the United States and like-minded partners to promote democracy-compatible technological alternatives. Conversely, however, it is unrealistic for the United States to try to deny China a say in global data and tech governance altogether. The United States' overall strategy, therefore, needs to address questions such as: which global forums should set standards for which technologies; what those standards and safeguards should be; how interagency efforts within the United States should be organized; and how the United States should work with allies, partners, and international organizations to collaboratively but assertively shape a global environment compatible with liberal democracy. The identification of emerging tech as an area of focus for the Quad in the Biden administration's recent summit, and the creation of a Critical and Emerging Technology Working Group, could be the beginning of this kind of approach.<sup>67</sup>

Eighth and finally, any strategy adopted by the United States with respect to surveillance technology should carefully consider the role of the Chinese

diaspora in the United States, both those who now hold American citizenship and those who do not. As noted above, much of America's tech talent involves people from China who study in the United States and choose to remain longer-term.<sup>68</sup> U.S. policies must ensure that counterintelligence investigations related to illicit tech transfer and espionage enforce the law and protect American interests, but do so without unnecessarily and unfairly targeting legitimate study and research. Pushing Chinese students and researchers to return to China when many would otherwise seek to stay in the United States will damage the human capital base required for future technological innovation. Indiscriminate targeting of legitimate activity may also make it more difficult to counter pernicious foreign influence by alienating the very communities and diaspora members who will be critical to successful counterintelligence work.

Any successful strategy must therefore recognize and deal with a thorny conundrum: while the United States seeks to avoid profiling and discrimination based on ethnic background, the Chinese Communist Party tends to regard members of the diaspora as a national asset and part of the body politic even when they are located abroad, and has sometimes placed members of that diaspora under pressure.<sup>69</sup> Technologies such as WeChat may deliver that coercive pressure, but the fundamental dilemma is political rather than technological, and will not vanish with the banning or blocking of any app. The Chinese diaspora is increasingly the site of political contention, action, and repression, especially as other avenues of contention within China become ever more limited.<sup>70</sup> The United States must think systematically about this issue, define the problem and the stakes, and articulate the principles and interests that will guide its choices, as a first step toward generating constructive policy solutions.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

## Notes

1. Some of the ideas and evidence presented in this essay draw on earlier work I have done on China's surveillance state in global politics, including "Dealing with Global Demand for China's Surveillance Exports" (Brookings, April 2020), and "China's Surveillance State at Home and Abroad: Implications for U.S. Policy" (University of Pennsylvania working paper, 2020).

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  13. As Elizabeth Perry has noted, China’s experimental style of governance, where adaptation to local conditions is embedded into the CCP’s history and political traditions, lends itself poorly to formalistic external replication of a “model,” in part because there is no single, cohesive model to export. For a systematic examination of factors that make diffusion of Chinese technology more likely, and those that are likely to limit the transferability of Chinese models of surveillance, see Sheena Chestnut Greitens, “Surveillance, Security, and Liberal Democracy in a Post-COVID World,” *International Organization*, special issue on the pandemic and global politics (Fall 2020).
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  19. This emphasis on informatization and technology also parallels the emphasis on networked intelligence and decision-making observable in China's military strategy. See Taylor Fravel, *Active Defense: China's Military Strategy Since 1949* (Princeton, 2019).
  20. Chen and Greitens, "Information Capacity and Social Control"; Lin Xuefei, "Zhengfujian zuzhi xuexi yu zhengce zaishengchan [Organizational Learning among Governments and Policy Reproduction]," *Gonggong guanli xuebao [Journal of Public Management]* 12/1 (2015): 11–23; National Development and Reform Commission [NDRC], "Guanyu jiaqiang gonggong anquan shipin jiankong jianshe lianwang [Strengthening Public Security Video Surveillance Network Construction]," 2015, [http://www.ndrc.gov.cn/zcfb/zcfbtz/201505/t20150513\\_691578.html](http://www.ndrc.gov.cn/zcfb/zcfbtz/201505/t20150513_691578.html)
  21. Both *Tianwang* and *Xueliang* are names that come from sayings: "*Tianwang huihui, shu er bulou* (Heaven's net has large mesh, but it lets nothing through)"; and "*Renmin qunzhong de yanjing shi xueliang de* (the eyes of the people and the masses are as bright as snow)."
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2020-21 WILSON CHINA FELLOWSHIP

# China's "New Era" of Influence in Pakistan: Counterterrorism and the Limits of the All-Weather Partnership

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## Abstract

What is the nature and extent of the People's Republic of China's (PRC) influence in Pakistan? What, if anything, does that tell us about the general phenomenon of China's international influence? This study analyzes China's influence in Pakistan on issues of counterterrorism, finding Pakistani military and civilian leaders quite responsive to their Chinese counterparts across a range of discrete actions and policies. However effective on such tactical matters, PRC influence is sharply limited when it comes to questions of wider political and strategic significance. Pakistan has largely complied with PRC requests for crackdowns on Uyghurs in Pakistan, while resisting Beijing's "new era" objectives to actively fight the social and economic "root causes" of terrorism. This somewhat narrow scope for effective Chinese influence is probably not atypical, because Pakistan is a highly likely case for observing the full measure of Beijing's capacity to coerce or cajole other countries into taking its preferred actions. The evident limits on China's influence in Pakistan have direct bearing on U.S. interests and foreign policy.

## Policy Recommendations:

- If there is a "competition for influence" underway between the United States and China, we cannot afford to compete indiscriminately. To be properly competitive, Americans should compete only where China's influence conflicts with defined U.S. interests. As a general rule, these are coercive exercises of PRC influence that deny autonomy to American allies and partners.
- Some measure of PRC influence in Pakistan is actually desirable and (probably) inevitable because of China's intense focus on peripheral security. Beijing's perceptions of threats from regional "terrorism, extremism, and separatism" give rise to enduring Chinese interests in building Pakistan's counterterrorism capacity. This generally benefits the United States and its regional partners, and should not be disrupted or disincentivized.

- The limits of Chinese influence are evident in Pakistan's inability or unwillingness to adopt Beijing's more fundamental prescriptions on counterterrorism. That China's closest security partner does not cooperate on an issue of such high PRC priority should counsel patience in U.S. policy to counter Chinese influence, which may counter itself over time.
- China's "holistic national security outlook" entails a more active Chinese military, paramilitary, and police posture abroad. A wealthy China with visible presence in insecure countries increases the attractiveness of Chinese citizens and assets as targets of attack. There is therefore an increased likelihood of a significant Chinese counterterrorism operation in Pakistan (or elsewhere). American policymakers should prepare our partners for that eventuality, developing plans and communications channels to ensure that a temporary crisis does not yield a permanent military foothold for the PLA.
- Pakistani leaders' refusal to criticize PRC actions in Xinjiang is a product of China's direct influence. Even a well-coordinated American policy to inform the Pakistani public about the inhumane treatment of Muslims in China will confront major obstacles in a domestic political environment that is staunchly pro-PRC. Such a policy is nonetheless worth careful consideration as a means to deter further abuses and introduce geopolitical costs for China in the Muslim world.

## Introduction:

In his report to the 19th National Congress of the Chinese Communist Party (CCP) in October 2017, CCP General Secretary Xi Jinping proclaimed a “new era” of Chinese politics. In foreign affairs, Xi envisions this new era marked by “a further rise in China’s international influence,” which will help the nation become “a global leader in terms of composite national strength and international influence” by 2049.<sup>1</sup> Foreign observers likewise conclude, often ruefully, that China’s international influence is on the rise. If China’s international influence has indeed become as formidable as both its proponents and detractors suggest, then Pakistan is a highly likely—and strategically consequential—place to observe its fullest expression.

What is the nature and extent of the People’s Republic of China’s (PRC) influence in Pakistan? This question is intrinsically important to U.S. national security because Pakistan is an unstable, nuclear-armed state with a major role in the war in Afghanistan and in the broader problem of Islamist militancy.<sup>2</sup> China may influence Pakistan’s choices and actions in ways that either damage or advance American interests in the region. In light of the sharp declines in U.S. aid and security assistance to Pakistan, and the draw-down of U.S. forces in Afghanistan,<sup>3</sup> there is a geopolitical premium on better understanding Beijing’s interests in Pakistan and assessing its capacity to realize them. China’s exercise of influence in Pakistan also bears characteristics that allow us to probe the general question of Chinese influence on other foreign countries.

In light of this practical and conceptual salience, this essay explores the scope and limits of PRC influence abroad through analysis of China’s relationship with Pakistan on counterterrorism (CT). After considering the concept of “international influence” and identifying Pakistan as a “most-likely case” for observing it in the wild, we inventory the various instruments and modes of influence at China’s disposal in Pakistan on CT matters. Then we assess the extent to which Pakistan has changed its behavior to comport with China’s preferred approach.

Overall, the study finds that China’s influence over Pakistan’s approach to CT is considerable, but mostly limited to discrete tactical actions rather than broad strategic objectives. Pakistan has largely complied with China’s demands to crack down on Uyghurs in Pakistan, but has been less receptive

to Beijing's desire for it to change its overall approach to militant groups and religious extremism in Pakistan. This relatively narrow scope for effective Chinese influence is probably not atypical.

The Pakistan case also demonstrates that limitations on Chinese influence are not always salutary. Some level of Chinese influence over Pakistan (on CT and other policy areas) is probably *desirable* from a U.S. foreign policy standpoint. The challenge lies in enabling Pakistan to maintain its autonomy without foregoing economic and security benefits from the PRC. Policymakers will need to determine priorities among U.S. interests in swing states like Pakistan, then seek to minimize the malign PRC influence that damages U.S. interests while ignoring or even exploiting more benign forms of PRC influence.

## Observing and Assessing Influence

Growing international influence is frequently and casually attributed to the PRC. Yet we seldom see disciplined assessment of how that purported influence operates, in respect of which issues, and—equally important—where it is limited. In order to assess any putative exercise of international influence, some conceptual brush-clearing is needed. While there will be no resolution of the long-running debate over how to define and measure influence,<sup>4</sup> we should at least distinguish *influence* from *power*, and discuss the ways that influence can be observed in practice.

Power and influence are too often conflated in analysis of international politics. They are conceptually related, but may be helpfully distinguished by treating influence as “the effective exercise of power.”<sup>5</sup> That is, we may conceive of power as a *resource* of a specific state (measured in military, economic, or other terms). Influence, by contrast, is a *relationship* and requires an effect on another state: where state A causes state B to do (or not do) something B otherwise would have done.<sup>6</sup> While influence probably increases along with material power, that correlation is not always linear and may vary significantly across issue areas. Certain power resources are not readily converted to practical, effective influence.<sup>7</sup>

Growing Chinese power, therefore, does not *ipso facto* generate Chinese influence.<sup>8</sup> A large portfolio of investments and a blue water navy do not,

in themselves, make other states do Beijing's bidding. A growing body of research and analysis is adopting a sophisticated approach to studying China's influence across varied issues and places, yielding valuable insights.<sup>9</sup> Notably, China's considerable power resources (e.g., its economic and military throw weight) are not necessarily fungible across domains, thus not easily converted into political influence.<sup>10</sup> Other studies find that China's asymmetric economic interactions can be a tool of political influence, but find that the measurable effects of influence tend to appear in symbolic actions rather than concrete, costly changes to policy.<sup>11</sup> Many analysts further find that the most potent exercises of PRC influence tend to arise when China's preferences already align closely with the states it intends to influence, as is often the case in matters of economic development.<sup>12</sup> Other work focuses on countervailing effects to Chinese influence, and how those vary across different countries and issues.<sup>13</sup> All of this ongoing work suggests "China's international influence" is indeed meaningful, but often underspecified.

At minimum, then, we must specify precisely who is influencing whom, by what means, in order to do *what*. Such considerations of the operative "scope and domain"<sup>14</sup> of influence are all-important if we are to actually observe and categorize influence. Further, careful parsing will help to determine which modes of Chinese influence are actually problematic and illuminate how they function (and perhaps how they may be disrupted).

## The Pathways of Chinese Influence in Pakistan

China's international influence is hardly uniform across countries or issue areas, so what can possibly be said generally about "Chinese influence"? One method is to tease out the *limits* of Chinese influence by examining a case that is almost certain to feature a successful exercise of influence. Such "most-likely" cases are settings in which all of the observed conditions suggest that the outcome under inquiry should occur.<sup>15</sup> If that outcome (Chinese influence) does not occur (or does not occur in the way we expect), we have good reason to revise our expectations about where, when, and how the phenomenon of Chinese influence occurs elsewhere.

China's relationship with Pakistan provides such a "most-likely" setting. It is a quasi-alliance, rooted in an enduring mutual interest in balancing India,

and almost certainly China's closest bilateral relationship.<sup>16</sup> In frequent, high-level engagements, leaders from both sides hyperbolically describe an "all-weather partnership" that is "higher than the Himalayas, deeper than the Indian Ocean, and sweeter than honey."<sup>17</sup> The Pakistani public is consistently more favorable towards China than is the public of any other foreign country.<sup>18</sup> Affinity is not equivalent to influence, of course, but the intimacy—and deep asymmetry—of the relationship across all domains provides multiple, mutually reinforcing avenues of potential PRC influence.

First, the overall Sino-Pakistani relationship is highly asymmetric in economic terms. Pakistan runs a large, persistent trade deficit with China, which is also by far its largest trading partner by value (accounting for roughly 20 percent of Pakistan's overall trade portfolio).<sup>19</sup> This trade imbalance alone creates a source of coercive influence for China, because China may summarily alter the terms of trade to Pakistan's detriment.<sup>20</sup> China is also Pakistan's largest investor and creditor, accounting for 40 percent of Pakistan's total FDI since 2010 and roughly 40 percent of its external debt.<sup>21</sup> These figures are negligible in relative terms for China, with its vast overseas trade and investment portfolio. This creates a stark asymmetry that we expect to confer influence on China, which faces far lower costs from exiting or changing the terms of trade, investment, or lending than does Pakistan.<sup>22</sup>

The China-Pakistan Economic Corridor (CPEC) is the most visible manifestation of China's overwhelming asymmetric presence as an economic actor within Pakistan. CPEC projects comprise a staggering \$53 billion in "completed, ongoing, and under consideration schemes."<sup>23</sup> It is the largest economic development program in Pakistan's history, and it has become a central theme in domestic politics.<sup>24</sup> While there are some vocal opponents to the program<sup>25</sup> and no lack of grumbling about its sluggish pace and shifting focus,<sup>26</sup> CPEC has mobilized and empowered a large pro-China constituency in Pakistan that shares China's interest in further developing bilateral economic relations.<sup>27</sup> Adding to this huge economic asymmetry is China's recurring role as the lender of last resort to Pakistan, which has faced serial balance of payments crises and drawn thirteen IMF bailouts in the past 30 years.<sup>28</sup>

The military and strategic asymmetries are even more pronounced than those in the economic sphere. China's "elemental interest in South Asia" is to maintain Pakistan's ability to balance India, so Beijing has seen fit to help

Pakistan acquire a nuclear weapons and ballistic missile capability for that purpose.<sup>29</sup> China has been far and away its largest arms supplier, accounting for 75 percent of Pakistan's arms imports in the period 2014–2019.<sup>30</sup> These transactions involve major combat platforms like surface-to-air missiles, submarines, frigates, and fighter jets, as well as items suitable for CT operations like unmanned aerial vehicles, helicopters, surveillance hardware, and small arms.<sup>31</sup>

These arms sales are just one element of a close and multifaceted strategic relationship. China holds more military leader dialogues, combined exercises, port calls, and other military engagements with Pakistan than it does with any other nation, save Russia (60 in the period 2014–2019).<sup>32</sup> Moreover, the military-to-military relationship is the centerpiece of the overall bilateral relationship. Pakistan Army General Headquarters in Rawalpindi is Beijing's preferred interlocutor, while civilian leaders in Islamabad are often sidelined. Civilian leadership from each side routinely meets with the other's military brass—particularly on CT matters. Recently, Xi Jinping sat down with Pakistan's Army Chief of Staff and encouraged him to “take resolute measures against terrorist forces”;<sup>33</sup> the PRC Defense Minister, Wei Fenghe, met Pakistan's Prime Minister and President and announced an intention to “push the relationship between the two militaries to a higher level.”<sup>34</sup> These are not at all routine contacts in other bilateral relationships.

### **Counterterrorism: China's foremost security priority in Pakistan**

The scope of Sino-Pakistani security interactions is broad, ranging from large-scale combined combat exercises to friendly games of basketball.<sup>35</sup> CT, however, is a singular priority for bilateral military, paramilitary, and intelligence engagements.<sup>36</sup> It is focus of more bilateral military exercises than any other operational area.<sup>37</sup> CT is clearly at the top of the agenda for PRC and Pakistani leaders, but their preferred approaches to the problem differ in observable ways. This difference makes it an arena in which an influence attempt is most likely to occur, because Chinese leaders perceive a high-stakes threat and hold leverage that might bring Pakistan around to the PRC's preferred approach to counterterrorism.<sup>38</sup> The degree to which they are successful in causing Pakistan to

adopt what China considers to be effective measures is thus a useful test of the extent and limitations of PRC influence.

The basic elements of PRC preferences on CT are evident, and plainly communicated to Pakistani partners. These preferences have grown more intense and more demanding on Pakistan over time. They have evolved from a narrow desire to check instability within Xinjiang to a more ambitious aim to control the Uyghur diaspora and other perceived terrorist threats *outside* of China's borders.<sup>39</sup> This shift from a basically defensive posture to a pro-active, international, and offensive approach to CT abroad allows us to observe the degree to which Pakistani leaders in Islamabad and Rawalpindi (the Pakistani Army headquarters, and the locus of power on security and strategy matters) have correspondingly changed their actions with respect to Beijing's high-priority CT issues. While we cannot observe PRC demands on CT directly, we can observe major changes in the PRC approach to the issue in this "new era" of more ambitious efforts to "prevent and control" perceived threats from abroad. A grasp of the PRC's CT priorities is a necessary predicate for any account of its exercise of influence in that domain.

The shift to a more pro-active or even offensive approach to terror threats overseas is closely associated with CCP General Secretary Xi Jinping. CT figures prominently in Xi Jinping's "holistic national security concept" (总体国家安全观), which is being implemented by new state security organs with augmented resources and authorities.<sup>40</sup> Beginning in 2014, Xi urged a shift to "decisive measures" against terrorism. He prescribed a CT strategy less focused on disrupting discrete threats, and more broadly calibrated to "safeguard national security and social stability" as its overarching aim.<sup>41</sup> In the wake of a series of attacks on Chinese citizens within the PRC and abroad in the period 2012–2015,<sup>42</sup> Xi began to argue that "terrorism has become the most serious and urgent security challenge we face today," and framed the problem as a transnational one requiring greatly upgraded foreign cooperation.<sup>43</sup>

Responding to this leadership priority, China's CT policies taken on a new international dimension. The 2015 PRC Anti-Terrorism Law authorizes highly invasive but vaguely-defined powers for Chinese security forces, and calls for intensified international cooperation on CT operations, financing, and intelligence.<sup>44</sup> Chinese experts expect a "new trend of international cooperation against terrorism" marked by greater Chinese attentiveness to

“early warning and prevention” as well as “on-site operations” and “clean-up” to tackle a growing threat.<sup>45</sup> In February 2021, Xi signed off on new PLA Central Military Commission regulations on “international military cooperation work.” These rules further define and standardize the roles that Chinese forces will play abroad, and prescribe greater “coordination of internal and external resources” to that end.<sup>46</sup> The PLA and the People’s Armed Police (PAP, the principle domestic security force) are postured, trained, and equipped to undertake foreign CT operations, either unilaterally or (more likely) in combination with another country.

The PRC’s broader national security apparatus is also less passive, increasingly oriented around the mission to “prevent and control” (防控) both internal and external terrorism threats. From intrusive surveillance and arbitrary detention to large-scale social engineering efforts, CCP leaders are aggressively deploying a wide array of tools and technologies in the name of CT.<sup>47</sup> From Beijing’s standpoint, the “three evil forces” (三股势力) of terrorism, extremism, and ethnic separatism are conjoined security problems that warrant aggressive action inside and outside Chinese borders.<sup>48</sup> LTG Qin Tian (then PAP chief of staff, currently PAP Vice Commander) recently proposed that the military, the police, the PAP, and civilian agencies form a “new trinity” that seeks “joint efforts with our neighbors”—Pakistan prominent among them.<sup>49</sup> Since 2015, the PLA officially shoulders the “strategic task” of conducting “operations against infiltration, separatism and terrorism so as to maintain China’s political security and social stability.”<sup>50</sup> This is an internal-external mission, based on a perceived threat from China’s rugged western regions and bordering countries. These concerted preparations for possible CT action in a foreign theater entails a substantial change in the PLA’s international orientation, with direct bearing on Beijing’s relations with Islamabad.<sup>51</sup>

## **Extreme Priority on Xinjiang**

The PRC policy of extreme repression and perhaps genocide in the Xinjiang Uyghur Autonomous Region (XUAR) reflects the intensity and purpose of Xi’s “holistic” and unapologetically high-handed national security outlook.<sup>52</sup> The perceived threat of “East Turkestan independence”—that is, ethnic

"separatism" pursued by some part of China's Turkic Muslim population—is framed as an urgent CT issue that requires coordinated transboundary action.<sup>53</sup> PRC analysts have long viewed the rare terrorist incidents in China as "inextricably linked" to ideology, training, financing, and resources furnished by Uyghur-linked militant groups operating in Pakistan (and Afghanistan).<sup>54</sup> PRC leadership has moved aggressively to prosecute these perceived transnational terrorist threats.

Beijing seeks to use Pakistan as "the bridgehead of China's counterterrorism operations" because of the close bilateral relationship and the purported nexus between Pakistan and the terror threat in China.<sup>55</sup> LTG Qin embraces this transboundary approach because, he claims, the "three evil forces in Xinjiang" have been aided and abetted by co-religionists who have "infiltrated" China's rugged 600 kilometer border with Pakistan to conduct attacks throughout China.<sup>56</sup> Even local PRC police forces are authorized to track and coordinate law enforcement with Pakistan against the various proposed infiltration routes.<sup>57</sup> The advent of denser cross-border economic linkages through CPEC (initiated in 2015) has only heightened this fear among Chinese security experts, and intensified Beijing's efforts to control terrorism in Pakistan.<sup>58</sup> As a preliminary observation, then, we can say that CT has become an even higher PRC priority in recent years. It is an arena in which Chinese leadership is both motivated and well-equipped to employ influence to bring about Pakistani cooperation.

Yet Pakistani leaders do not manifestly share their Chinese counterparts' threat perceptions about "East Turkestan independence." Pakistan faces a far more complex and dire threat from a wide array of militant groups with varying political and social objectives; some of these groups are vital elements of Pakistan's own national strategy regarding India and Afghanistan.<sup>59</sup> The Uyghurs are the least of their domestic security problems.<sup>60</sup> While the Pakistani military and intelligence services communicate and coordinate extensively with their PRC counterparts, the thrust of the Pakistani CT efforts cannot be assumed to align with Chinese priorities. In fact, cultivating and exploiting some level of extremism and militancy is a core part of Pakistan's national security strategy.<sup>61</sup>

Chinese security officials recognize this non-alignment of preferences and actively seek to prevail on Pakistan to adopt a different approach. There

is seldom, if ever, a public “ask” from one official to another; instead, we see PRC leaders promoting and incentivizing different forms of cooperation with Pakistan’s military and police forces towards ends determined by China’s “holistic” view of terrorism.<sup>62</sup> We will not directly observe whether and how Pakistan has obliged PRC requests on CT. The closely held nature of any operational information and related communications means there will be no public expressions beyond banal commitments to jointly pursue CT. However, certain inferences are possible based on both sides’ revealed preferences. We can therefore judge actions on the basis of whether Pakistan has indeed taken significant steps to advance China’s priorities in ways that clearly depart from its prior actions.<sup>63</sup>

This method yields the conclusion that China has indeed influenced Pakistan to pursue certain PRC objectives, but only at a tactical level. On broader strategic questions of how—and indeed *whether*—to fundamentally address the militancy that threatens China, Pakistan has demurred. Rather than adopt China’s preferred method to systematically uproot the extremist networks that enable Uyghur militancy, Pakistan has maintained its posture of tacit acceptance (and even support) for such groups, dealing with Uyghur issues separately.

On which specific issues can we identify specific PRC preferences at odds with those of Pakistani leaders? Rhetorically, at least, there is little daylight between these “iron brothers” when it comes to announcing CT cooperation.<sup>64</sup> However, we can assess action on specific policy objectives. The Chinese leadership has focused specifically on influencing Pakistan to 1) crack down on alleged Uyghur militants and 2) prevent attacks on Chinese citizens and assets, both in the PRC and in Pakistan. Finally, Beijing has devoted extraordinary resources to Pakistan’s economic development in order to 3) promote social stability and economic development needed to address the “root causes” of terrorism in Pakistan, religious extremism prominent among them. Even though the official bilateral messaging on all of these issues is relentlessly upbeat, we can assess the extent to which Pakistan’s *actions* on CT in the period since 2015 reflect changes in line with the intensified PRC priority to degrade perceived terrorist threats.

## Pakistan's response to China's Uyghur "problem"

Pakistani officials have long obliged Beijing on issues concerning the Uyghurs (and other Chinese Muslims) in Pakistan. Close observers of the relationship believe that overall, "when it comes to dealing with Uyghurs, Islamabad has been willing to act at Beijing's behest."<sup>65</sup> But are they actions that Pakistan would not otherwise have been likely to take? To what extent has China influenced Pakistan to adopt a more aggressive approach to Uyghurs since the initiation of significantly harsher policies in Xinjiang?

To put this dynamic in context, it bears noting that Chinese and Pakistani military and intelligence services have had quite substantial mutual dealings with a range of extremist, militant groups over the decades. In fact, China bears partial responsibility for seeding the Islamist militancy that plagues Pakistan (and Afghanistan) today. In close cooperation with Pakistan's Inter-Services Intelligence (ISI) and army, Beijing provided vital arms, training, and logistical support to the *mujahideen* fighting the Soviet invasion of Afghanistan in the 1980s.<sup>66</sup> These fighters included Chinese Uyghurs as well as the future founders of the Taliban and other regional militant groups who subsequently gave succor to Muslims fleeing repression in China.<sup>67</sup>

China's objectives during this early period were limited to preventing these Uyghurs from independently organizing and targeting China. Pakistan's government and security services facilitated specific PRC requests by prevailing on militant groups to absorb Uyghur fighters, thus preventing them from establishing independent camps and madrassas from which to launch attacks on China.<sup>68</sup> Chinese officials also engaged directly to Taliban leadership in the 1990s to keep China off of the target list for global jihad, becoming the first non-Muslim state to send an official representative to take "tea with the Taliban" and meet the group's *emir*, Mullah Omar.<sup>69</sup> Osama Bin Laden excluded China from al-Qaeda's global *jihad* and professed to not associating with any Chinese Muslims, nor caring for their plight.<sup>70</sup> With Pakistan's help, China in this period prevented Uyghur militants from joining forces with more capable and established militant groups.

Still, Beijing pointed to a Pakistani nexus for the scattered, small-scale attacks in Xinjiang throughout the 1990s.<sup>71</sup> Islamabad obliged with periodic raids on training camps, deportations and extraditions of Uyghurs, and other measures to thwart the "East Turkestan Islamic Movement" (ETIM, or 东

伊运), the armed group that Beijing held responsible for these incidents.<sup>72</sup> Because of the narrow scope of this Chinese demand and the relative unimportance of ETIM to Pakistani security agencies, these actions did not impinge on Pakistan's reliance on irregular militant groups as part of its broader military strategy toward Afghanistan and India.<sup>73</sup> Rare Chinese protests to the Pakistan Interior Ministry, border closures, and visa denials for Pakistanis seeking entry to Xinjiang are the mild coercive tools employed by Beijing in this period to induce Pakistan's compliance.<sup>74</sup>

The American invasion of Afghanistan in 2001 fundamentally changed this arrangement. The operation flushed Uyghur fighters (and many other groups) from Afghanistan into Pakistan's northwestern tribal areas. The ETIM group lost refuge with its Taliban-backed hosts in Afghanistan and soon found itself targeted by Pakistani (and American) forces. In the early years of the Afghanistan campaign, ETIM leaders were captured or killed by Pakistani forces, presumably at least in part at Beijing's behest.<sup>75</sup> Though Chinese spokespeople continue to rail against ETIM, it appears likely that the group more or less ceased to exist due to steady degradation during the period 2001–2003.<sup>76</sup> However, by 2008 a successor group, the Turkestan Islamic Party (TIP) had emerged, which would go on to be supported by al-Qaeda and later the Islamic State.<sup>77</sup>

By 2014, TIP leaders were still active on Pakistani territory, publicly taking credit for attacks in the PRC and calling for other jihadis to make common cause against China's anti-Muslim repression: "China is not only our enemy, but it is the enemy of all Muslims," a TIP leader, Abdullah Mansour, said in an interview with *Reuters*.<sup>78</sup> He continued: "We have plans for many attacks in China. We have a message to China that East Turkestan people and other Muslims have woken up. They cannot suppress us and Islam any more. Muslims will take revenge."<sup>79</sup> The TIP *emir*, Abdul Haq al-Turkestani is reported to sit on the al-Qaeda *shura* (leadership council), in which role he has orchestrated attacks within China and sought to further publicize the Uyghur plight among other jihadi groups.<sup>80</sup>

Pakistan's leaders regularly commit to addressing China's concerns, vowing to "continue to resolutely fight the East Turkestan Islamic Movement terrorist forces."<sup>81</sup> Reforms to Pakistan's domestic security apparatus (including widening of the scope and reach of its new CT legislation) in the period

2014–2015 show the distinct mark of China's aggressive national security outlook.<sup>82</sup> Chinese specialists heralded the series of reforms in Pakistan's CT law enforcement and judicial processes,<sup>83</sup> and especially welcomed bans on Uyghurs and putatively-linked Central Asian groups.<sup>84</sup> Pakistani agencies have acceded to requests for extraditions and otherwise put official pressure on a group that likely does not exist in any strength. These adjustments of Pakistani CT policy may comport with PRC preferences, but they also reflect Rawalpindi's varying appetite for conflict with militant groups. Major operations like the siege of Lal Masjid and Operation Zarb-e-Azb have frequently been portrayed as results of Chinese influence,<sup>85</sup> but can be more efficiently explained in terms of Pakistan's own threat perceptions.<sup>86</sup>

When China's persistent requests for decisive actions against Uyghurs align with the Pakistan Army's desires to go on the offensive against militants, they tend to honor Chinese desires. The most recent such offensive, *Zarb-e-Azb*, began in 2014 after a brazen attack at the Karachi airport and a subsequent large-scale assault on a school in Peshawar—not in prior years when Beijing had initially urged Pakistan to clear out parts of Waziristan, where PRC intelligence claimed attacks in Beijing and Kunming had originated.<sup>87</sup> Chinese analysts believe some of the timing of *Zarb-e-Azb* to be attributable to Xi Jinping's visit to Pakistan in April 2015 to launch the CPEC program,<sup>88</sup> but this sequence alone is no reason to attribute the cause of this large-scale, costly action to Chinese preferences. In announcing the "elimination of ETIM from our tribal areas" in as a result of the operation,<sup>89</sup> Pakistan's defense minister nodded to Beijing's preference but did not elaborate further on an operation that scrupulously avoided targeting militants who advance Pakistan's objectives vis-à-vis India and Afghanistan.

Pakistani leaders may well have taken Chinese views into account when taking steps that PLA brass heralded as "decisive, bold, and hard blow for terrorists."<sup>90</sup> Yet that Chinese influence did not impinge on Pakistan's broader strategic prerogatives. Reports indicate that as many as 80 percent of the militants in the Federally Administered Tribal Areas were alerted to the pending action by sympathetic elements in Pakistan's military and intelligence services.<sup>91</sup> Uyghur fighters, among many others, were able to disperse back into Afghanistan to merge with al-Qaeda and affiliated groups.<sup>92</sup> Uyghur fighters have subsequently moved on to fight in significant numbers in Syria

and southeast Asia, prompting fears that these battle-hardened militants will ultimately return to launch attacks against China.<sup>93</sup> Pakistan's penchant for periodic purges of "bad Taliban" groups is sometimes consonant with PRC aims, but does not reflect decisive PRC influence beyond the tactical question of targeting certain Uyghur militants.

Without significant numbers of Uyghur fighters on Pakistani soil since 2015, China's influence on this issue continues to be observable in Pakistani leaders' comments—or lack thereof—on the brutal campaign underway in Xinjiang. The "muzzle" on this issue is explicable only in terms of China's sensitivity on the issue and its desire to leverage "Pakistan's unique position of political voice in the Muslim community,"<sup>94</sup> as one PRC analyst puts it. China has launched a steady stream of counter-programming to the emerging Western narrative on its atrocious treatment of its Muslim minority, and has been quick to recruit Pakistan's support in this endeavor.

Pakistan's current Prime Minister, Imran Khan, came into office in 2018 as the full extent of Chinese atrocities against Uyghurs in Xinjiang were coming to light. Given Khan's self-styled role as a voice for Muslim causes (e.g., in Kashmir and Palestine), many critics believe he should have railed against Beijing's persecution of Muslims. However, even the barest mention of Xinjiang by Pakistani leaders has elicited a harsh response from their Chinese counterparts.<sup>95</sup> Khan quickly and repeatedly spoke to press on the issue, first denying any knowledge of it whatsoever, then opting to "say one thing about China" to al-Jazeera: "For Pakistan, China has been the best friend...We are really grateful to the Chinese government, so we have decided that any issues we have had with China we will handle privately."<sup>96</sup>

Khan's national security adviser, Moeed Yusuf was even more effusive in operaterating the PRC, telling an Indian interviewer that "we know everything we need to know about the Uyghurs and...we have absolutely zero concerns about this non-issue. Clearly, we are 100 percent satisfied with our Chinese friends, full stop."<sup>97</sup> Along with 49 other states, Pakistan issued a statement to the United Nations Human Rights Council in July 2019 to further lend its diplomatic support for China's "CT" program in Xinjiang, stating: "Faced with the grave challenge of terrorism and extremism, China has undertaken a series of counter-terrorism and deradicalization measures in Xinjiang, including setting up vocational education and training centers. Now safety and security has

returned to Xinjiang and the fundamental human rights of people of all ethnic groups there are safeguarded.”<sup>98</sup>

Given Khan's willingness to champion Muslim causes in other contexts,<sup>99</sup> his reticence on China's explicit persecution of his co-religionists is appropriately explained by Chinese influence. This diplomatic “muzzle” should be regarded as a relatively narrow, if effective and non-trivial, exercise of Chinese influence on Pakistan's approach to the Uyghur question.

### **Prevent Attacks on Chinese Personnel and Projects**

While Pakistan-based Uyghur fighters are no longer a realistic threat, Chinese citizens in Pakistan are threatened by a range of nationalist and Islamist militant groups operating throughout the country. China's rapidly expanding economic footprint since 2015—some of it large-scale infrastructure in insecure regions—has turned Chinese people and assets into prime targets for political violence intended to hurt Pakistani elites and express dissatisfaction only loosely related to China. In light of this acute threat and the clear Chinese interest in diminishing it, Pakistan has again proved willing and able to take extraordinary tactical measures. However, Beijing's more “holistic” approach to combatting terrorism has not yet prevailed in Islamabad and Rawalpindi. Chinese leaders propose to treat the fundamental social ills that they believe breed violence, like “extreme” or radical religious beliefs, while their Pakistani counterparts show no such inclination or capacity.

As a first indication of this failure of effective influence, China has been disproportionately targeted by a wide range of terrorist groups in Pakistan. According to Chinese CT researchers from the PRC Police Academy, “the data confirm that Chinese targets have grown to become the primary foreign targets of domestic terrorist attacks in Pakistan.”<sup>100</sup> Over the period of the study (2001–2018), Chinese enterprises and personnel were the victims of some 26 attacks, 3 of them suicide bombings, leading to 60 deaths and 32 casualties. The authors compare this unfavorably to the number of attacks on Americans (8) and conclude that there is a “hint of negligence” on Pakistan's part, but also a phenomenon of growing Chinese visibility in Pakistan rendering PRC projects an attractive target for anti-state militants—not Uyghur groups.<sup>101</sup> The authors conclude that “Pakistan's national armed forces are

mainly responsible for military operations against India,”<sup>102</sup> so China might be better served by relying on private sector security rather than their hosts’ military and law enforcement.<sup>103</sup> Of course we can only speculate on the counterfactual—what would be the extent of attacks on Chinese in Pakistan absent Beijing’s pressure—but we may interpret Chinese expressions of displeasure with the outcome as evidence of a deficit of PRC influence on this count.

Pakistan has evidently responded to these Chinese concerns with significant resources and attention. Yet high profile attacks persist against Chinese engineers, officials, laborers, businesspeople, and tourists—notably, a 2018 assault on the PRC Consulate in Karachi and another on the Pearl-Continental Hotel at Gwadar port.<sup>104</sup> In the face of mounting security threats to Chinese projects, a retired army general whom the PRC Ministry of Foreign Affairs spokesman described as “an old friend of the Chinese government and military,”<sup>105</sup> Asim Bajwa, was tapped in late 2019 to take over management of the civilian CPEC Authority. The Pakistan army has also furnished a “Special Security Detachment” (SSD) of between 15,000 and 17,000 armed personnel detailed specifically to protect Chinese nationals and projects.<sup>106</sup> Even with this large security detail, Chinese personnel and projects are typically protected by a mix of military, paramilitary, police, and private security contractors, and provided with secure housing and work areas.<sup>107</sup>

Ultimately, however, Beijing has pressed for Pakistan to adopt an approach to CT that aligns more with Xi Jinping’s national security concept—especially by addressing terrorism as a fundamentally social and economic problem requiring intrusive and persistent action well beyond periodic military strikes.<sup>108</sup> Chinese observers perceive Pakistan to be in an “endless loop” of terrorist attacks and aggressive CT responses that is worsening over time.<sup>109</sup> The diagnosed reasons for this are insufficient attention to what Beijing regards as the fundamental origins of terrorism. While Beijing has publicly welcomed the Pakistan Army’s several tactical moves against Uyghur militants,<sup>110</sup> a former PRC Ambassador to Pakistan and other close official interlocutors urge a strategic shift in Pakistan’s approach from militarized CT to a focus on “improving the economic and social development of the backward areas of Pakistan and China, and thus providing a ‘cure’ for the terrorist threat in the region.”<sup>111</sup>

A significant part of this Chinese prescription for social and economic development is to minimize the political role of “religious extremists” and

purveyors of "political Islam" who create the "conditions for militancy to grow and flourish."<sup>112</sup> Yet Chinese influence has not evidently touched this facet of Pakistani society. PRC specialists recognize that "the Pakistani government sees [religious extremist groups] as a 'strategic resource' and secretly supports them."<sup>113</sup> The license that the Pakistani army and state grant to religious extremists runs directly contrary to the overriding PRC concern to "keep the Korans out of Xinjiang" and prevent the further radicalization of Chinese Muslims and "shake their belief in the 'jihad' worldview."<sup>114</sup> Xi Jinping instructed local officials in Xinjiang during the September 2020 Third Central Xinjiang Work Conference to "adhere to the direction of Sinicization of Islam in Xinjiang and realize the healthy development of religion."<sup>115</sup> Of course Xi is discreet enough not to prescribe policies for "the healthy development of religion" inside Pakistan, but the Chinese interest in a "deradicalized" Pakistan is apparent.

Chinese officials may be cognizant of the limits of PRC influence on this score. Even if issued by Xi Jinping himself, policy prescriptions that impinge on the Islamic character of Pakistan and disregard its fundamental social arrangements are unlikely to take. Nonetheless, Pakistan's cooperation on this count has fallen far short of Beijing's expectations. Beijing's persistent courting of the Taliban as well as non-militant Islamic faith groups in Pakistan reflects a continued effort to diminish or contain the perceived threat of political Islam without the assistance of the Pakistani state or army.<sup>116</sup> Impatience with Pakistan's efforts is among the reasons Beijing dropped its opposition in 2018 to Pakistan's placement on the Financial Action Task Force "gray list" of countries under increased monitoring due to "strategic deficiencies in their regimes" against terrorist financing.<sup>117</sup> China's 2019 decision to cease blocking the U.N. Security Council's 1267 Committee's terrorist sanctions on the Jaish-e-Mohammed *emir* Masood Azhar is another public signal of Beijing's frustration with Pakistan's unwillingness to take more decisive actions to sever its co-dependence with extremist and militant religious groups.<sup>118</sup>

China's inhumane policy and action in Xinjiang reflects, in part, a sober view about the limits of Pakistan's susceptibility to influence on this key issue. The CCP Central Committee's May 2020 "Guiding Opinion on Promoting Development of the Western Regions in the New Era" exhorted local officials to "coordinate the two major issues of development and security, and make

better use of the national security barrier in the western region.”<sup>119</sup> The imperative to develop a “national security barrier” reflects Chinese leadership’s assessment that development alone is insufficient. China’s hedge against Pakistan’s inability to carry out China’s preferences entails extraordinary mobilization of military, paramilitary, police, and militia forces in Xinjiang.<sup>120</sup> If Beijing’s leaders were confident in Pakistan’s capacity to pursue CT by rooting out religious extremism, such an aggressive posture would not be necessary.

## **Conclusions and Policy Recommendations**

The Sino-Pakistani relationship on counterterrorism highlights the extent of PRC influence on a geopolitically important state. Beijing has expressed a set of clear preferences on CT, and there is ample evidence that Pakistan has altered its behavior to accommodate and even advance certain Chinese priorities. Foremost among these priorities has been to recruit Pakistan’s assistance in degrading the perceived threat from Uyghur militants. Pakistan’s security services have readily obliged on this discrete tactical aim—and even leveraged U.S. firepower to do it.<sup>121</sup> Beijing’s influence has been less effective in changing Pakistan’s approach to other groups with whom it has more complex ties, frustrating China’s broader strategic aim to undermine the socio-economic conditions in which Islamist militancy thrives. While Islamabad has welcomed streams of Chinese aid and investment, it has not proved susceptible to influence on the more fundamental question of how (or indeed whether) to confront religious extremism in Pakistan.

The case also demonstrates certain mechanisms through which China exercises influence abroad, offering a few insights that may be generalizable to other countries. The extreme asymmetries of China’s relationship with Pakistan offer nearly ideal circumstances for unfettered influence, yet clear constraints exist. While there are sound reasons to consider Pakistan an unrepresentative, outlier case because of the intimacy of its strategic relationship with China and the extraordinary nature of its terrorist challenge, this is in fact an analytic virtue. Limits on Chinese influence in Pakistan are likely to be even more pronounced in countries with which China does not enjoy such privileged access and asymmetric leverage. America’s own struggles to successfully influence even our smaller allies should be instructive in this regard.

If there is indeed an American “competition for influence” with China underway (as the 2017 National Security Strategy proposes),<sup>122</sup> there is a policy premium on understanding where China’s interests are in fact *competitive* with our own. This condition does not so obviously obtain in the case in Pakistan, where both the United States and China have separately sought to bolster the troubled nation’s CT capacity. Chinese security analysts tend to share this study’s conclusion that PRC influence has failed to bring about desired Pakistani CT actions—but also conclude that so, too, has American influence.<sup>123</sup> Both great powers have been frustrated in part because of “conflicting interests and needs that pull [Pakistan] in different directions,” in PAP’s assessment.<sup>124</sup> This euphemistic statement nonetheless captures a hard truth about Pakistan: because of the tenuous balance of power among the army, the civilian state, the intelligence services, and the various religious organizations, influence exerted on one may well diminish influence on another. Even if the army is the kingmaker and China’s primary partner, a contentious political arena blunts even the most potent influence. China’s recurrent resort to “tea with the Taliban”<sup>125</sup> reflects the futility of PRC efforts to bring Pakistani officials around to handling CT affairs in desired fashion.

The payoff in assessing China’s influence on this issue, as elsewhere, lies in determining when and how that influence is in fact detrimental to U.S. interests. Counteracting China’s influence in all places and all times is beyond any state or coalition of states’ capacities—and highly illogical. While China does not pursue the same objectives in Pakistan as does the United States, it is also likely to continue furnishing Pakistan with vital capabilities and resources that will degrade (some) militant groups of concern to the United States. If Beijing were to become completely disillusioned with Pakistan’s willingness or capacity to tend to its interests, it will likely contemplate much more coercive action—to include using Pakistan as a platform for its own CT operations and wider power projection in the region. That outcome is less desirable, as it positions China to project power more effectively across the Indian Ocean and greater Middle East.<sup>126</sup>

Some degree of PRC influence over Pakistan’s choices on CT—especially of the narrow, tactical variety observed in this study—is probably complementary with American interests. To maintain that complementarity, some preemptive outreach to Pakistan (and other likely sites of Chinese CT) should be

on the U.S. foreign policy agenda. We can limit risks by appropriately preparing our partners for that eventuality, developing plans and communications channels to ensure that a temporary crisis does not yield a permanent military foothold for the PLA.

Other manifestations of China's influence in Pakistan are less agreeable to U.S. interests. One example is the Chinese "muzzle" on Pakistani criticism of its Uyghur policy. By muting Pakistan's voice as potentially strong supporter of Chinese Muslims, China faces less cost for continuing its domestic abuses and little fallout in its relations with the broader Muslim world. The same phenomena is evident in Turkey, Saudi Arabia, and other Muslim nations that have thus far deferred to Beijing's sensitivity on this issue. Conceivably, the United States could influence Pakistani public opinion to be more critical of China's treatment of Muslims. Vocal, visible figures like Imran Khan might alter the perceptions of Muslims elsewhere about the plight of their co-religionists. Pakistani officials may lack appetite for public criticism of China, but to the extent that Chinese actions become less popular among their constituents, that appetite may grow. As part of a coordinated effort involving Gulf states and other major Islamic organizations, a targeted campaign to shame China for crimes against humanity may be a potent policy with humanitarian and strategic benefits.

As a general matter, this study encourages a broader reckoning with some of the limits on China's exercise of influence in other places and cases. It reaffirms the long-standing finding that influence is not easily fungible across domains.<sup>127</sup> China's economic largesse in Pakistan does not easily translate into direct leverage over CT matters; China's massive strategic support for Pakistan's military does not induce that same military to ensure that China's preferred civilian leaders remain in power in Islamabad. We should not expect easy conversions of China's considerable economic bandwidth into direct political influence in other countries. The greater the asymmetry, though, the greater potential for China to threaten economic exit—so policymakers should be most alert to cases where such *coercive* influence is possible.

Most effective exercises of influence are nearly impossible to detect because both parties to the influence relationship want more or less the same thing.<sup>128</sup> As a threshold consideration for policy, then, those exercises of Chinese influence that are most problematic are coercive in nature. Coercive influence

entails a threat or use of punishment to bring about compliance.<sup>129</sup> It differs categorically from influence of the persuasive or remunerative type, as well as from the more diffuse influence that allows states to shape discourses, establish institutional standards, or set organizational agendas.<sup>130</sup> While there are many instances in which such non-coercive forms of influence may lead to undesired outcomes, coercive influence is the most potentially malign form. It deprives other states of their autonomy, limiting their freedom of action.<sup>131</sup> Emphasis on cases where China is *coercive* rather than simply influential is a first step towards prioritizing issues of importance.

The precipitous decline in U.S. aid and outreach to Pakistan during the period since 2017, especially acute on CT matters, has maximized the influence China can wield in this case. This is not necessarily a problem. This episode reveals important information about the limits of Chinese influence and saddles Beijing with primary responsibility for the Pakistan's stability and solvency. The danger in abandoning Pakistan to China's tender mercies lies, ironically, in Beijing finding its influence *inadequate* and resorting to ever more extreme, destabilizing, and costly efforts to combat perceived terrorist threats.

*The views expressed are the author's alone, and do not represent the views of any agency of the U.S. Government or the Wilson Center.*

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## Notes

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4. Key studies of influence include: Albert O. Hirshman, *National Power and the Structure of Foreign Trade*, (Berkeley: University of California Press 1945); Harold D. Lasswell and Abraham Kaplan, *Power and Society*, (New Haven: Yale University Press 1950); Robert A. Dahl, *Modern Political Analysis*, (Englewood Cliffs: Prentice Hall 1963); Thomas C. Schelling, *Arms and Influence*, (New Haven: Yale University Press 1966); Robert O. Keohane and Joseph S. Nye, *Power and Interdependence: World Politics in Transition*, (Boston: Little Brown 1977); David A. Baldwin, *Economic Statecraft*, (Princeton, NJ: Princeton University Press 1985); Evelyn Goh (ed.), *Rising China's Influence in Developing Asia*, (Oxford, UK: Oxford University Press 2016); Jonathan D. Moyer et al, “Power and Influence in a Globalized World,” (Washington, DC: Atlantic Council 2018).
  5. Goh, *Rising China's Influence*, 14.
  6. Lasswell and Kaplan, *Power and Society*, 76; Robert A. Dahl, “The Concept of Power,” *Behavioral Science*, 1957, vol. 2, no. 3, 201–215.
  7. David A. Baldwin, “Power Analysis and World Politics: New Trends Versus Old Tendencies,” *World Politics*, 1979, vol. 31, no. 2, 164–166.
  8. For analysis of whether and how economic power translates into influence in other domains, see Scott Kastner, “Buying Influence? Assessing the Political Effects of China's International Trade,” *Journal of Conflict Resolution*, vol. 60, no. 6, 980–1007.
  9. See esp. Scott Kastner and Margaret Pearson, “Exploring the Parameters of China's Economic Influence,” *Studies in Comparative International Development*, (March 2021), <https://doi.org/10.1007/s12116-021-09318-9>; Goh, *Rising China's Influence*.
  10. For a summary of how Chinese analysts assess the strengths and weaknesses of PRC influence abroad, see Michael A. Glosny, “Chinese Assessments of China's Influence in Developing Asia” in Evelyn Goh (ed.), *Rising China's Influence*, 24–54. See Kastner, “Buying Influence?” 980–1007 for analysis of the specific influence effects from trade dependence. Baldwin, “Power Analysis in World Politics,” 166–173, discusses the question of fungibility of influence across different domains.
  11. For example, many studies assess how China influences other states' UN General Assembly votes or solicits rhetorical or declaratory stances on issues like Tibet and Taiwan. See Gustavo Flores-Macias, Sarah Kreps, “The Foreign Policy Consequences of Trade: China's Commercial Relations with Africa and Latin America, 1992–2006,” *Journal of Politics*, vol 75, no. 2, 357–371; Georg Strüver, “What Friends Are Made of: Bilateral Linkages and Domestic Drivers of Foreign Policy Alignment with China,” *Foreign Policy Analysis*, 2016, vol. 12, no. 2, 170–191.
  12. Goh, *Rising China's Influence*.
  13. Brian C.H. Fong, Jieh-min Wu, Andrew Nathan (eds), *China's Influence and the Center-periphery Tug of War in Hong Kong, Taiwan and Indo-Pacific*, (London: Routledge 2016).
  14. Dahl, *Modern Political Analysis*, 45.
  15. John Gerring, *Case Study Research: Principles and Practices*, (Cambridge, UK: Cambridge University Press, 2007), 120–121. This tests the *sufficiency* of the independent variables to produce the theorized outcome on a dependent variable. If all of the independent variables

- have values that we expect to produce the predicted effect, yet it fails, we have grounds to consider whether there is an omitted variable relevant to this case that should occasion a revision to our scope conditions. If that omitted variable is common, such cases should occasion a more radical revision of the underlying theory. See Andrew Bennet and Jeffrey T. Checkel, "Process Tracing: From Philosophical Roots to Best Practices," in *Process Tracing: From Metaphor to Analytic Tool*, (New York: Cambridge University Press 2014), 26.
16. Andrew Small, *The China-Pakistan Axis: Asia's New Geopolitics*, (London: Oxford University Press 2015).
  17. "Pak-China Friendship is Higher Than Mountains, Deeper Than Ocean and Sweeter Than Honey: PM," *The Nation*, 19 December 2010, <https://nation.com.pk/19-Dec-2010/pakchina-friendship-is-higher-than-mountains-deeper-than-ocean-and-sweeter-than-honey-pm>.
  18. Pew Research, "Opinion of China," *Pew Global Indicators Database*, <https://www.pewresearch.org/global/database/indicator/24/country/PK> (data from 2005–2015).
  19. According to World Bank data, in 2018, Pakistan's bilateral trade deficit with China and Hong Kong was \$12.8 billion (\$1.93bn exported to China/HK and \$14.72 bn imported from China/HK). This overall \$16.7bn trade volume is nearly twice that of Pakistan's next-largest trading partner, the United Arab Emirates (\$9.6bn). China is the source of 24.5 percent of Pakistan's imports and the target for 8.2 percent of its exports. Source: "Pakistan Trade Balance, Exports and Imports by Country," 2018, *World Integrated Trade Solution*, <https://wits.worldbank.org/CountryProfile/en/Country/PAK/Year/2018/TradeFlow/EXPIMP/Partner/by-country>, accessed 26 January 2021.
  20. The influence acquired from trade derives from "that part of a country's well-being which it is in the power of its trading partners to take away" (Hirschman, *National Power*, 19). Hirschman also argues that the greater the asymmetry, the greater the adjustment costs to the smaller party: "The greater the percentage of exports and imports involved in a dominant market, the more difficult it will be to provide substitute markets and sources of supply" (*Ibid.*, 30). While China and Pakistan have had a free trade agreement (since 2006), such commitments should not be expected to diminish the threat of unilateral exit if conditions were to demand it.
  21. The United Kingdom is the next-largest foreign investor, accounting for 12 percent of the total FDI flow in the period 2010–2020. Pakistan Board of Investment, "Foreign Investment Statistics," <https://invest.gov.pk/statistics>, accessed 27 Jan. 2021. According to the IMF, 25 percent of outstanding public debt and nearly 40 percent of the debt that will come due during the period of the 2019 IMF "Extended Fund Facility" is owed to the PRC. See International Monetary Fund, "First Review Under the Extended Arrangement Under the Extended Fund Facility and Request for Modification of Performance Criteria," IMF Country Report, no. 19/380, December 2019, <https://www.imf.org/en/Publications/CR/Issues/2019/12/20/Pakistan-First-Review-Under-the-Extended-Arrangement-Under-the-Extended-Fund-Facility-and-48899>, 28–34.
  22. The clearest articulation of this logic is Hirschman, *National Power and the Structure of Foreign Trade*, 13–34. This "asymmetric interdependence" is often considered to be a source of leverage. See Keohane and Nye, *Power and Interdependence*.
  23. This is the most recent figure reported in Pakistani press. Shahbaz Rana, "Pick up the pace

- of work on CPEC projects, ministries told,” *The Express Tribune*, 27 January 2021, <https://tribune.com.pk/story/2281519/pick-up-the-pace-of-work-on-cpec-projects-ministries-told>.
24. For a recent and comprehensive analysis of this program, see: Andrew Small, “Returning to the Shadows: China, Pakistan, and the Fate of CPEC,” *German Marshall Fund of the United States* (2020), <https://www.gmfus.org/publications/returning-shadows-china-pakistan-and-fate-cpec>.
  25. There are opposition politicians, civil society organizations, and militant groups who rhetorically and practically oppose CPEC. Hussain Haqqani, “Pakistan Discovers the High Cost of Chinese Investment,” *The Diplomat*, 18 May, 2020, <https://thediplomat.com/2020/05/pakistan-discovers-the-high-cost-of-chinese-investment/>
  26. Andrew Small, “Returning to the Shadows: China, Pakistan, and the Fate of CPEC,” *German Marshall Fund*, September 2020, <https://www.gmfus.org/publications/returning-shadows-china-pakistan-and-fate-cpec>.
  27. This “Hirschmanesque effect” of creating a constituency in the host country is one of the most potent but underappreciated ways of generating influence through commerce. See Hirschman, *National Power*, 28–29 and Rawi Abdelal and Jonathan Kirshner, “Strategy, Economic Relations, and the Definition of National Interest.” *Security Studies*, 1999, vol. 9, no. 1–2, 119–156.
  28. The latest bailout from China came in the form of a \$1.5 billion financing line to service debt to Saudi Arabia, Shahbaz Rana, “China Again Bails Out Pakistan to Pay Saudi Debt,” *The Express Tribune*, 13 December 2020, <https://tribune.com.pk/story/2275770/china-again-bails-out-pakistan-to-pay-saudi-debt>. See also IMF, “First Review”; Sophia Saifi and James Griffiths, “Pakistan Agrees to 13th Bailout in 30 Years from the IMF,” *CNN International*, May 13, 2019, <https://www.cnn.com/2019/05/13/asia/pakistan-khan-imf-intl/index.html>
  29. John Garver, *China’s Quest: The History of the Foreign Relations of the People’s Republic of China* (New York: Oxford University Press, 2016): 663–664; Daniel Byman and Roger Cliff, *China’s Arms Sales: Motivations and Implications*, RAND Corporation monograph MR119-AF, 1999, 14–16.
  30. Stockholm International Peace Research Institute, “TIV of arms exports to Pakistan, 2014–2019,” *SIPRI Arms Transfers Database*, generated 27 January 2021. While Pakistan has episodically received significant arms transfers from the United States, these have been intermittent and cumulatively smaller than China’s regular, large arms packages.
  31. Ambuj Sahu, “Analysing the trends in China-Pakistan arms transfer,” *Observer Research Foundation*, 14 June 2019, <https://www.orfonline.org/expert-speak/analysing-trends-arms-transfer-china-pakistan/>
  32. Center for the Study of Chinese Military Affairs (CSCMA), “Chinese Military Diplomacy Database” version 3.0 (Washington, DC: National Defense University, 2020). Note that Russia’s armed forces are in some ways superior to China’s (especially in the nuclear weapons domain), whereas Pakistan’s military is qualitatively and quantitatively inferior on all dimensions. The engagements are thus a potential conduit of influence on Pakistan in a way that we should not expect with Russia. NB—the United States had 48 such engagements in the period 2014–2019,
  33. Wang Shibin [王士彬], Ouyang Hao [欧阳浩], “Xi Meets Pakistani Army Chief Bajwa [习

- 近平会见巴基斯坦陆军参谋长巴杰瓦” *People's Liberation Army WeChat Public Channel* [解放军记者微信公众号], 20 September 2018, [http://www.xinhuanet.com/english/2018-09/20/c\\_137479890.htm](http://www.xinhuanet.com/english/2018-09/20/c_137479890.htm)
34. “Pakistan’s President, Prime-Minister Meet Wei Fenghe [巴基斯坦总统、总理会见魏凤和],” *Xinhua* [新华], 1 December 2020, [http://www.xinhuanet.com/politics/2020-12/01/c\\_1126809432.htm](http://www.xinhuanet.com/politics/2020-12/01/c_1126809432.htm)
  35. E.g., Chen Runchu [陈润楚], et al., “Sea Guardians 2020: China-Pakistan Joint Exercise to Carry Out Port-Shore Exchange Activities [“海洋卫士-2020”中巴联合演习开展港岸交流活动],” *PRC Ministry of Defense Online* [国防部网], 8 January 2020, [http://www.mod.gov.cn/action/2020-01/08/content\\_4858273.htm](http://www.mod.gov.cn/action/2020-01/08/content_4858273.htm).
  36. A typical readout from mil-to-mil meetings emphasizes CT: “China is willing to work with the Pakistani military to continuously strengthen pragmatic cooperation in high-level exchanges of visits, joint exercises and training, equipment and technology, and combating terrorism, and actively contribute to the development of relations between the two countries and the two militaries, especially the two navies. Abasi said that Pakistan cherishes Pakistan-China traditional friendship and appreciates China’s support and assistance. It is willing to further intensify high-level exchanges and strategic communication with China, continue to strengthen cooperation in areas such as counter-terrorism and the construction of the China-Pakistan Economic Corridor, and actively promote bilateral cooperation. Military relations are moving forward.” Ouyang Hao [欧阳浩], “魏凤和会见巴基斯坦海军参谋长[Wei Fenghe Meets with Pakistan Navy Chief of Staff],” *PRC Ministry of National Defense online* [国防部网], 21 April 2019, [http://www.mod.gov.cn/diplomacy/2019-04/21/content\\_4839952.htm](http://www.mod.gov.cn/diplomacy/2019-04/21/content_4839952.htm).
  37. CSCMA, “Chinese Military Diplomacy Database.” 9 of 24 military exercises focused on CT in the period 2014–2019, while 8 focused generically on “combat”. Pakistan is also a participant in several recurring multilateral exercises on CT with China, including those through the Shanghai Cooperation Organization, the China-Pakistan-Afghanistan-Tajikistan “Quadrilateral Cooperation and Coordination Mechanism,” and the Pakistan-China-Afghanistan “trilateral” CT mechanism. For a review of these exercises, see PRC State Council Information Office, “Chinas National Defense in the New Era,” 24 July 2019, [http://www.xinhuanet.com/english/2019-07/24/c\\_138253389.htm](http://www.xinhuanet.com/english/2019-07/24/c_138253389.htm).
  38. Use of this term does not imply endorsement or validation of PRC claims about what constitutes “terrorism,” which is defined in the 2015 PRC Anti-Terrorism Law in a way that encompasses many actions that most governments exclude. See Murray Scot Tanner and James Bellacqua, “China’s Response to Terrorism,” *Center for Naval Analyses*, 2016, [https://www.uscc.gov/sites/default/files/Research/Chinas Response to Terrorism\\_CNA061616.pdf](https://www.uscc.gov/sites/default/files/Research/Chinas%20Response%20to%20Terrorism_CNA061616.pdf), 1–3.
  39. The changes to the Chinese CT apparatus and strategy are numerous, and many are codified in law and regulation: Li Xiaobo [李小波], *Practical Compendium of Laws and Regulations on Emergency Response and Counterterrorism* [应急反恐法规实用全书], (Beijing: Law Press of China 2014). See also Tanner and Bellacqua, “China’s Response to Terrorism,” 11–32; Clarke (ed.), *Terrorism and Counterterrorism in China*.
  40. On Xi’s “holistic” or “overall” national security concept and its various ideological, organizational, and legal components, see Sheena Greitens, “Domestic Security in China under

- Xi Jinping,” *China Leadership Monitor*, 1 March 2019, <https://www.prclleader.org/greitens>
41. Xi Jinping, “Safeguard National Security and Social Stability (25 April 2014),” in *The Governance of China*, ed. Xi Jinping (Beijing: Foreign Languages Press 2014). Tanner and Bellacqua observe that “of the eight paragraphs in this speech, three are devoted to terrorism, separatism, and religious extremism—more than any other topic” (Tanner and Bellacqua, “China’s Response to Terrorism,” 570).
  42. Tanner and Bellacqua, “China’s Response to Terrorism,” 30–32; Clarke, *Terrorism and Counterterrorism in China*.
  43. “Xi Jinping: Open Up Opportunities and Meet Challenges—Speech at the Informal Meeting of the Leaders of the BRICS [习近平：开拓机遇应对挑战-在金砖国家领导人非正式会晤上的发言],” *People’s Daily* [人民日报], November 16, 2015, <http://cpc.people.com.cn/n/2015/1116/c64094-27817853.html>; “Xi Jinping Rectifies the Name of Economic Globalization,” *学习中国* [*Learn China*], 20 January 2017, [https://china.chinadaily.com.cn/2017-01/20/content\\_28011636.htm](https://china.chinadaily.com.cn/2017-01/20/content_28011636.htm).
  44. “Anti-Terrorism Law of the PRC [中华人民共和国反恐怖主义法],” *Adopted at the 18th Meeting of the Standing Committee of the 12th National People’s Congress*, December 27, 2015, [http://www.xinhuanet.com//politics/2015-12/27/c\\_128571798.htm](http://www.xinhuanet.com//politics/2015-12/27/c_128571798.htm). Article 71 states that “the PLA and PAP forces may assign people to leave the country on counterterrorism missions as approved by the Central Military Commission.” For interpretation of this article and other elements of the statute, see Zunyou Zhou, “China’s Comprehensive Counter-Terrorism Law: A Closer Look at the Contents of China’s First Comprehensive Anti-Terrorism Law,” *The Diplomat*, January 23, 2016, <https://thediplomat.com/2016/01/chinas-comprehensive-counter-terrorism-law/>.
  45. Liu Peng [刘鹏], “Expert [Li Wei]: The Anti-Terrorism Law guarantees the Chinese military’s fight against terrorism abroad [专家：《反恐法》保障中国军队境外打击恐怖主义],” *Yangguang Military* [央广军事], December 28, 2015, [http://military.cnr.cn/gz/20151228/t20151228\\_520954476.html](http://military.cnr.cn/gz/20151228/t20151228_520954476.html).
  46. Central Military Commission of the Chinese Communist Party, “Xi Jinping, Chairman of the Central Military Commission, signed an order to issue the “Regulations on International Military Cooperation Work [中央军委主席习近平签署命令发布《国际军事合作工作条例》],” *PLA Daily* [解放军日报], February 20, 2021, [http://www.mod.gov.cn/regulatory/2021-02/20/content\\_4879420.htm](http://www.mod.gov.cn/regulatory/2021-02/20/content_4879420.htm).
  47. Sheena Greitens, “Internal Security & Grand Strategy: China’s Approach to National Security under Xi Jinping,” *Statement before the U.S. China Economic & Security Review Commission*, Hearing on “U.S.-China Relations at the Chinese Communist Party’s Centennial,” January 28, 2021, [https://www.uscc.gov/sites/default/files/2021-01/Sheena\\_Chestnut\\_Greitens\\_Testimony.pdf](https://www.uscc.gov/sites/default/files/2021-01/Sheena_Chestnut_Greitens_Testimony.pdf)
  48. Sun Jianguo [孙建国], “Steadfastly Walking the Road of National Security with Chinese Characteristics—Learning from the Major Strategic Ideas of President Xi Jinping’s Overall National Security Concept [坚定不移走中国特色国家安全道路——学习习近平主席总体国家安全观重大战略思想],” *Seeking Truth* [求是], 2015, no. 5.
  49. Qin Tian [秦天], “The Anti-Terrorism Situation in the Early 21st Century and the Building of China’s Anti-Terrorist Military Power [21世纪前期反恐形势与中国反恐军事力量建

- 设),” *China Military Science* [中国军事科学], 2017, no. 1, 56.
50. PRC State Council Information Office, “China’s Military Strategy,” May 2015, [http://english.www.gov.cn/archive/white\\_paper/2015/05/27/content\\_281475115610833.htm](http://english.www.gov.cn/archive/white_paper/2015/05/27/content_281475115610833.htm).
  51. For a fuller discussion of the military implications, see Mathieu Duchâtel, “Terror Overseas: Understanding China’s Evolving Counter-Terror Strategy,” *European Council on Foreign Relations*, 2016, [https://ecfr.eu/wp-content/uploads/ECFR\\_193\\_-\\_TERROR\\_OVERSEAS\\_UNDERSTANDING\\_CHINAS\\_EVOLVING\\_COUNTER\\_TERROR\\_STRATEGY.pdf](https://ecfr.eu/wp-content/uploads/ECFR_193_-_TERROR_OVERSEAS_UNDERSTANDING_CHINAS_EVOLVING_COUNTER_TERROR_STRATEGY.pdf).
  52. Sheena Greitens, Myunghee Lee, and Emir Yazici, “Counterterrorism and Domestic Repression: China’s Changing Strategy in Xinjiang,” *International Security*, 2019, vol. 44, no. 3, 9–47.
  53. For a summary of the scope and extent of the actual terror threat in China, see Michael Clarke, “China’s “War on Terrorism”: Confronting the Dilemmas of the ‘Internal-External’ Security Nexus,” in M. Clarke (ed.), *Terrorism and Counterterrorism in China: Domestic and Foreign Policy Dimensions*, (London: Oxford University Press 2018), 17–38.
  54. Wang Xi [王茜], “Evolution of the ‘East Turkestan’ Issue and the Relevance of Terrorism in the Middle East [“东突”问题发展演变与中东恐怖主义相关性透视],” *Arab World Studies* [阿拉伯世界研究], 2008, no. 6, 31–36. One scholar argues that the transnational dimension has an even wider geographic footprint, claiming that purported terrorist cells in China “use West Asia as a base camp, Central Asia as a bridgehead, South Asia as a training base, Europe and the United States as their coordination and command center, and China as the main battlefield.” Wang Hongwei [王宏伟], “国家安全治理的内外整合: 以打击 ‘东突’ 恐怖主义为例 [Integration of Domestic and International Factors in National Security Governance: A Case Study of China’s Combat Against East Turkistan Terrorist Forces],” *国际安全研究* [International Security Research], 2019, no. 3, 88.
  55. Zhang Xingyi [张兴毅], “China-Pakistan Counterterrorism Cooperation from a Political Geography Perspective [政治地理学视角下的中巴反恐合作],” *China Today Forum* [今日中国论坛], 2013, no. 11, 364.
  56. Qin Tian, “The Anti-Terrorism Situation,” 52.
  57. Li Guangyu [李光钰], “A Study on the Cross-Border Terrorism of the ETIM and Police Cooperation and Control Mechanisms [“东突”跨境恐怖主义犯罪及其警务合作防控机制研究],” *Journal of Shandong Police College* [山东警察学院学报], 2017, no. 1, 84–91. For a comprehensive assessment of all of the PRC bureaucratic and legal CT mechanisms, see Tanner and Bellacqua, “China’s Response to Terrorism,” 37–47, 55–80.
  58. Zhao Zhiwen [赵志文], “基于 SWOT 分析南疆四地州参与中巴经济走廊建设 赵志文 [“SWOT Analysis of the Participation of Four Prefectures in Southern Xinjiang in the Construction of the China-Pakistan Economic Corridor”,] 新疆职业大学学报 [Journal of Xinjiang Vocational College], 2015, vol. 3, no. 3, 20.
  59. Husain Haqqani, *Pakistan: Between Mosque and Military*, (Washington DC: Carnegie Endowment for International Peace, 2005).
  60. See U.S. Department of State Bureau of Counterterrorism, “Pakistan,” *Country Reports on Terrorism*, 2019, <https://www.state.gov/reports/country-reports-on-terrorism-2019/pakistan/>.
  61. Andrew Small, “China and Counter-Terrorism: Beyond Pakistan” in Clarke (ed.), *Terrorism and Counterterrorism*, 186–203.

62. E.g., in a report typical of the work of state security analysts, two authors from the PRC People's Public Security University's School of Anti-Terrorism prescribe a variety of new intelligence and tactical measures for Pakistani police and military CT, supported by PRC resources: "In order to provide a more stable environment for cooperation between the two sides, the establishment of a counterterrorism cooperation mechanism between China and Pakistan should be expedited. First, a counter-terrorism cooperation department should be established and given legal and organizational recognition and support; second, China and Pakistan should set common goals for counter-terrorism cooperation and work together with Pakistan to sanction and combat terrorists and maintain national security and social stability in both countries; and third, a counter-terrorism intelligence sharing mechanism should be established to raise the level of cooperation between the two countries in fighting terrorism and broaden the areas of cooperation between the two countries. China should strengthen its financial assistance to Pakistan for counter-terrorism." See: Liu Shuangyu and Wu Shaozhong [刘双瑜, 吴绍忠], 浅析中国与巴基斯坦开展反恐合作的缘由及实现路径 ["Analysis of the Reasons and Realization Path of Counterterrorism Cooperation between China and Pakistan"], 贵州警官职业学院学报 [Journal of Guizhou Police Officer Vocational College], 2016, no. 6, 106.
63. NB—The question of Chinese influence on Pakistan should not be confused with the question of Pakistan's effectiveness or success in CT endeavors. The question hinges on whether Pakistani leaders *changed* their actions as a result of Chinese pressure.
64. Naveed Siddiqui, "Iron Brothers': China, Pakistan Agree to Safeguard Common Interests, Strengthen Cooperation in All Areas," *Dawn*, August 21 2020, <https://www.dawn.com/news/1575658>.
65. Small, *The China Pakistan Axis*, 80.
66. John Garver, *China's Quest*, 420. Some 300 PRC military trainers were operating in Pakistan, and eventually two camps for training mujahideen were established inside. See also Yitzhak Shichor, "The Great Wall of Steel: Militancy and Strategy in Xinjiang," in *Xinjiang: China's Muslim Borderlands*, ed. by S. Frederick Starr, Armonk, (NY: M.E. Sharpe 2004): 120–160, 148–149. It also bears noting that the United States was actively involved in this initiative.
67. Small, *The China-Pakistan Axis*, 123–126.
68. Sadia Fayaz, "China's Xinjiang Problem and Pakistan," *Dialogue*, 2012, 7:3, 235–254; Small, "China and Counterterrorism," 195.
69. Small, *The China-Pakistan Axis*, 128–129.
70. Brian Fishman, "Al-Qaeda and the Rise of China: Jihadi Geopolitics in a Post-Hegemonic World," *Washington Quarterly*, 34:3, 49–50.
71. See Clarke, "China's 'War on Terrorism'" for a detailed history of these events.
72. Small, *The China-Pakistan Axis*, 81.
73. *Ibid*, 73–77.
74. Sadia Fayaz, "China's Xinjiang Problem and Pakistan," 36–38
75. Jin Yan (金焱), Wu, Qi (吴琪), "East Turkestan Hasan [Mahsum] Dead ['东突' 艾山之死]," *East West South North* [东西南北], 2014, no. 3, 18–20. There is some question about whether this was a joint U.S.-Pakistan operation in South Waziristan or a unilateral raid by the Pakistan army. Another purported ETIM leader, Ismail Kadir, was captured in

- 2002 along with 400 other suspected fighters and returned to China. ("Separatist Leader Handed Over to China," *Dawn*, 28 May 2002, <https://www.dawn.com/news/37943/separatist-leader-handed-over-to-china>)
76. Small, *The China-Pakistan Axis*, 85.
  77. Fishman, "Al-Qaeda and the Rise of China"; Fayaz, "China's Xinjiang Problem"; Small, "China and Counter-Terrorism."
  78. Saud Mehsud and Maria Golovnina, "From His Pakistan Hideout, Uyghur Leader Vows Revenge on China," *Reuters*, March 14, 2014, <https://www.reuters.com/article/us-pakistan-uyghurs/from-his-pakistan-hideout-uyghur-leader-vows-revenge-on-china-idUSBREA2D0PF20140314>.
  79. *Ibid.*
  80. U.S. Department of the Treasury, "Treasury Targets Leader of Group Tied to Al Qaida," *U.S. Department of the Treasury Press Center*, April 20, 2009, <https://www.treasury.gov/press-center/press-releases/Pages/tg92.aspx>
  81. Dawn, "Pakistan Says Will Help China Fight Xinjiang Militants," *Dawn*, 8 November 2014, <https://www.dawn.com/news/1143134>.
  82. Gan Lu [甘露] and Han Jun [韩隽], "IS in Central and South Asia: Differences and Prospects ['IS 国'在中, 南亚: 差异与前景]," *Northwestern Journal of Ethnology* [西北民族研究], no. 3, 214–23; International Crisis Group, "Revisiting Counter-terrorism Strategies in Pakistan."
  83. Song Minxuan [宋明轩], *Research on Pakistan's Anti-Terrorism Mechanism* (巴基斯坦反恐机制研究). M.A. thesis, *PLA Strategic Support Force Informational Engineering University* [战略支援部队信息工程大学], 2019.
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  129. This is sometimes the *only* thing analysts mean when they refer to influence, e.g., Lasswell and Kaplan, *Power and Society*. Others intend a much stricter definition of coercion: "To be coercive, violence has to be anticipated. And it has to be avoidable by accommodation," Thomas Schelling, *Arms and Influence*, 2.
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2020-21 WILSON CHINA FELLOWSHIP

# Nuclear Belt and Road: China's Ambition for Nuclear Exports and Its Global Implications

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## Abstract

Nuclear exports are an important and understudied part of the Belt and Road Initiative (BRI). Beijing plans to build and finance approximately 30 nuclear reactors in BRI countries in Asia, the Middle East and Africa over the next decade. This strategy has significant implications for international politics. First, the bigger China's share of the nuclear market, the more say it will have in shaping rules and norms in global nuclear governance, sparking concern that it will challenge existing nonproliferation and nuclear export norms. Second, China's nuclear exports will increase recipient countries' reliance on China for decades at the expense of the United States, thereby threatening a shift in the balance of power in the international system. Third, although nuclear energy is a clean alternative to carbon-emitting resources, the Nuclear Belt and Road poses environmental concerns because many recipient countries lack rigorous regulations and necessary technologies, know-how and personnel to handle the atom safely. China's Nuclear Belt and Road constitutes a threat to U.S. interests and the international community's efforts to promote nuclear nonproliferation and nuclear safety. As the issue will remain prominent going forward, the United States should act to thwart China's nuclear exports.

## Policy Recommendations:

- **Enhance U.S. capacity to compete with China in the global nuclear market.**
  - » Collaborate with nuclear firms from allied countries to combine U.S. strengths in safe operation and management of nuclear facilities with other nuclear countries that have experience in constructing nuclear power plants.
  - » Promote international co-financing with likeminded countries to offer attractive financing for U.S. nuclear exports.
  - » Promote the development of next generation nuclear technology, such as small modular reactors, that would give the United States a competitive edge over China.

- **Raise awareness about the danger of cooperating with China through diplomatic channels and public outreach.**
  - » Shed light on China's chronic corruption problem, lack of transparency and shady business practices, such as theft of intellectual property, and poor safety standards.

## Introduction

In October 2013, President Xi Jinping announced the Belt and Road Initiative (BRI), China's ambitious infrastructure development and investment initiatives that stretch from Asia to Europe. The BRI is two-pronged: a land corridor (Silk Road Economic Belt) and a sea corridor (the Maritime Silk Road). It is a decades-long, umbrella project that encompasses various infrastructure projects that would enhance China's connectivity to other regions by both land and sea, including high speed rails, highways, ports, and energy pipelines. In addition to physical infrastructure, the BRI includes "soft" infrastructure, such as free trade agreements, harmonization of regulatory standards, and financial integration. So far, 143 countries have agreed to participate in the BRI,<sup>1</sup> with about \$8 trillion of announced investments.<sup>2</sup>

Nuclear exports are an important component of the BRI. Along with its 5G technology and its high-speed railway technology, China has promoted its nuclear technology as the basis of its technological prowess. China's 10-year industrial policy, "Made in China 2025," was released in 2015 and aimed at achieving China's global dominance in high-tech industries, including the nuclear industry, by mobilizing and funding state-owned enterprises.<sup>3</sup> In 2019, the Chinese National Nuclear Corporation (CNNC), China's state-owned nuclear firm, expressed an ambitious goal to build as many as 30 nuclear reactors abroad by 2030.<sup>4</sup> China has already built four nuclear reactors and is currently building two more in Pakistan. China has also entered the United Kingdom's nuclear market by financing a third of the construction of nuclear reactors at Hinkley Point C in Somerset.<sup>5</sup> It has signed contracts to sell its nuclear reactors to Iran, Argentina, and Brazil, and is negotiating nuclear cooperation with Saudi Arabia, the Philippines, and Kazakhstan, among many others.<sup>6</sup> The CNNC claims to have "already sold seven power units and eight reactors to seven countries and is in talks with more than 40," according to its website.<sup>7</sup>

China is increasingly competitive in the nuclear market. The economies of scale that result from its large domestic nuclear market, as well as its home-grown nuclear technology, allow China to make attractive offers abroad. In addition, Chinese nuclear firms promise generous loans and aid backed by China's state-owned banks. This is a huge advantage for China's nuclear exports, as building nuclear power plants is an expensive endeavor. Financing is often a determining factor when states choose a foreign nuclear vendor.

China's dominance in the nuclear market has significant implications for the United States and the world. First, the bigger China's share of the nuclear market, the more say it will have in shaping rules and norms in global nuclear governance, sparking concern that it will challenge existing nonproliferation and nuclear export norms. Second, China's nuclear exports will increase recipient countries' reliance on China for decades at the expense of the United States, shifting the balance of power in the international system. Third, although nuclear energy is a clean alternative to carbon-emitting resources, China's nuclear exports raise concerns for nuclear safety in light of China's poor track record in industrial safety in general and its lack of transparency about their safety records. The fact that potential recipient countries often lack rigorous regulations, know-how, and personnel to handle the nuclear facilities safely and securely adds to the concern. As such, China's Nuclear Belt and Road constitutes a threat to U.S. interests and the international community's efforts to promote nuclear nonproliferation and nuclear safety. As the issue will remain prominent going forward, the United States should act to thwart China's nuclear exports.

This paper will first illustrate China's pursuit of the Nuclear Belt and Road and introduce its progress and future prospects. Then it will analyze the impact of China's nuclear exports on global nuclear governance, the balance of power, and environment/nuclear safety. Finally, it will conclude with policy recommendations for Washington.

## **China's Ambition for the Nuclear Belt and Road**

### **Development of China's Nuclear Energy Program**

China is a relative latecomer to the global nuclear market. Until the 1970s, the United States enjoyed a virtual monopoly. From then until recently, three major nuclear vendors, the United States, France and Japan, have supplied three-fourths of the world's nuclear reactors. With the decline of the traditional vendors' market participation, Russia is the dominant nuclear vendor today, making up about 60 percent of global reactor sales and technical assistance in 2017.<sup>8</sup> However, China is challenging Russia's dominance in the global nuclear market. China is the third largest producer of nuclear power

only after the United States and France. Domestically, China operates 50 out of the world's 443 nuclear reactors.<sup>9</sup> In addition, 11 out of the world's 52 new reactors are under construction in Chinese territory.<sup>10</sup> China's reliance on nuclear energy will further increase to meet its 2030 CO<sub>2</sub> emission targets, and to fulfill Xi Jinping's pledge to reach carbon neutrality by 2060.<sup>11</sup> According to some estimates, China is expected to become the largest nuclear energy generator, surpassing the United States sometime before 2030.<sup>12</sup>

In addition, thanks to Beijing's heavy investment in a new generation of homegrown nuclear reactor technologies, China has developed nuclear reactor models with intellectual property rights, most notably Hualong One, a rival to the Westinghouse-developed AP1000 and Europe's Evolutionary Pressurized Reactor.<sup>13</sup> China's first nuclear reactor based on Hualong One technology, the No. 5 unit of the Fuqing Nuclear Power Plant in Fujian Province, went online in November 2020.<sup>14</sup> Pilot projects for newer generations of pressurized water reactors, such as CAP1400, and high-temperature gas cooled reactors (HTR-PM), are now underway.

### **China's Nuclear Exports**

With the government's strong backing and its indigenous nuclear technology, China is expanding its share in the global nuclear market. Pakistan is the first recipient country of China's nuclear exports. CNNC has built four nuclear reactors (300 MWe CNP-300) for the Chashma Nuclear Power Plant. Also, CNNC is currently building two Hualong One reactors for the Karachi Coastal Power Station, the first export projects of the homegrown reactor model, with partial financing from China (\$6.5 billion out of the estimated total cost of \$9.6 billion).<sup>15</sup> CNNC is also in line to build another Hualong One reactor in Chashma.<sup>16</sup> In total, China will have built six out of Pakistan's seven nuclear power plants.

China has made forays into the United Kingdom's nuclear market, as well. In 2015, Xi Jinping signed an agreement to take a 33.5 percent stake in Électricité de France (EDF)'s construction of the Hinkley Point C Nuclear Power Station in Somerset County, and jointly develop new power plants at Sizewell C Power Plant in Suffolk. In 2016, China signed another agreement to build the Bradwell B Nuclear Power Plant in Essex based on the Hualong One design.<sup>17</sup> The Bradwell project seems to be going smoothly. In November

2020, Hualong One was certified as compliant with the latest European requirements by the European Utility Requirements, a technical advisory group that evaluates new nuclear power plants proposed for construction in Europe.<sup>18</sup> If completed, Bradwell will become the first export project of China's homegrown technology to a *developed* country, which would demonstrate China's ability to meet stringent regulatory standards and serve as a valuable foothold for China's future nuclear exports.

In addition, China plans to build nuclear power plants in Argentina, Iran and Turkey. In 2015, CNNC signed a nearly \$15 billion deal to construct Argentina's fourth and fifth nuclear reactors, with 85 percent Chinese financing. One of the reactors will be based on the Hualong One technology.<sup>19</sup> In the same year, CNNC signed an agreement to build and finance two nuclear reactors using China's homegrown small modular reactor design (ACP100) on the Makran coast in Iran. In 2018, Turkish President Recep Tayyip Erdoğan announced that China would build Turkey's third nuclear power plant in Igneada.<sup>20</sup> In the following year, China's State Power Investment Corporation declared that the company would participate in the construction of four nuclear power plants in Turkey based on CAP1400 technology, another of China's homegrown technologies.<sup>21</sup>

Beyond the existing projects, China is actively pursuing nuclear exports to other countries. Saudi Arabia is an important target for China's nuclear exports. The oil-rich country is planning to build 16 nuclear reactors in its territory by 2040 so that it can reduce its domestic consumption of oil, as well as increase its oil exports abroad and desalinate water. In 2012, China signed a nuclear cooperation agreement with Saudi Arabia laying a legal framework for China's nuclear exports to the country. Since Xi Jinping signed a Memorandum of Understanding (MoU) during his 2016 visit to Riyadh to develop a high-temperature gas-cooled reactor in Saudi Arabia, the two countries have been in negotiation for nuclear cooperation.<sup>23</sup> It is possible that the two sides have already begun nuclear cooperation unofficially. U.S. intelligence sources suggest that China is assisting Saudi Arabia to extract uranium yellowcake, which can be used for producing weapon-grade uranium, from uranium ore in a remote desert area in the northwestern part of Saudi Arabia.<sup>24</sup> China has assisted the Kingdom with missile development, as

**FIGURE 1.** China's Existing or Potential Nuclear Exports<sup>22</sup>

Country	Plant	Type	Status
<b>Pakistan</b>	Chashma 1, 2, 3, & 4	CNP-300	Currently in operation.
	Karachi Coastal 2 & 3	Hualong One	Under construction with over 80% Chinese financing (\$6.5 billion).
	Chashma 5	Hualong One	Agreement in 2017
<b>United Kingdom</b>	Hinkley Point C	N/A	Under construction by EDF with 33.5% Chinese financing.
	Bradwell	Hualong One	Promised future opportunity.
<b>Argentina</b>	Atucha 3	Candu 6	Planned with 85% Chinese financing.
	5th Argentine reactor	Hualong One	Planned with 85% Chinese financing.
<b>Iran</b>	Makran coast	2 * 100 MWe	Planned (agreed in 2015).
<b>Turkey</b>	Igneada	AP1000 & CAP1400	Planned (agreed in 2014).
<b>Brazil</b>	Angra 3		Agreement in 2017.
<b>Saudi Arabia</b>		HTR-PM	MoU in 2016.
<b>Algeria</b>		Hualong One & APC100	In negotiation.
<b>Kenya</b>		Hualong One	MOU in 2015.
<b>Kazakhstan</b>		Hualong One	Nuclear cooperation agreement in 2014. (Cooperating in uranium mining and fuel fabrication)

Country	Plant	Type	Status
Jordan		HTR-PM	MOU in 2008. Negotiation held in 2018.
Egypt		Hualong One	MOU in 2015.
Sudan			Framework agreement in 2016.
South Africa	Thyspunt	CAP1400	Preparing to bid.
UAE			MoU in 2019
Armenia	Metsamor		Discussion underway
Thailand		Hualong One	MOU in 2018.
Cambodia			MOU in 2017.
Tajikistan			MOU in 2017.
Uganda			MOU in 2018.
Bangladesh			Expressed interest.

well. Given the tight relationship between the two countries, the prospect for China's exports of nuclear reactors seems bright.

Finally, China is negotiating for nuclear cooperation with a number of other countries. CNNC is competing with Russia's Rosatom and South Korea's Korea Hydro & Nuclear Power (KHNP) to resurrect a nuclear power plant on the Bataan Peninsula in the Philippines, which has been mothballed since the 1980s.<sup>25</sup> In 2015, China and Kenya signed a MoU to discuss the development of Kenya's nuclear power and also the provision of nuclear training and capacity building assistance to Kenya. In 2016, China signed a preliminary agreement with Sudan to build the African country's first nuclear power plant.<sup>26</sup> In September 2017, CNNC signed an agreement with Brazil's Eletro nuclear to promote the construction of Brazil's third nuclear power plant, Angra 3, and potentially two more in the future, although there are other competitors, mainly Russia's Rosatom and France's EDF.<sup>27</sup> China has discussed nuclear cooperation with many others, as well (see Figure 1 above).

Although China is a relative newcomer to the global nuclear market, it is vying for a number of nuclear deals mentioned above and will likely become a dominant actor in the market. China's competitive price and state-led financing make it an attractive nuclear vendor. With its large domestic market, the Chinese nuclear industry can reach economies of scale and reduce production costs. Although once nuclear power plants are built, the cost for electricity generation from nuclear energy is significantly lower than other sources of energy, building the plants incurs huge upfront costs (billions of dollars per unit). Many developing countries require at least partial external financing. Thus, China's generous financing to cover the enormous upfront costs is hard to decline, particularly for impoverished and energy-hungry countries. In addition, China can build nuclear power plants quickly. The first Hualong One reactor that went online in November 2020 was completed ahead of schedule, only five years after construction began. This is a remarkable feat considering the fact that a number of nuclear power plants built by other countries have been significantly delayed. Lastly, with the development of its homegrown technologies, China can offer even better prices without having to pay licensing fees for American and French models it used previously.

The rise of China as a nuclear vendor coincided with the decline of traditional nuclear supplier countries. The United States once enjoyed a virtual

monopoly in the nuclear market, but its share has dropped to a mere 20 percent.<sup>28</sup> Until recently, three major nuclear vendors, the United States, France and Japan, had supplied three-fourths of the world's nuclear reactors. Now, nuclear sectors in these countries are in financial turmoil. The U.S. firm Westinghouse filed for bankruptcy and was later sold to Japan's Toshiba, which also recorded a net loss of \$8.6 billion for 2016–2017.<sup>29</sup> The French firm Areva accumulated net losses of EUR 7.5 billion from 2014 through 2016.<sup>30</sup> The American and Japanese nuclear industries are struggling domestically, because the attractiveness of nuclear energy is waning. This is due to inexpensive gas and subsidies for renewables in the former, and the 2011 Fukushima accident in the latter. South Korea, the world's fifth largest nuclear power producer and a promising nuclear vendor that has built four nuclear reactors in the UAE, decided to phase out nuclear energy in 2017. As Jennifer Gordon puts it, "it is challenging to export a product that lacks a domestic market."<sup>31</sup>

Currently, the only real contender for China in the global nuclear market is Russia, but China arguably has a greater potential than Russia. Russia is currently the dominant nuclear vendor taking up about 60 percent of global reactor sales and technical assistance as of 2018. Russia's state-owned nuclear corporation, Rosatom, offers full-service packages, the so-called Build, Own, Operate (BOO) deals, with generous financing. Russia also offers to take back the spent fuel from the reactors it sells, thereby removing the burden of waste disposal from the importing country. None of the recipient countries are currently taking advantage of Russia's offer, but this aspect could potentially serve as an advantage.

However, China seems to be on track to dominate the nuclear market in the near future. China, like Russia, provides generous financing packages, and it boasts far greater financial strengths. Since sanctions imposed on Russia in the wake of its annexation of Crimea in 2014, Russia's GDP has contracted by 1 to 1.5 percent annually.<sup>32</sup> China has by far the largest (non-gold) foreign exchange reserves of any country of \$3.13 trillion in 2019, while that of Russia was only \$444 billion in the same year.<sup>33</sup> The gap is likely to grow further given that Russia has been harder hit by COVID-19 than China with a projected GDP of -4 percent in 2020,<sup>34</sup> while China's economy managed to grow by estimated 2.3 percent in the same year.<sup>35</sup> In addition, far more than Russia, China is already cooperating with a great number of countries through trade

and infrastructure projects in various sectors, which may make it easier for China to win nuclear contracts in those countries.

### **Global Implications of the Nuclear Belt and Road**

The rise of China in the global nuclear market has important implications for global nuclear governance, the global balance of power, and environment/nuclear safety.

### **Global Nuclear Governance**

The Nuclear Belt and Road will affect global nuclear governance. As China gains a bigger share in the nuclear market, it will have more influence over rules and norms. What will nuclear governance look like under Chinese leadership? Will China seek to maintain the existing nonproliferation regimes shaped largely by the United States and its like-minded Western allies, or will it try to revise them?

Some argue that since the 1980s China has internalized nonproliferation principles, transformed itself into a sincere advocate of those norms, and thus will likely maintain the status quo. Until the 1980s, China criticized multilateral nonproliferation efforts as “conspiracy” on the part of the United States and the Soviet Union aimed at maintaining their “nuclear monopoly.”<sup>36</sup> Furthermore, Beijing promoted the spread of nuclear weapons by socialist countries arguing nuclear weapons would have a stabilizing effect by balancing the massive nuclear arsenals of Western powers.<sup>37</sup> Beijing also provided Pakistan with a secret blueprint for a nuclear bomb as well as highly-enriched (weapons-grade) uranium in the 1970s when Pakistan was widely believed to be pursuing nuclear weapons in order to match India’s nuclear capabilities demonstrated by its 1974 nuclear test. Reversing its longstanding antipathy toward nonproliferation and nuclear export control, in the 1980s and the 1990s Beijing joined most of the key nonproliferation regimes, such as the International Atomic Energy Agency (IAEA), the Nonproliferation Treaty (NPT), and the Zangger Committee. It also signed the Comprehensive Test Ban Treaty (CTBT). Additionally, China incorporated the international nuclear export norms stipulated in the Nuclear Suppliers Group (NSG) into its domestic legal system. In the mid-1990s, Beijing largely dropped proliferation-prone nuclear assistance

**FIGURE 2.** China's Accession to the International Nonproliferation Regimes

<b>Regime</b>	<b>Roles</b>	<b>China's Accession</b>
<b>IAEA (1957)*</b>	Inspects states' civilian nuclear activities	1984
<b>NPT (1968)</b>	Bans the spread of nuclear weapons Guarantees peaceful use of nuclear energy Pursues nuclear disarmament	1992
<b>CTBT (1996)</b>	Bans all nuclear explosions for both civilian and military purposes	1996
<b>Zangger Committee (1971)</b>	Determines nuclear items that require IAEA inspections	1997
<b>NSG (1978)</b>	Restricts sensitive nuclear assistance and imposes conditions on nuclear exports as well as dual-use exports that may be used for both nuclear and nonnuclear purposes	1997 (2004)**

\* The numbers in parentheses indicate the years, in which the regimes were established.

\*\* Membership at the NSG requires unanimous consent of all members. China adopted the NSG's norms in 1997 and was accepted as a member in 2004.

that involves nuclear fissile material production capabilities, such as enrichment and reprocessing (see Figure 2 above).

Has China embraced the nonproliferation norms? My research suggests that what shifted China's nonproliferation behavior were economic and strategic calculations, more specifically its pursuit of civil nuclear assistance from the United States, rather than its embrace of the nonproliferation norms. China sought foreign assistance when it started pursuing nuclear energy in

earnest in the 1970s amid a severe power shortage problem caused by rapid economic development that accompanied Deng Xiaoping's 1978 economic reforms.<sup>38</sup> Although China tested its first nuclear weapons in 1964, it lacked the necessary technology, human capacity and resources to build and operate nuclear power plants safely. One important obstacle to this plan was that China's initial refusal to participate in any of the nonproliferation regimes along with its problematic nuclear export behavior served as an obstacle to receiving nuclear assistance from other countries. In particular, the United States required China's accession to the nonproliferation regimes and rigorous domestic nuclear export legislation as a precondition for nuclear assistance.<sup>39</sup> China accommodated the American demands to join the nonproliferation regimes and drop sensitive nuclear assistance in order to receive assistance for its fledgling nuclear industry.<sup>40</sup>

The United States held huge leverage over China due to China's strong interest in the United States' pressurized water reactor (PWR) technology. Because the Chinese had ambitions to become a nuclear vendor after digesting technology transferred from other countries, they were determined to acquire nuclear technology that was proven to be safe and could be marketed widely in the future.<sup>41</sup> More than two-thirds of the world's nuclear power stations were using PWRs, which had adequate safety records. Although China was cooperating with France's Framatome, which was licensed to build Westinghouse's PWR model reactors, China preferred to work with the United States, inventor of the PWR technology. According to Robert Einhorn, who led proliferation-related negotiations with the Chinese in the 1990s, the Chinese had enormous respect for U.S. civil nuclear technology and considered the French an "offshoot." One Chinese official said to him: "Why buy from the son? We would rather buy from the father."<sup>42</sup> As such, a higher status was attached to cooperation with the United States. In return for its adoption of the international nonproliferation standards, China has acquired the PWR technology from Westinghouse (AP1000 PWR model) that it desired, which it then used to develop its own reactor models with its own intellectual property rights.

China's nonproliferation behavior since its integration into the nonproliferation regimes has not always met the standards of those regimes. First, China has continued to engage in proliferation-prone assistance.<sup>43</sup> In 1998, for example, U.S. intelligence discovered that China had agreed to sell Iran

a key component for uranium enrichment, when it was widely believed that Iran was pursuing nuclear weapons. In addition, China continued to provide Pakistan with civil nuclear assistance without requiring comprehensive IAEA safeguards in violation of the NSG Guidelines. China insisted the deal was made prior to China's accession to the NSG in 2004.<sup>44</sup> However, China never mentioned the deal to NSG members before joining the NSG, which raises the question of whether the deal was indeed made before 2004. In addition, China could have tried to ask for NSG members' approval for its assistance to Pakistan but instead presented the deal as a *fait accompli*.<sup>45</sup> Additionally, China has sold WMD-capable missiles to countries that are believed to be nuclear aspirants, such as Iran, Syria, and Saudi Arabia.<sup>46</sup> China's missile exports do not directly violate the letters of the nuclear nonproliferation regimes, but they contradict their spirit.

Second, Beijing's enforcement of nuclear exports lags behind its domestic nuclear export regulations. Although Beijing no longer engages in open, direct state-to-state provision of illicit nuclear exports, Chinese private companies continue to proliferate illegally parts and dual-use items that can be used for building nuclear weapons.<sup>47</sup> Nonetheless, Beijing has neither appropriately punished Chinese nationals involved in these activities under Chinese domestic law, nor allocated sufficient resources for effective export controls. When confronted with proliferation activities of its partner nations, Beijing's typical response is a strong denial of the alleged transaction and a demand for evidence. When evidence is obvious, China has often argued that it cannot control everything happening in its vast country.<sup>48</sup> Although there may be some truth to such claims given its large territory and population, the problem is not just its lack of capacity, but also its lack of will, as Gary Samore puts it.<sup>49</sup> Similarly, Stephen G. Rademaker, Assistant Secretary of State for Arms Control, called into "question China's commitment to truly curb proliferation to certain states."<sup>50</sup>

Third, China's reluctance to impose and enforce economic sanctions against nonproliferation norm violators betrays its indifference to nuclear nonproliferation. Although Beijing played a key role in the mid-2000s in convening negotiations aimed at North Korea's denuclearization, Beijing has been reluctant to constrain North Korea's nuclear behavior by wielding its enormous influence as its most important trading partner, food and energy

provider, and political ally. Trade volume between the two countries increased tenfold between 2000 and 2015 with a steep spike in 2011 despite North Korea's nuclear tests in 2006 and 2009. Although Beijing has supported a series of UN sanctions, Beijing often dragged its feet seeking to dilute terms of those sanctions,<sup>51</sup> and it has evaded sanctions in order to prevent the North Korean regime from collapsing with a subsequent threat of a refugee crisis.<sup>52</sup> Similarly, between the June 2010 UN sanctions and the July 2015 Iran deal (the Joint Comprehensive Plan of Action), Iranian exports to China (mostly crude oil) grew by 24 percent and Chinese exports to Iran by 25 percent.<sup>53</sup>

Last but not least, unlike the United States, China does not take any measures to prevent recipients of its nuclear assistance from developing the capability to produce nuclear fissile materials. Nuclear bombs require fissile materials, which can sustain a nuclear chain reaction that releases enormous energy. All nuclear weapons contain either highly enriched uranium or plutonium. Acquiring nuclear fissile materials requires sophisticated enrichment and reprocessing technologies. Once a state overcomes this hurdle and acquires such capabilities, the state becomes capable of developing nuclear weapons easily and quickly. For this reason, the United States requires its nuclear cooperating partners to refrain from enriching or reprocessing U.S.-origin nuclear materials without first obtaining U.S. consent. Exceptions were given for Euratom, Japan and India, which had already acquired enrichment or reprocessing capabilities. Beyond these controls, the U.S. agreement with the United Arab Emirates contains the latter's legally binding commitment to refrain from possessing enrichment and reprocessing capabilities permanently, which is called the "golden standard." Taiwan has made a similar commitment. China is not taking similar measures that could enhance the effectiveness of the non-proliferation regime. If China has not truly embraced the nonproliferation norms, it may try to revise the existing norms once it enjoys dominance in the nuclear vendor market and believes it will benefit from revisions.

### **Global Balance of Power**

The rise of China in the global nuclear market has implications for the global balance of power. With China's rapid economic development and its growing assertiveness under Xi Jinping, there have been concerns about China's global dominance and relative U.S. decline. China's rising influence is noticeable in

various regions—Southeast Asia, the Middle East, Africa, South America and even in Western Europe. Other recent events strengthen those concerns. U.S. diplomatic and economic ties with other countries were weakened under President Trump. After the United States withdrew from the Trans-Pacific Partnership in 2017, which would have served as a strategic tool to reduce China's influence in the Asia-Pacific region, China joined the Regional Comprehensive Economic Partnership (RCEP), the world's largest free trade agreement that will deepen Asian countries' dependencies on China. Due to contrasting economic performances during the pandemic in the United States and China, China is set to overtake the United States as the world's largest economy by 2028, five years earlier than previously projected, according to the Centre for Economics and Business Research's December 2020 report.<sup>54</sup>

China's Nuclear Belt and Road will likely expedite the shift in the global balance of power away from the United States towards China. Export of nuclear reactors lock in suppliers and recipients in tight relationships for 80 to 100 years or more.<sup>55</sup> Nuclear exports normally come in packages that include not only the construction of nuclear power plants, which takes years, but also nuclear fuel supplies, training for nuclear engineers and consulting for safe operations of nuclear power plants. Once nuclear power plants begin generating electricity, a stable supply of nuclear fuels becomes an important energy security issue. Due to its sensitive nature and large-scale, long-term operation, nuclear cooperation deepens relations among states. In addition, nuclear vendors can threaten to suspend fuel supply for nuclear facilities, leading to a major disruption in energy supply in those countries that lack viable alternative energy sources. In this way, nuclear suppliers have long-term influence on recipients' "ability to advance energy security and broader foreign policy interests."<sup>56</sup>

States have long used nuclear exports as an instrument to boost ties with recipient countries. For example, France provided civil nuclear assistance to oil producing-states in the Middle East in the wake of the 1973 oil price hike to ensure a stable supply of oil. Another example is the 2008 U.S.-India nuclear deal that caused enormous controversies because India had already developed nuclear weapons outside the nonproliferation regimes. That agreement was part of Washington's efforts to build a partnership with India, which has been of strategic importance to the United States since the end of the Cold War.

China has also used nuclear exports as a strategic tool. China's nuclear exports to Pakistan are believed to be part of its strategy to strengthen the relationship between the two countries in order to counter threats from India.<sup>57</sup> In addition, China uses nuclear exports to boost ties with its oil providers. For example, Sudan, one of China's main oil suppliers, was on the list of priorities for Chinese nuclear exports in the *Energy Development Strategic Action Plan 2014–2020* issued by the State Council.<sup>58</sup> China even agreed to be paid in oil instead of hard currency when it planned to construct a nuclear power plant near Tehran in the 1990s.<sup>59</sup>

China's nuclear exports will offer particularly strong strategic benefits due to China's enormous financial backing. As mentioned above, Chinese firms offer billions of dollars to finance the upfront costs of nuclear energy development, which many developing countries may not pay back. China has lent hundreds of billions of dollars for infrastructure projects to developing countries at unsustainable levels. As China is not a member of the Organization for Economic Co-operation and Development (OECD), it is not subject to the organization's export financing guidelines, which promotes sustainable lending practices in protection of low income countries that face challenges in managing external debt.<sup>60</sup> According to the Center for Global Development, a Washington think tank, "23 of 68 countries benefiting from Belt and Road investments were significantly or highly vulnerable to debt distress" and "debt problems will create an unfavorable degree of dependency on China as a creditor."<sup>61</sup> When those countries fail to pay back their debts, China may seek to take over their strategic assets, a so-called "debt-for-equity swap." When Sri Lanka defaulted on the contract to build Hambantota Port, China took the right to lease the port and 15,000 acres of land around it for 99 years. Currently, as Zambia is failing to make payments for China's infrastructure projects, Chinese firms are seeking to take the Konkola Copper mines instead.<sup>62</sup> Malaysian Prime Minister Mahathir Mohamad characterized China's practices as neocolonial and cancelled a number of Chinese-funded infrastructure projects in his country.<sup>63</sup> If recipient countries default on the Chinese loans borrowed for nuclear projects, which is a plausible scenario given the massive scale of the debts, China may try to seize collateral of strategic value, as well.

Nuclear exports may further increase economic dependency of recipient countries on China, which China will utilize for geostrategic purposes.

China has not been shy about wielding its economic clout to achieve diplomatic ends. Beijing has “weaponized tariffs, restricted exports, discouraged its citizens from tourism, instigated public boycotts, and shut down foreign companies.”<sup>64</sup> To take just a few examples, in 2010, in the wake of disputes over the Senkaku Islands, China suspended its exports to Japan of rare-earth minerals, essential elements for cars, consumer electronics, computers, and the like. When Chinese dissident Liu Xiaobo received the Nobel Peace Prize in 2017, Beijing restricted imports of Norwegian salmon. When South Korea deployed the United States’ Terminal High Altitude Area Defense (THAAD) in 2016 against China’s will, Beijing retaliated against South Korea’s automobile, smartphone, tourism, and cosmetics industries, which led to a decrease in the country’s 2017 GDP by 0.4 percent.<sup>65</sup> Since Canberra requested an international probe on the origins of COVID-19, Beijing has been imposing trade restrictions on Australia. China’s nuclear exports will increase recipients’ reliance on China, which China will likely utilize for political purposes. Additionally, one cannot rule out the possibility that China will threaten to suspend nuclear fuel supply as leverage, which would likely lead to a major disruption in energy supplies in those countries that lack viable alternative sources of energy. Particularly, in light of Xi Jinping’s bullying tactics that leverage his country’s increasing economic clout, there is reasonable concern that Beijing will take advantage of its nuclear exports for geopolitical purposes.

The impact of China’s nuclear exports on the global balance of power potentially will be significant, as more than 20 countries have already expressed interest in nuclear energy, while some 30 countries are currently considering, planning or launching nuclear energy programs.<sup>66</sup> It is not hard to imagine that a large portion of those countries will rely on nuclear power plants built, financed, and fueled by China. As China takes control over more strategic assets in return for debt waivers and wields stronger political and economic clout around the globe, it will challenge U.S. influence.

### **Environment and Nuclear Safety**

The Nuclear Belt and Road will also have mixed implications for the environment. On the one hand, China’s nuclear exports will help the international community tackle climate change, as nuclear energy is carbon free, and alleviates the air pollution problem caused by fine particulate matter generated by

burning coal. Today, fossil fuel is still the world's primary energy source, accounting for nearly 70 percent of the world's electricity generation in 2018.<sup>67</sup> As demand for energy in the countries participating in the BRI is expected to increase significantly, concerns about environmental damage rise. According to Tsinghua Center for Finance and Development based in Beijing, if the more than 120 BRI countries follow the traditional carbon-intensive growth paths, global temperatures will rise nearly 3 degrees C, even if the rest of the world sticks to their targets to reduce carbon emissions.<sup>68</sup> Beijing has emphasized that the BRI would promote sustainable development based on renewable energy under the banner of "Green Belt and Road," but renewable energy is not yet a reliable and affordable alternative to fossil fuels. Without China's nuclear exports, BRI countries would have to rely on fossil fuels, particularly coal, to meet their growing energy demands as they develop, as most of these countries lack the technical and financial capacity to build nuclear power plants on their own. Seen in this light, the Nuclear Belt and Road may be a boon for the environment.

On the other hand, the environment will be enhanced only if nuclear facilities are operated safely. Unfortunately, concerns have arisen about China's nuclear safety standards both within China and abroad. Admittedly, there have not been any significant accidents at China's nuclear facilities. Also, Beijing has tightened nuclear safety regulations since the 2011 Fukushima disaster. Shortly after the incident, China's National Nuclear Safety Administration conducted inspections on nuclear facilities in China and identified areas for improvement in emergency preparedness.<sup>69</sup> On paper, Beijing's emphasis on nuclear safety is well demonstrated. In 2019, the State Council published the white paper, entitled "Nuclear Safety in China," which states that Beijing has always regarded nuclear safety as an "important national responsibility, and integrated it into the entire process of nuclear energy development and utilization." It also states that the Chinese nuclear industry has "always developed in line with the latest safety standards and maintained a good safety record, pursuing an innovation-driven path of nuclear safety with Chinese characteristics."<sup>70</sup>

Despite Beijing's official stance, concerns about China's nuclear safety have been raised about Chinese nuclear exports. Li Yulun, a former vice-president of the CNNC observed that nuclear firms do not seem to share Beijing's high

priority on nuclear safety.<sup>71</sup> Quoting He Zuoxiu, a pro-Communist Party, Chinese nuclear expert, who described Beijing's ambitious nuclear plans as "insane" due to its safety provisions, Murong Xuecun argued that "[f]rom everything we know of Chinese building and supervision practices, an accident in a Chinese nuclear power station is just a question of when and where."<sup>72</sup>

Concerns about China's nuclear safety are driven by both technical and human factors. From a technical standpoint, because China's homegrown nuclear technologies are new, their safety has not been tested. Problems with new technologies normally do not show up immediately and appear over time. At this point, we simply do not know whether the Chinese reactors will operate safely during their entire life span of 40 to 80 years. While other nuclear suppliers, such as the United States, France, Japan and South Korea, also exported their own technologies before they fully withstood the test of time, what distinguishes China from other nuclear powers is a lack of transparency and rampant corruption problems. In the United States, even the smallest problems related to nuclear safety are reported. The same is true in France, Japan and South Korea. They report their problems to the International Atomic Energy Agency's "International Reporting System for Operating Experience," where nuclear experts share their experiences with the goal of improving operation and maintenance capabilities and reducing nuclear incidents.<sup>73</sup> China does not do so. As long as China is not transparent about their operation and maintenance capabilities, concerns about China's nuclear safety will remain.

Adding to the concern is China's poor track record in general industrial safety that has been rife with "rash planning, endemic corruption and careless construction, supervision and regulation."<sup>74</sup> China has one of the highest industrial fatality rates in the world. In 2014 alone, about 66,000 died from industrial catastrophes in China.<sup>75</sup> For example, the 2008 Sichuan Earthquake incurred notable human costs due to slipshod construction methods and substandard buildings, which resulted in the collapse of schools that killed over 5,000 pupils.<sup>76</sup> Such events are a result of a culture where local officials complete construction before target dates using substandard materials in order to impress their superiors and reduce costs.<sup>77</sup> More than 10 years after the earthquake, construction safety still remains problematic. In 2015, a warehouse in Tianjin, housing highly flammable chemical materials (sodium cyanide) beyond the permitted amount, exploded killing more than 170 people. The

damage was greater because the warehouse was built too close to residential areas against regulations.<sup>78</sup> It was later revealed that the key shareholders were able to circumvent these safety regulations through their connection to the police force.<sup>79</sup> There is no guarantee that the nuclear industry is immune to the rampant problems that undermine China's general industry safety.

Safety concerns are greater for China's overseas projects. However, even within China regulation standards vary greatly in different regions. For example, chemical establishments in major cities, such as Beijing, Shanghai, and Guangdong, are well-regulated, while second-tier cities, such as Henan, Hebei, and Shandong have a mixed track record when it comes to regulation adherence and enforcement. It is not hard to imagine that safety standards applied abroad may be less stringent than those at home. Also, it is questionable if Chinese firms would be willing to implement costly safety measures when they seek to offer attractive prices. Last but not least, most of the potential recipient countries never had any nuclear regulations and lack experience and personnel to handle nuclear energy safely. Unlike the United States, which requires its recipient countries to join multilateral nuclear safety agreements and adhere to additional safety mechanisms as a condition of supply pursuant to the U.S. Atomic Energy Act, China's nuclear exports do not attach any such strings.

## **Conclusion**

China's Nuclear Belt and Road is an issue of significant importance for Washington. Since the beginning of the nuclear era, the United States has led the international community's efforts to build the global nonproliferation regime, which has made important contributions to curbing the spread of nuclear weapons. Any attempts to undermine global nuclear governance is an issue of grave importance for the United States and international security. Additionally, China's increasing influence over BRI regions would weaken the U.S. position in its competition with China across the globe. Lastly, nuclear accidents, wherever they occur, could pose a significant threat to all humanity.

Although the prospect for the Nuclear Belt and Road appears bright in light of the pressing need for decarbonization, as well as China's proactive promotion with competitive pricing and state-backed financing, it is not too

late for Washington to thwart China's nuclear ambitions. In fact, the United States has made such efforts with some success in Romania. In 2015, China General Nuclear Power Group (CGN) agreed to build and operate two nuclear reactors at the Cernavoda plant in Romania. However, the plan has been derailed since Romanian President Klaus Iohannis withdrew from the agreement in June 2020. Four months later, Romania announced that AECOM, an American investment company, instead of CGN, will build the two nuclear reactors based on American technology in collaboration with Romanian, Canadian, and French companies.<sup>80</sup> This is a dramatic turnaround given that Romania had previously welcomed the BRI and hoped to make its port in Constanta an important hub for China's Maritime Silk Road as the east gate of the European Union.<sup>81</sup> One reason for its decision to cancel the nuclear deal with China, Bucharest mentioned, was CGN's nuclear espionage case.<sup>82</sup> In 2016, it was revealed that Szuhsiung "Allen" Ho, who acted as a proxy for Beijing, helped CGN develop U.S.-based nuclear technology without the required permissions from the U.S. Department of Energy.<sup>83</sup> Its preference to work with democratic countries for nuclear cooperation was given as another reason.<sup>84</sup> Concerns about China's diplomatic bullying as well as its state-sponsored financing appears to have contributed to Bucharest's decision.<sup>85</sup> The fact that the decision came just months after the 2019 joint declaration of Presidents Trump and Iohannis, in which they agreed to cooperate in civil nuclear energy, suggests that U.S. diplomacy had an influence. The Romanian case is a sign that China's authoritarian character may hamper its ambition for nuclear exports, and the United States, in cooperation with its likeminded partners, can thwart China's Nuclear Belt and Road.

To that end, I suggest the following recommendations.

- **Enhance U.S. capacity to compete with China in the global nuclear market.**
  - » To this end, the United States should collaborate with nuclear firms from allied countries. Although U.S. competitiveness in nuclear reactor construction is declining, the United States still has comparative advantages in safe operation and management of nuclear facilities. Thus, the United States should combine strengths from

multiple partners and form a consortium with nuclear firms from France, Japan and/or South Korea that have strength in constructing nuclear power plants.

- » The United States should find ways to offer attractive financing for its nuclear exports. Washington's decision to lift a ban on the Export-Import Bank's financing nuclear projects is a step in the right direction.<sup>86</sup> But the United States alone cannot match China's lavish financing and thus should promote international co-financing with likeminded countries.
  - » The United States should promote the development of next generation nuclear technology that would enhance its competitive position over China. In particular, the United States should invest in developing small modular reactors, which are smaller and more affordable and thus do not require huge financing. Also, they are more suitable for many developing countries that lack large electric power grids.
- **Raise awareness about the danger of cooperating with China through diplomatic channels and public outreach.**
    - » As a nuclear vendor, China also has weaknesses, which may offset its strengths. China's authoritarian political system serves as a liability. Given its chronic corruption problem, lack of transparency and shady business practices, such as theft of intellectual property, nuclear cooperation with China raises both ethical and safety concerns, of which the United States should inform potential nuclear buyers.

*The views expressed are those of the author and do not necessarily reflect the official policy or position of the Department of the Army, Department of Defense, the U.S. Government, or the Wilson Center.*

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2020-21 WILSON CHINA FELLOWSHIP

# Policy Collaging: Transnationalizing Analysis of Chinese Policymaking

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## Abstract

Transnational movements of people and ideas have shaped the economy and enterprises of the People's Republic of China since 1949. Chinese officials and researchers have routinely engaged with foreign actors and ideas through international advisors, exchanges, examples, joint projects, and diaspora linkages. Cross-border movements of people and ideas can affect domestic policymaking in multiple ways, ranging from Chinese policymakers' firsthand experience through direct observation abroad to the internal circulation of case studies. Through transnational engagement, policymakers can conduct what I term "policy collaging": seeking, selecting, and creatively combining policy ideas and practices from international sources. I illustrate this practice using a case study of Chinese state-owned enterprise restructuring. Policy collaging reveals the transnational content and context of Chinese policymaking, questions its potential to yield convergence with other countries, and highlights domestic agency.

## Policy Recommendations

- Chinese officials and researchers routinely conduct "policy collaging": seeking, selecting, and creatively combining policy ideas and practices from international sources.
- Policy "collages" may yield points of congruence without convergence.
- China has consistently engaged actors and ideas from abroad to restructure its state-owned enterprises while retaining a state-led model of economic development.
- To understand policy origins and pathways for potential influence, analysts should transnationalize analysis of Chinese policymaking by studying the international elements in policies addressing state-owned enterprises, corporate governance, the social credit system, and other issue areas.

- Expanded engagement of Chinese policymakers outside of international organizations and transnational advocacy networks could leverage international advisors, exchanges, examples, joint projects, and diaspora linkages.
- U.S. policymakers should establish realistic expectations for policy influence through transnational engagement, and analysts must foreground domestic actors' agency. Despite U.S. efforts to engage and influence Chinese policymakers, there is limited capacity for outside actors to spur policy change without active buy-in from domestic players.

## Introduction

As Chinese official Wang Quanguo recalled his visit to Europe on a study tour in 1978: “More than a month of inspection opened our eyes and thinking, what we saw and heard shocked every person’s heart, one could say that we were very stimulated! Closed off, we always thought that China was a world power, supported the Third World at every turn, and that capitalism was decaying. When we went abroad to have a look, we discovered that this was not the case at all.”<sup>1</sup> In contrast to accounts of policymaking centered on elites, decision-making, and experimentation within China’s borders, Wang’s recollection highlights the role of transnational engagement in domestic policy processes. Chinese officials and researchers routinely engage foreign ideas and practices at home and abroad, formulating policies by eclectically combining domestic and international elements.

Transnational movements of people and ideas have shaped policymaking in the People’s Republic of China since its founding in 1949. Soviet models, exchanges, and experts strongly influenced the new communist government’s international economic relations and the national economy, as evident in the embrace of centralized economic planning, takeover of industry and commerce, and collectivization of agriculture.<sup>2</sup> Since the 1950s, Chinese bureaucrats have also routinely corresponded and traded visits with officials and scholars in other countries, including Japan, South Korea, and India.<sup>3</sup> Even during the 1960s, when international interactions were less frequent, Chinese policymakers continued to study other countries. During the reform era, movements of people and ideas between China and the world had even greater impact on domestic policymaking.<sup>4</sup>

Through transnational engagement, domestic actors can conduct what I term “policy collaging”: seeking, selecting, and creatively combining policy ideas and practices from international sources. Policy collaging may involve multiple international sources during a compressed timeframe; it may also happen iteratively over longer periods of time. Transnational engagement can occur in multiple ways, including through international advisors, exchanges, examples, joint projects, and diaspora linkages. Policymakers then pick out and interpret policy ideas and practices from different international sources, pitch them within the bureaucracy and in some cases also to the public, select which to incorporate or discard, and finally combine and recombine them in novel ways.

Policy collaging advances analysis of Chinese policymaking in several ways. First, it expands standard accounts of policymaking centered on domestic elites, decision-making, and experimentation by highlighting the incorporation of ideas and practices from abroad. Although international organizations and transnational advocacy networks are well known as sites in which states like China may be socialized to alter existing policies,<sup>5</sup> transnational engagement frequently occurs outside of these settings.<sup>6</sup> Second, policy collaging helps to explain why policy outcomes, even in similar issue areas, may differ widely across states. This is because policy collaging generates points of congruence without fundamental convergence in either preferences or outcomes. Finally, policy collaging shifts the focus from socialization of Chinese actors through transnational engagement to domestic agency.

This report proceeds as follows. The following section reviews transnational engagement between China and other countries from 1949 to the present. Next, it introduces the concept of policy collaging and explains the ways in which transnational engagement occurs and in turn affects domestic policymaking. Drawing on archival materials and informed by interviews, a case study of state-owned enterprise restructuring illustrates how policy collaging occurs in practice.<sup>7</sup> The report concludes by discussing how policy collaging advances the analysis of Chinese policymaking and outlining areas for future research.

## **Transnational Engagement in the People's Republic of China**

After the establishment of the People's Republic of China in 1949, Mao Zedong prioritized the Soviet Union as the new government's most important financial supporter, military ally, and modernization model.<sup>8</sup> China's participation in the Korean War (1950–1953) further strengthened the Sino-Soviet alliance by deepening bilateral communication and coordination. After the war's end, the Soviet leadership initially continued to support China's economic and military modernization at home and developed joint diplomatic positions abroad into the mid-1950s. However, Sino-Soviet ties deteriorated as Mao and Nikita Khrushchev clashed repeatedly over China's policies toward India, Taiwan, and Tibet. Khrushchev slashed economic and technical

assistance to Beijing and formally recalled Soviet experts in 1960, prompting a breakdown in bilateral relations by the mid-1960s.

After the Sino-Soviet split, Beijing pursued closer ties with developing countries in the 1960s while closely monitoring political and economic developments in the Soviet Union and United States. The Chinese leadership embraced socialist internationalism, providing ideological and material support to independence movements from Asia to Africa. Mao envisioned creating an international united front against Soviet and American imperialism and revisionism, targeting countries including Vietnam, Indonesia, Ghana, and Cuba. However, these efforts foundered as some states sought closer ties with the Soviet Union, while regime changes eliminated leaders friendly to China in others. At home, Mao's launch of the Cultural Revolution (1966–1976) fueled leftist radicalism and xenophobia. The once standard study of international examples, such as economic policymakers' analyses of foreign corporate forms, in some cases instead became evidence of political wrongdoing.<sup>9</sup>

China's rapprochement with the United States fundamentally altered its international relations in the 1970s. Visits to Beijing by Henry Kissinger and Richard Nixon set U.S.-China relations on the course toward normalization and catalyzed breakthroughs in China's diplomatic relationships with European countries and regional neighbors like Japan.<sup>10</sup> Although high-level official interactions between Beijing and foreign governments were initially limited, lower-level exchanges of researchers and technical experts flourished. Between 1973 and 1977, hundreds of Chinese delegations traveled to countries including United States, Canada, the United Kingdom, Italy, Japan, and Sweden to study topics ranging from pest control to railway technology.<sup>11</sup>

The advent of the reform and opening movement in 1978 catalyzed even greater engagement between China and the world. With the support of Hua Guofeng and Deng Xiaoping, high-ranking Chinese officials led delegations around the globe, from Hong Kong to Japan to the United Kingdom.<sup>12</sup> Foreign governments receiving them were eager to forge closer diplomatic ties with Beijing—and to position themselves for access to Chinese markets. Beyond pledges of loans and technology exports to Beijing, foreign governments also established new channels for cross-border movements of peoples and ideas in education, culture, and other areas.<sup>13</sup> During the late 1970s, China's leadership also invited experts from Japan and West Germany to serve

as economic advisors to the State Council, eager to learn from their countries' rapid post-war economic growth.<sup>14</sup>

Deng Xiaoping's reformist policies accelerated transnational movements of people and ideas between China and the world well into the 1980s. The Chinese leadership prioritized greater engagement with the United States through high-level state visits and expanded official, cultural, and educational exchanges.<sup>15</sup> Beijing also embraced closer ties with its Asian neighbors, turning to Hong Kong, Japan, and Singapore as referents for policies from state-owned enterprise restructuring to the development of special economic zones. The World Bank also became an important broker of capital and ideas for Chinese economic policymakers after China rejoined in 1980.<sup>16</sup> However, the Tiananmen Square massacre in June 1989 ended China's diplomatic honeymoon, and sanctions and condemnation replaced international engagement.

During the 1990s, the Chinese leadership adjusted diplomatic course while deepening economic reforms. China's government tried to reinvigorate its relationships with developing countries while simultaneously mending ties with Washington. These efforts assumed even greater urgency with the dissolution of the Soviet Union in 1991. The following year, Deng stressed the importance of economic openness during travels to southern China, and his successor Jiang Zemin announced the objective of developing a "socialist market economy."<sup>17</sup> China also requested to accede to the World Trade Organization (WTO) in 1995, initiating a protracted but ultimately successful negotiation effort. During this period, the international financial and legal community proved another important source of policy ideas and practices.

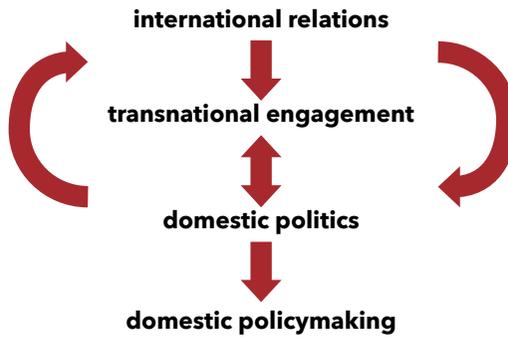
Until the outbreak of COVID-19 in 2019, transnational movements of people and ideas between China and the world during the twenty-first century occurred with even greater frequency and scale. Increasingly, China is a seller as well as a shopper in the global marketplace of policy ideas. Beijing is reshaping the landscape of international relations and development by changing existing multilateral institutions from within and establishing new ones. Within Asia, transnational exchanges are intensifying even as territorial disputes stoke regional tensions. Moscow is again a key diplomatic partner for Beijing, albeit no longer a main source of ideas for economic policymaking. Overall, there is far less openness to foreign ideas and practices under China's current leader Xi Jinping, despite greater international engagement. And in global capitals from

Washington to Brussels, concerns are rising about the security implications of Chinese overseas investment and educational exchanges.

## Policy Collaging

Through transnational engagement, policymakers can conduct what I term policy collaging: seeking, selecting, and creatively combining policy ideas and practices from international sources. Such eclectic conjoining may take place over a long period of time, as a government repeatedly modifies policies in a particular area by successively engaging different international actors and incorporating alternative ideas and practices. Policy collaging may also transpire within a shorter timeframe, for example when a government sends out a delegation to collect international policy ideas and practices and then chooses among and creatively combines them. Another way in which policy collaging occurs during a limited time span is when a government convenes experts from different countries to present information on their policies and then selects particular elements to incorporate in their own policymaking.

Both China's international relations and domestic politics shape policy collaging. As described above, the frequency and intensity of China's engagement with other countries has varied over time. Yet transnational movements of people and ideas do not always neatly track shifting diplomatic relationships. People and ideas routinely traverse the borders between China and its allies, its rivals, and even states with which it does not possess diplomatic relations. Diasporas connect the mainland with Chinese communities in Asia and around the world, despite fluctuations in bilateral relationships. And even during periods of diplomatic estrangement, actors in China pay close attention to developments overseas. Domestic politics at national, organizational, and individual levels also influences transnational engagement and its policy effects. Top leaders set broad policy directions that prioritize or discourage engagement with specific countries and ideas. Particular organizations and their heads may privilege international actors or ideas from overseas which they perceive can help them to advance their objectives and obtain additional resources.<sup>18</sup> At the individual level, unique personal and professional experiences generate divergent interests and identities, and thus varying preferences for engagement with particular foreign actors and ideas.<sup>19</sup> Figure 1 below summarizes these dynamics.

**FIGURE 1:** Transnational Engagement and Domestic Policymaking

Transnational engagement may occur in multiple ways, including: international advisors, exchanges, examples, joint projects, and diaspora linkages. Foreign experts can serve as formal or informal advisors to the Chinese government by offering policy advice on specific issues of concern. Exchanges across national borders involving actors in China and abroad occur in-person and via other mediums. Actors in China also study international examples, ranging from analyses of national economies to case studies of particular foreign companies. In addition, transnational engagement can occur through joint projects between governments, while diaspora linkages can facilitate it via shared linguistic and cultural ties.

Transnational movements of people and ideas can affect domestic policymaking through multiple channels. The most immediate pathway is direct experience: when Chinese officials or researchers engage in observation abroad, or when they interact with international actors in China or overseas. Information and ideas from abroad can also be disseminated within the Chinese bureaucracy and incorporated into the policy process through formal oral and written reporting or private, informal communications. Another potential avenue is presentations at government-convened meetings involving larger groups of officials and enterprise representatives. Information and ideas from overseas can also be circulated within and beyond the bureaucracy through internal government journals, external talks, or the publication of books and articles for a mass audience. The following section examines trans-

national engagement and policy collaging in the context of Chinese state-owned enterprise restructuring.

### Case Study: State-Owned Enterprise Restructuring

Since 1949, Chinese policymakers have conducted successive rounds of policy collaging to restructure the country's state-owned enterprises. Over time, they sought out, selected, and creatively combined policy ideas and practices from different international sources. After the Chinese Communist Party (CCP) came to power in 1949, the Soviet Union initially served as China's primary model of socialist economic development.<sup>20</sup> Mao's policy of "leaning to one side" (*yi bian dao*) between 1949 and 1959 intensified engagement with the Soviet Union and study of the Soviet economy and enterprises. Then CCP Central Committee member Xi Zhongxun, who managed Soviet experts during the 1950s, supported deeper bilateral ties to accelerate industrialization efforts while urging the selective incorporation of policy ideas and practices from abroad: "Foreign experts can only help us, relying on the thinking of foreign experts is dangerous."<sup>21</sup> Chinese policymakers worked closely with the Soviet Union to develop the first Five Year Plan (1953–1957), which called for joint state management of private enterprises as a prelude to full nationalization. Mao declared the "socialist transformation" of Chinese industry officially complete in early 1956, although the state did not immediately assume full operational control over these hybrid enterprises.

In the early 1960s, Chinese policymakers quietly looked to the United States and European countries for examples of industrial consolidation. The State Economic Commission (SEC), under the leadership of Bo Yibo and with the support of Liu Shaoqi and Deng Xiaoping, explored the development of sector-wide "corporate trusts" (*tuolasi*).<sup>22</sup> Informed by detailed internal studies of business monopolies in advanced capitalist countries, such as General Electric and Westinghouse Electric, they contended that restructuring state-owned assets in this way could accelerate industrialization by vertically integrating industries and centralizing resource allocation.<sup>23</sup> In 1964, the SEC launched a pilot scheme with top CCP leadership and State Council approval that established 12 centrally-controlled corporate trusts, including 9 national pilot enterprises, and 3 regional (cross-provincial) pilot enterprises.<sup>24</sup>

After foundering on opposition from local governments and enterprises, the start of the Cultural Revolution abruptly terminated this experimental effort.

Beginning in the late 1970s, Chinese policymakers turned from studying advanced economies in the West to the emerging economic powers of East Asia. Specifically, Beijing looked to the semi-autonomous state-owned enterprise groups (*qiye jituan*) pioneered by East Asian developmental states. Through a series of international exchanges, Chinese officials and economists studied the structure and operations of enterprise groups in Japan and South Korea. They published detailed analyses of these firms and recommendations for how these corporate forms could be adapted to advance China's developmental objectives.

In the 1990s, Chinese policymakers again cited the example of Japanese enterprises to justify creating shareholding enterprises (*gufen qiye*) and partially privatizing state-owned enterprise assets through public share issuance on domestic and overseas stock exchanges. For example, a delegation led by the National State-Owned Assets Administration Bureau concluded after a month of studying Japan's NEC Corporation that minority shareholding would not threaten state control and oversight,<sup>25</sup> and it could even promote improved performance and governance.<sup>26</sup> In addition, international underwriters, lawyers, and investors also played a major role in restructuring China's largest industrial state firms for partial public listing on stock markets in Hong Kong, New York, and London.<sup>27</sup>

In the twenty-first century, China has developed a set of globally competitive state-owned enterprises while simultaneously privatizing a portion of their assets. The Chinese government's design of a central-level government ownership agency in 2003, the State-owned Assets Supervision and Administration Commission (SASAC), drew directly from international models like Singapore's state-owned holding company Temasek.<sup>28</sup> This "Singapore model" appealed to Chinese policymakers because it promised to satisfy the legal needs of state-owned enterprises operating as market actors under professional management without the loss of state ownership.<sup>29</sup> SASAC has routinely conducted exchanges with Temasek, ranging from the annual SASAC-Temasek Directors Forum to reciprocal leadership visits. Singapore and Temasek provided important inspiration for Chinese state-owned enterprises' development of corporate governance institutions, especially during

SASAC's early years.<sup>30</sup> However, China's situation differed considerably due to its larger state-owned economy, lack of top-level political will to undertake far-reaching market reform, corruption challenges, and state-owned enterprises' enduring strategic functions.<sup>31</sup> These differences have become even more prominent over the course of the 2010s and now 2020s.<sup>32</sup>

Policy collaging in China's state-owned enterprise restructuring involved discarding as well as incorporating ideas and practices from abroad. For example, Chinese policymakers were never interested in privatizing the largest industrial state-owned enterprises. As a Japanese scholar described Chinese policymakers' study of Japanese enterprise groups: "There was a feeling that enterprise groups were a neutral policy. But privatization was not neutral."<sup>33</sup> Nor did the Chinese government permit state-owned enterprises to develop their own autonomous financial entities similar to the "main bank" system characteristic of Japanese financial-type enterprise groups. In addition, the CCP has continued to control many state-owned enterprises by appointing and assessing their top leaders. Such differences reflect both variation in starting conditions and deeper ideological disparities concerning enterprise organization and the state's role in the economy.

## **Advancing Analysis of Chinese Policymaking**

The concept of policy collaging advances analysis of Chinese policymaking in several ways. First, it expands domestic-centered accounts of Chinese policymaking by highlighting its transnational context and content. Numerous studies stress competition among elite factions and state design of institutions as primary drivers of domestic policymaking.<sup>34</sup> Others detail how central or sub-national government actors affect policy outcomes by exercising regulatory powers,<sup>35</sup> as well as constitutive authority.<sup>36</sup> Still others analyze sub-national state or non-state actors' innovation and coalition-building in the context of administrative decentralization.<sup>37</sup> Externally-imposed economic or political pressures sometimes factor into these accounts, but foreign actors or ideas receive less attention. And although international organizations and transnational advocacy networks are well known as sites of transnational engagement, policy collaging reveals how it also frequently occurs outside of these settings.<sup>38</sup>

Policy collaging also helps to explain China's failure to evolve toward the governance practices of advanced capitalist democracies like the United States. This is because policy collaging can generate points of congruence without fundamental convergence in preferences or outcomes. In policy areas like arms control and disarmament, Chinese actors did adopt self-constraining commitments even when they contradicted material self-interest.<sup>39</sup> However, the homogenizing effects of long-term socialization processes in international organizations credited for this outcome are weaker in the shorter-term, more issue-specific interactions involving international advisors, exchanges, or joint projects.<sup>40</sup> They are largely absent in non-interactive channels for transnational engagement like the study of foreign examples. And even in policy areas like money laundering, where China has officially endorsed global regulatory standards, discretionary enforcement may weaken or even obviate conformity to international norms in practice.<sup>41</sup> In the state sector, the Chinese government has formally restructured state-owned enterprises to improve their performance and oversight, yielding apparent points of congruence like corporate governance institutions. However, it remains fundamentally committed to a state-led model of economic development.

Policy collaging therefore emphasizes domestic agency over international influence. It inverts the teacher-student hierarchy often implicit in transnational learning accounts by suggesting that "students" have agency to choose among "teachers" and draw conclusions that may differ from what is "taught." It shifts attention from "state agency" to "agency within the state" by disaggregating government bodies and highlighting the varied actors and channels involved in cross-border movements of policy ideas and practices. It recasts bureaucrats as actors with significant autonomy to seek, select, and creatively combine ideas and practices from international sources. This is not to claim that powerful states or international organizations cannot use inducements, threats, or coercion to push their preferred policy approaches and thereby constrain policy collaging. International consensus too can incentivize—or even compel—the adoption of particular policy approaches.<sup>42</sup> However, domestic actors retain significant agency to shape the form and function of transnational linkages and their ultimate consequences for domestic policy.

## Conclusion

Transnationalizing analysis of Chinese policymaking involves investigating cross-border movements of people and ideas and assessing their domestic effects in specific policy domains. Chinese officials and researchers routinely engage with foreign actors and ideas through international advisors, exchanges, examples, joint projects, and diaspora linkages. This transnational engagement can affect domestic policymaking via multiple mechanisms, ranging from Chinese policymakers' firsthand experience through direct observation abroad to the circulation of case studies in internal government journals. Both China's international relations and domestic politics delimit the scope of transnational engagement and its policy effects. Through transnational engagement, domestic actors can engage in "policy collaging": seeking, selecting, and creatively combining policy ideas and practices from international sources.

China has consistently engaged actors and ideas from abroad to restructure its state-owned enterprises while retaining a state-led model of economic development. Advisors and examples from the Soviet Union shaped the nationalization of Chinese industry in the 1950s. In the first half of the 1960s, Chinese policymakers studied business monopolies in advanced capitalist economies, including the United States, during short-lived experimentation with corporate trusts. In the 1980s and 1990s, China turned to Japan as it developed enterprise groups, and then to the United States during the process of creating shareholding enterprises among its largest industrial state-owned enterprises. Finally, during the 2000s, China studied Singapore as it formed central state-owned enterprises under the administration of a central-level government ownership agency.

Policy collaging through transnational engagement is evident in numerous other policy areas in China. For instance, Chinese policymakers drew inspiration for rural development through exchanges with South Korea and study of its New Village movement starting from the 1950s.<sup>43</sup> When developing the household registration (*hukou*) system, Chinese officials worked with Soviet advisors and referenced the Soviet Union's passbook system.<sup>44</sup> The social credit system originated in the People's Bank of China's adoption and adaptation of financial credit-rating and scoring systems from advanced capitalist economies in the 1990s.<sup>45</sup> In corporate governance, the drafters of China's company law eclectically combined elements from multiple countries, including supervisory boards from Germany and a system of independent directors from the United States

and United Kingdom.<sup>46</sup> Even the development of China's 2015 national security law involved the input of legal experts from the United States and Europe.<sup>47</sup>

Policy collaging advances analysis of Chinese policymaking in several ways. It expands domestic-centered accounts of policymaking by highlighting the incorporation of ideas and practices from abroad. It reveals additional ways in which transnational engagement occurs, including international advisors, exchanges, examples, joint projects, and diaspora linkages. It also helps to explain why specific policy outcomes in China can differ significantly from other countries. Policy "collages" may eclectically combine ideas and practices from multiple international sources, yielding points of congruence without fundamental convergence. Finally, policy collaging emphasizes domestic agency over international influence, stressing Chinese actors' ability to shape transnational linkages and their ultimate policy consequences.

Today, China itself is becoming the subject of "policy collaging" by international actors. For example, the World Food Programme is collaborating with Chinese e-commerce giant Alibaba and governments in developing countries to promote rural development by helping farmers access real-time information about market prices for their agricultural produce.<sup>48</sup> Justin Yifu Lin, the former World Bank Chief Economist and founding dean of the National School of Development at Peking University, has served as an international advisor by providing policy advice on industrial development to leaders of multiple African countries including Ethiopia, Tanzania, Rwanda, and Senegal.<sup>49</sup>

Massive government stimulus programs in response to the COVID-19 pandemic may even prompt American and European policymakers to follow China's lead and pursue a more interventionist state role in the economy.<sup>50</sup> Increased high-level support for protectionist trade and investment policies, a stronger state role in promoting innovation in strategic industries, reduced reliance on foreign technology, and the rethinking of established limits on export credits are all examples of this emerging trend.<sup>51</sup> Instead of debating whether states like China are playing by "our rules," policy collaging thus reveals how transnational engagement between states has the potential to transform the game itself—for all players.<sup>52</sup>

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## Notes

1. Wang Quanguo, then the vice-governor of Guangdong province, participated in a study tour that Vice Premier Gu Mu led to France, Belgium, Denmark, Switzerland, and West Germany in spring 1978. See, 吴敬琏 [Wu Jinglian]. *Zhongguo jingji gaige jincheng* [China's Economic Reform Process]. (Beijing: Zhongguo dabaikequanshu chubanshe youxian gongsi, 2018).
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5. Terence C. Halliday and Bruce G. Carruthers, “The Recursivity of Law: Global Norm Making And National Lawmaking in the Globalization of Corporate Insolvency Regimes,” *American Journal of Sociology* 112:4 (2007): 1135–1202; Margaret E. Keck and Kathryn Sikkink, “Transnational Advocacy Networks in International and Regional Politics,” *International Social Science Journal* 51:159 (1999): 89–101.
6. “Transnational advocacy networks” refer to “those actors working internationally on an issue, who are bound together by shared values, a common discourse, and dense exchanges of information and services.” Keck and Sikkink, “Transnational Advocacy Networks in International and Regional Politics,” 89.

7. All interviews cited in this article were conducted in accordance with protocols approved by the Harvard University Institutional Review Board, protocol: IRB19-0511.
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9. For example, criticisms of Liu Shaoqi during the Cultural Revolution frequently cited his involvement in experimentation with “capitalist” corporate trusts. See, for example, *Hong dabui beijing kuangye xueyuan, dongfang hong pipan liu deng tao lianluo zhan* [Red Representative Association Beijing Mining Institute, Dong Fang Hong Criticize Liu Deng Tao Contact Station], *Chedi zalan ‘liu ji tuolasi’* [Thoroughly Smashing ‘Liu-Advocated Corporate Trusts’], June 28, 1967, published in *Zhonggong zhongyao lishi wenxian ziliao huibian*, 4:33 [Compilation of Important Historical Documents of the Communist Party of China] (Los Angeles: *Zhongwen chubanshe fuwu zhongxin*, 1999).
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11. *Chuguo canguan kaocha baogao: yingguo, ruidian, jianada, meiguo jishu jishu qingkuang* [Overseas Study Tour Report: Overview of Computing Technology in the United Kingdom, Sweden, Canada, and the United States] no. 10 (Beijing: Zhongguo kexue jishu qingbao yanjiusuo, April 1973); *Chuguo canguan kaocha baogao: riben tielu lieche bianzuo zidonghua jishu* [Overseas Study Tour Report: Japanese Railway Train Grouping Automation Technology], no. 13 (Beijing: Kexue jishu wenxian chubanshe, 1977). Reports on file with the author.
12. In 1978 alone, 21 Chinese delegations led by 13 vice premiers and National People’s Congress vice chairmen visited 51 countries. See, Teiwes and Sun, “China’s New Economic Policy under Hua Guofeng: Party Consensus and Party Myths,” 14.
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*Modern China*; Jacobson and Oksenberg, *China's Participation in the IMF, the World Bank, and GATT: Toward a Global Economic Order*.

17. This concept affirmed that diverse economic elements could co-exist while simultaneously upholding the continued dominance of state ownership. Jiang Zemin, Report to the National Party Congress, October 12, 1992.
18. For example, the Development and Research Center (DRC) of the State Council has built and maintained a working relationship with the World Bank since the 1980s, despite domestic criticism, in important part because the Bank provided resources and expertise to support the DRC's research on the Chinese economy.
19. For example, Chinese officials educated in the United States and who speak English are better positioned to engage with people and ideas from the United States, and to subsequently incorporate them into domestic policymaking.
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2020-21 WILSON CHINA FELLOWSHIP

# China's Green Mercantilism and Environmental Governance: A New Belt and Road to the Global South?

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## Abstract

This report examines an important but often neglected issue, namely, the environmental impact of China's Belt and Road Initiative (BRI) on the Global South and China's new efforts to build a BRI-centric sustainable development regime. Why is China now focused on a "green BRI?" What are the related policy actions? What challenges does China face in its "green BRI" efforts? This research argues that China's green agenda and initiatives are not just a response to external criticism on BRI's negative environmental impact. Rather, it represents the rise of China's green mercantilism, namely, using state capital to build a BRI-centric coalition around the issue of sustainable development in the Global South. The Global South has long been an important foreign policy priority for China, and as this research will show, many "green BRI" initiatives seek to woo countries in this region. However, Beijing's green mercantilism prioritizes China's national economic and political interests over environmental benefits. China has thus been ineffective in fostering sustainable development in the Global South and in achieving its stated goal of greening BRI. Environmental governance has often been put on the backburner of BRI's new initiatives, especially at the implementation level.

## Policy recommendations:

- U.S. policy should induce China to play a "race to the top" game.
- The United States should highlight inadequate environmental protection standards in China's foreign economic policies in general. Within BRI projects in particular, Washington should urge China to bring its governance framework in line with international standards, such as those used by OECD export credit agencies or International Finance Corporation. The United States should specifically pressure China to phase out its financing of overseas coal-fired power plants, a vague promise that Chinese President Xi Jinping made but never came followed through on.<sup>1</sup> To be successful, it is critical to build a results oriented dialogue platform with a variety of Chinese offices and agencies, which is currently lacking.

- The United States needs to work together with other creditor countries and transnational environmental groups to engage and urge China to adopt OECD Common Approaches for its export credit agencies' environmental and social due diligence standards. To add pressure on Chinese policy banks, the United States should also ensure other OECD countries, Japan and South Korea in particular, follow OECD rules that restrict export financing for coal-fired power projects. Global environmental governance on export credits would be ineffective, if not impossible, absent China's participation.
- The United States should provide tangible support for countries in the Global South to create sustainable development incentives. Such support should be comprehensive, covering both policy and industrial level technical assistance, and cater to the needs of government and civil society in both financial and non-financial forms. To this end, cooperation with other creditor countries, as well as China, is necessary.

## Introduction

The Belt and Road Initiative (BRI) has morphed into China's premier foreign policy framework, from its inauguration in 2013 to the adoption of BRI into the Constitution of the Chinese Communist Party in 2017. During this period, the geographic and financial scope of Chinese overseas infrastructure development has rapidly expanded. Unsurprisingly, BRI has been among the most discussed topics in the field of international relations (IR), particularly in light of rising competition between China and the United States. BRI has thus spurred widespread debate among international relations scholars and policymakers alike, whose focus has been predominantly on its geopolitical motivations and implications.

While BRI's strategic significance remains hotly debated, this research looks at an important but often neglected issue, namely, BRI's environmental impact on the Global South and China's new efforts to build a BRI-centric sustainable development regime. Over the past two decades, China has risen rapidly in the realm of development finance, especially since BRI's launch in 2013. According to Boston University's Global Development Policy (GDP) Center, from 2009 to 2019 Chinese policy banks have extended around \$462 billion in development finance, more than half of which were announced after 2013.<sup>2</sup> The majority of these loans were for infrastructure construction projects in BRI-affiliated countries in the Global South. However, as China's development footprint expanded, the BRI's environmental impact also intensified. For example, the GDP Center estimated that by the end of 2019, China-financed fossil fuel power plants were responsible for approximately 314 million tons (Mt) of carbon emissions per year, accounting for about 3.5 percent of the world's annual carbon emission excluding China. Recent research also shows that the rise of large-scale dams in the greater Mekong sub-region—driven largely by Chinese capital—came with major ecological and socioeconomic costs, from deforestation and biodiversity loss to food insecurity and dislocation.<sup>3</sup> In addition to large energy projects, environmental concerns related to BRI transportation sector projects were so massive that several researchers warned they might outweigh the project's economic benefits for host countries.<sup>4</sup>

BRI's environmental impact has provoked increased criticism and concerns from host countries and the international community, which has become an

important backdrop in China's recent push for a BRI-centric environmental governance regime. As illustrated by the Belt and Road Forums (BRFs) in 2017 and 2019, Beijing made environmental protection and sustainable development a top agenda item and launched a variety of "green" initiatives, including many high profile financial plans and projects endorsed by multilateral organizations. Nevertheless, current debates have not adequately captured the implications and impact that China's push for a green BRI will have on the Global South. It remains unclear why "green" development has become BRI's new focus. What policy actions support this initiative? What does China-led multilateralism in sustainable development look like? What challenges does China face in greening BRI?

This research argues that the emergence of BRI's "green" agenda and initiatives were not just a response to external criticism. Rather, it represents the rise of China's green mercantilism, namely, using state capital to build a BRI-centric sustainable development coalition in the Global South. The People's Republic of China (PRC) has taken the Global South as a foreign policy priority throughout its history, and, as this research will show, many of BRI's green initiatives are aimed at wooing countries in this region. However, Beijing's green mercantilism prioritizes China's national economic and political interests over environmental benefits. China, therefore, has failed to achieve its sustainable development in the Global South, nor has it greened BRI. In fact, China has often deprioritized environmental governance in its "green BRI" initiatives, especially at the implementation level.

This report has five parts. It starts with the general context of China's green mercantilism, explaining how economic and political interests gave rise to a new BRI agenda centered on environmental protection and sustainable development. The second part provides an overview of BRI's "green" discourse, policy documents, and policy actions from its inauguration to the present. It illustrates how China's green mercantilism shaped BRI's new agenda, specifically through three economic policy instruments: "green" foreign aid, "green" financial systems, and "green" trade and eco-friendly infrastructure. The following sections examine in detail these three policy instruments, particularly their implementation, accomplishments, and challenges in achieving BRI's stated goal to bring sustainable development to the Global South. Through an examination of quantitative data, the report also shows that in spite of increas-

ing efforts to “green” BRI, China-backed infrastructure development remains a major source of environmental concern in the Global South. The report concludes with a discussion of BRI’s recent developments following the COVID-19 pandemic outbreak, and policy implications for the United States.

## **Mercantilism and the Rise of Green BRI: The Context**

The emergence of China’s green BRI agenda requires understanding of the internal and external dynamics driving Beijing’s decision-making. Since President Xi unveiled the concept of BRI in 2013 and called for a massive push on infrastructure projects in developing countries, China’s overseas investments have become the increasing target of criticism. This criticism intensified within environmental policy and advocacy circles across the world following the announcement of a series of BRI flagship projects, such as large-scale coal-fired power plants, hydropower plants, and other transportation projects.<sup>5</sup> Notably, foreign critics found similar complaints in China, where civil society groups, academia and think tanks, and environmental policy groups have recognized the environmental repercussions of China’s own infrastructure push and the risk that BRI might impede China’s broader national interests.<sup>6</sup>

Such voices are not coincidental. They reflect the evolution of domestic forces pushing China’s own policy towards sustainable development. This push began after decades of rapid industrialization took a toll on the country’s ecosystem and public health, with a rising middle class forcing the Chinese leadership to recognize that they had to adjust their policy objectives in order to maintain governing legitimacy. Since the 11th Five Year Plan (FYP) (2006–2010), the ideal of “ecological modernization” and “ecological civilization” has steadily ascended to one of the PRC’s policy priorities. This new policy focus not only espoused the notion of sustainable development, but also reaffirmed the Chinese government’s position atop the economy’s commanding heights where it set agendas and made decisions in pursuit of a more sustainable form of development.<sup>7</sup> Over the past decade, the Chinese government has rolled out a variety of policies and regulations to promote a state-led green capitalism, from direct and indirect financial support for clean industries to heightened environmental standards to phase out polluting industries. While risks and challenges remain, China has made remarkable achievements, particularly in

slowing the growth of carbon emissions and in rapidly building the world's largest renewable energy sector. China's green movement has attracted much research, with some naming it "authoritarian environmentalism,"<sup>8</sup> while others characterize it as "new developmentalism."<sup>9</sup>

This research shows, however, that the concept of *mercantilism* is critical in understanding the importance of BRI to China's green policy movement. In spite of the diverse interpretation of this ancient economic idea, mercantilism at its core promotes a strong state that uses intervening policy to build a rich nation. The contemporary liberalized global economy, however, can place significant limits on state-led policy intervention.<sup>10</sup> Nevertheless, mercantilism continues to influence governments in their efforts to wield foreign trade and investment policy as tools in achieving their national goals. China's 21st century state-led development strategy is emblematic of such practices.<sup>11</sup>

China's interpretation of "ecological civilization" is steeped in mercantilism, with the PRC leadership seeking to turn their country into not only a green economy but also the world's top exporter of environmental products and technology. To be clear, mercantilist influence does not permeate the Chinese state evenly. Agencies in charge of trade and industrial promotion, such as the National Development and Reform Commission (NDRC), State-owned Assets Supervision and Administration Commission (SASAC), the Ministry of Commerce (MOFCOM), and the National Energy Administration (NEA), tend to prioritize mercantilist ideas more than agencies in charge of environmental affairs. However, these agencies are powerful and in many cases make final decisions on rules regarding Chinese firms' overseas activities.

Their influence—and mercantilist zeal—is on a full display in the 13th FYP (2016–2020), in which environmental, renewable, and energy efficient industries made up a big part of the so-called "strategic emerging industries." Following President Xi's pledge to achieve "carbon neutrality" by 2060, the recently released 14th FYP continued to prioritize the development of "green" industries.<sup>12</sup> Although from China's perspective, "green mercantilism" could be mutually beneficial or promote "win-win," the Achilles' heel is its limitation in restricting China's foreign economic interests. As such, all these policy plans stress the need of greater financial and trade mobilization between China and the world not merely to gain foreign capital in building

China into a green economy. Their goal is also to help upgrade Chinese industries—both clean and dirty—through expanding to overseas markets, which makes BRI essential.

Economic interests are not the sole impetus of China's green mercantilism. As great power status becomes China's new foreign policy ambition, environmental diplomacy is of significant importance.<sup>13</sup> For a long time, prioritization of economic development kept China—the world's largest greenhouse emitter—at the periphery of global environmental governance. Over the past decade, however, with its accomplishments in environmental protection, China has become active in pursuing leadership roles at global environmental fora, as exemplified by its participation in the Group of 20 (G20) Summits and the United Nations Climate Change Conferences over the past decade.

Importantly, environmental diplomacy has also become a new area for China's promotion of "soft power" in the global south, a region in which China has long identified with.<sup>14</sup> As early as 2010, China began promoting environmental diplomacy in the global south through its creation of China-led regional environmental forums, such as the China-Arab States Environmental Cooperation Forum and the China-ASEAN Environmental Cooperation Forum. Since BRI's launch and against the backdrop of U.S. withdrawal from the Paris Agreement and Green Climate Fund, China became even more active in seeking environmental leadership through expansion of renewable energy installation and Xi's carbon neutrality pledge before the United Nations General Assembly.<sup>15</sup> In this sense, promotion of green BRI is critical to China's leadership in global environmental governance and its relationships with the global south as well as its efforts to compete with the United States in shaping the future of global governance.

### **Green BRI to Lead the Global South: An Overview of Policy Discourses and Actions**

China has increasingly focused on using state-backed capital to build a BRI-centric sustainable development coalition in the global south. To woo countries in the region into this coalition, China deploys three types of economic policy instruments, namely, "green" foreign aid, "green" financial systems, and "green" trade and infrastructure investments.

These policy instruments as a whole have developed along with BRI's ever-expanding "green" discourses and policy plans. For starters, President Xi's BRI inaugural speech addressed the importance of ecological protection.<sup>16</sup> The first BRI action plan published by the National Development and Reform Commission (NDRC) also made sustainable development part of its policy rationale.<sup>17</sup> In 2016, China made the high-profile pledge of a 20-billion-yuan (\$3.1 billion) South-South Climate Change Fund to the United Nations, signaling its intent to building global common goods.

The "green" theme emerged as a key part of President Xi's keynote speech at the 1st Belt and Road Forum (BRF) in 2017, where he called for 'a new vision of green development.'<sup>18</sup> The same year, the NDRC issued its *Guidance on Promoting a Green Belt and Road (Green BRI Guidance* thereafter) as the first document stating BRI's mission in environmental promotion. The *Green BRI Guidance* ensured Green BRI's commercial and diplomatic orientation, stipulating that the policy's primary goals included "eco-friendly infrastructure development, green trade & trade of sustainable production and consumption, green finance, eco-environmental protection and risk management projects, and people-to-people bonds." The Ministry of Environmental Protection (then the Ministry of Ecology and Environment, or MEE) also issued the *Belt and Road Ecological and Environmental Cooperation Plan (BREECP)*, specifying dozens of initiatives and planned initiatives to implement the *Green BRI Guidance*.<sup>19</sup> In addition, NDRC, together with other agencies, also issued various new policies and corresponding initiatives, as summarized in Table 1.

A series of BRI-themed green action plans and initiatives emerged. They were increasingly multilateral, comprising a variety of environmental policy coordinating mechanisms between China and BRI countries. As Table 1 shows, these initiatives called "green" foreign aid, "green" financial systems, and "green" trade and infrastructure investments or some combination thereof. The following sections will analyze these three policy instruments and seek to answer two important questions: How did mercantilism influence these initiatives? How effective have these initiatives been in "greening" BRI projects?

**TABLE 1.** Green BRI initiatives

<b>Three economic policy instruments</b>
<p><b>Green foreign aid:</b></p> <ul style="list-style-type: none"> <li>• South-South Climate Change Fund (2015)</li> <li>• South-South Cooperation Fund (2016)</li> <li>• Lancang-Mekong Environmental Cooperation Center/Green Development Funds (2015/2018)</li> <li>• China-ASEAN Demonstration Centers for</li> <li>• Environmental Protection Technology and Industrial Cooperation and Exchanges (2016)</li> <li>• China-Africa Environmental Cooperation Center/Green Development Fund (2017/2018)</li> <li>• Silk Road Green Envoy Program (2017)</li> <li>• BRI South-South Cooperation Initiative on Climate Change/Training for Tackling Climate Change (2017)</li> <li>• BRI International Green Development Coalition (2019)</li> <li>• BRI Green Lighting Initiative (2019)</li> <li>• BRI Green Cooling Initiative (2019)</li> <li>• BRI Sustainable Cities Alliance (2019)</li> <li>• BRI Environmental Technology Exchange and Transfer Center (2019)</li> </ul> <p><b>Green financial systems:</b></p> <ul style="list-style-type: none"> <li>• Green Silk Road Fund (2015)</li> <li>• BRI Green Finance Index (2017)</li> <li>• China Green Finance Committee (2017)</li> <li>• Green Investment Principles for Belt and Road Development (2019)</li> <li>• Study of Belt and Road Green Development Fund (2019)</li> </ul> <p><b>Green trade and infrastructure investments:</b></p> <ul style="list-style-type: none"> <li>• BRI Green Supply Chain Program (2015)</li> <li>• Hazardous Waste Management and Import and Export Regulation Cooperation (2017)</li> <li>• BRI Environmental Big Data Platform (2017)</li> <li>• Eco-Label Mutual Recognition (2017)</li> <li>• Initiative on Corporate Environmental Responsibility Fulfillment for Building the Green Belt and Road (2017)</li> <li>• Industrial Park Sewage Treatment Demonstration (2017)</li> <li>• Study on Green Interconnection (2017)</li> <li>• BRI Green Going-Out Initiative (2019)</li> </ul>

### Official documents related to Green BRI

#### **BRI documents:**

- Guidance on Promoting a Green Belt and Road (2017)
- Vision For Maritime Cooperation Under the Belt and Road Initiative (2017)
- The Belt and Road Ecological and Environmental Cooperation Plan (2017)
- Vision and Actions on Agriculture Cooperation in Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road (2017)
- Vision and Actions on Energy Cooperation In Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road (2017)

#### **Other documents on Chinese outbound investments and other economic activities:**

- A Guide On Sustainable Overseas Forests Management and Utilization by Chinese Enterprises (2009)
- Green Credit Guidelines (2012)
- Guidelines On Environmental Protection For Overseas Investment And Cooperation (2013)
- Guidelines For Establishing the Green Financial System (2016)
- Regulations On Outbound Investment and Business Activities of Private Enterprises (2017)
- China Banking Regulatory Commission On the Standardization Of Banking Service Enterprises Going Abroad: Guide to Strengthening Risk Prevention And Control (2017)
- Measures For the Management of Outbound Investment Regulations (2017)

## Green Foreign Aid with Chinese Characteristics

Foreign aid has been China's key policy instrument in its attempt to lead a BRI-centric environmental coalition. As mentioned earlier, China launched the South-South Climate Change Fund in 2016, pledging to build ten low-carbon demonstration projects, 100 climate change adaptation and mitigation projects, and 1,000 training places in developing nations (the "10-100-1000" plan). Other similar financial arrangements included another \$2 billion for South-South Cooperation announced at the 2016 United Nations Development Summit to meet the post-2015 Development Agenda. China-led regional environmental forums, such as the Lancang-Mekong Environmental Cooperation Center and China-Africa Environmental Cooperation Center, also provided grants for research and capacity building training. The 2017 BREECP reiterated the importance of "green foreign aid" programs and outlined foreign aid expansion plans in "greening" BRI. The 2018 China-Africa summit confirmed this policy line, as President Xi expanded China's aid commitment to Africa, including 50 projects on green development and environmental protection.<sup>20</sup>

It is unclear how much China's pledge of "green" foreign aid has materialized. Nevertheless, with the backing of the expansive funding, China-led environmental coalitions expanded rapidly through both broadening the existing China-led environmental forums and creating new ones to foster broader and deeper policy exchange and coordination. In 2015 for example, China founded the China-ASEAN Partnership on Eco-friendly Cities. Since 2017, BRI-affiliated environmental forums flourished with various types of environmental stakeholders participating on issues ranged from policy and standards coordination to nuclear and radiation safety management. Among issues discussed, the most prominent BRI International Green Development Coalition, a coalition aiming to promote dialogues and harmonize environmental rules for BRI projects, reportedly has more than 130 participating organizations from 60 countries and environmental ministries from 25 BRI countries—almost entirely from the Global South—to discuss ten environmental topics.<sup>21</sup> China's "green" foreign aid also promotes the so-called "people-to-people bonds" activities such as environment-related training, exchanges, and visits. As a major initiative of this sort, the Green Silk Road Envoys Program begun in 2011, expanded in 2017, and claims to

have provided over 2,000 environmental training sessions for government officials and private citizens from BRI countries.<sup>22</sup> Notably, the United Nations endorsed and jointly administered many of BRI-theme multilateral sustainable initiatives, boosting the profile of China-led sustainable development coalition in the Global South.

While multilateral cooperation is essential for environmental protection, how China's green foreign aid has been put in practice and whether it has achieved its stated goal is questionable. First, BRI's cooperation mechanisms emphasize consensus-building and diplomatic functions more than making substantial policy changes, which was difficult given the diverse interests between the participant states.<sup>23</sup> As many BRI countries lack policy frameworks to facilitate and incentivize renewable or sustainable projects, green development is difficult in practice. As such, the BRI International Green Development Coalition has moved slowly since its inauguration and yielded little impact on the policy level. Further, a consensus-based approach is also inefficient in engaging countries disinterested, if not reluctant, to discuss environmental issues; many BRI countries that were also top greenhouse gas emitters, such as Indonesia, South Africa, and Turkey, were not part of this coalition.

The major challenge is intrinsic to China's mercantilist take on "green" foreign aid. According to a Beijing-based observer, Chinese-content procurement requirements impose many restrictions on Chinese foreign aid, leading to slow implementation of the South-South Climate Change Fund and poor quality projects.<sup>24</sup> Additionally, conflicts between commercial, environmental, and foreign affair ministries over the goals and priorities of the Fund, coupled with coordinating problems between them, have also obstructed the quality of those projects. While the recent reorganization of MEE and creation of the China International Development Cooperation Agency (CIDCA) to manage "green foreign aid" is a promising change, whether these organizations could remedy pressing problems remains to be seen.

Nevertheless, current studies show that so far, China's mercantilist interests have a diminishing effect on its intent to help with BRI countries' environmental protection and sustainable development. For example, several researchers observed that China's climate mitigation demonstration projects in Africa function like a sales demonstration, with staff emphasizing the productivity improvements in Chinese-manufactured data services,

biotechnology, agricultural machinery, and related business facilitation services.<sup>25</sup> Tyler Harlan made similar observations on China-led workshops on small hydropower projects, which he argued facilitated medium- and large-scale hydropower investments in BRI countries.<sup>26</sup> He also observed that the majority of China’s “green foreign aid” was not sustainable for development projects, but rather environmental mitigation projects, which are often selectively enforced in developing countries and end up more as “greenwashing.”<sup>27</sup> Still others observe that surveillance systems, environmental law enforcement training, and cultural exchanges or similar programs, accounted for a substantial part of China’s environmental aid donation and Silk Road Envoy Program for BRI countries.<sup>28</sup> In this view, Chinese green foreign aid also helps promote so-called “coercive environmentalism.”

Importantly, regardless of high-profile pledges, the scale of China’s green foreign aid remains modest. According to China’s latest foreign aid white paper, in terms of project counts, climate change programs accounted for merely three percent of Chinese aid programs from 2013–2018.<sup>29</sup> It is also difficult to tell the environmental scores of the rest of Chinese foreign aid programs based on the information released in the white paper. Granted, while not directly intended for environmental governance, China is the lead contributor to two new multilateral development banks, the Asian Infrastructure Development Bank (AIIB) and the New Development Bank (NDB). Since the outset, the two banks have collaborated with established development banks in promoting sustainable and eco-friendly development projects. Still, according to an Industrial and Commercial Bank of China and Oxford Economics study, the two banks, together with other multilateral development banks, account for 0.6 percent of BRI projects.<sup>30</sup> In this sense, the impact of China’s foreign aid on BRI countries, regardless of whether it is “green” or not, is negligible compared to that of development funds from China’s financial institutions.

## **China’s Green(ish) Financial System**

The same ICBC and Oxford Economic study found that up to the end of 2017, Chinese firms and financial institutions had financed 86 percent of BRI’s projects. Financial institutions and the two-decade long campaign known as

*Go Out*—BRI's predecessor policy initiative—are the backbone of China's state-led economy in promoting China's exports, outbound investments, and resource acquisitions. Greening the financial system is thus China's key strategy to "green" BRI.

The green movement of China's financial system can be seen through regulatory changes at two levels. At the firm level, since the *Go Out* era, Chinese ministries and commissions have issued numerous documents regulating various aspects of outbound investments and other economic activities. Among them, the *Guidelines for Environmental Protection in Foreign Investment and Cooperation* (2013), jointly issued by the MEP and MOFCOM, is the most comprehensive in setting environmental rules for Chinese firms operating overseas, including requirements to perform socio-environmental impact assessments to gain Chinese bank loans. Additionally, the NDRC issued *Administrative Measures on Overseas Investments* (2017), requiring firms to disclose the environmental record of their overseas activities. These documents provide a primary framework for Chinese banks' environmental protection practices.

At the financial institution level, China has embarked on a movement to build a green credit system in the early 2010s. From the China Banking Regulatory Commission's (CBRC) issuance of *Green Credit Guidelines* (2012) to *Key Indicators of Green Credit Performance* (2014), these documents construct various guidelines, categories, and indicators in measuring Chinese banks' green scores in the hope of directing them from "dirty" to "clean" lending. While Chinese banks' domestic portfolios remain the focus, these documents, and the indicators disclosed, also include their overseas portfolios as part of the assessment. Furthermore, in 2016 the People's Bank of People's Bank of China adopted the *Guidelines of Establishing a Green Financial System*, which not only advances green credit requirements but also expands the "green" movement into bonds, insurance, and pension markets. Since their first issuance in 2016, China's "green bonds" in particular saw exponential growth, with an estimated value of \$42.8 billion in 2018.<sup>31</sup> Notably, more than one fifth of Chinese green bonds were issued offshored, which requires meeting international green standards.

The green finance movement has also shaped BRI's green initiatives. China first introduced its green finance policy at the G20 Summit in 2016. A year

later at the first BRF, China pledged to bring green finance to BRI countries and launched the Green Finance Index to promote transparency in BRI projects' environmental record. At the 2nd BRF the Green Finance Committee of China Society of Finance and Banking, the City of London Corporation, and 27 financial institutions both Chinese and multinational, signed the Green Investment Principles (GIP), vowing to improve their environmental and social risk management and to promote green investments in BRI countries. Likewise, dozens of Chinese banks sought to expand partnerships with western banks and organizations to uphold international standards on environmental protection with a goal to build co-financing mechanisms. For example, the Export-Import Bank of China (Exim China) signed a memorandum of understanding (MoU) with Mizuho Bank and Standard Chartered Bank on third-party market cooperation, and separate MOU with the United Nations Industrial Development Organization to enhance cooperation on sustainable industrial development in BRI countries.

In spite of regulatory changes at home and multilateral activities abroad, there are many reasons to question the efficacy of China's green efforts. The primary reason is the weakness of China's regulatory bodies, which are still rooted in a mercantilist stance. At the firm level, as Kelly Gallagher and Qi Qi observed, current Chinese regulation, in spite of heightened environmental standards, is mostly non-mandatory, and only in rare cases does the government impose compulsory restrictions on firms' overseas activities.<sup>32</sup> For example, MEP's 2013 Guidelines *recommends* firms to adopt best practices for environmental impact assessment (EIA), namely, the Equator Principles. In fact, the Guidelines displayed MEP's failed attempt in making the EIA best practice mandatory due to opposition from pro-export promotion MOFCOM.<sup>33</sup> While NDRC's 2017 measures helped boost MEP's regulatory strength, it remained in a weak position to coordinate with other agencies on implementing its environmental rules overseas. Importantly, SASAC, which supervises Chinese state-owned enterprises, i.e. heavyweight BRI implementers, shared MOFCOM's mercantilist priorities. SASAC's performance evaluation mechanism remains mainly profit-oriented and lack components for environment, social and governance assessments.<sup>34</sup> At the end of 2020, the most explicit environmental requirement for Chinese firms remains compliance with host country rules, which is commonly seen as a low bar in ensuring the environmental standard of BRI projects.<sup>35</sup> As

such, some studies found that Chinese firms investing overseas continue to adopt the lowest environmental standard but still receive state-backed loans.<sup>36</sup>

China's efforts to "green" financial institutions also began with a mercantilist motivation, as Chinese regulators sought to raise "green" foreign capital in a market that increasingly demands reporting on environmental, social, governance practices (ESG). The new financial guidelines are thus critical for China's development in green industries, both at home and abroad. Yet, the same mercantilist motivation also makes China reluctant to phase out lending for "un-green" projects. Thus, the current guidelines, even though with increased regulatory strengthening, mainly call upon Chinese banks' voluntary actions. Procedures to implement these guidelines and mechanisms to supervise banks and their information disclosure also remain ambiguous. Moreover, the above-stated green financial rules from the Chinese bank regulators do not apply to two policy banks, Exim China and China Development Bank (CDB), which are under the direct supervision of the State Council in fulfilling national policies such as BRI. While being *de facto* BRI pillars, both banks have never disclosed their EIA and ESG guidelines and record.

Importantly, China's definition of "green"—while varying somehow among different Chinese administrative authorities—is peculiar. It generally refers to "less dirty." For example, large-scaled hydropower, natural gas, and 'clean' coal technology, which are not included into the "green" category by most international financiers, are classified into China's "green" credit categories.<sup>37</sup> Strikingly, nuclear energy also falls into the scope of BRI's renewable energy. Unsurprisingly, studies found that green credit guidelines have yet had clear effect on the major Chinese banks' environmental record either at home or abroad. Others also found that the guidelines remain ambivalent on measures on banks' overseas portfolios and how they are evaluated as part of these banks' "green" scores.<sup>38</sup> Similarly, hydropower and "clean" coal development has been lumped into China's onshore green bonds. It was only after the announcement of China's carbon neutrality by 2060 in September 2020 that "clean" coal was removed from China's green bond basket. According to a local expert, how far this change should apply to other part of the financial system has been highly contested between different ministries.<sup>39</sup> In sum, mercantilism continues to obstruct China's political will in conducting green finance policy and makes BRI at best "greenish."

## **Green Trade and Infrastructure Investments: Touting Green and Building Dirty**

Green trade promotion has been touted as one of BRI's primary objectives. While the range of "green" trade varies widely, from trade in environmental products and services related to air and water pollution control to hazardous waste management and disposal, according to the BREECP, promotion of renewable energy is of particular importance in helping BRI countries develop low carbon and climate resilience. The joint communique of the 2nd BRF reaffirmed this focus with a vow to support "global access to affordable, clean, renewable and sustainable energy for all."<sup>40</sup>

China has since launched many initiatives for harmonizing trade policy with BRI countries via BRI-themed multilateral forums. For example, in collaboration with the United Nations Environmental Programme, China launched green lighting and cooling systems, built sustainable cities alliances, and mentioned earlier, and formed mechanism in promoting, for example, eco-label mutual recognition, nuclear and radiation safety management, and export regulation cooperation. In the run-up to the two BRFs, many Chinese industries also released new environmental or social responsibility guidelines.

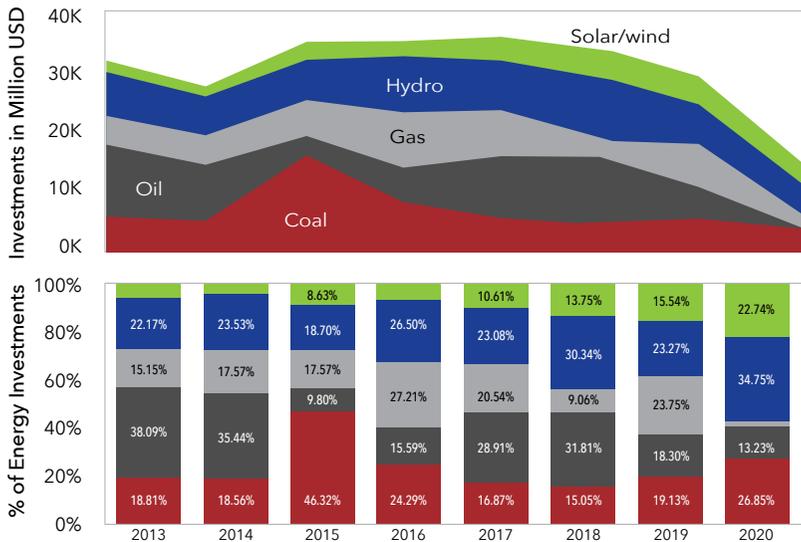
These initiatives, however, focus on facilitation and management of environment-related trade and investment in BRI countries rather than advancing these countries' environmental regulation frameworks. More importantly, while the policy significance of the new initiatives remains too early to tell, China's infrastructure development in BRI countries has been proven otherwise. According to the GDP Center's latest estimate, CDB and Exim China made approximately \$462 billion worth of lending commitments in 2008–2019.<sup>41</sup> Of this lending, approximately two-thirds was made after the launch of BRI in 2013 for constructing transportation, energy supply, and energy distribution infrastructure and Table 2 illustrates the projects being financed. Strikingly, Table 2 shows that among the 518 projects with GDP validated physical locations, 124 are within national protected areas, 261 are within critical habitats, 133 are within indigenous peoples' land, and near 90 percent of them are located in developing countries in Asia and Africa. Over a hundred of projects—mostly related to hydropower development—in river basins in Southeast Asia, Africa, and South America overlap with multiple categories of sensitive territories. The GDP notes

**TABLE 2.** China-financed overseas projects: geospatial analysis of biodiversity and indigenous lands

Continent/Area	Within National Protected Areas	Critical Habitats	Indigenous Peoples' Lands
South America	6	17	7
Central America and the Caribbean	3	5	0
North America	0	0	0
Europe	8	6	0
Africa	65	129	72
Asia and Pacific Islands	42	104	54
Australia	0	0	0
Antarctica	0	0	0
<b>Total:</b>	<b>124</b>	<b>261</b>	<b>133</b>

Source: the Global Development Policy Center of Boston University (2020).

Chinese energy investments in the Belt and Road Initiative (BRI) 2013-2020



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that this amount is an underestimate, as the two banks also earmarked additional loans for oil, gas, and mining extraction, such as the \$10 billion Russia-China oil pipeline.

Other data also shows the ineffectiveness of its promotion in eco-friendly energy infrastructure. According to the Beijing-based Green Belt and Road Initiative Center, which triangulates various datasets on the subject from 2013 to 2020, the value of the announced Chinese energy projects in BRI countries during this period was about \$260 billion, of which coal power sectors made up for 30 percent and oil and gas sectors make up 35 percent. As shown in the figure above, Chinese investments in large-scaled fossil fuel projects declined after 2017 following the launch of BRI's green initiatives. Nevertheless, they remain a major part of China's energy investment in BRI countries. The data also shows that while BRI's renewable portfolio has grown significantly since 2017, it is driven largely by the rise of large-scaled hydropower development. It is important to note that in the year of 2020, under the pandemic outbreak of COVID-19, renewables accounted for 58 percent of new BRI contract value, surpassing the fossil fuels for the first time. However, the surge of renewables was mainly driven by hydropower sectors. At the same time, the share of coal sectors also increased, compared to that in previous years. Hydropower and coal continued to be the top two sectors of China's energy investments in BRI. In short, whether the pandemic might accelerate or stall the "greening" of BRI energy projects remains unclear.

How to reconcile the contradiction between China's push for a green BRI and its investment record at the same time? The answer lies in the fact that a mercantilist China on the one hand, is spearheading eco-friendly and renewable exports and foreign investments, yet, on the other, it remains reluctant to close up regulatory loopholes and phase out environmentally detrimental ones in order to maintain Chinese state-owned firms' global foothold. Problems related to China's foreign aid and financial system discussed above illustrate this reluctance. Moreover, most of the above-mentioned initiatives remain unclear in terms of their policy substance.<sup>42</sup> As China's financial system currently provides little real incentives for banks to support eco-friendly trade or renewable investments, firms in this sector—usually smaller and private players—cannot gain sufficient financial support to expand overseas. While a study group

on the Green Development Fund was announced at the 2nd BRF, it remains far from unclear when this Fund would come to being.

The statistics shown above is also not a surprise considering two facts. First, China is not part of the OECD, the key platform that sets international rules for export credit agencies. Thus, Chinese policy banks, unlike its OECD counterparts, need not to comply with the Common Approaches on Environmental and Social Due Diligence. Similarly, none of the major BRI financiers has adopted the Equator Principles and performance standards issued by the International Finance Corporation (IFC) of the World Bank Group. While the Industrial and Commercial Bank of China (ICBC) has adopted the Principles as references for its operational guidelines, it has also supported many fossil fuel projects on the BRI map. Second, China actually resisted taking formal part into the 2015 OECD Agreement and Understanding on Export Credit for Coal-fired Electricity Generation Projects, which would restrict China's overseas coal power development.

Nevertheless, promising changes emerged recently. At the 2nd BRF in 2019, the BRI International Green Development Coalition announced the plan to study a traffic light system, which restricts Chinese firms' financing access based on the environmental impact of industrial categories of investment projects. This initiative was in response to the call of many from within Chinese ministries, think-tanks, and environmental groups, both in China and abroad, to raise the environmental standard since the launch of BRI. Then came the pandemic outbreak of COVID-19, which exacerbated financial problems of many large-scale BRI projects and plummeted China's overseas coal power investments in 2020. In November 2020, the MEE released the classification methodology of the Traffic Light system, based on international practices such as the EU Sustainable Finance Taxonomy and the Equator Principles.<sup>43</sup> For example, the system labels coal-fired power plants under a red light, which is not recommended for financial support, while other types of projects, such as hydropower and railways, would need to implement internationally recognized mitigation measures to earn a "green" status. In addition, solar and wind power are considered green projects for they advance the climate goals of the Paris Agreement. As of this writing, the Traffic Light system has gained endorsement from individual officials from ministries including NDRC, CBRC, and MOFCOM. Still, how the system may overcome

the bureaucratic obstacle and be adopted into a set of implantable and well-coordinated policy guidelines and whether it could apply to all Chinese banks, including policy banks, remain to be seen. While China's recent backing away from financing coal power plants in Bangladesh is a positive sign of the development, the recently released 14th FYP—which said little about ending coal power construction—demonstrates the continued gap between China's commitments and actions under the mercantilist influence.

### **Policy Implications for the United States: A Three-Pronged Approach to a Green BRI**

This research explains how in spite of increased efforts, China, with other political and economic priorities in mind, has been far from effective in achieving the goal of greening the BRI. This finding has important policy implications for the United States and its renewed focus on climate policy under the Biden Administration. This research shows that the United States should hold China and its BRI campaign accountable for its action in the Global South as well its impact on global environmental governance. To achieve this goal, the United States needs a *three-pronged* approach that deals not only with China but also with the Global North and South. In proceeding with this three-pronged approach, the following section identifies key tactics and strategies for consideration.

*First prong towards China:* U.S.-China policy is often framed as a cooperation-vs.-competition dichotomy, which obstructs discussions of policy options at the practical level. This report suggests moving beyond this view and instead look into areas where, from the standpoint of U.S. climate policy, China's BRI practices and policies are most in need of change. As the report shows, the United States should urge China to align its BRI practices and foreign economic policy environmental framework with international standards. For example, Beijing could force its export credit agencies to adopt the Equator Principle and OECD Common Approaches in their environmental and social due diligence guidelines. In doing so, the United States needs to not only contest but also engage China. Engagement is crucial, especially for penetrating a Chinese bureaucracy whose internal relations and interests are so complex and conflicting that they often deter meaningful policy changes.

The key is to help China build a “pro-green” coalition from within. To do so, the United States should increase contact with China’s sustainability-minded circles, both within and beyond the government, to exchange information, disseminate knowledge, and build their capacity to hold Chinese firms accountable for their overseas conduct. Such goals are rather achievable considering recent trends in China, such as its new carbon neutrality goals and release of the “traffic light system,” which could indicate that sustainability-minded circles are gaining influence and in favor of a more progressive approach to greening BRI. However, as the report shows, as long as more powerful and higher-tier ministries such as MOFCOM, NDRC, and SASAC—often made up of mercantilist-minded officials—remain unready to support such measures, greening BRI will remain a daunting task. Therefore, U.S. engagement should also focus on those ministries. Nevertheless, these ministries would likely not respond well to U.S. sermons on environmental justice. The United States should therefore pressure and persuade them with a focus on the economic and political risks of an environmentally race-to-the-bottom in BRI countries. COVID-19 caused substantial financial distress in many large-scale BRI projects and emerging interest in renewable energy projects are opportunities to engage in dialogue along these lines. To successfully pressure and persuade China, the United States needs to construct a results-oriented dialogue platform for a host of offices and agencies in both Beijing and Washington, something that is currently lacking.

While U.S. policymakers might be hesitant to construct new dialogue frameworks given how unproductive and bloated U.S.–China dialogues became under the Obama administration, in this case Washington could take a page from China’s playbook. Beijing frequently uses its bilateral “partnership frameworks” to engage in dialogues with its strategic and comprehensive strategic partners. The dialogues offer Beijing an opportunity to exert its discourse and convening power and to introduce new norms and practices to its counterpart countries. Although it should now be painfully clear that U.S. engagement is not going to change China, on the issues of climate change and environment that Beijing often perceives as “win-win” in making foreign collaboration, the United States still has an advantage in shaping the narrative and controlling discourse. Over time, this “discourse power” can induce Beijing to play a “race-to-the-top” type game.

*Second prong towards the Global North:* The United States cannot engage China effectively without getting other creditor countries and environmental groups on board. Engaging creditor countries is also essential from the standpoint of global governance. China's push for BRI and its rise as the world's largest export creditor has weakened the efficacy of an OECD-centric export credit regime. While the OECD Working Party on Export Credits and Credit Guarantees, created in 2012, aimed to bring China, along with other emerging export creditors, in line with other OECD countries, it has been mostly unsuccessful.<sup>44</sup> The United States needs to continue working with other OECD countries in making concerted efforts to improve Chinese policy banks' environmental practices. To that end, Japan and South Korea, the OECD's two top exporters of coal-fired power technologies, are particularly important. Last year, under increased civil society pressure, both Japan and South Korea announced that their export credit agencies would phase out coal-fired power projects, thus making Exim China and CDB the primary target of transnational climate networks. The United States should continue to engage other OECD countries in pressuring Chinese policy banks to adopt a carbon policy in line with other export credit agencies. The goal, again, is to induce China to play a race-to-the-top game. This is not to say that an OECD-led export credit regime is perfect. Instead, it suggests that global environmental governance on export credits would be ineffective, if not impossible, absent China's participation.

*Third prong towards the Global South:* Engagement with the Global South is often neglected, but of crucial importance. After all, it is the host government that has the final say whether to build BRI projects or not. For countries struggling with basic infrastructure, simply asking them to avoid the "debt trap" is not going to make them turn down Chinese financial assistance. Chinese firms and banks often insist that they simply respond to host country demands. However, if the nature of that demand can shift towards more sustainable projects, change could flow quickly. We have seen this shift in Vietnam where Feed-in Tariffs have brought a flood of foreign investment in solar and offshore wind.<sup>45</sup> Chinese state-owned firm Power China's winning bid in Vietnam's wind power project last year shows the importance of host countries' agency in greening BRI.

In this sense, the United States should provide tangible support for countries in the Global South to create sustainable development incentives. Such support should be comprehensive, covering both policy and industrial levels

assistance, and cater to the needs of both government and civil society. One particular area where the United States can contribute is in improving information transparency, which host countries need to make better-informed policy decisions. Stimson Center's Mekong Infrastructure Tracker is a prime example.<sup>46</sup> In addition to technical assistance, the United States should also consider providing funding for areas that China currently lags, but are critical to the Global South's renewable energy development, such as grid upgrades that allow energy efficiency and flexibility. To this end, cooperation with other creditor countries, as well as China, is necessary.

The above discussion provides an agenda for the United States to address at the United Nations climate summit in April 2021. To reiterate, the United States should not only focus on China. It also needs to engage other countries as well, particularly those in the Global South, and to take different but mutually supported policy actions in order to manage the global commons and tackle climate change. It is time for the United States to reassert its global environmental leadership after spending four long years in the policy desert.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

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2020-21 WILSON CHINA FELLOWSHIP

# Japan, Taiwan, the United States, and the “Free and Open Indo-Pacific”

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## Executive Summary:

Against the backdrop of worsening tensions across the Taiwan Strait, this study 1) examines democratic Taiwan's importance to the United States' and Japan's shared vision for the region's "free and open" future; 2) highlights recent developments in Japan-Taiwan relations; and 3) suggests policy options to bolster U.S.-Japan-Taiwan cooperation in pursuit of a positive regional agenda beyond strictly deterrence. It argues that the trajectory of Japan-Taiwan relations carries major implications for both U.S. regional strategy and Taiwan policy, and therefore warrants significantly greater attention in Washington than it typically receives. U.S.-Japan cooperation, or lack thereof, in this space will be a critical variable affecting both the region's—and Taiwan's—future. This study closes with a discussion of prospects for more extensive Japan-Taiwan cooperation and explores policy options, including ways to enhance U.S.-Japan coordination to facilitate the diversification of Taiwan's economic linkages and to expand functional cooperation with the U.S., Japan, and other democratic partners.

## Policy Recommendations:

- Launch parallel, comprehensive inter-agency reviews of Taiwan policy as part of a more general review of regional strategies aimed at championing a positive vision; consult and coordinate with each other informally.
- Prioritize substantive cooperation that enhances Taiwan's security, prosperity, and resilience against external coercion, and which proactively engages Taiwan as a valued partner in efforts to positively shape the region's "free and open" future.
- Support Taiwan's efforts to diversify economic links and expand trilateral and multilateral functional cooperation, including with partners beyond East Asia, through an expanded Global Cooperation and Training Framework and other ad-hoc bilateral/multilateral coalitions.

- Establish/expand security dialogues and cooperation in counter-coercion, collective resilience, non-traditional security, cyber, and information/intelligence-sharing.
- Significantly expand funding to support bilateral/trilateral Track 1.5 and Track 2 dialogues, as well as scholarly/academic/student exchanges—especially among the United States, Japan, and Taiwan.

A widely-recognized characteristic of the People's Republic of China's (PRC; henceforth, "China") foreign policy in recent years is Beijing's increased use of its growing material power and influence to more assertively, at times aggressively, throw its weight around in pursuit of policy goals. One of the most important and potentially destabilizing manifestations of this trend today is China's increasingly coercive posture toward democratic Taiwan since 2016.<sup>1</sup> As Beijing pressures Taiwan through military, economic, diplomatic, and other means, including efforts to shrink its "international space," the importance of Taipei's ties with and support from major democratic partners—the United States and Japan above all—has surged.

Over the past five years, concerns in Tokyo and Washington about cross-strait tensions have grown more acute. In 2016, a landslide election victory handed the Democratic Progressive Party (DPP) Taiwan's presidency and its first-ever majority in the Legislative Yuan. Ever since, out of apparent suspicions that the DPP's goal is *de jure* independence, Beijing has effectively refused to engage President Tsai Ing-wen's administration constructively, despite the latter's clear pro-status quo orientation. If Beijing's goal was to convince Taiwanese voters to choose different leadership, its hard line appears to have backfired, at least for now: in January 2020, Tsai was reelected by a historically large margin. Today, public opinion polls suggest that the clear majority of the Taiwanese public still prefers maintaining the cross-strait status quo. However, since 2019 support for unification appears to have reached its lowest level since at least 1994, while support for independence has increased.<sup>2</sup>

Though these outcomes are a testament to the resilience of Taiwan's democracy and rejection of Beijing's efforts at intimidation, the resulting cross-strait frictions have significantly raised concerns about the stability of the status quo, which then U.S. Deputy Secretary of State Stephen Biegun characterized last year as a "state of hostility."<sup>3</sup> As Richard Bush, former chairman and managing director of the American Institute in Taiwan, argued in late 2019, Beijing's strategy toward democratic Taiwan has shifted "from persuasion to coercion"; with its goal "to end the island's separate political existence and incorporate it into the People's Republic of China...and so place limits on Taiwan's sovereignty and democracy."<sup>4</sup> For many observers on Taiwan and beyond, Beijing's recent crackdown in Hong Kong provides a sobering reminder of the potential stakes.

The United States’ forward-leaning rhetoric and policies in support of Taiwan have been well documented. Less widely appreciated in D.C. policy circles is that Japan-Taiwan relations have also evolved significantly in recent years. Furthermore, in recent months a few Japanese officials have become unusually outspoken about their concerns about cross-Strait dynamics. For example, in a blog post last May, Japan’s state minister for foreign affairs called Taiwan a “security lifeline” [安全保障上、生命線] for Japan and asserted that Japan “cannot allow [its] people living in [a] free society to be overrun by the [Chinese] Communist Party.”<sup>5</sup> In a December interview, Japan’s state minister for defense identified China and Taiwan as a “red line in Asia,” and called on (then) President-elect Biden to “be strong” in supporting Taiwan in the face of China’s “aggressive stance.”<sup>6</sup> Most recently, March 2021 witnessed several exceptional statements from Cabinet-level officials directly referencing the Taiwan Strait. In a March 13 speech to an international conference, Japan’s Defense Minister Kishi Nobuo expressed “grave concern” about Beijing’s recent actions to undermine Hong Kong’s autonomy, subtly stated that the situation made him “recall our friends in Taiwan,” noted that “the military balance between China and Taiwan has changed in favor of China,” and called for cross-Strait issues to be “resolved peacefully by direct dialogue.”<sup>7</sup> Three days later, he joined his foreign ministry counterpart and the U.S. secretaries of state and defense in releasing a U.S.-Japan joint statement calling out China by name, criticizing its recent “behavior;” expressing the allies’ “commit[ment] to opposing coercion and destabilizing behavior toward others;” and “underscor[ing] the importance of peace and stability in the Taiwan Strait.”<sup>8</sup>

Importantly, such U.S. and Japanese concerns about Taiwan’s future do not unfold in a regional political or strategic vacuum. Indeed, for reasons including and transcending cross-Strait dynamics, recent years have witnessed Tokyo and Washington express deepening concerns about China’s growing power and willingness to use coercion toward its neighbors.<sup>9</sup> Both governments now openly advocate for a “free and open Indo-Pacific” implicitly (or, in some cases, explicitly) juxtaposed against Beijing’s putative regional vision. To quote the recent U.S.-Japan-Australia-India “Quad Leaders” statement, the goal is a region that is “free, open, inclusive, healthy, anchored by democratic values, and unconstrained by coercion.”<sup>10</sup>

Against the backdrop of manifold challenges to regional peace and stability, liberal democracy, and the interests of the U.S. and its allies and partners, this study explores prospects for greater U.S.-Japan cooperation with, and in support of, democratic Taiwan. After briefly discussing the U.S.-Japan partnership and its priorities beyond military deterrence, it provides a brief overview of the importance of Taiwan to the allies' shared vision of a "free and open" order, as well as Beijing's recent challenges to it. In the interest of informing the largely U.S.-centric discourse in Washington on Taiwan, the next section then briefly surveys the recent deepening of Japan-Taiwan ties. The final sections assess prospects for enhanced bilateral/trilateral coordination and suggest some options for policymakers in Tokyo and Washington to consider.

### **The U.S.-Japan Partnership: Bolstering a Positive Agenda Beyond Strictly Deterrence**

Over the past several years, prominent critics argue that the efficacy of U.S. Asia strategy has suffered from by an over-emphasis on military and deterrence-oriented tools in lieu of more balanced employment of what former Secretary of Defense Robert Gates calls "the full range of its power," including nonmilitary tools.<sup>11</sup> Given the complexity of contemporary realities in Asia, where many countries count China as their top trading partner, a nuanced, *positive* and comprehensive approach that also maximally resources and employs U.S. diplomatic, economic, and other forms of leadership to support the region's peaceful and prosperous future is essential. After all, recent events make clear that the challenges to the region's "free and open" future transcend strictly military threats. Cases-in-point related to China include an accelerating tech competition, economic security concerns, disinformation, and Beijing's employment of trade-restrictive measures to either signal displeasure or openly coerce its neighbors.<sup>12</sup> All of the above have already affected the United States and/or its regional allies and partners.

Failure to effectively adapt U.S. strategy to the complex reality of today's diverse and interdependent region risks undermining the very alliances and partnerships that are the United States' single greatest comparative advantage in any strategic competition or effort to shape the region's future. In

short, robust military deterrence and security cooperation are necessary, but far from sufficient, conditions for achieving the United States and Japan’s longer-term vision and strategic goals in Asia.

The complexity of regional challenges today creates considerable opportunities beyond the security domain for the United States and Japan, bilaterally and in coordination with others, to support Taiwan in peacetime, bolster its resilience against coercion, and expand its effective international space. Fortunately, the U.S.-Japan partnership is well-suited for peacetime cooperation in support of a *positive* and comprehensive bilateral agenda beyond deterrence.

Despite its early Cold War/containment origins, even the U.S.-Japan security alliance’s objectives have always been more ambitious than a lowest-common denominator cold and negative peace based exclusively on deterring aggression. In 1960, Tokyo and Washington formed their mutual security partnership based explicitly on “uphold[ing] “the principles of democracy, individual liberty, and the rule of law,” “closer economic cooperation,” and “a common concern in the maintenance of international peace and security in the Far East.”<sup>13</sup> The allies called for protecting “international peace and security and justice” and the peaceful settlement of international disputes; “encouraging economic collaboration”; and “contributing to the security of Japan and the maintenance of international peace and security in the Far East.”<sup>14</sup> Today, these basic commitments are reflected in the allies’ ever-tightening security partnership from peacetime to gray zone to armed attack; cooperation in a variety of spheres, from trade and infrastructure to climate; and their repeated calls across multiple administrations to “enhance our shared vision of a free and open Indo-Pacific region,” and repeated definition of the U.S.-Japan alliance as “a cornerstone for peace, stability, and prosperity in the Indo-Pacific region and around the world.”<sup>15</sup>

### **Taiwan’s Importance to a “Free and Open” Vision for the Region’s Future**

In 2021, a strong, moderate, actively engaged, and democratic Taiwan is a necessary condition of, and a crucial partner for, achieving the allies’ shared vision of a “free and open” region. Taiwan has a unique status as a bastion

of liberalism situated literally and figuratively on the front lines of deepening U.S.-China strategic competition; as an open economy and high-tech leader; as a robust, if unofficial, partner in various endeavors promoted by both Washington and Tokyo; and as the singular example of an advanced democracy in the (primarily) Chinese-speaking world. Accordingly, both the United States and Japan have recognized the importance of democratic Taiwan and its 24 million people to the region's future, and its immense symbolic significance across the Strait, and beyond. As the U.S. AIT Director stated recently, "Taiwan belongs to the family of democracies and is an essential part of the free and open Indo-Pacific."<sup>16</sup> Japanese leaders similarly identify Taiwan as "an extremely crucial partner and an important friend, with which [Japan] shares fundamental values such as freedom, democracy, basic human rights, and the rule of law."<sup>17</sup> The reasons for Taiwan's importance to the allies and their stated vision for the region's future are manifold, *beyond* the obvious security considerations:

Whether one accepts the most recent (Trump-era) U.S. National Security strategy's portrayal of "a geopolitical competition between free and repressive visions of world order,"<sup>18</sup> Taiwan clearly stands out as a regional beacon of freedom and openness through its robust democracy, liberal economy, good governance, civil society, and human rights. Its rapid transformation from a single-party authoritarian state under martial law as recently as the 1980s into one of the world's most liberal democracies is striking, and instructive.<sup>19</sup>

Over the past year-plus, Taiwan's extraordinarily effective response to the COVID-19 pandemic has powerfully illustrated its political and social stability, effective governance, economic vibrancy, and ability to contribute internationally. With a *cumulative* total of only ~940 confirmed cases and nine deaths (as of February 22, 2021) and its status as Asia's top-performing economy in 2020 (GDP +3.1%),<sup>20</sup> the success of democratic Taiwan's response provides a powerful counter to Beijing's propaganda about the supposed inherent superiority of China's authoritarian political system. Taiwan's effective countermeasures against disinformation, both in terms of its COVID-19 response and during its 2020 election provide another example of the lessons it can share with the world.<sup>21</sup> Yet Taiwan does not only contribute passively by its example. As leading experts on authoritarian politics recently argued, Taipei's active and constructive efforts "preserving and defending democracy in Hong

Kong and around the world...establishes Taiwan as the new front line in a broader struggle for democracy and human rights in Asia, and worldwide.”<sup>22</sup>

In terms of its economy, Taiwan ranks among the world’s most free and open—ranking higher, in fact, than major U.S. democratic allies South Korea, Germany, and Japan.<sup>23</sup> Its economy is also closely tied to the United States’ and Japan’s: Taiwan’s second- and third-largest trading partners, respectively.<sup>24</sup> (Despite its relatively small population, Taiwan is Japan’s fourth-largest trading partner,<sup>25</sup> as well as a top-10 trading partner of the United States).<sup>26</sup>

In terms of its approach to potentially incendiary territorial and sovereignty disputes—a critical variable in regional stability today—Taiwan again serves as an important exemplar. Despite officially holding sovereignty claims in the South and East China Seas similar to those asserted by the PRC, Taiwan’s approach and relative self-restraint evince a striking contrast in approach. Under President Ma Ying-jeou’s East China Sea Peace Initiative, for example, Taiwan adopted a firm but constructive position: “while sovereignty is indivisible, resources can be shared.” Japan and Taiwan peacefully negotiated a landmark fisheries agreement to reduce tensions in 2013, without either compromising on its sovereignty claim.<sup>27</sup>

Finally, Taiwan’s geostrategic position is arguably without parallel concerning its importance for the United States and Japan, and inherent significance for any regional strategy. Taiwan straddles both Northeast and Southeast Asia and the South and East China Seas, is a central node in the “first island chain,” and is only ~70 miles from Japan’s westernmost islands (and just 350 miles from major Japan Self-defense Force and U.S. military bases in Okinawa).

## **Beijing’s Post-2016 “Squeeze” on Democratic Taiwan**

In recent years, a peaceful resolution of cross-Strait frictions has become increasingly difficult to imagine. Since President Tsai’s 2016 election, Beijing’s efforts to coerce Taipei and actively undermine Taiwan’s de facto autonomy have expanded significantly. In the words of Ryan Hass, former U.S. National Security Council director for China, Taiwan, and Mongolia, Beijing has “unrelentingly squeezed Taiwan.”<sup>28</sup> Its diplomatic, political, economic, and military pressure on Taipei includes freezing official cross-Strait communication, reducing tourist outflows, intensifying provocative military operations,<sup>29</sup> peeling away several of

Taiwan's remaining diplomatic allies, disinformation and other forms of "information warfare,"<sup>30</sup> and even excluding Taiwan from participating as an observer in the WHO's World Health Assembly during a global pandemic.

Beijing's severe crackdown in Hong Kong on "national security" grounds (and the resulting collapse of the "One Country, Two Systems" model Xi Jinping in 2019 identified as Beijing's desired outcome vis-à-vis Taiwan)<sup>31</sup> has heightened these concerns. Last summer, the Trump Administration's top diplomat for East Asia stated that Beijing's June 2020 Hong Kong national security law meant the U.S. government "no longer ha[s] the luxury of assuming that Beijing will live up to its commitment to peacefully resolve its differences with Taipei [...Accordingly, the United States] will continue to help Taipei resist the Chinese Communist Party's campaign to pressure, intimidate and marginalize Taiwan."<sup>32</sup> Two months earlier, President Tsai tweeted that "China's disregard for the will of Hong Kong's people proves that 'one country, two systems' is not viable (不可行)."<sup>33</sup> In his March 2021 speech, Japan's defense minister expressed "grave concern" over Beijing's decision earlier that month to change Hong Kong's electoral system, noting that it will "further undermine confidence in the Hong Kong Basic Law and the 'One Country, Two Systems' framework...and represents a major setback for the high degree of autonomy in Hong Kong."<sup>34</sup>

These recent developments across the Strait and in Hong Kong contribute to a sobering trajectory for a region already defined the past several years by a post-1970s nadir in U.S.-China relations, and in which both Tokyo and Washington already see Beijing as their primary long-term geopolitical and geoeconomic challenge.

In this context, Taiwanese officials' champion Taiwan's status as a liberal, democratic partner and seek out robust international partnerships to counter Beijing's efforts to isolate it.<sup>35</sup> The U.S. government's response has received significant attention, including arms sales, legislation (e.g., the *Taiwan Travel Act* (2018), *Taiwan Allies International Protection and Enhancement Initiative (TAIPEI) Act* (2020), the *Taiwan Assurance Act* (2020), and Taiwan-related measures in the 2021 National Defense Authorization Act), and exploration of a bilateral free trade agreement with Taiwan. Yet Japan's embrace of "like-minded" partners—especially democratic U.S. partners—under its own (2013) National Security Strategy and "Free and Open Indo-Pacific" concept

is also significant in this context. To inform U.S. policy debates, the next section briefly summarizes the recent expansion of cooperation and exchange between Japan and Taiwan.

## **Japan-Taiwan Relations in the 21st Century: Toward a Deepening Partnership**

For historical, geographical, political, economic, and manifold other reasons, Japan-Taiwan relations have long been very important for Taiwan—both directly and indirectly. Taiwan’s leaders rank Japan alongside the United States as Taipei’s most important international partner.<sup>36</sup> Taiwan’s cross-Strait engagement relies heavily on the U.S.-Japan alliance as a stabilizing force and is itself a major variable in trilateral relations among Beijing, Washington, and Tokyo. Meanwhile, Beijing also recognizes Japan’s importance, both for cross-Strait relations and because, as one of Japan’s leading experts on Taiwan notes, China’s leaders perceive “the Taiwan issue...as the most uncertain and the most serious problem facing China-Japan-U.S. relations.”<sup>37</sup> Relative to their central importance for U.S. policy objectives and shared status as “front-line” democratic U.S. partners, the deep and complex ties between Japan and Taiwan attract remarkably little direct attention or analysis from the U.S. policy community.<sup>38</sup> Yet the vicissitudes of Japan-Taiwan relations are hugely consequential for U.S. interests in East Asia and beyond.

Despite switching diplomatic recognition from Taipei to Beijing in 1972, Tokyo has long enjoyed extensive, if “unofficial,” ties with Taiwan. In recent years, relations have deepened in practically significant ways. The past decade, in particular, has witnessed a clear and official acknowledgment by Japan’s government of democratic Taiwan’s importance to Japan as a like-minded “partner” (not just an “economy”), an expansion of meaningful cooperation and exchanges, and a blossoming of people-to-people ties.

## **21st Century Developments**

Though Japan-Taiwan relations are not without their frictions, one remarkable theme over the past two decades is that interest in deepening cooperation in both Taipei and Tokyo has been a relative constant and generally transcended

party politics—at least across administrations. The most salient case-in-point is developments during the administration of former KMT chairman and President Ma Ying-jeou (2008–2016). Though many expected the KMT’s return to power to cause Japan–Taiwan relations to worsen, the significant relaxation of tensions across the Strait under Ma ended up facilitating an unprecedented expansion of practical cooperation between Tokyo and Taipei, including numerous bilateral agreements, exchange of memoranda of understanding between the two sides’ de facto embassies, and a historic 2013 agreement on fisheries aimed at deescalating tensions over the Senkaku (Diaoyu in Chinese) Islands, which Japan administers but over which Taiwan also claims sovereignty in the name of the ROC.<sup>39</sup>

### **The Past Decade: A Deepening Partnership**

As noted above, in its most recent (2020) *Diplomatic Bluebook* Japan’s government identifies Taiwan as “an extremely crucial partner and an important friend, with which [Japan] shares fundamental values such as freedom, democracy, basic human rights, and the rule of law, and enjoys close economic relations and people-to-people exchanges.”<sup>40</sup> Viewed in isolation, such language may seem insignificant; perhaps even boilerplate. But the contrast with the same passage eight years earlier, which identified Taiwan merely as an “important region with which Japan has close economic relations,” illustrates just how much Japan’s perspective on Taiwan has evolved in recent years.<sup>41</sup>

For example, the past decade has witnessed an expansion of significant, if nominally “unofficial,” political contacts. Most remarkably, between 2010 and 2016, four former LDP prime ministers and three former DPJ ministers visited Taiwan.<sup>42</sup> In 2013, Japan’s then Chief Cabinet Secretary (now prime minister) Suga Yoshihide reportedly hosted the chairman of Taiwan’s Association of East Asian Relations (now the Taiwan–Japan Relations Association) at the prime minister’s office—the first such contact since 1972.<sup>43</sup> Two years later, then Prime Minister Abe Shinzō reportedly was at the same Tokyo hotel as—and allegedly met with—Taiwan’s former President Lee Teng-hui and DPP chairperson (and future president) Tsai Ing-wen during their respective visits to Japan.<sup>44</sup> After Tsai’s election, during 2017 Japan sent the highest-level government representative to visit Taiwan officially since 1972;<sup>45</sup> launched

annual maritime cooperation dialogues with Taiwan;<sup>46</sup> and added characters representing “Japan” and “Taiwan” into the name of Japan’s de facto embassy in Taipei.<sup>47</sup> Last year, former Prime Minister Mori Yoshirō led a supra-partisan delegation of Dietmembers to pay its respects following the death of former Taiwanese President Lee. The trip reportedly included a meeting between Mori and Tsai at the presidential office.<sup>48</sup>

Beyond deepening bilateral links, Japan’s government has also expanded substantial cooperation in support of Taiwan in partnership with the United States—a country with a unique status as both Taiwan’s and Japan’s most important political partner and de facto security guarantor.<sup>49</sup> Today, as the Tsai administration seeks to parry Beijing’s efforts to “shrink” Taiwan’s international space by deepening international cooperation and reducing its economic dependence on the PRC, Japan’s government has joined the United States in repeatedly calling for Taiwan to gain observer status at the World Health Assembly, expressed its support for Taiwan joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and, in 2019, formally joined the theretofore bilateral U.S.-Taiwan Global Cooperation and Training Framework (GCTF; est. 2015). The State Department defines GCTF as “a platform for expanding U.S.-Taiwan cooperation on global and regional issues such as public health, economic development, energy, women’s rights, and disaster relief.”<sup>50</sup> Importantly, the GCTF was deliberately designed to provide a means for Taiwan—which is prevented by Beijing from participating in many international organizations—to “demonstrate and share Taiwan’s strength and expertise with the rest of the world.”<sup>51</sup>

In short, the past decade has witnessed incremental but important efforts to deepen practically significant—if nominally unofficial—ties, exchanges, and cooperation between Japan and Taiwan. Supplementing and providing fertile soil for continued expansion are extensive economic and extraordinarily friendly people-to-people ties. Taiwan is Japan’s fourth-largest trading partner; while Japan is Taiwan’s third-largest.<sup>52</sup> Japan regularly polls as—far and away—the most popular foreign country in Taiwan, and vice versa.<sup>53</sup> Meanwhile, recent years have witnessed a surge in cross-border tourism to an all-time high (in 2019; before COVID-19).<sup>54</sup> Despite its relatively small population, more tourists visit Japan from Taiwan (4.9 million) than anywhere else except the PRC and Korea.<sup>55</sup>

## Prospects for Enhanced Japan-Taiwan Cooperation

The U.S., Japan, and Taiwan are natural partners. All three parties share a commitment to democratic values, express deepening concerns about authoritarian China's domestic and foreign policy trajectory, generally champion a "rules-based" and liberal regional order, and oppose any attempts to subjugate Taiwan through coercive or violent means. As fellow democracies, close treaty allies, and the first- and third-largest economies in the world, the U.S. and Japan have an especially critical role to play in not only deterring cross-Strait conflict but also ensuring that Taiwan is able to benefit from, and actively contribute to, a positive agenda for the region's peaceful and prosperous future.

The United States, Japan, and Taiwan entered 2021 with momentum to further deepen cooperation, and no shortage of challenges to demand it—beginning with the COVID-19 pandemic and associated fallout. 2021 brings a new U.S. administration eager to reassert U.S. leadership and democratic values, and (potentially) the first full year with Prime Minister Suga Yoshihide at the helm of Japan's government. At a major trilateral security forum held in Taipei last December, President Tsai announced that 2021 would be a year of "Japan-Taiwan Friendship" and that she "look[s] forward to an even closer partnership with Japan and our efforts to address traditional and non-traditional threats."<sup>56</sup> With the details of U.S. strategy under President Biden a work-in-progress but likely to focus on "build[ing] a united front of U.S. allies and partners to confront China's abusive behaviors and human rights violations"<sup>57</sup> and multilateral approaches to tackling various other challenges, it is a particularly opportune moment to consider the prospects for enhanced Japan-Taiwan and U.S.-Japan-Taiwan cooperation. Last October, then candidate Biden called for "deepening our ties with Taiwan, a leading democracy, major economy, technology powerhouse—and a shining example of how an open society can effectively contain COVID-19."<sup>58</sup>

As discussed above, Japan-Taiwan relations are robust, if unofficial, and extensive—permeating politics, economics, and people-to-people ties. A solid foundation exists for expanding cooperation in pursuit of a positive agenda for the region, both bilaterally and in partnership with the United States. Opportunities abound. But challenges must also be acknowledged.

## Opportunities

Taiwan has expressed interest in joining the Japan-led, 11-nation CPTPP, and the Suga administration—which holds the CPTPP’s rotating chair in 2021—has expressed its support.<sup>59</sup> (In contrast, Tokyo has expressed skepticism that China—which also recently expressed interest in joining—could meet CPTPP’s high standards).<sup>60</sup> Taiwan joining CPTPP would be both powerfully symbolic and practically important. Roughly one-fourth of Taiwan’s total trade is with current CPTPP members, and if Taiwan were a member its economy would be the fifth-largest. If the United States were to also (re-)join, CPTPP’s importance to Taiwan (and Japan) would increase significantly.

As it concerns regional economic strategies beyond trade, there is clear complementarity between Japan’s Free and Open Indo-Pacific (FOIP) vision and Taiwan’s New Southbound Policy (新南向政策; NSBP)—a comprehensive initiative launched by President Tsai in 2016 to diversify and deepen Taiwan’s links across the region through economic and trade cooperation, people-to-people exchanges, resource sharing, and regional integration.<sup>61</sup> Similar to FOIP, NSBP also has a strategic motivation. For example, it is designed to reduce Taiwan’s asymmetric dependence on China’s economy.

There are also opportunities to further deepen (unofficial) Japan-Taiwan political exchange. Japan’s powerful and longest-ever serving former prime minister Abe Shinzō is reportedly planning to visit Taiwan this year.<sup>62</sup> In February, the ruling Liberal Democratic Party’s (LDP) Foreign Affairs Division launched a new Taiwan Policy Project Team (台湾政策検討プロジェクトチーム), which its director stated was a direct response to both the Biden administration’s call to work with allies to support Taiwan and China’s recent provocative military activities near Taiwan. He also expressed a desire to launch a “legislator-level 2+2” (議員レベルの2+2) dialogue between LDP foreign and defense committee members and their Taiwanese counterparts.<sup>63</sup> The Project Team is reportedly planning to submit recommendations for strengthening Japan’s relations with Taiwan to the Suga government by April.<sup>64</sup>

Within some LDP and extra-governmental circles in Japan there are intermittent calls for a “Japan Taiwan Relations Act” (日本版台湾関係法; JTRA); a notional proposal for Japan to create a rough analogue to the 1979 U.S. Taiwan Relations Act.<sup>65</sup> The basic idea has been around for decades, and has some prominent supporters in both Taipei and Tokyo. For example, the

DPP explicitly called for a JTRA during the Chen administration (2000–2008).<sup>66</sup> Over the past decade, the idea has received support from key Japanese politicians, including current Defense Minister Kishi Nobuo in 2014 (six years before, it should be stressed, he took his current Cabinet post), and conservative commentators in Japan.<sup>67</sup> Also in 2014, then DPP lawmaker (now Taiwan’s representative in the United States) Hsiao Bi-khim called for a bilateral security dialogue to be part of a Japanese TRA aimed at deepening security ties.<sup>68</sup>

## Challenges

Though Japan-Taiwan relations today demonstrate remarkable dynamism, practical cooperation is more extensive than ever before, and opportunities to further expand cooperation abound, important constraints, especially in the security domain, must also be acknowledged. Constraints include, but are not limited to, the most obvious: concerns in Tokyo about how Beijing—Japan’s close neighbor and top trading partner—may respond.

As indicated above, Japan’s leaders clearly see national security and Taiwan as inextricably linked. The two sides have also started regular maritime dialogues and engage in nontraditional security cooperation through the GCTF. In early 2019, President Tsai reportedly called for more security cooperation between Taipei and Tokyo.<sup>69</sup> Nevertheless, Japan and Taiwan do not engage in military cooperation or exercises. Though the idea of a “JTRA” is sometimes discussed within the ruling LDP and beyond, media and public discourse on this topic often creates more heat than light. Japan’s Diet actually passing legislation similar to the U.S. Taiwan Relations Act, in particular its famous security-focused Section 2, anytime soon seems unlikely.<sup>70</sup>

As it concerns U.S.-Japan alliance cooperation on Taiwan specifically, in 2005 the allies identified “encourage[ing] the peaceful resolution of issues concerning the Taiwan Strait through dialogue” as a “common strategic objective.”<sup>71</sup> To date, however, the direct applicability of the alliance to, and Japan’s potential role in, a cross-Strait contingency is left rather ambiguous in the public record. Though it has long been implied (e.g., in the “Far East” clause of the 1960 U.S.-Japan security treaty, or in the famous 1997 reference to “situations in areas surrounding Japan”), explicit references to “Taiwan” in alliance

statements/documents are extremely rare. Nevertheless, alliance managers almost certainly factor in a possible cross-Strait contingency-type scenario into planning—something that recent reforms in Japan over the past decade have facilitated.<sup>72</sup> Soon after the release of the March 2021 U.S.-Japan joint statement—which, as noted above, “underscored the importance of peace and stability in the Taiwan Strait”—Japanese government sources reportedly confirmed that the allies would cooperate in the event of a cross-Strait military contingency.<sup>73</sup> Exactly how, and under what circumstances, remains unstated. This may not be due entirely to concerns about Beijing’s response. As U.S. Taiwan policy since 1979 attests, ambiguity can also have stabilizing effects.

Finally, Japan-Taiwan relations do not exist in a domestic political vacuum. Within Japan, conservative political leaders seeking more forward-leaning policies vis-à-vis Taiwan have often been constrained by various factors within and outside the LDP-Komeitō ruling coalition, particularly from colleagues concerned about Beijing’s reaction. Also affecting prospects for cooperation are Taiwan’s ban on food imports from five prefectures near Japan’s 2011 nuclear disaster; frictions over sovereignty claims and fishing rights related to the Senkaku (Diaoyutai) Islands and Okinotorishima; and historical issues. All have festered intermittently in recent years—especially when KMT influence is high. For example, high hopes within Japan that the Tsai administration would end the ban on food imports—which Taiwan’s own FDA reportedly states carry “negligible” risk—have so far been dashed, owing in significant part to a popular 2018 public referendum pushed by the KMT. The consequences are not only symbolic. The Japanese Chamber of Commerce recently argued that economic agreements with Japan (including a bilateral FTA or CPTPP entry) are likely to stall unless Taiwan lifts the ban. Some observers hope that the Tsai administration’s recent executive action on U.S. pork imports may augur a breakthrough.<sup>74</sup>

Despite the aforementioned constraints, the deepening of Japan-Taiwan relations over the past decade—together with the salient example of the transformation of U.S.-Taiwan relations since the mid-1990s—makes clear that the cumulative effect of gradual, evolutionary change can be significant. Expanded exchanges, direct engagement, and deepened economic and functional cooperation are already underway. There are significant prospects for additional forward movement in the months and years ahead.

## Policy Options

In recent years, and without modifying its ambiguous 1972 official position on “One China,” Japan has deepened its practical cooperation and exchanges with Taiwan, both independently and in concert with the United States. Given the region’s contemporary geopolitical vicissitudes, worsening cross-strait frictions, Japan’s status as a key U.S. treaty ally, and Taiwan’s unique status as a close—if unofficial—democratic partner of both countries, the United States and Japan should further enhance coordination aimed at supporting Taiwan’s democracy and international space comprehensively, and in ways beyond strictly deterrence.

Going forward, the United States and Japan’s goals should be three-fold: 1) to proactively engage Taiwan as a valuable *partner* in efforts to positively shape a future for the region that is, to paraphrase the 2021 Quad Leaders’ Joint Statement, free, open, inclusive, and unconstrained by coercion;<sup>75</sup> 2) to bolster Taiwan’s resilience against economic, diplomatic, and other forms of pressure from Beijing intended to coerce Taipei and/or to shrink its effective autonomy; and 3) to raise reputational and other costs of any effort to unilaterally change the cross-strait status quo. The U.S. and Japan should pursue these goals bilaterally, in partnership with Taiwan, and together with coalitions of other like-minded democracies, within East Asia and beyond.

A maximally effective approach would place Taiwan policy in the context of a more proactive and comprehensive *regional strategy* aimed not only at deterring aggression but also demonstrating diplomatic, economic, and moral leadership in support of a positive vision for the region’s future. A key priority is working bilaterally and assembling multilateral coalitions to, inter alia, relieve pressure on any targets of PRC coercion—including Taiwan. More constructive engagement of leading democracies within and beyond the region (e.g., the European Union; the UK), championing high quality free trade agreements to raise standards and diversify Taiwan’s economic links, expanding functional cooperation and partnerships, and full-throated promotion of democratic norms and human rights can also help reduce Taiwan’s vulnerability. As Green, Glaser, and Bush argued earlier this year, “Taiwan’s liberal democracy can only survive in an ecosystem of rules and norms.”<sup>76</sup> U.S. alliances, partnerships, and active championing of liberal values are the greatest comparative advantages Washington has, and are essential to realizing the

vision articulated in the March 2021 inaugural Quad Leaders’ and U.S.-Japan joint statements referenced above.

Specific to Taiwan, it is crucially important for U.S. leaders to differentiate between “symbolic gestures” and “practical, substantive actions...that would sustainably improve Taiwan’s security and prosperity.”<sup>77</sup> Both can matter for real-world outcomes, but the latter is much more likely to have lasting effects. The United States and Japanese governments should consider the following policy options:

- **Launch parallel, comprehensive inter-agency reviews of Taiwan policy as part of a more general review of regional strategies aimed at championing a positive vision; consult and coordinate with each other informally.**
  - » Both countries are already widely expected to release new national security strategies within a year. For Japan, this would mark the first revision since the Abe administration promulgated Japan’s first-ever national security strategy in 2013.
  - » Comprehensive inter-agency reviews of Taiwan policy should run in parallel, and transcend a strict focus on military or defense affairs by also emphasizing economics, finance, connectivity, intelligence, disinformation, global health, climate, and other functional issues.
  - » Tokyo and Washington should consider setting up an informal bilateral Taiwan working group to consult and coordinate while these reviews are underway.
  
- **Prioritize substantive cooperation that enhances Taiwan’s security, prosperity, and resilience against external coercion, and which proactively engages Taiwan as a valued partner in efforts to positively shape the region’s “free and open” future.**
  - » As a basic modus operandi, the allies should avoid viewing Taiwan policy through the prism, or merely as an offshoot, of China policy. In rhetoric and action, as they pursue a positive agenda beyond deterrence they should engage Taiwan as a valued partner in its own right.

- » Prioritize functional cooperation and efforts to help Taiwan diversify its political, economic, and (unofficial) diplomatic partnerships across the region and beyond (especially Australia, Canada, India, and the EU) as ends in themselves, to reduce China's economic leverage, and to increase the reputational and material costs for Beijing of any brazenly coercive actions against Taiwan or attempts to unilaterally change the cross-Strait status quo.
  - » Emphasize policy measures that bolster U.S.-Japan cooperation with Taiwan on shared regional strategic objectives through the GCTF and other minilateral and multilateral partnerships.
- **Support Taiwan's efforts to diversify economic links and expand trilateral and multilateral functional cooperation, including with partners beyond East Asia, through an expanded Global Cooperation and Training Framework and other ad-hoc bilateral/multilateral coalitions.**
    - » The post-2000 surge of Taiwan's trade and tourism exchanges with Mainland China has had immense positive benefits, but diversification of economic links with third parties can help bolster Taiwan's resilience against any attempted coercion.
    - » The U.S. government must come off the sidelines and join Japan as a proactive champion of regional economic integration and high-quality free trade. Tokyo and Washington should use their massive economies (the world's first- and third-largest) and markets to facilitate the expansion of Taiwan's economic and other linkages with them and the wider region.
    - » This larger effort should include robust support for, and coordination with, Taiwan's New Southbound Policy, pushing forward long-stalled bilateral FTAs/EPAs, actively supporting Taiwan's involvement in the (now) Japan-led CPTPP, and supply chain diversification.
    - » A U.S.-Taiwan and/or Japan-Taiwan bilateral trade agreement would facilitate two-way trade and investment, help Taiwan reduce asymmetric dependence on China, and give other economies (e.g., Australia, the EU, and the UK) political cover to pursue similar agreements with Taiwan.

- » Regarding CPTPP, Japan’s 2021 chairmanship provides a clear opportunity to encourage other CPTPP members to constructively engage with Taiwan. To reduce political resistance in Japan, the Tsai administration could use executive action to lift the ban on food imports from areas affected by the 2011 triple disaster.
  - » If and when the United States seeks to (re-)join CPTPP—as it should—Washington should use its leverage to support Taiwan’s entry. As a recent Congressional Research Service report argues, “U.S. withdrawal from the Trans-Pacific Partnership (TPP) in 2017 hurt Taiwan’s ability to join the TPP, an amended agreement, TPP-11, as well as the Regional Comprehensive Economic Partnership (RCEP) that were signed without the United States and Taiwan.”<sup>78</sup>
  - » Expand trilateral cooperation in supporting public and private financing of infrastructure and energy projects across the Indo-Pacific, in part by deepening coordination between and synergies with existing U.S.-Taiwan and U.S.-Japan bilateral/multilateral initiatives.
  - » Establish/expand trilateral/multilateral working groups within the GCTF to exchange best practices concerning economic security, investment screening, 5G, export controls, cyber security, and supply chain resilience.
  - » Expand the formal membership and functional reach of the GCTF, to include close U.S. allies and partners, and to facilitate Taiwan’s engagement with third parties on various issues of shared concern, ranging from global health and fisheries management to countering disinformation and supply chain resilience.
  - » Pursue expanded cooperation with European partners, many of whom have become increasingly concerned about Beijing’s behavior and, in at least a few cases, the potential implications for Taiwan’s autonomy and democracy, specifically.<sup>79</sup> Beyond being ends in themselves, enhanced ties with other democratic and economic partners will consolidate a massive regional and global network of stakeholders in Taiwan’s peaceful and democratic future.
- **Establish/expand security dialogues and cooperation in counter-coercion, collective resilience, non-traditional security, cyber, and**

**information/intelligence-sharing.**

- » In terms of indirect security cooperation, the allies should prioritize shaping the regional context and incentive structure in which cross-Strait ties play out by continuing the allies' focus on "networking" with Indo-Pacific partners "sharing strategic interests" and "common values."<sup>80</sup>
  - » Deepen U.S.-Japan bilateral and minilateral (especially with Australia) planning, exercises, and security cooperation relevant to a possible cross-Strait contingency, including in the gray zone. Whether it is publicly referred to as such is less important than actually doing it.
  - » Include and normalize explicit references to Taiwan and its importance in U.S.-Japan "2+2" and other joint statements bilaterally and with other partners. The March 2021 U.S.-Japan statement was a first step; but the 2020 (U.S.-Australia) AUSMIN joint statement's 119-word paragraph about Taiwan provides a better example: It emphasizes Taiwan's "important role in the Indo-Pacific region"; Washington and Canberra's "intent to maintain strong unofficial ties with Taiwan and to support Taiwan's membership in international organizations" (or as an observer where statehood is a condition); "that recent events only strengthened the [allies'] resolve to support Taiwan;" and "that any resolution of cross-Strait differences" should take place free of threats or coercion.<sup>81</sup>
  - » Gradually expand trilateral and multilateral dialogues; e.g., to facilitate discussions about functional security cooperation in nontraditional security, intelligence, and cyber
- **Significantly expand funding to support bilateral/trilateral Track 1.5 and Track 2 dialogues, as well as scholarly/academic/student exchanges—especially among the United States, Japan, and Taiwan.**
- » Actively organize and/or provide financial support for more trilateral Track 1.5 and Track 2 dialogues, research projects, academic consortia, and exchanges to share knowledge and deepen professional networks among United States, Japanese, and Taiwanese policy

practitioners, legislators/staff, and scholars—especially among those with diverse expertise on and interest in cross-Strait dynamics, Chinese foreign policy, U.S.-Japan-Taiwan relations, U.S. regional alliances, and the Quad.

- » Encourage U.S. and Japanese universities to establish more bilateral/trilateral student and researcher exchange programs with Taiwanese counterparts, and provide financial support for their efforts.

## Conclusion

Since President Tsai Ing-wen’s 2016 election, Beijing has significantly increased military, economic, diplomatic, and other forms of coercive pressure on democratic Taiwan, including efforts to “shrink” its international space—even freezing it out of the World Health Assembly during a global pandemic. Coupled with a Taiwanese public today that favors the status quo and overwhelmingly rejects unification with the PRC on Beijing’s terms, the risks of a reduction in Taiwan’s effective autonomy and a cross-Strait crisis have both grown.

Though most of the focus in Washington has been on U.S. policy, Japan-Taiwan relations are also a very important variable with significant implications for both Taiwan’s and the region’s future. Yet relative to their central importance for U.S. strategy and shared status as “frontline” democratic U.S. partners, extensive, if “unofficial,” relations between Japan and Taiwan attract remarkably little direct attention from the U.S. policy community. This is unfortunate.

Japan is Taiwan’s second most important international partner after the United States. Though relations remain “unofficial,” as they have been since 1972, recent years have witnessed a significant expansion of Japan-Taiwan exchanges and deepening of practical cooperation, both bilaterally and in concert with Washington. This solid foundation of extensive ties, shared democratic values, deep economic links, and robust people-to-people exchange provide a solid foundation and new opportunities for expanded cooperation bilaterally and in partnership with the United States and its other regional (e.g., Australia; India) and extra-regional (e.g., the UK, the EU) partners. Their goals should be three-fold: 1) to proactively engage Taiwan as a valuable

*partner* in efforts to positively shape the region’s “free and open” future; 2) to bolster Taiwan’s resilience against economic, diplomatic, and other forms of pressure from Beijing intended to coerce Taipei and/or to shrink its effective autonomy; and 3) to raise reputational and other costs of any effort to unilaterally change the cross-Strait status quo.

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## Notes

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# Understanding China's Governance Space around Personal Data

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## Abstract

This paper studies the hyperactive governance space around personal data protection in China. I argue that the recent official unveiling of the Personal Information Protection Law resonated with a hyperactive field of media attention, public discourses, and legal actions of citizens around personal information protection, involving actors including not only the central legislative body, but also government agencies of different departments and at the local level, as well as by civil society organizations and conscious citizens. The broad governance space I discuss here emphasizes the multiplicity and interactions of actors and mechanisms as well as the competition and negotiation between a variety of roles and interests, which is differentiated from data regulation that focuses on state-centered actions. I will discuss the trials of three recent civil lawsuits, one litigated against the use of facial recognition in consumer space, the other two against improper personal information collection and processing by big tech companies. These cases, while demonstrating the conscious actions that citizens took to amplify the public effects of personal information protection, also provide concrete examples and an opportunity to reflect on the limits of current data privacy protection that centers upon individualized control and self-management.

## Policy Implications:

- Chinese state and non-state actors are motivated to develop strategies and policies for personal data protection.
- Data protection concerns the interests of myriad social actors and agents. This will require a multistakeholder approach to actively involve the variety of actors, from different levels of governments and corporations to civil society organizations and citizens, in the governance space of data.
- It is increasingly recognized that a diversity of strategies and approaches are needed to complement the self-management mode of personal data protection in order to effectively protect privacy and serve public interests under the conditions of big data analytics, as the self-management mode places an unrealistic burden on individuals to protect their own data, and is not very efficient for data management and data use.

On October 21, 2020, China's highly anticipated Personal Information Protection Law (Draft) was released for public comments. Along with Cybersecurity Law implemented in 2017, the Data Security Law (Draft also released for public comments in July 2020), the issuance of the Personal Information Protection Law (Draft) is regarded as a major milestone within China's legislative efforts to establish comprehensive and systemic regulations of data. Particularly, PIPL establishes lawful rights around personal information, as it is formulated to "protect personal information rights and interests, standardize personal information handling activities, safeguard the lawful, orderly, and free flow of personal information, and stimulate reasonable uses of personal information" (Article 1).<sup>1</sup> Commentators and data policy professionals quickly noticed that many provisions of the Draft PIPL resemble the European Union's General Data Protection Regulation and other major data legislation in other jurisdictions. Interestingly, in contrast to the heated discussions of the draft PIPL within China among academics, law professionals, as well as the industrial sector who are eager to find out the impact of PIPL on businesses, few reports on the Personal Information Law appeared in major news outlets in the United States. With rising concerns over personal information during the COVID-19 pandemic, and recent conflicts over the issue of cross-border data flows and data security between the United States and the EU and other jurisdictions,<sup>2</sup> the silence shows the gap in the U.S. public's understanding of the global data governance landscape, as well as the urgent need for international conversation and collaboration on data governance.

China's unveiling of PIPL is part of China's legislative and regulatory moves in recent years to establish the legal foundations, guidelines, and standards for data governance, of which personal data protection is an indispensable component. In contrast to the common perception of China's lax data regulation, which was often leveraged by Silicon Valley entrepreneurs for the argument that regulating personal data would prevent data-intensive innovations, the Chinese government in fact has moved fast to set up a comprehensive framework with hundreds of laws and rules for data security and protection. Before the unveiling of the PIPL, Chinese government had already issued a variety of regulations and laws that address the issues of personal data protection in different realms, such as the Consumer Protection Law and its Amendments (2014), Personal Information Security Specification (2018), Regulation on

the Protection of Children's Personal Information Online (2019) and others. While Western audiences may be more familiar with stories of the use of high-tech surveillance and the controversial social credit system, which raise worries over whether China's data privacy model would threaten the core values of Western democracy,<sup>3</sup> it is crucial to recognize that China is tackling similar challenges arising from the rapid deployment of information and communication technology (ICT) and the necessity of governing gigantic amounts of data generated from daily economic and social activities.

As data is increasingly regarded as fundamental to national and regional economies, governments around the world are striving to boost economic development with data-driven innovations. Unsurprisingly, the development of legal and regulatory foundations for data protection and security also moved to the top of government agenda, as can be observed in the flurry of data protection legislation following the EU's GDPR in other countries. China's legislative efforts around personal information also arose from the rapid datafication processes and an urgent need to build up the regulatory norms of data collection, transmission, processing and usage. Data has become a paramount issue tied to the government's dual goals of economic growth and political stability.

In this paper, I will first show that establishing norms and rules over data collection and usage has always been an integral part of the Chinese government's data strategy. The unveiling of the PIPL draft was prepared by previous legislation and policymaking. Yet rather than perceiving this as the result of monolithic state power, I argue that the making of the PIPL resonated with a hyperactive field of media attention, public discourses, and legal actions of citizens around personal information protection, involving actors including not only the central legislative body but also government agencies of different departments and at the local level, as well as by civil society organizations and citizens. As I will show in this paper, even before the release of the PIPL, there was a public discourse about the urgency to deal with the personal information crisis. With mounting concerns over the risks of financial scams and social security resulted from the abuse of personal data, the accelerated legislation over data protection emerges from the confluence and negotiations of different forces and social agents that involve businesses and the private sector, different levels of government, academics and legal professionals, and the general public

striving to define the cybersystem. Then, I will discuss the trials of three recent civil lawsuits, one litigated against the use of facial recognition in consumer space, the other two against improper personal information collection and processing by big tech companies. These cases, while demonstrating the conscious actions that citizens took to amplify the public effects of personal information protection, also show the courts' careful consideration in balancing different interests around data, and defining the proper boundary of personal information protection. Relating this to the conceptual and practical challenges in regulating personally identifiable data globe wide, I argue that the Chinese courts' strategy of tackling these challenges also provide concrete examples and an opportunity to reflect on the limits of current data protection that centers upon individualized control and self-management. In other words, on the one hand, China's legal framework for personal information protection consulted and in many ways resembles the GDPR and the approaches adopted in the recent wave of global data protection legislation; on the other hand, it is also faced with similar challenges shared elsewhere.

While much attention has been drawn to the extraterritorial application of China's data regulation and the aspect of cross-border data flows, here I want to focus exclusively on the internal drivers and practical challenges of data protection, which has been rarely discussed so far. The broad governance space I discuss here emphasizes the multiplicity and interactions of actors and mechanisms as well as the competition and negotiation between a variety of roles and interests, which is differentiated from data regulation that focuses on state-centered actions.<sup>4</sup> This will draw a more concrete and fuller picture of China's data governance scenario, which I hope contributes to potential conversation and collaboration in this area of mounting importance.

## **Data Protection as Part of Data Strategy**

President Xi Jinping's government has placed a high priority on the development of big data, AI, and cloud computing technology.<sup>5</sup> In 2015, at its fifth plenary session, the 18th CPC Central Committee unveiled a national big data strategy, which promotes accelerating the use of big-data technologies to boost economic growth and improve governance. In recognition of the role of data in economy, the CCP leadership in 2019 listed data as one of

the “factors of production” along with land, labor, capital, and technology. Recently, the State Council issued guidelines for accelerating the development of a data market and market-based allocation of data as one major “factor of production.”<sup>6</sup> With the investment in information infrastructure, along with institutional and financial support in big-data research and innovation, data governance also constitutes an essential component of this big data strategy. Xi himself stressed the urgency for research on the global conventions and norms of data regulation.<sup>7</sup>

The Chinese government’s plan for data-related legislation started even before Xi’s leadership. According to Zhou Hanhua, an information law expert at the Chinese Academy of Social Sciences who was in charge of the expert draft of the PIPL, the preparation and drafting of the PIPL started as early as 2003 under the directorship of the then-State Council Information Office (the predecessor of the now Cyberspace Administration of China).<sup>8</sup>

Various regulatory measures on personal data had appeared in the form of guidelines, specifications, or amendments to existing laws, which laid the foundation for the eventual unveiling of the PIPL.<sup>9</sup> For example, the 2005, 2009, 2015 amendments to the Criminal law added provisions on illegal acquisition and sale of credit and personal information, and defined the liability of personal information leaking resulted from inadequate cybersecurity management; the 2017 General Provisions of Civil Law added an article on the protection of personal information of natural persons and the forbidding of illegal collection, usage, processing, and transmission of personal information. The civil-law protection of personal information and privacy also appears in the newly minted Civil Code that was passed in May 2020. There are also other area and sector-specific regulations and security standards, such as the Regulations for the Protection of Personal Information of Telecommunication and Internet Users issued by the Ministry of Industry and Information issued in 2013. Such measures are seen as crucial to support the booming digital economy of China. As Zhou Hanhua succinctly points out:

The misuses of personal information would lead to the pollution of the information pool, and eventually the devaluation of information as a resource (for economic development). If netizens lost confidence

in internet networks (because of the lack of protection of personal information), our e-business and e-governance would be built on shifting sand (without a solid foundation).<sup>10</sup>

The legislation around personal information, therefore, concerns not only individual rights but also economic vitality and governance soundness, especially given that internet users in China have grown to more than 900 million and internet penetration reached 64.5 percent in 2020, with online shopping, online education, and livestreams becoming the hot spots of the e-economy.<sup>11</sup> With the rapid digitization of government and financial services, rapid expansion of online commerce, and the large numbers of active social media users on platforms such as WeChat and Douyin, the challenges of data security and protection have become increasingly severe. While new technologies are embraced and adopted quickly for new business opportunities and governance efficiency, the evaluation of risks and measures to mitigate risks often lag behind until problems have appeared.

In this regard, it is inaccurate to see China's personal information protection simply as a zero-sum game between the surveillance power of the state and citizen rights, as missing in this binary framework is an understanding of the role of the state in sustaining and stimulating economy growth, and the interconnection between its economic drive and its regulatory measures. In fact, what emerged constantly in the debate is whether "over-strident" data regulations would restrict technological and business innovations, an argument familiar to policy makers and frequently mobilized by Silicon Valley and corporations in the United States. Governments around the world have also been trying hard to find a best-balanced approach to data security and protection in a way to improve rather than sacrifice data utility. For this reason, it is not surprising that the legislation of the PIPL took a decade before its final unveiling, and this happened only when the internet-based businesses in China had eventually come to maturity and the misuses of personal information had increasingly appeared as disruptive to the market order and social stability.

As commentators have noticed, the PIPL (Draft) resembles the GDPR in many ways. Similar to the GDPR's definition of personal data, the PIPL defines personal information as "any information which are related to an identified or identifiable nature person" excluding anonymous data—although, in

reality, the boundary of personal data and nonpersonal data often gets blurred because of big data analytics. The GDPR also provides six legal bases for the processing of personal information, which is commonly interpreted as a flexibility to balance with the necessity of data processing and other legitimate interests. The PIPL also provides six, not completely identical, bases for legitimate processing, and it emphasizes the importance of balancing data protection with the digital economy and innovation. Similar to the GDPR, the PIPL has provisions that give the information subject the right not to be subject to a decision solely based on automated processing, as well as the right to know, right to rectification, to erasure, etc. This shows that the drafting of the PIPL follows closely recent global advances in data protection. Such attention to the global trends intersected with internal drivers in the hyperactive space around personal data protection, which involves both intensive public attention and discourse, and the conscious actions of informed individuals who have a good knowledge of the global developments in data governance.

### **Hyperactive Discourse of Personal Information Crisis**

But instead of focusing merely on state regulations, this article foregrounds the social space around data governance, as a singular focus on the legislative moves of the central government would end up reducing the complicated set of issues that concern the interests of a broad range of social actors into the outcome of a monolithic state power. In many ways, the actions and expression of interests by social agents and actors active in this space are interconnected with state policy moves, in the sense that they often form positive feedback loops to amplify the urgency of data protection in media and create hyperactive discourse around personal information protection.

A landmark incident for the formation of such a hyperactive space is the tragic death of a teenage girl named Xu Yuyu in 2016. The 18-year-old girl died of a heart attack after falling victim to a telephone scam and being swindled out of 9900 yuan, the fund her family raised for her college tuition.<sup>12</sup> The girl's death ignited anger over rampant leaking and illegal trading of personal information, as netizens started to question where and how the scammers acquired Xu's personal information, including not only her contact information, but details of her financial aid application from the local education department

for her college education. The incident triggered vocal expressions of accumulated distrust on some government departments, which had been lagging behind in implementing security measures to protect the gigantic amount of personal data collected in their hands. *Southern Metropolis Daily* urged that there should be a “Xu Yuyu Act” in order to address the lack of specific legislation and the weak law-enforcement over personal information protection.<sup>13</sup>

Xu Yuyu was not the only victim of telecommunication scams. Frequent media exposés of telecommunication scams around the time of Xu’s death showed that the victims ranged from less-tech savvy and less-privileged social groups such as elders and college students, to more sophisticated college professors.<sup>14</sup> According to Xinhua news, 90 percent of the telecommunication scams were precisely targeted plots.<sup>15</sup> Reports on an underground industry and networks specialized in the stealing and trading of personal information generated pervasive public anxieties over the security of personal data.<sup>16</sup> Not long after Xu Yuyu’s tragic death, local law enforcement departments across the country cracked multiple cases concerning illegal trading of trillions of pieces of personal information, including bank information, social media accounts, and medical information, all organized through highly-coordinated networks of data hacking and sale. Later that year, in the amendments to the *General Provisions of the Civil Law*, an article regarding the protection of personal information was added, which was commonly regarded as a response to the rampant personal information leaking and financial scams.<sup>17</sup> The media and public outcry triggered by the Xu Yuyu case could be seen as the culmination of the crisis arising from the challenges of governing the unprecedented amount of data generated from rapid digitization and datafication.

Indeed, the Xu Yuyu case created a hyperactive field with intensive media coverage, social media discourses, active engagement by legal professionals and common citizens, as well as reactions from different levels of government agencies, all of which makes personal information protection a social concern of high visibility. Facial recognition technology is a good example. While Western media mainly focus on the use of facial recognition technology by the Chinese government as a surveillance tool, facial recognition should also be considered in the context of the continuous use of biometric information, such as fingerprinting, by modern nation-states since the 19th century to govern increasingly mobile populations.<sup>18</sup> As legal scholar Hu Ling points

out, facial recognition is an extension of the modern state and institutions' long-term management of identity authentication that is, how to verify individual identities for the purpose of census-taking, registration, and access to services, welfare, and other resources.<sup>19</sup> Officially-issued personal IDs, such as driver licenses and national ID cards and China's *hukou* registration, have been mediating interactions between individuals and institutions.<sup>20</sup> Facial recognition technology became appealing to government and institutions in this context because of its perceived power to provide an efficient solution for identity authentication across different scenarios and for tracking population movement through the collection and the synthesizing of data across space and time. The use of facial recognition is not limited to airports and other security surveillance systems, but increasingly in financial and banking systems. Since 2017, large banks such as China Construction Bank, Bank of Communications, Shanghai Pudong Development Bank started to deploy facial recognition for identity authentication at their ATMs and for payment and other services.<sup>21</sup> As technology companies such as Alibaba and Tencent entered the competition for mobile payments with Alipay and WeChat payment,<sup>22</sup> facial recognition was marketed in the commercial battle to fuel the fantasy of a seamless consumer experience as an ultra-smart payment method that is card-free and device-free.

But facial recognition soon exposed its security vulnerabilities. It was reported that fake, synthesized 3D images of human faces were used to hack Alipay accounts.<sup>23</sup> The face-swapping app "Zao" also triggered severe criticism for its controversial user privacy agreement, and deep concerns over the security of facial-recognition based payment systems emerged.<sup>24</sup> Media reports continuously invoked the metaphor of DNA to equate the biometric features of human faces with the unique identity of individuals and cautioned against an irrecoverable and irreversible loss of personal identity should that information be stolen.<sup>25</sup> These public sentiments and anxieties prompted relevant government departments to prioritize the creation of standards for the use of facial recognition in finance.<sup>26</sup> Small and middle-sized organizations with limited financial capacity and technology expertise also found themselves struggling to handle the challenges of data security.

During the COVID-19 pandemic, continuous reports of the leaking of the personal information of people who had travel history to Wuhan or who had

been tested positive for the coronavirus escalated public concern over individual privacy. The leaks often took place at the level of local and neighborhood registration, where staff who assisted collecting such information disseminated it improperly through Chinese social media and caused unwanted trouble for individuals involved. Other leaks originated from hospitals and medical institutes, where some associated staff initially shared without discretion patients' individual information in a small circle of their personal contacts on WeChat but the information soon became circulated widely.<sup>27</sup>

Mixed with the public fear of the coronavirus, such leaking was often driven by irrational panic, which in turn fueled the viral spread of even irrelevant personal details. As contact tracing requires tracking down all recent contacts of the infected person, sometimes even the family and friends of the contact who had not been tested positive became victims of personal information leaking and suffered from harassment due to the improper exposure of their information.<sup>28</sup> Frequent media reports of such incidents generated heated discussion on the proper balance between the public right to know in a public health crisis and the protection of personal information, which pushed to the foreground the need for clearer regulations on personal information collection and handling. The Office of the Central Cyberspace Affairs Commission therefore issued a notice urging relevant parties to follow closely the *Personal Information Security Specification*, which was released as a national standard in 2018 and updated several times afterwards.<sup>29</sup> In this context, the unveiling of the Personal Information Protection Law undoubtedly attracted even more attention amid the public apprehension of personal information crisis.

Relevant government departments had launched multiple "targeted campaigns" (专项整治 *zhuanxiang zhengzhi*) against illegal collection and trading of personal data. Following the Xu Yuyu incident, in response to the public fury towards telecommunication scams, law enforcements tightened up regulations around telecommunication services, worked along with the major network providers, telecommunication operators, banks, and financial institutions to deploy telephone-scam prevention technologies and crack down on underground networks of data hacking and trading.<sup>30</sup> The Ministry of Industry and Information Technology also launched multiple campaigns against online apps that "infringed upon users' rights," which include information collection or use beyond proper scope, illegal third-party sharing,

and other issues.<sup>31</sup> Since 2019, the MIIT has conducted inspections of over 620,000 apps and requested more than 2,200 apps correct their irregularities in collecting and processing personal information.<sup>32</sup>

As researchers have pointed out, campaign-style enforcement is a common strategy for Chinese government and Communist Party officials to respond to publicly perceived crisis, such as food safety and environmental pollution, and sometimes in advance of laws to address the crisis at hand, such as internet finance frauds, in cases where no existing laws existed to address issues arising from the rapid technological and institutional changes around internet finance.<sup>33</sup> Similarly, in the area of personal information protection, the launch of these campaigns responded to growing public concerns, even in the absence of a comprehensive personal information protection law. Campaign-style enforcement often involves, as some scholars observe, the “extraordinary mobilization of administrative resources under political sponsorship to achieve a specific policy target within a defined period of time.”<sup>34</sup> These campaigns against personal information abuses functioned in this way to adjust the digital ecosystem, which can be an effective means of addressing the issues of low efficiency and high cost of personal information violation lawsuits by individuals.

One effect of such campaigns in data protection was the creation of a hyperactive field in which a variety of actors and players from different levels of government agencies to non-state actors could react and participate, which in turn further enhanced the hypervisibility of the social discourse around personal information protection. In this hyperactive space, some local governments were taking measures to make and pilot regional data regulations. For example, Shenzhen recently established itself as a pioneer of data governance, and released its draft of local Data Protection Regulation in July 2020 for public comments. The event itself generated heated discussion on a number of controversial issues, including data ownership, and the impact of local data regulation on the formation of a national data market.

Besides these government actors, law firms, legal practitioners, researchers, universities, and media professionals also actively contributed to this highly active field. Since 2016, the *Southern Metropolis Daily*'s Personal Information Protection Research Center has been conducting in-depth investigations on the most concerning issues of personal information, such as facial recognition

and the privacy evaluation of apps and websites. It has been releasing yearly reports on the state of personal information security and opened hotlines and social media channels for the public to report incidents of personal information violations. Public accounts on WeChat and other social media platforms also distributed regular updates on national and international data policy trends, research, data leaking incidents, and others. In sum, personal information protection had already become a hyperactive field by the time of the PIPL (draft)'s official unveiling in 2020.

### **The First Civil Lawsuit Against Facial Recognition**

Amid such intense media and public attention, several lawsuits put to the test the delicate and challenging balance in implementing personal data protection. In October of 2019, Guo Bing, a professor of Zhejiang Sci-Tech University sued Hangzhou Safari Park for its use of facial recognition at the park entry.<sup>35</sup> Guo, an annual pass holder of the park, received a message informing him that the park's entry authentication system had been "upgraded" to a facial recognition system and the former system based on fingerprint had been retired. When verifying with the park, Guo was told that his membership would be deactivated if he refused to accept the terms of facial recognition-based identity authentication system at the entry, and the park would not refund him the membership fee. Unable to reach an agreement with the park, Guo brought the case to the court. Touted as the "first lawsuit against facial recognition" by news and social media, the case received extensive attention and discussion. In media interviews, Guo cautioned against rampant uses of facial recognition. He expressed his worry that the biometric information collected through facial recognition, once leaked or mishandled, could cause severe personal and property damage. His original litigation request was mainly a full refund of his membership payment (1360 Yuan, approximately \$200 USD) from the park. Halfway through the process, Guo and his lawyers changed the request to a much broader set that included the annulling of notices that the zoo sent to its customers regarding fingerprint and facial recognition-based authentication systems and the deletion of his personal information that the zoo had collected. Such requests resonated with the globe-wide discussion on the right of the data subject to request the

erasure of his personal information from the data controller, which is specified in the GDPR and commonly referred to as the right to be forgotten. It should also be noted that Guo expanded his request to question the legality of fingerprint information collection, to which he had already given consent when initially purchasing the membership. As he was building his argument on the sensitive nature of biometric information, and fingerprinting also collects biometric information, this request was more likely a performative one to call attention to the management of biometric information.

In court, Guo's lawyers mainly resorted to the Consumer Rights Protection Law, arguing that the single-party changes made by the park to the contract violated the consumer's legal rights and interests. As the drafting of the PIPL was still in process, when it comes to the park's improper collection of personal information, they primarily cited relevant stipulations from the Cybersecurity Law effective in 2017 and the Personal Information Security Specification (GB/T 35273-2017 信息安全技术个人信息安全规范), a national standard released by the Standardization Administration of China in 2018. The defendant, the Safari Park, argued that the purpose of adopting facial recognition was to improve its customers' experience by reducing the long wait times for entry and fixing malfunctions arising from previous fingerprint-based authentication, and therefore these practices should be seen as a reasonable business practice. Furthermore, the defender argued that the collection of personal information was based on the consent that Guo had given when he adopted his membership. His consent, as with that of other users who made the choice under similar circumstances, was a voluntary choice to utilize his personal information in exchange for economic benefits: the discount Guo enjoyed through the membership.

The court trial took place on June 15, 2020, but the judicial decision was deferred, and remained unannounced until late November. The court stated that existing regulations do not forbid the collection and use of personal information in commercial and business settings but rather emphasize proper, legitimate processes based on consent and security measures. In its specific decision, the court maneuvered a balance between Guo's requests regarding his individual case and his broader requests regarding the legitimacy of the Park's collection of biometric information. On the one hand, it ruled against the changes the park made to its contract with Guo, and therefore invalidated

the applicability of the park's new facial recognition-based authentication system to Guo. On the other hand, it defended the validity of the park's new entry rules for its new customers, based on the standard that the new customers would have to give consent to the park when enrolling in its membership. In regard of Guo's request of deletion of personal information, the court ruled that the park should delete Guo's biometric information collected through photography at the time of his enrollment, as it was conducted without Guo's full consent. However, the request to delete other information, such as Guo's entry records, was denied on the grounds that Guo had given consent, and there was no evidence to show any illegal processing of personal information on the park's side. Dissatisfied with the ruling, Guo decided to appeal.

The court's decision basically rests on two lines of questioning: whether the technology was officially banned by law and whether consumers had given consent to the collection of personal information. Since the technology was not forbidden by law, consent would be sufficient to establish its legality, which, as we have seen in this case, can be tricky as the consent recognized via the legal form of a contract did not really reflect the consumer's true intent. The sole reliance on this consent mechanism exposed the lack of regulations around this highly controversial technology.

Indeed, this is still a developing area globally. While the EU has been continuously issued various regulations and guidelines on personal data and AI adoption, in the United States there is no federal law for personal information protection nor federal regulations on the use of facial recognition. While local governments such as San Francisco, Oakland, and others had implemented rules to ban or restrict the use of facial recognition, the rules mainly apply to government bodies, and therefore little regulation so far exists on its application by commercial entities, except for several local laws such as the Illinois Biometric Information Privacy Act.

In this Guo vs Hangzhou Safari park case, Guo had three areas of concerns: first, whether there was any oversight from relevant government bodies regarding the park's use of facial recognition; second, the park had not provided sufficient information regarding the specific facial recognition technology it was using, nor any information regarding the risks of technology; and third, during his visit on location he witnessed the lack of discretion and security measures on the park's part when its staff used personal

phones to scan people's faces. What he demanded here was strong oversight in order to more effectively evaluate and enforce the reasonable and necessary principles on the adoption of the technology and to ensure the security of the sensitive information.

In fact, as the court was deliberating its decision, the PIPL (draft) released in Oct 2020 included specific regulations on the use of facial recognition technology and the processing of sensitive biometric information, and a spokesperson of the Standing Committee of the National People's Congress reiterated in December 2020 that the PIPL stipulates the legitimate ground and risks assessment required for the implementation of such technologies.<sup>36</sup> It should be noted here, the PIPL applies both to commercial entities and government agencies, as the PIPL contains a section that specifically focuses on the data collecting and processing activities of government agencies. This means that, all the general rules specified in other section of the PIPL also apply to government agencies, such as the requirement for informed consent and minimum principle; at the same time, specific cases regarding the performing of certain duties by the government agencies, such as criminal investigations, are subject to separate considerations. Rather than seeing Guo's case and other cases simply as addressing the misuse of personal information in the commercial domain, they in effect raised public conscious and empowered common citizens to act in this tension-ridden area.

Guo had previously also sued Apple for its payment services but dropped the case eventually due to difficulty in battling the big tech company. Already seen as a spokesperson for public discontent with the prevalence of facial recognition, he mentioned in media interviews that, although a lawsuit against personal information violation could be burdensome to individual consumers, it was his goal that this lawsuit could provide practical guidance to establish more effective legal rules and practices for the protection of personal information. Guo's comments show that the results of the lawsuit *per se* became less important than the fact that the incident itself has become a case for the consumer's right to control his personal information.

Before Guo's case reached a ruling decision, in September 2020, a law professor Lao at Tsinghua University decided to sue her Home Owner's Association for installing facial recognition for entry authentication.<sup>37</sup> A scholar of criminal law, Lao started to research relevant regulations of facial

recognition when she noticed the high-frequency media exposition of the controversies around the technology and published her findings online. The lawsuit, as expected, stirred up another wave of media and public expressions of concern over the controversial technology. In Lao's view, legislation always lags behind rapid developments of technology and waiting for legislation to catch up was akin to "using a horse-pulled carriage to chase the flying rocket."<sup>38</sup> In this sense, the lawsuits functioned more as accelerators to foreground some of the most urgent issues emerging from the fast deployment of the technology: what kind of legal qualifications and procedures should be required before an institute can be allowed to employ facial recognition technology? What security measures are required for an entity that has collected sensitive biometric information? What are the criteria for "reasonable, necessary, and proper" collection of sensitive biometric information? In response, some local governments were experimenting with regional regulations. The City of Tianjin on December 1, 2020 passed a regulation that restricts the illegal collection and use of sensitive biometric information for identity authentication, which includes a forbiddance on the use of face recognition.<sup>39</sup>

### **The Complexity of Governing Personal Information: Two Court Cases**

If the first facial recognition case attracted media attention because it concerns a highly contentious technology, two other cases brought by individual consumers against dominant tech platforms were worth mentioning, not only because they predated the *Guo vs Hangzhou Safari Park* case, but more important because they demonstrated the complexity in governing personal information within the increasing complicated digital ecosystem. In the *Ling vs Douyin/Duoshan* case, a PhD law student named Ling, when registering for the two social apps, was prompted with a list of "people whom you might know" recommended to be connected with on the apps. Appalled by the accurate algorithmic matching of the apps, Ling suspected that his phone contacts list had been accessed by the apps without his approval. He thus brought before to the Beijing Internet Court a lawsuit against the two apps, both of which were run by Bytedance. In the *Huang vs Tencent* case, the plaintiff Ms. Huang,

in using “WeChat Reading,” an app provided by Tencent, incidentally found that her reading information, including books she had been reading, the length of her reading time each day, and her reading notes had been shared with her contacts on WeChat without her knowledge. She thus brought a lawsuit against Tencent. Both cases were accepted by the Beijing Internet Court and the trial decisions were reached in July 2020, which demonstrated a consistent approach the court adopted in both cases.

In both cases, a key issue here is whether the violation of personal information necessarily leads to the violation of privacy. In the Ling vs Douyin/Duoshan case and the Huang vs Tencent case, plaintiffs claimed both personal information and privacy violation. Ling believed that the apps’ intrusive recommendation of possible contacts based on his personal information violated his rights to “seclusion”—a reference to the one of the four privacy torts as established by William Prosser as the legal foundation and organizing concept for privacy protection in the United States.<sup>40</sup> This reference to the U.S. privacy concept shows the plaintiff’s familiarity with and free mobilization of U.S. conventions for its defense.

Yet the legal definition of privacy is complicated and varies across jurisdictions and cultures even before the internet age. Legal scholars compare the distinctive approaches to privacy in Germany and in the United States. German law views the privacy tort as safeguarding human dignity that rests upon a unitary concept of personality rights, which has a constitutional dimension in the EU. American tort rights in privacy lack such a basis in constitutional law, and therefore privacy considerations in practice are often balanced with the constitutional right to freedom of expression, which often involves an evaluation of possible public interest in access to the underlying data.<sup>41</sup> In China, it was a debatable question among legal professionals whether personal information protection should be considered as part of privacy protections rooted in personality right or should go beyond personality right, an approach that leaves interpretative space for data economy.<sup>42</sup> Zhou Hanhua, for example, believes that, while there are overlap between privacy and personal information protection, the latter as a component of public law is much broader than the scope of the personality right upon which privacy protection is based.<sup>43</sup> The Civil Code passed in 2020 appears to take the second approach by offering separate articles on privacy and personal information.

In its ruling on *Huang vs Tencent* case, the Beijing Internet Court on the one hand acknowledged that the collecting and processing of personal information requires the user's consent, and on the other hand, it ruled that most information concerned such as contact lists and reading history in this case should not be considered "private," and therefore the defender's mishandling of personal information did not necessarily constitute "privacy violation." In its written judgment, the court emphasizes the function of personal information in social interactions and public interests. It explains that, with individual activities leaving increasing digital traces behind, simply collapsing personal information into the category of privacy would obstruct normal social interactions.

However, the court was also careful not to set up a rigid boundary between private and nonprivate personal information, as the line is always shifting because of technological developments and social consensus. Rather than fixating the category of private information, it advises a context-specific approach ("场景化模式"). In the case of WeChat contact lists, it argues:

As WeChat is becoming the major tool of social interactions for a large number of users, social relationships reflected by contact lists may have evolved from an intimate circle to a sum of the user's total social resources. Some people may even choose to use separate WeChat accounts for social or work relations. The privacy degree of contact lists therefore may differ in each individual case. As a result, the nature of accessing and processing contact lists by apps varies in each case, and the privacy expectations of different users can also vary in specific contexts.<sup>44</sup>

Here the court, rather than starting from a transcendental notion of privacy, kept the line between personal and private information fluid. In this way, the social and communication dimensions of personal information will not be easily collapsed into the defensive and forbidding nature of privacy protection. This also kept the question open of whether contact lists should be seen as private information in future cases for context-specific judgment.

Similarly, in the *Ling vs Douyin* case, the plaintiff argued that the app's automatic display of the city in which the user is located based on his IP address violated his right to control his personal information and privacy. The question of whether an IP address is personal information is an unsettled one.

While the GDPR and the California Consumer Privacy Act both stipulate that the decision depends on whether IP addresses are “reasonably capable” of being associated with or “linked” to an individual, in practice the interpretation of “reasonableness” is not easily determined. Does it refer to the reasonable capacity of the IP address processor, or the capacity of any third-party entities to make the link?<sup>45</sup> That can make the decision in individual cases drastically different.

In this case, while the defender argued that the city information was only vague geolocation information that cannot identify individual users, the court adopted the “associable or linkable” approach, and ruled that the IP address when combined with the user’s phone number that the app had collected would become personally identifiable information. Yet that did not make it sensitive information: the display of the geolocation information on the user’s interface did not involve improper publicizing of that information, and the plaintiff had no evidence to demonstrate the sensitivity of that information, nor any actual disruption caused to his personal life. But the court also reiterated that the decision was limited to this case, and that the line between personal and private information should be context-specific, taking into consideration the evolution of technology, the scenarios of application, the operational logic of products involved, etc.

Finally, the court recognized the case as the opportunity for guiding corporations’ practices of personal information processing, and prompted internet companies to take personal information protection as integral to its own business growth:

Internet companies should take into consideration users’ rights when developing technology and designing products. In our case here, the notarial certificates submitted by the defender shows that the defender is working steadily to meet the compliance requirements. This demonstrates that regulated practices of personal information processing will enhance technological innovations, rather than impede industrial development. Regulation and security measures are crucial to the accumulation and usage of data resources, and measures of reasonable protection will help build a good balance between personal information protection and big data utility.<sup>46</sup>

As this was a high-publicized civil lawsuit that directly litigated against improper collection and processing of personal information, the court apparently expected that the ruling would exemplify the basic guidelines for similar lawsuits in future. It also affirmed the value of “reasonable protection” as conducive to technological innovations and economic development, not simply a “zero-sum” game. Yet as can be seen in both cases, the challenge lies precisely in the decision on where the reasonable boundary should be.

Another contentious issue in both cases were to decide whether the users had given informed consent to the apps for the processing or sharing of their information. The court also kept the issue flexible in specific contexts rather than relying simply on the formality of consent. In the *Huang vs Tencent* case, even though the service agreement of the app WeChat Reading aimed to solicit consent from the user to share her reading information with the user's WeChat friends, and Huang had given the consent when adopting the app, the court decided that it was not sufficient to constitute informed consent. Here the court adopted the criterion of “transparency,” that is “the clarity of the purpose, methods, and scope of information processing sufficient for a rational user to make voluntary, specific and clear decision in specific contexts.”<sup>247</sup> In this case, the court believed that the default setting of sharing contacts lists between the two apps and the defaulted sharing of the user's reading information with her contacts didn't meet a user's normal expectation, and as a result, obstructed the user's freedom to build her own online profile through controlling her own digital traces and online information.

In the *Ling VS Douyin* case, the court provided a different line of argument. The question here was whether the app's recommendation of contacts was based on informed consent. In digital networks this issue was more complicated than it initially appeared to be. According to court records that explain how the app recommended contacts to its users, the app first of all accessed and stored with their consent other users' contacts lists, which contained Ling's phone number before Ling became a user of the app. When Ling registered on the app with his phone number, his information was matched with previously collected information from other users —his acquaintances, and, based on this, the app recommended to Ling a list of contacts to be connected.

While acknowledging that the processing of personal information in the contact list should in principle be based on the double consent from both the

phone users and the contacts on the lists, the court raised the question of the feasibility and efficacy of such practices. The full quotation is useful here:

Strict enforcements of the double consent requirement regardless of the use scenarios might cause the loss of balance of interests in specific contexts. As data is a crucial factor of production in the era of the digital economy, and information is the foundation for data, extreme (defensive) protection of personal information may result in surging cost in information processing and data utilization, even to the extent of impeding the healthy development of the information industry. It is therefore necessary to decide according to the specific use scenarios whether certain use of personal information is reasonable.<sup>48</sup>

Recognizing the inadequacy of resting legitimacy purely on the mechanism of notice and consent, the court conducted a detailed analysis of the purpose, methods, and impact of processing the information concerned in this case. In its ruling, rather than judging solely based on informed consent, the court instead shifted to the tech company's improper storage of information, and it decided that the app should have deleted the plaintiff's information in the first phase when it collected such information from other users' contact lists and found no matching phone number among its registered users at that point.

It should be noted that the problems with sole reliance on the consent mechanism for data processing have been well-documented and discussed among data and privacy professionals globally. The mechanism, derived from contract law, has often become merely a formality due to the obfuscating language of the notice that prevents the user from obtaining a true understanding of the terms, and proved to be increasingly impractical due to the high frequency that the user has to give consent given the constant involvement and flow of personal information within the expanding digital ecosystem.<sup>49</sup> The five legal rulings in addition to consent for information processing stipulated by the GDPR are generally seen a way to address issues that might arise from the consent mechanism. While there is no national general personal data protection law in the United States, the California Consumer Privacy Act adopts "notice and opt-out," rather than strictly take explicit consent as the precondition for processing. China's PIPL draft, in addition to broad consent, adds

“separate consent” and “written consent” to address the variety of scenarios and situations, such as in the case of processing sensitive personal information. It is a common challenge for global data policymakers to address the priorities and balances of interests under different scenarios for data processing. The Beijing Internet Court’s flexible handling of the requirement of informed consent resonates with such recognition of consent dilemma, and acknowledges the complexity of the ways in which personal information is embedded in increasingly digitally-mediated social interactions.

These cases took place at a time when the drafting of the PIPL attracted immense social and media attention and resonated with the already hyper-active public discourses on personal information crisis and the urgency of personal information protection. The trial of these cases put pressure on the practical executions of data protection principles, even though the PIPL had not been officially passed and enacted yet, and the laws and regulations for personal information protection were still piecemeal. In all three cases, the plaintiffs are well-informed individuals with a good knowledge of legal statutes and institutions, or with strong legal assistance to litigate the cases: Guo is a university professor of law, Ling is a PhD student in law, while Huang in the WeChat case is a staff member of a law firm. As a well-informed plaintiff who was likely familiar with existing personal data protection conventions in the United States, Europe and other places, Ling, for example, took pains to obtain notified evidence regarding the privacy settings of the app, such as the time length for the storage of cookie, consent requests, service agreement of other social media platforms, etc. Although the issues they litigated against seemed to be minor in the sense that “no actual harm” could be proven, which was an argument often put forward by the defender’s side, their “low-stakes” nature highlighted the symbolic significance of the lawsuits. Interestingly, such types of “low-stakes” litigations have been encouraged among law school students by their universities and professors as part of their education to gain practical experience, and litigating against big companies and organizations for their personal information and privacy policy has become common among these future legal professionals.<sup>50</sup>

However, on the other hand, the difficulty in proving “actual harm” also indicates the burden of such lawsuits on individuals, even for informed plaintiffs as in these cases. Although the illegal collection and trade of personal

information had generated wide public concern, it was still a momentous decision for individuals to resort to legal means to protect their rights, mainly due to the individual cost associated with launching a lawsuit on personal information violation. The burden of proving harms often falls on the part of the plaintiff, and without the proof of substantial harm, compensation for personal information violation is often meager compared with the time, energy, and financial costs the plaintiff has to invest in the lawsuits, not to mention the stress that individuals cope with when battling powerful companies and organizations.

Recently, the Public Prosecutor's Offices (People's Procuratorates) in more than 14 provinces started to take personal information violation as part of public interest litigations,<sup>51</sup> a mechanism introduced in 2012 to permit an "authority or relevant organization as prescribed by law" to "institute a civil action against conducts that result in environment pollution, infringes on consumer rights, or otherwise harms the interests of the public."<sup>52</sup> Such an initiative was specifically designed to address the difficulties in evidence collecting, as well as the economic and time cost and other obstacles that individuals have to tackle in order to litigate against personal information violations. In other words, while citizens have the legal means to protect their personal information through lawsuits, it is also recognized that individual lawsuits can be inefficient and not effective enough, and public-interest litigations by Procuratorates and relevant state offices are considered a way to address the limitations of individual lawsuits.

## Conclusion

The unveiling of the PIPL (Draft) is commensurate with the initiatives and moves of the Chinese government in data regulation and protection over the past decade. Personal information protection is recognized as an integral part of the national strategy towards data-driven innovations and data-based governance. The drafting of the law also draws extensively from global trends and routines of data regulation, notably the GDPR, such as in its defining of "personally identifiable information." These legislative efforts also resonated with the hyperactive public discourse around personal information and Chinese consumers' awakening to protecting their personal information and privacy.

These recent lawsuits demonstrate such intense public interest, and the conscious efforts of Chinese citizens to defend their rights.

The legislative efforts and the legal cases around personal information show that Chinese data policymakers and enforcements are also striving to define the proper boundary of personal information protection, a problem similarly faced by global data policymakers and legal professionals. As data plays instrumental functions in social interactions and activities, it is also broadly acknowledged that the protection of personal information should also take into consideration the social nature of data and avoid hindering the flow of data for healthy social communication. Given the fuzzy and ever shifting boundary of personally identifiable data, some critics worry that the GDPR's definition of personal data might result in the near future that everything will be or will contain personal data, leading to the GDPR becoming the law of everything.<sup>53</sup>

Among the global data policy communities, debates about the balance between data utility and personal data protection have never ceased. Recent developments around the world, especially the implementation of the GDPR, also show the complexity of data governance in negotiating and balancing interests of different parties. Among Chinese data policy researchers, there is a common understanding about the difference between the U.S. and European approaches to data protection. Some researchers believed that the U.S. approach is more pro-business and conducive to innovations, whereas the European approach takes human-rights protection as the fundamental of data protection but is less friendly to industrial development and technological innovations.<sup>54</sup> Although this binary has been criticized as oversimplification,<sup>55</sup> the impact of personal data protection on technological innovations and business opportunities always arises as a concern in discussion. Some data professionals and corporations advocate for what they regard as the U.S. approach to data policy. As can be observed in the court decisions in the recent cases discussed above, law enforcement indeed presented caution not to hurt the fundamental business operations of the internet companies, while also reiterating that the regularities in personal data collection and processing is the prerequisite for the healthy growth of the ecosystem.

The challenge in defining the proper boundary of personal information protection reflects the deep tension in data governance, not only in China, but worldwide. The technical difficulty in defining the boundary of personal

information is rooted in the existing paradigm of data regulation's focus on individual subjects and self-management, which is predicated on individual consent and proving individual harm. This often runs into problems as digitally-generated information becomes increasingly indispensable to all sorts of social interactions and activities, and the boundary between society and individuals is constantly blurred and shifting. Legal scholar Julie Cohen has sharply pointed out both the conceptual contradictions and the institutional failure of the model of privacy protection that places the individual and individualized control at the center.<sup>56</sup>

In practice, regulations centered on personally identifiable data offer limited protection of individual rights. This is because data analytics and algorithmic profiling, such as scoring and predictive policing, often occurs through the grouping of traits and behaviors not necessarily reducible to individual traits but nonetheless affects groups and individuals. This kind of algorithmic grouping and predictive analysis may lead to what privacy expert Sandra Wachter calls "discrimination by association," a situation in which a person is treated significantly worse than others based on the person's assumed relationship or association with a vulnerable group.<sup>57</sup> This exposes the limits and weakness of the PII (personal identifiable information)-based privacy and data protection in addressing the harms and discrimination arising from big data.

Additionally, the imbalanced power between individuals and big companies and organizations that have more financial and legal resources also makes it an onerous burden for individuals to defend their rights. Such inadequacy and impracticability of individual-based personal data protection has led researchers and practitioners to think beyond the existing paradigm, and propose, for example, the notion of group privacy.<sup>58</sup> While the discussion of alternative approaches is beyond the scope of this paper, it is clear that China's data protection and governance is faced with similar challenges as is with elsewhere. It is not too late yet to start conversation and collaboration to tackle the challenges of data governance, and understand the shifting regime of human rights arising from rapid deployment of disruptive technologies.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

## Notes

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2020-21 WILSON CHINA FELLOWSHIP

# Chinese Intentions in the South China Sea

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## Abstract

What are China's intentions in the South China Sea? In this article I present an analytical framework for understanding intentions based on two components: 1) distinguishing between intentions about the process and those about the outcome and 2) incorporating information from discourse, behavior, and capabilities. Through applying the framework, I argue that China wants to establish de facto control over the South China Sea, meaning sovereignty over the disputed islands and the ability to dictate the rules of behavior in the surrounding waters. These intentions are detrimental to U.S. and allied interests. I conclude with a list of recommended measures the United States can take to prevent Beijing from incrementally advancing its control over the South China Sea.

## Policy Recommendations:

- The United States should expand and increase the tempo of its military operations in the SCS to show that China has not dissuaded the United States by increasing the risk to U.S. forces.
- In the military realm, the United States should prioritize coalition building to ensure a free and open South China Sea.
- The United States should specify that its U.S. alliance commitments extend to protection of countries' rights within their EEZs.
- To further increase costs to China, the United States could warn Beijing that it may reconsider its neutral position on the sovereignty of the South China Sea disputed islands to support claimants with less expansive and restrictive EEZ claims unless China moderates its EEZ claims and agrees to international law positions on maritime rights.
- The United States should respond immediately to each aggressive act China takes in these waters, *regardless of its target*. Moreover, the United States should be sure to respond even when a treaty ally is not involved—this would stress that the United States is serious about

protecting international norms, regardless of who the transgressors are and what the violation is.

- When China commits an act of aggression or coercion, the Chinese assets or organizations involved should not determine the U.S. response. Instead, the United States should feel free to respond to paramilitary actors as it would to military actors.
- To reconstitute its deterrent, the United States should seek military access to new partner facilities in the SCS. The United States should also improve the quality of other claimants' maritime reconnaissance and surveillance capabilities and build their defensive capabilities.
- Lastly, the United States should spearhead and prioritize a diplomatic solution to the South China Sea disputes, with or without China. Countries in the region disagree with China's interpretation of international law. If the rest of the claimants agree about the islands' sovereignty and the rights granted by those islands and ask the international community to help enforce the agreement, China will have difficulty pushing its claims and pressuring states unilaterally to concede to its demands. If Beijing refuses to follow these rules, Washington should form a coalition to restrict China's access to technology and related information. Washington should even threaten to expel Beijing from the relevant international regimes.

What are China's intentions in the South China Sea (SCS)? Some analysts see Chinese motivations as purely economic—eighty percent of China's crude oil imports pass through the SCS, and there are substantial oil and natural gas reserves in the seabed.<sup>1</sup> In this interpretation, Beijing is simply looking to secure its energy supplies and protect commercial trade routed through the SCS.<sup>2</sup> Others believe Chinese intentions to be more nefarious and expansive; specifically, China is building a “great wall of sand” to keep foreign powers,<sup>3</sup> namely the United States, out. Here, regime legitimacy may mandate that the Chinese Communist Party (CCP) exercise *complete* control over the SCS, requiring countries to obtain Chinese permission to conduct any activities there.<sup>4</sup>

Understanding China's desired end state in the SCS and the way it plans to achieve its aims means touching upon some of the major questions regarding the future of regional security, the role of the United States in the region, and U.S.-China great power competition. Territorial disputes are by far the number one cause of interstate conflict.<sup>5</sup> In the SCS, there are several disputes over offshore islands and overlapping Exclusive Economic Zones (EEZs) involving China, Vietnam, Taiwan, Malaysia, Indonesia, Brunei, and the Philippines. China has resorted to force twice against Vietnam in the Paracel Islands and seized Scarborough Shoal from the Philippines in 2012 through military coercion.

Even though the United States is not a party to the territorial disputes, Chinese intentions in the SCS concern Washington from three perspectives. First, many U.S. allies have interests in the SCS. China's claims involve the Philippines, a U.S. treaty ally, and thus the U.S. may become involved in a military conflict to defend the Philippines' claims. The SCS also has significant strategic value for Northeast Asia countries, such as U.S. allies South Korea and Japan, as most commerce and oil flows pass through the SCS shipping lanes. These waters also contain significant oil and gas reserves, along with fisheries. The SCS is similarly crucial for Australia because almost a third of its trade passes through the SCS.<sup>6</sup> Second, China is challenging the traditional interpretation of the international legal maritime regime; the United States, as the established hegemon, is interested in upholding international law, norms, and order. U.S. and Chinese military assets often come into contact with one another as each side tries to exercise and interpret its rights. Third, as the guarantor

of regional peace, the United States wants the disputants to handle the territorial disputes in the SCS in peaceful, non-coercive ways. Even without a conflict, China's effective dominion guarantees the power to carry out a series of activities, including economic exploitation and coercion, air defense identification and maritime exclusion zones, military projection, and the extension of political influence further into the West Pacific. These potential strategies threaten to result in a reconfiguration of the regional security architecture that is unfavorable to the United States and its allies and partners.

This article aims to provide insight into Chinese ambitions in the SCS. I begin by summarizing my analytical framework for understanding intentions, which distinguishes between intentions about the process and those about the outcome and incorporates information from discourse, behavior, and capabilities. This kind of analysis leads to nuanced and specific conclusions about Chinese intentions.

I then argue that China wants to establish *de facto* control over the SCS, which means it wants to gain sovereignty over the disputed islands and to dictate the rules of behavior in the surrounding waters. These intentions are detrimental to U.S. and allied interests, mostly because of Beijing's ultimate goal, or its outcome intentions; China's process intentions are only problematic insofar as they are effective and efficient. Specifically, China is currently relying mainly on economic, political, and indirect military means to pursue this goal, perhaps because its military capabilities fall short. There are early signs that the military's role in establishing Chinese control will increase soon. The greatest uncertainty revolves around 1) the risks China is willing to run to achieve its goals; 2) whether China will be willing to settle for less if its pursuit of *de facto* control risks war with the United States; and 3) whether its process intentions will change once Beijing has more viable military options.

## **A Framework for Understanding China's Intentions**

Why is it important to decipher intentions? For scholars, state intentions play a pivotal role in many international relations paradigms. For example, differing assumptions about state intentions and the ability to decipher them constitute the fundamental difference between offensive and defensive realism;<sup>7</sup> the question of whether exogenous factors such as international institutions or norms and

ideas can shape what a country wants is central to the theoretical frameworks of liberalism and constructivism.<sup>8</sup> Intentions play a particularly central role in international relations theories about rising powers and great power competition, which most agree currently characterize U.S.-China relations.<sup>9</sup> But looking at relative power alone is insufficient to understand whether power transitions will lead to war. Instead, it is Beijing's intentions that largely determine the degree of threat that China's rise may pose to the United States and its allies.<sup>10</sup>

To understand Chinese intentions in the SCS, I take a unique approach. First, I evaluate processes and objectives separately. I define process intentions by the methods preferred and the factors that influence how a country thinks it is best to achieve its goals. In other words, how is China attempting to achieving its maritime goals and why? Outcome intentions, in contrast, refer to "what one wants to bring about, accomplish or attain."<sup>11</sup>

The distinction between outcome and process is analytically useful because a country may have revisionist outcome intentions but pursue its goals within the confines of acceptable international behavior. For example, a country may want to change the territorial status quo but attempt to do so through legitimate means, as Kosovo did when it declared its independence in 2008.<sup>12</sup> Or a country may have a legitimate objective, such as economic growth, but pursue it through problematic means, like occupying a resource-rich country or enacting trade barriers in violation of its international commitments. The disaggregation of the intentions also facilitates more effective strategic responses by allowing for more granular detail in prioritization and feasibility assessments.

Second, I transparently triangulate the three major sources of information about Chinese intentions: China's national discourse, its behavior, and the military capabilities it is building. When these sources contradict each other, I evaluate the potential sources of bias and discuss why I weighed some pieces of information more than others or what certain sources cannot tell us with a high degree of confidence.

Lastly, a caveat. Some believe that intentions are unknowable and thus are eager to dismiss this whole exercise as futile. I disagree with this viewpoint—we can learn certain things about intentions with varying degrees of confidence. Because states deliberately implement plans to pursue specific objectives, it is theoretically possible to decipher current ambitions. I focus on current ambitions, which refer to what the leadership *has already decided* it wants to achieve

in the future. Future ambitions are important, but given limited resources, the United States needs to address China's current ambitions first and foremost.

Moreover, there is path dependency to ambition. Rising powers have likely taken into account projections of future power when devising current ambitions. If China does change its maritime ambitions, the direction and nature of the change will reflect the aspects of the current intentions that have produced results, any negative consequences, and any socially and politically viable replacement ideas for intentions that have not produced results.<sup>13</sup>

## **Chinese Intentions in the SCS**

The rest of this contribution will evaluate Chinese discourse, behavior, and capabilities in the SCS to clarify China's ultimate goals in the SCS and show how its leadership is currently attempting to achieve those goals.

## **Chinese Discourse about the South China Sea**

China scholars often use Chinese sources to gather information about Chinese military strategy, doctrine, and intentions. Specifically, China specialists look to two categories of information: 1) official documents and speeches made by senior CCP officials and 2) discussions among Chinese academics and think tank experts who may be informed about, or in some cases may even influence, internal discussions.<sup>14</sup> The difficulty is that not all of this national discourse is equally informative. Leaders have incentives to misrepresent their positions; authors may have ulterior motives; and some voices may not represent the government's views because they lack authority or influence, or because they are in the minority.

Considering the potential bias of national discourse, I focus on three factors when evaluating what China says about the SCS. First, the content of the discourse matters. If the discourse conveys information that a rising power should be trying to misrepresent but is not, this is a credible indication of intentions. For example, if Chinese leaders convey problematic intentions—such as the intention to push the United States out of the region and break apart its alliance system—this is likely an honest indication of outcome intentions. Another aspect of content is consistency. Discourse helps to identify the range of the debate on an issue. Understanding the authority of sources only

becomes important when there are different messages; when there is a consistent position across different types of documentary evidence, the credibility of the content increases.

Second, the specificity of the content plays a role. If a leader can be held accountable for not following through on a threat or promise, less-specific statements mean that leaders have more room to claim they have followed through with policy substitution.<sup>15</sup> If a leader lays out signs of progress towards fulfilling intentions and states timelines for reaching those goals, and if such progress is subsequently observable, the statements have greater credibility. The degree of censorship also affects the evaluation of the content of discourse. In more repressive societies, views that are openly discussed or published (without retribution) can be considered to have received a degree of leadership approval.

Third, the statements of different people within the system need to be weighed differently depending on the speakers' decision making and implementation power, degree of accountability,<sup>16</sup> and personal reputations for honesty.<sup>17</sup>

*Content.* There is consistency across official and unofficial sources about China's position on the SCS. In 2016, the State Council issued a White Paper on territorial disputes in the SCS between China and the Philippines. The White Paper declares the SCS to be China's "inherent territory (固有领土)."<sup>18</sup> Another phrase China always uses is "historically been part of China's territory (自古以来就是中国领土)." China uses this phrase for the SCS, the East China Sea (ECS), Tibet, Xinjiang, Taiwan, and Hong Kong. China often uses the "SCS" and "islands in the SCS (南海诸岛)" interchangeably. The White Paper cites historical records to argue that Chinese people have historically used and developed the SCS area for economic activities and that the Chinese government has historically governed the region peacefully and effectively.<sup>19</sup> The 2019 National Defense White Paper reiterates the claim that the SCS is China's "inherent territory" and declares that "defending national sovereignty, security, and development interest" is the fundamental goal of China's national defense in the new era.<sup>20</sup>

Xi Jinping stated in his 2015 *Reuters* interview that the SCS has "historically been part of China's territory (自古以来就是中国领土)" and that any activity China conducts in the region is justified by the need to defend China's

territorial sovereignty.<sup>21</sup> Xi has also repeatedly vowed that China will firmly defend its sovereignty and relevant rights in the SCS both during bilateral meetings and at multilateral summits.<sup>22</sup> I have not found one source—official or unofficial—that questions China’s right to sovereignty over these waters. It is also notable that Chinese sovereignty claims to the SCS are not what the United States and other regional actors want to hear; if anything, China has an incentive to adjust its rhetoric to moderate its claims. This lends credibility to the assessment that China intends to establish its sovereignty over the SCS.

*Specificity.* Chinese sources not only clearly state that China’s ultimate objective is sovereignty over the SCS, but also are very specific in how they justify these outcome intentions.

First, China claims some of the SCS as internal waters, which means that in its view, countries do not even have the right to peaceful transit. Second, China claims a 12 nautical mile (NM) territorial sea from the Paracel baseline, not from the individual islands, and in the Spratlys from many features that under international law are not awarded this right, like the artificial islands. Lastly, China claims 200 NM from the end of the territorial sea as its EEZ, where it claims to have the right to regulate military activity.<sup>23</sup>

Through these three positions alone, China lays claim to approximately 80 percent of the SCS. China uses the nine-dash line to cover the remaining territory and provide redundancy to its other claims by claiming “historic waters”; that is, it claims to have controlled this maritime environment historically, a view that has no basis in international law.

*Leaders’ positions.* Lastly, I analyze all public speeches made by members of the Politburo of the Communist Party of China. Both of the Politburos I studied were led by Xi Jinping, and each had 25 members. Since some members served in both, this yields speeches by 39 unique individuals.<sup>24</sup> Chinese leaders on average used more cooperative discourse in their public statements about the SCS, which suggests a willingness to compromise with other claimants, especially during the first year of each new Party Congress, in 2013 and 2018. However, in the Chinese system, one person’s discourse matters more than all the others: Xi Jinping. The content of his speeches about the South China Sea is mainly confrontational; his statements account for 42.7 percent of all the competitive themes mentioned even though he is only one of 39 unique leaders during this period.

*Conclusions.* An analysis of Chinese discourse on the SCS suggests that China is working towards establishing sovereignty over the SCS. The SCS is a top priority for the CCP because it is tied to Chinese security, prosperity, and Party legitimacy—and China has a dedicated plan to achieve its goals. China's main goal is getting other countries to accept its sovereignty over the SCS. Its behavior, and specifically its harassment of regional countries and its largely rhetorical responses to the United States, combined with the portrayal of the United States as an outsider, suggests that China is focusing on convincing regional actors to concede to China's position, which can then be used as leverage to delegitimize U.S. attempts to hold out. This strategy plays out in more detail in Chinese behavior and capabilities—but because it has been underway during the U.S. Pivot to Asia and now the Indo-Pacific strategy, we can determine that Chinese leaders believe it to have high feasibility.

There are a few important things that discourse cannot tell us. First, does China need only de facto sovereignty over the SCS, or will it demand de jure sovereignty? In other words, will Beijing be happy enough if states respect China's proclaimed maritime rights in practice, or do they need to officially and legally concede that the SCS is Chinese territory? Right now, there is stronger support for the former, but the latter cannot be ruled as a future intention. If China did have de facto or de jure control, based on the discourse, we can be certain it would not allow military operations in these waters unless they were conducted jointly with the Chinese military. Its intentions about controlling commercial resources are less clear, as China has said it has no intention to disrupt commerce. Again, this claim is credible in peacetime; China benefits more than any other country from commercial transit through these waters. However, if the United States conceded the first island chain even in practice, China would have great economic coercion power against countries in the region, which—given its history—it would likely use on an ad hoc basis. China might also allow countries to engage in fishing and oil exploration in the SCS with Chinese permission, but only on a limited basis and likely in exchange for their compliance on other issues.

Additionally, the lack of specificity about a timeline and indicators of success in national discourse suggests that the Chinese government is relatively risk-averse in pursuing its intentions. Indeed, Chinese leaders have vowed to

protect Chinese sovereignty, but they have failed to clearly articulate what they are claiming so that there are off-ramps if states fail to comply. However, if any seemingly permanent changes to the status quo make its goals less feasible, China will respond more forcefully. Because China believes that the SCS largely belongs to it, it focuses on avoiding losses, which makes it relatively risk-acceptant in combatting any aggression.

National discourse also reveals little about how China hopes to accomplish its goals. Chinese statements articulate both that China is willing to use force and that Beijing will rely on peaceful means in resolving its SCS disputes. In the 2016 White Paper on resolving territorial disputes with the Philippines in the SCS and the 2019 National Defense White Paper, China makes clear its official position that it “adheres to the position of settling disputes through negotiation and consultation and managing differences through rules and mechanisms.”<sup>25</sup> China also emphasizes that its military development and deployments in the region are defensive in nature, as China wishes to maintain peace and stability with regional countries.<sup>26</sup> At the same time, China never relinquishes its willingness to use force to settle disputes. The 2019 National Defense White Paper highlights defending China’s sovereignty and territorial integrity as the primary goal of the People’s Liberation Army (PLA), though the rhetoric on defending the SCS is much less assertive than the rhetoric regarding reunification with Taiwan.<sup>27</sup> Xi has made strong statements pledging that China will not allow an inch of Chinese territory to be taken away.<sup>28</sup>

It is difficult to assess which position is more trustworthy because there are reasons to suspect bias in both. On the one hand, China has an incentive to reassure countries that it will not pursue its goals through violent means. China has long sought to pursue confidence-building measures with regional countries to reduce mistrust between China and ASEAN states.<sup>29</sup> It also identifies the United States which China calls an “extra-regional power,” as the source of conflicts and tension in the region.<sup>30</sup> On the other hand, China wants to signal its resolve to other SCS claimants and the United States, lest these countries try to make advances at China’s expense.<sup>31</sup> In short, information from discourse alone is insufficient to resolve some of these debates. Thus, we turn to an analysis of Chinese behavior and military capabilities for additional data on *how* China plans to achieve its goal of sovereignty over the SCS.

## Chinese Behavior in the South China Sea

While discourse provides insights into what China hopes to achieve, it reveals little about how China hopes to achieve those goals. Chinese behavior and capabilities are better positioned to provide insights into this issue. Here I focus on one aspect of process intentions: the role of military force. Specifically, to what degree is China relying on military power versus other tools of power to promote its interests in a particular issue area?

A review of Chinese activities with respect to the SCS suggests that China relies mainly on diplomatic, economic, and legal tools of persuasion and coercion—specifically lawfare, economic coercion, and grey zone activities. However, there are indications that China may become more reliant on traditional uses of military power in the near future.

*Lawfare and economic coercion.* A key part of China's process intentions over the past decade has been its reliance on legal maneuvers to convince mainly Southeast Asian countries to concede to China's sovereignty claims. China is proactively pushing for a Code of Conduct (CoC) in the SCS to be signed with ASEAN member states.<sup>32</sup> Throughout these negotiations, Beijing has sought to exclude outside countries, such as the United States, from the process.<sup>33</sup> Many of China's desired provisions are also contentious. For example, China has been pushing for certain measures that increase its bargaining power vis-à-vis other claimants, such as prohibiting signatories from giving military access or engaging in military exercises with non-signatories, like the United States.<sup>34</sup> China has also pushed for a provision that energy exploitation in the SCS cannot be carried out by foreign companies.

While trying to reshape the legal environment, China has also rejected aspects of the current legal order that do not support its claims, such as the 2016 UNCLOS Permanent Court of Arbitration ruling in favor of the Philippines on a number of complaints.<sup>35</sup> Unsurprisingly, China has been non-compliant with most of the Arbitration findings. Many of these violations are related to Beijing's refusal to recognize the ruling on what constitutes the Philippines' EEZ—for example, China's continued presence on an artificial island at Mischief Reef and efforts to prevent Filipino fishermen from fishing around Scarborough Shoal.<sup>36</sup>

Beijing also employs a host of economic tools to consolidate its influence in the South China Sea, often using coercion against more advanced

countries and cooperative economic policy for developing nations.<sup>37</sup> When the Philippines passed a law in 2009 declaring its territory to be in line with UNCLOS guidelines—disputing China’s territorial claims over Huangyan Island and the Nansha Islands—Chinese imports of Philippine goods went down by 46 percent that year.<sup>38</sup> More recently, Beijing has signed a series of infrastructure development deals with Manila worth billions of dollars. With the influx of Chinese loans, the Philippines’ foreign policy has shifted towards China and away from the United States. In a 2019 statement questioning the Mutual Defense Treaty between the U.S. and the Philippines, Filipino Defense Secretary Delfin Lorenzana said that the Philippines “is more likely to be involved in a shooting war” with an increased U.S. naval presence in the region.<sup>39</sup>

*Grey Zone Activities.* One of the biggest complaints among other claimants is that China’s tends to engage in grey zone activities in the SCS. This term is used to describe coercive and threatening activities that stay below the threshold of armed conflict to secure gains while avoiding provoking military responses by others.<sup>40</sup> In the SCS, these tactics include China’s building of artificial islands, the use of law enforcement and maritime militia vessels in an unprofessional and escalatory manner to deter or deny other countries’ use of living and nonliving resources in the waters, and economic coercion and political subversion.<sup>41</sup> In two separate incidents that took place in April and July, respectively, the Chinese Coast Guard sank<sup>42</sup> and rammed<sup>43</sup> Vietnamese fishing vessels operating near the Paracel Islands.<sup>44</sup> Similarly, in April, the Chinese marine survey vessel the *Haiyang Dizhi 8*, with support from China’s navy and coast guard, harassed a Malaysian oil exploration project within Malaysia’s exclusive economic zone.<sup>45</sup>

*Traditional Military Activities.* China’s traditional military activities have evolved from defensive engagement to greater military presence and operations in the SCS. Since 2016, Chinese traditional military activities in the SCS have increased in frequency, complexity, and aggressiveness.<sup>46</sup> For example, in 2018, China conducted an unprecedented naval exercise in the SCS involving over 40 ships.<sup>47</sup> Last year, there was an increase in both the quantity and quality of military exercises—such as an early warning reconnaissance drill that was much longer and more offensive than previous exercises.<sup>48</sup> China’s artificial island bases have improved power projection capabilities by allowing

hundreds of militia and coast guard ships to patrol the South China Sea for months without returning to the mainland.

*Conclusions.* All these activities corroborated the conclusion based on discourse—China intends to establish de facto control over a majority of the SCS but is relatively risk-averse in choosing how to do so. China has preferred to rely on economic, legal, and diplomatic tools to consolidate its control.<sup>49</sup> When China does use more risky, forceful actions, they tend to be directed at other regional claimants over which China has clear escalation dominance using militia and law enforcement.<sup>50</sup> It is one thing for China to accomplish its goals at a relatively low cost below the threshold of conflict or to risk a small skirmish with another regional actor; it is quite another to be willing to fight a major war with the United States. Behavior over the past eight months adds confidence to this assessment. From April through September, China's military engaged in 16 different military maneuvers, including exercises, weapons testing, and deployments to the SCS islands.<sup>51</sup>

The nature and timing of these exercises suggest that the main target audience is the United States. First, many of these exercises were conducted immediately after a U.S. military action. Second, the capabilities China is exercising and displaying are the most relevant ones for a contingency against the United States in the SCS: anti-surface warfare and an air campaign over the disputed islands.<sup>52</sup> In other words, Chinese behavior suggests that China is attempting to make slow and steady progress towards control of the SCS, relying on lawfare and grey zone activities to compel acquiescence from other regional players and on traditional displays of military force to convince the United States to stay out of the issue.

But the PLA has been cautious in its direct interactions with the U.S. military. China has not engaged in risky brinksmanship with U.S. platforms, and direct encounters have tended to be safe and professional. Instead, the PLA is using its military power indirectly to signal the capability to impose costs on the United States if war were to break out. It seems that the need to enhance deterrence vis-à-vis the U.S. has become the priority, even at the expense of revealing capabilities or exacerbating tensions with other claimants. In the past, China would choose the timing and nature of deployments and exercises to downplay their operational significance and promote the narrative that China's posture was defensive;<sup>53</sup> more often than not, public statements would

not even accompany the event. But now, the military is keen to demonstrate its offensive capabilities to the United States.

## Chinese Military Capabilities in the South China Sea

This last section assesses what China's force posture, equipment and weapons, and military exercises reveal about Chinese intentions in the SCS.

*Chinese Coast Guard and law enforcement capabilities.* In 2013, numerous organizational changes were made to the Chinese force posture. First, the Coast Guard was formed from a number of law enforcement agencies (China Marine Surveillance, Fisheries Law Enforcement, Maritime Police, and Anti-smuggling Police) and tasked with protecting Chinese rights as it defines them in the SCS.<sup>54</sup> Three regional branches (north, east, and south) have eleven contingents that each contain lower-level detachments. In a 2018 reorganization, the Coast Guard was placed under the People's Armed Police, which was officially elevated to an armed branch directly under the Central Military Commission through a 2020 law.<sup>55</sup> Thus, the Coast Guard is now part of China's armed forces and is in the process of hiring officers. The Coast Guard currently has over 120 ships displacing more than a thousand tons. Few are armed (reflecting their previous civilian status), although this is beginning to change: new ships are being armed with cannon and jamming capabilities. China operates by far the world's largest fleet of blue-water coast guard cutters. Its *Zhaotou*-class cutters are the largest coast guard ships in the world and represent an effort to standardize the fleet. China also has the largest coast guard fleet by far in the region. In fall 2020, the United States Coast Guard permanently based ships in the Western Pacific, reportedly in order to combat China's illegal fishing in the region.<sup>56</sup>

*China's Maritime Militia.* The People's Armed Forces Maritime Militia (PAFMM) is a reserve force of fisherman armed by the state and organized at the grassroots level.<sup>57</sup> The PAFMM began as a coastal patrol and surveillance force but evolved into a maritime sovereignty support force in the 1970s. For example, these forces play the leading role in island seizures in the Battle of the Paracel Islands against Vietnam in 1974.<sup>58</sup> Since then, the PAFMM has acted in support of the Chinese Coast Guard and PLAN in establishing control over the SCS, including the seizure of Mischief Reef and Scarborough Shoal from

the Philippines in 1995 and 2012, respectively.<sup>59</sup> The PAFMM is often used for swarming, ramming, and harassing the ships of all claimants and those of the United States—thus making it difficult and risky for these countries to operate freely and safely within their EEZs and international waters more broadly. The PAFMM plays a key role along with the Coast Guard in what China refers to as its “Maritime Rights Protection Force System” (*weiquan lilianqixi*).<sup>60</sup>

*The Chinese Navy.* The Chinese Navy also plays a role in advancing China’s position in maritime disputes, as part of the PLAN’s mission is “safeguarding China’s rights and interests in the SCS.” The South Sea Fleet, which falls under the Southern Theater Command located in Guangdong province, is in charge of this mission. The South Sea Fleet has a higher proportion of advanced warships compared to the other regional fleets, such as destroyers. The South Sea Fleet is responsible for coastal defense from Dongshan to the Vietnam border and into the sea, including the Paracel and Spratly Islands. To fulfill this mission, the fleet has support bases at Yulin and Guangzhou, maintains long-distance supply ships, and is supplemented with Marine Brigades 1st and 64th, with a dedicated amphibious force. The equipment of the South Sea Fleet includes 24 submarines (4 SSBNs, 4SSNs, 16 SSKs), 9 destroyers (9 DDGHMs), 23 frigates (11FFGHMs, 2 FFGMs, 10 FFGs), 38 patrol and coastal combatants (38 PCFG/PCGs), 3 amphibious ships (3 LPDs), 22 logistics vessels (22 LSs), and 18 countermine vessels (18 MCMVs). In addition to the South Sea Fleet, the Southern Theater Command houses the 74th Group & 75th Group of the Army for ground forces, as well as the 2nd, 9th, and 18th fighter divisions, the 8th bomber division, the 13th transport division, and the 20th special mission division for air forces. The Southern Theater Command also has the GX-6 高新六号 (*gaoxin liuhao*) Unit deployed in the SCS for anti-submarine warfare purposes. In comparison to the Northern and Eastern Sea Fleets, the South Sea Fleet has the highest volume of vessels, which suggests a greater prioritization of the South Sea defense for China.<sup>61</sup>

There have also been a number of advancements in the broader PLAN that will affect the balance of power in the SCS, such as the advent of China’s new *Renhai*-class cruisers, the largest surface combatant in the world. The first *Renhai*-class cruiser was commissioned in January 2020.<sup>62</sup> The Chinese aircraft carriers *Liaoning* and *Shandong* conducted regular training and sea trials over the summer and most recently in September.<sup>63</sup> While the

*Shandong* entered service this past December, it is not yet combat-ready, and the *Liaoning* took six years to achieve initial operational capacity after it was commissioned in 2012.<sup>64</sup>

Interestingly, the Navy has been relegated to a secondary role, with SCS operations considered Operations Other Than War. Almost all the elements of the PLAN surface fleet patrol waters, and the fleet has grown rapidly in recent years, moving from a fleet of mostly submarines and missile craft to a first-rate, blue-water navy centered on large surface combatants. All of the Chinese Navy's platforms, both undersea and surface, could be used to coerce, blockade, attack, or occupy the SCS islands. China currently has the largest navy in the world, with 300 ships that include aircraft carriers, cruisers, destroyers, frigates, corvettes, submarines, and amphibious assault ships. The construction of the Type 095s nuclear attack submarine, which began in 2017, and the first Type 055 Nanchang destroyers that China will likely put in service this year could be useful in restricting access.<sup>65</sup>

Reliance on the coast guard and maritime militia to enforce China's claims in the SCS is not random; it reinforces China's attempts to convince other countries that its claims are legitimate without being provocative enough to spark a military backlash. When operating in disputed waters, the Chinese coast guard does so on the pretext of routine domestic maritime law enforcement. In August 2016, China's Supreme People's Court issued two judicial interpretations defining the authority of Chinese maritime law-enforcement agencies to handle foreign and domestic violations in China's claimed jurisdictional waters. Specifically, it concluded that the "Chinese coast guard has the authority to arrest foreign mariners suspected of poaching in China's claimed jurisdictional waters and charge them with violations of the criminal code. It also authorizes criminal proceedings against foreigners found merely entering China's claimed territorial waters."<sup>66</sup>

In other words, Chinese behavior in the SCS confirms the outcome intentions suggested by discourse—China wants to establish control over the SCS.

*Force Posture on SCS islands.* Another informative area of overlap between behavior and capabilities is Chinese land reclamation in the SCS. China has reclaimed approximately 3,200 acres of land between the Spratly and Paracel islands while building up almost 30 outposts across the various islands.<sup>67</sup> Fiery Cross Reef, Subi Reef, and Mischief Reef all now feature

lengthy airfields as well as substantial numbers of buildings and other structures. The construction and militarization of these islands have also greatly expanded China's maritime awareness and the range of its targeting capabilities, allowing China to exert military control over the sea and airspace in the SCS for the first time.<sup>68</sup>

These capabilities provide some useful information about Chinese outcome intentions. First, China has deployed to the SCS the types of systems the PLA would need to exert control over the SCS.<sup>69</sup> Control requires both a comprehensive awareness of the environment and the capabilities to compel and coerce states to follow the PLA's rules. To achieve this, China first needs systems that monitor activity on and under the sea and in the air in the disputed areas, such as forward-deployed surveillance aircraft.

Once China establishes an awareness of others' activities in the SCS, it will need certain capabilities to enforce its sovereignty claims. These include multirole fighters that can be used to intercept and escort other countries' aircraft; these fighters can be deployed to the SCS islands or operate off an aircraft carrier in the area. These are precisely the types of capabilities that are periodically deployed to the islands.<sup>70</sup> One capability the PLA would need if it were to control the SCS that we have not seen is command and control (C2) aircraft. The Southern Theater Command is far from the Spratly Islands in particular, and greater connectivity in the form of C2 is a step we should expect to see as the transition to the theater commands is completed.

Some commentators have been dismissive of China's military outposts in the SCS, claiming that they grant no significant warfighting capability. In peacetime, they undoubtedly contribute significantly to China's attempt to consolidate control over the SCS, specifically in three ways. First, the outposts facilitate a consistent and routine Chinese military presence in these waters, as ships and aircraft rely on facilities there for sustainment and replenishment. Second, the fact that China has built and militarized these islands without pushback from the United States causes Southeast Asia states to question U.S. commitment to the region, making it more likely that they will bandwagon with China. Third, China has begun to build a maritime awareness network from sensors and radars deployed to these islands. Noticing, identifying, and tracking other aircraft and ships is a necessary step toward establishing control over the sea and airspace in the SCS—a process intention to which these capabilities contribute.

But the outposts are also problematic in wartime. First, the United States would have a difficult time conducting an amphibious assault on the islands. Deploying vulnerable landing craft requires large, secure beachheads, and given Chinese radars and U.S. high-signature amphibious assault forces, China would have ample warning to ensure that access was denied. Specifically, the U.S. Marines are trained for large-scale forcible entry, not island hopping on short notice in the SCS. It would take 45–60 days to get the sealift necessary to transport 12,000 marines, and then landing craft would need to get within 12 miles of the islands. This scenario is highly unlikely, given that the landing craft has no missile defense, and China would be able to target them with conventional missiles long before they came sufficiently close.

*Conclusions.* This review of capabilities, coupled with Chinese behavior in the SCS, supports a number of conclusions about Chinese intentions with high confidence. Regarding Chinese objectives, China intends to gain a military advantage in the first island chain and then to establish control over the SCS. There is no other purpose this military buildup can logically support. Chinese activities tell us that “control” at the very least means preventing other countries from exploiting the living and non-living resources found in the waters (oil, gas, fisheries, etc.) and restricting all military activities in the first island chain. But what is less clear is the extent to which China would disrupt commercial activities; discourse and behavior suggest its desire to prevent all military activities and at the very least severely restrict resource exploitation and fishing within the SCS, but there is no evidence of plans to restrict broader commercial activities, especially in peacetime. Moreover, the capabilities and military exercises do not indicate a near-term desire to gain control over additional islands occupied by other claimants.

Chinese capabilities also suggest three things about Chinese process intentions. First, in the short term, China will continue to focus on compelling other regional claimants to capitulate to its control over the SCS via coercive measures short of military use of force. Its use primarily of law enforcement platforms against other claimants keeps the tensions below the threshold of conflict but supports its legal narrative that these waters are already Chinese. The reliance on its maritime militia and law enforcement fleet to engage in grey zone activities suggests that China is relatively risk-averse in its willingness to engage directly with U.S. forces.

## Recommendations

This analysis reveals that China's maritime ambitions in the ECS and the SCS are detrimental to U.S. and allied interests, mostly because of China's ultimate objectives of control and dominance. The means by which China has pursued its objectives to date are problematic insofar as they are effective—but leveraging the economic and diplomatic tools of statecraft is objectively better than overt use of force. Nevertheless, the United States still needs to prevent Beijing from incrementally advancing its control over the South China Sea. Below are a few recommendations in support of this objective.

- The United States should expand and increase the tempo of its military operations in the SCS to show that China has not dissuaded the United States by increasing the risk to U.S. forces.
- In the military realm, the United States should prioritize coalition building to ensure a free and open South China Sea. This could include a joint patrol task force akin to the multinational effort to combat piracy in the Gulf of Aden. Or the United States and its partners could agree on a case-by-case basis to escort fishing vessels and oil exploration platforms when assistance is requested.
- The United States should specify that its U.S. alliance commitments extend to protection of countries' rights within their EEZs.
- To further increase costs to China, the United States could warn Beijing that it may reconsider its neutral position on the sovereignty of the South China Sea disputed islands to support claimants with less expansive and restrictive EEZ claims unless China moderates its EEZ claims and agrees to international law positions on maritime rights.
- The United States should respond immediately to each aggressive act China takes in these waters, *regardless of its target*. Moreover, the United States should be sure to respond even when a treaty ally is not involved—this would stress that the United States is serious about protecting international norms, regardless of who the transgressors are and what the violation is.

- When China commits an act of aggression or coercion, the Chinese assets or organizations involved should not determine the U.S. response. Instead, the United States should feel free to respond to paramilitary actors as it would to military actors.
- To reconstitute its deterrent, the United States should seek military access to new partner facilities in the SCS. The United States should also improve the quality of other claimants' maritime reconnaissance and surveillance capabilities and build their defensive capabilities.
- Lastly, the United States should spearhead and prioritize a diplomatic solution to the South China Sea disputes, with or without China. Countries in the region disagree with China's interpretation of international law. If the rest of the claimants agree about the islands' sovereignty and the rights granted by those islands and ask the international community to help enforce the agreement, China will have difficulty pushing its claims and pressuring states unilaterally to concede to its demands. If Beijing refuses to follow these rules, Washington should form a coalition to restrict China's access to technology and related information. Washington should even threaten to expel Beijing from the relevant international regimes.

The most effective U.S. strategy should combine diplomatic initiatives with a robust deterrent posture in the region. For any of these initiatives to succeed, the United States will need a lasting strategy to deter China's aggression, respond if a confrontation does occur and, if necessary, defeat China in a military conflict. Success will require bipartisan consensus and an agreement that maintaining a free and open Indo-Pacific is genuinely critical to U.S. national interests. The United States has made some progress in this regard, but given the extent of China's maritime ambitions, it is not yet enough.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

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2020-21 WILSON CHINA FELLOWSHIP

# What's In a Name? Varieties of Great Power Competition and the Future of U.S.-Chinese Relations

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## Abstract

What is great power competition and what does it look like in the U.S.-China context? For a concept central to policy discussions, there is strikingly little agreement as to what the concept entails. This paper fills the gap by evaluating the different ways “great power competition” has been used historically and in contemporary policy debates. In brief, I find that competition can take one of three forms: “traditional” great power competition whereby states embrace a broadly zero-sum approach toward maximizing their economic and military well-being; “competition as rivalry,” whereby participants tend to treat the other side as an enemy and so increase the likelihood of force being used to settle disputes; and “competition as cold war” which highlights the salience of ideology to great power relations. Having done so, I use these concepts to briefly map schools of thought in the ongoing debate over U.S. relations with China, identify the policies for waging great power competition embedded in each approach, and evaluate the tradeoffs among these options. The results offer several policy suggestions for bolstering the United States’ approach to competition with China, including:

### Policy Recommendations:

- That the Congress and/or Executive Branch should require that strategy reports explicitly define what is and is not envisioned when discussing great power competition;
- That a bipartisan commission be chartered to evaluate the current U.S. approach to competition and consider the merits and drawbacks of alternate approaches;
- That an independent commission be authorized to review different Chinese schools of thought on the nature, course, and conduct of great power competition and to assess U.S. efforts in light of Chinese approaches.

## Introduction

Over the last half-decade, a growing U.S. foreign policy consensus holds that the United States and a rising China are locked in an ongoing great power “competition.”<sup>1</sup> The result of this competition—so the argument goes—will play a decisive role in shaping the future of the “international order” and thus requires concerted economic, diplomatic, and military efforts to ensure the United States more than holds its own.<sup>2</sup> Needless to say, this also approach represents a marked departure from prior American emphasis on engaging China in hopes of facilitating China’s emergence as what former Deputy Secretary of State Robert Zoellick called a “responsible stakeholder” in international affairs.<sup>3</sup> With calls mounting throughout the late Obama, Trump, and Biden administrations for the United States to take increasingly hardline measures against China, competition seems to be the new U.S. foreign policy status quo.<sup>4</sup>

Despite its bipartisan appeal, however, the turn toward “competition” confuses as much as it clarifies. Two different elements are at play. For one thing, describing the American approach as competition obscures that different strategists mean different things by term and, in turn, envision different pathways by and domains in which the United States will compete with Beijing. At the same, the emerging U.S. narrative risks overstating the uniqueness of the present geopolitical moment and inflating the magnitude of the China challenge. The net result is an analytic muddle, increasing the likelihood that policymakers will end up speaking past one another and so undercutting the effectiveness of U.S. efforts.

Accordingly, this paper seeks to clarify the American foreign policy debate over U.S.-Chinese competition. Drawing on history and theory, I argue that great power competitions generally take one of three forms: “traditional” great power competition anchored by a fluid mix of competitive elements and tactical cooperation; “competition as rivalry” which tends to treat a competitor as an adversary and so carves out a greater role for military power in bilateral relations; and “cold war competition” that emphasizes the role of ideology as a driver and battleground. I then show how the ongoing U.S. strategy debate over U.S.-PRC competition maps onto these categories, before discussing the prospective course and evolution of different contemporary approaches. Finally, I conclude with implications for ongoing debates over U.S. strategy in an era of great power competition.

## Defining Competition

For a concept central to U.S.-Chinese relations, there is a striking degree of ambiguity as to what great power “competition” entails.<sup>5</sup> The 2017 National Security Strategy that introduced the phrase into official policy discussions eschewed a definition altogether, as did the subsequent 2018 National Defense Strategy.<sup>6</sup> Indeed, the closest these policy statements come was in equating a competition with a “challenge [to] American power, influence, and interests” by capable actors (identified as Russia and China)—replicating the issue by raising the question of what a “challenge” entails! Confusing the matter further, many policy analysts seemingly treat competition akin to great power “rivalry,” contestation, or even “cold war;” these terms are not only inconsistent, but again lack precision in themselves. Conversely, other analysts acknowledge that the term is imprecise and “misleading,” but nevertheless defend its use as the “best frame that we have right now.”<sup>7</sup> Making the issue worse, efforts to clarify competition are limited and sometimes contradictory.<sup>8</sup> One major study, for example, suggests that competition refers to states’ drive for “relative advantage in the classic objectives of power, prosperity, power, and influence”—particularly during power transitions, that is, moment where different major powers rise and decline.<sup>9</sup> In contrast, another analyst contends that competitions are akin to “the sort [of relations] practiced by the great empires and nation-states from the seventeenth through the early twentieth centuries,” even as still a third study contends that although competition is generally “a contest in which each party (or one of the two parties) aims to enhance its power and influence, typically relative to another. . . .not all competitive situations are zero-sum or focused on relative gains.”<sup>10</sup>

## Competition in Concept

Clearly, some housecleaning is in order. One way to begin is to contrast competition with its opposite—cooperation. As defined by Robert Axelrod and others, cooperation in international relations simply refers to the reduction or elimination of states’ concerns over relative advantage and their focus instead on absolute gains even in situations where one party gains proportionally more than others.<sup>11</sup> Inverting this logic, competition captures situations where states seek to maximize their gains relative to one another in order to

advance their unilateral well-being. Applying this terminology to the “great powers”—traditionally understood to mean the international systems’ strongest actors in economic and military capabilities—suggests scoping the substance of competition on those issues contributing to states’ continuation as great powers. This is generally understood to involve their military power, economic strength, and ability to limit the immediacy of threats posed by other powerful actors, although some researchers contend that non-material factors are equally important to a state’s great power status.<sup>12</sup>

Taken together, “great power competition” can thus be defined as a situation where *the international system’s economically and militarily strongest actors (i.e., the great powers) seek relative gains and advantages vis-à-vis one another on those issues which affect their economic and military capabilities, their security from external threats, and thus their capacity to promote international outcomes amenable to national interests.*<sup>13</sup> Owing to this zero-sum logic, they end up utilizing most tools of statecraft at their disposal—up to and including the use of force—to advance their material well-being and security. Moreover, because the emphasis is on improving a position relative to another actor, competition is inherently strategic and focused on ensuring the benefits of a given course of action are outweighed by the benefits.

This situation has two major implications. First, it requires states to focus at least partly on the health of their domestic base to ensure they have the foundation upon which to act purposefully abroad; it also raises the prospect of improving one’s relative position by accelerating growth at home.<sup>14</sup> Second, and significantly, competition implies that although the use of force to address conflicts of interest is meaningfully more likely than with cooperation, it is not ubiquitous and may even be a tool of last (or near-last) resort. After all, because conflict is both costly (i.e., expensive) and risky (i.e., creating dynamics that are difficult to control), states seeking to maximize their relative performance are primed to turn to force only a) if alternative means of competition have been exhausted, and/or b) they expect a short and controlled success. These are restrictive scenarios. Hence, while great power competition sees major actors working diligently to out-perform one another, competition is not necessarily defined by a primary emphasis on force in world affairs.

Defined in this way, and as students of great power politics will recognize, great power competitions have been commonplace across history. Prior to

1945, for example, the various European great powers engaged in sustained competition with one another using a shifting array of alliances and military conquests to gain a leg up on the others.<sup>15</sup> Similar developments have been frequent in Asia, where competition between Japan, China, Russia/the Soviet Union, and United States played an outsized role in defining the diplomatic backdrop of regional politics over the last three centuries. More dramatically, the Cold War between the Soviet Union and United States was fundamentally a great power competition for dominance in many regions of the world, although as emphasized below it contained additional and exceptional elements that also made it more than a competition.<sup>16</sup> And while many analysts suggest that great power competition is a departure from post-Cold War experience—where, the story goes, the United States looked to surmount competition by building a “liberal international order” via “engagement” with potential great powers—a latent form of competition endured in U.S. efforts to “dissuade” the emergence of new “peer competitors.”<sup>17</sup>

These examples further help illustrate the conditions under which competition occurs and—crucially—what competition is not. Simply put, competition is near-ubiquitous in world politics, existing whenever two or more great powers fear for their well-being relative to one another, or when a single dominant state fears its potential diminishment in the future. It wanes only when major states decide 1) their underlying capabilities and security are no longer relevant to their international conduct, or 2) relative gains in these areas no longer matter. Although infrequent (and unlikely in the US-China case), such transformations may occur: most notably, many analysts claim that competition between countries such as France and Germany has waned since World War Two as the countries have integrated their economic and military lives and turned to focus on absolute gains from cooperation.<sup>18</sup>

Crucially, however, zero-sum logic does not necessarily preclude tactical forms of cooperation on issues of mutual interest to the states involved. Even amid a competition, two states may have a common interest in resolving a conflict of interest to prevent either or both parties from being left worse off—they may cooperate to minimize the prospect of obvious relative losses. Thus, the Austrian and Russian Empires cooperated for several decades in the late nineteenth centuries to avoid war over control of the Balkans and agreed not to adjust territorial boundaries without the other’s input.<sup>19</sup> Here, leaders

in Moscow and Vienna recognized that although each might be better off through unilateral action, both could be left much worse off if unilateral action triggered a crisis or war or inflamed local nationalisms; these concerns served to drive the two parties together even as they otherwise competed. Similarly, cooperation—at least on individual issues—can emerge when competitors face a common challenger that gives all competitors a stake in others' well-being; at least in the short-run, this can swamp relative gain concerns. Thus, Europe's great power competitors successfully set aside their differences in the early 1900s in undertaking joint military action during China's Boxer Rebellion. Still, such cooperation is tactical and the exception rather than the rule. Not only should even this limited kind of cooperation wane absent a common threat or mutual appreciation of relative losses, but it should be difficult to get to cooperation on a regular or consistent basis as parties first calculate whether unilateral gains are feasible.

### **Distinguishing Competition from Its Alternates**

By this same logic, competition is distinct from similar terms that are often used to define great power relations in general and U.S.-Chinese relations more specifically. These include great power “rivalry” and “cold war.” As the term may imply, great power rivalry captures situations where states 1) view one another as enemies or adversaries, and 2) judge there is some real risk of military force being used in the course of the relationship. To be clear, the prospective use of force does not mean other tools of statecraft are rendered irrelevant—far from it. Rather, the point is simply that the real or potential use of force is at the center of and occupies an outsized role in the relationship. Partly as a result, rivals tend to have a significant baseline level of mistrust over the other side's motives and intentions that reinforces underlying conflicts of interest and produce calls from within the states to assume the worst over a competitor's likely course of action.<sup>20</sup> Canonical examples include the Anglo-Russian rivalry over dominance in Central Asia and the Japanese-Chinese rivalry for leadership in East Asia throughout the late nineteenth century. Again, competition central to rivalries, but rivalries include elements that normal competitions lack.<sup>21</sup>

Neither is competition the same thing as “cold war.” Despite a debate over whether the United States and China are engaged in “new cold war,”<sup>22</sup>

no analyst has systematically attempted to define what a “cold war” entails.<sup>23</sup> Instead, researchers have simply developed comparisons of varying sophistication between the Cold War between the United States and Soviet Union and contemporary U.S.-Chinese relations.<sup>24</sup> In doing so, the emphasis on military conflict and economic contestation between the parties somewhat overlaps with other approaches to competition. However, where traditional competition and rivalry hinge largely on recurrent contestation over *material* capabilities, analysts discussing “cold war” imply without quite being explicit two additional criteria by which cold wars are distinct.

First, cold wars include contests over intangible issues such as status, prestige—especially—ideology that other forms of great power contests lack. In other words, cold wars are not just about one’s material well-being, but also about seeking relative gains for one’s broader political preferences and, closely related, the regard one is held in by other states.<sup>25</sup> This also creates reasons for states to focus on influencing the domestic politics of third-parties and to take actions abroad (e.g., propaganda) for intangible rather than material ends. Second, the “cold” part of “cold war” is significant, implying that cold wars are limited in their comparative non-use of force. Thus, where rivalries see states intentionally threaten or use of force and competitions keep force very much on the table, cold wars see the actual use of force between the actors moved to the background as an *intentional* tool of statecraft. Violence may be threatened and crises erupt that risk escalation, but—as the U.S.-Soviet contest implies—the intentional resort to military power is predominately taken off the table.<sup>26</sup>

## **Clarity and Consequences for the China Debate**

The preceding discussion carries large implications for understanding the U.S.-China competition debate today by framing and helping to map the different schools of thought surrounding the nature of U.S.-Chinese relations.

## **The Unexceptional Nature of U.S.-Chinese Competition**

First and foremost, the emergence of great power competition today is not novel or impressive. As mentioned above, competition has been the default

**FIGURE 1.** summarizes the basic distinctions between competition and its alternatives.

	<b>Competition</b>	<b>Rivalry</b>	<b>Cold War</b>
<b>Interests</b>	Material (economic and military)	Material (economic and military)	Material & ideological
<b>Tools</b>	Internal mobilization; strategic economic, diplomatic, and military efforts	Heavy military	Emphasis on ideology promotion and domestic ordering abroad alongside strategic military, economic, and diplomatic investments
<b>Attitude toward major power(s)</b>	Zero-sum, not necessarily hostile	Zero-sum; adversarial	Highly adversarial, with ideological conflict overlaying material competition
<b>Use of force</b>	Infrequent and restrictive	Regular and defining	Latent and incidental

setting in world politics for most of history, with international politics generally riven by efforts by different great powers to gain a leg up on one another. Indeed, even periods of history when competition seemed muted did not eliminate its essential permanence. Hence, the period around the Concert of Europe in the mid-nineteenth century saw the major powers of Europe develop diplomatic mechanisms to adjust the relative distribution of economic and military power in order to adjudicate potential security disputes; competition remained, even if the mode of competition was channeled elsewhere.<sup>27</sup>

Similarly, the so-called *Pax Britannica*—when the strength of the British Empire helped dampen great power conflict—nevertheless saw states such as France, Germany, and Russia engage in sustained efforts to strengthen their relative positions such that crises and near-wars were frequent.<sup>28</sup> Moreover, Britain’s significant strength generated incentives for actors such as the United States, Germany, and Japan to offset and/or match British capabilities—paradoxically, Britain’s ability to dampen great power tensions reinforced competitive pressures on other major powers.<sup>29</sup>

As the United States’ own history showcases, neither is the endurance of great power competition simply an artifact of older European-style diplomacy. For all the discussion of the post-Cold War era as free of great power competition until China (and, to a lesser extent, Russia) found ways and reasons for challenging the United States, the reality is much more complex. In fact, it was primarily the United States which faced a world free of great power competition after the Cold War—such a situation did not apply to other actors.<sup>30</sup> On one level, scholars such as Taylor Fravel and William Wohlforth have amply detailed how strategists in Beijing and Moscow feared for relative power and accompanying security of their states after the Cold War given the United States’ overwhelming strength.<sup>31</sup> At the same time, politics in Europe and Asia were regularly riven by concerns that regional great powers such as Germany and Japan might throw their weight around, prompting actors such as Poland, South Korea, and (in the 1990s) a still-weak China to find ways of limiting prospective threats.<sup>32</sup>

In short, competition is the default setting in world politics and competition among the great powers the norm. It is not, as recent adoption of the term might imply, a particularly contingent phenomenon that can be avoided through the effective use of power abroad or the spread of a single ideology (or “international order”) around the world; all that is required for competition is states’ concern with their relative strength and accompanying focus on ensuring they do not lose out vis-à-vis other actors. That U.S. strategists and strategy are today taken with the notion that competition has returned due to China’s rise is indicative more of the United States’ unusually privileged power position following the USSR’s collapse than anything about the enduring nature of great power politics. Indeed, just as British analysts in the nineteenth century could entertain notions that free trade and exchange would surmount

great power competition because of Britain's security only to be disabused of their beliefs around the turn of the twentieth century, so too did the absence of firm geopolitical pressure on the United States allow U.S. strategists to entertain similarly idealistic notions.<sup>33</sup> And just as it took a political generation for British strategists to grapple with competitive pressure from the United States, Germany, and Russia last century, so too is U.S. policy today neither fish nor fowl. After all, where U.S. policymakers increasingly accept that great power competition is back, idealist thinking lingers in pervasive suggestions that the taproot of competition remains the nature of Chinese domestic politics and state-society relations.<sup>34</sup>

### **Camps in the Competition Conversation**

Rather, recognizing that great power competitions are both ubiquitous and distinct from rivalries and cold wars helps bring clarity to the debate over U.S. strategy and China's rise. In fact, applying the above framework to contemporary U.S. strategy debates reveals several general positions (although there is necessarily some overlap among them). Significantly, and despite utilizing the rhetoric of competition, some of these strategic arguments go much further than competition per se and instead portray the relationship as a full-fledged rivalry or cold war.

### **Traditional Competition**

On one flank in the debate are scholars and analysts treating U.S.-Chinese relations simply as a manifestation of traditional great power competition—a return to geopolitics and a sharp departure from post-Cold War U.S. primacy to be sure, but not exceptional. This view seems to predominate among many members of the new Biden administration, former policymakers in the Clinton, Bush, and Obama administrations, and many academics.<sup>35</sup> Like analysts in the aforementioned camps, there is broad appreciation of China's capacity to push back and frustrate the United States' geopolitical ambitions. However, where (as elaborated below) cold warriors and those portraying the competition as a rivalry privilege a turn to ideological and military tools as the key to ensuring favorable results in the U.S.-China competition, traditional

competitors recommend a more balanced American effort focused on domestic issues alongside steps in the foreign policy arena.

In line with this reasoning, Kelly Magsmasen and Melanie Hart advocate treating the U.S.-Chinese competition as much as a domestic political matter as an international issue by spurring investment in domestic technological innovation, education, and infrastructure to ensure long-term U.S. competitiveness. Rather than walling off the U.S. economically from China, they also call for maintaining meaningful economic ties with the PRC to give the U.S. leverage over Chinese policies.<sup>36</sup> Former Obama administration official Jeffrey Bader advocates a similar course, noting that countering the “Chinese challenge” means maintaining the United States’ “historic edge in technology platform innovation, [building] a multilateral coalition to confront Chinese violations of the rules-based international order, and [rebuilding] America’s broken political, economic, and social foundations to reposition the country for international leadership;” again, domestic capacity and mobilization is accorded similar priority to international efforts.<sup>37</sup> Bush-era Deputy Secretary of State Robert Zoellick, meanwhile, takes a parallel track in recommending that the United States sustain economic and institutional ties with China both as a way of dampening bilateral tensions and benefitting the U.S. economy.<sup>38</sup>

On the military front, meanwhile, advocates of traditional competition urge both prudence and pressure. As Kurt Campbell and Jake Sullivan—both now senior officials in the Biden administration—urged in a 2019 *Foreign Affairs* article, the United States could simultaneously compete with China in military affairs while acknowledge that “coexistence” with China was possible. The key to doing so (as they put it) is having the United States “accept that military primacy will be difficult to restore” while China embraces “that the United States will remain a resident power in [the Indo-Pacific region], with a major military presence, naval operations in its major waterways, and a network of alliances and partnerships.”<sup>39</sup> Former Assistant Secretary of State Susan Thornton advocates similar coexistence and conciliation over territorial disputes in the South China Sea.<sup>40</sup> Likewise, Michael O’Hanlon of the Brookings Institution has cautioned against expanding U.S. alliance commitments or military presence in Asia so as to compete with China, recommending instead a moderate increase in existing U.S. military presence to dampen bilateral tensions.<sup>41</sup> A recent report by the Quincy Institute for Responsible

Statecraft echoes these points in advocating “a more stable military balance with China” in which the United States would invest in tools to deny China military aggrandizement in Asia without itself seeking dominance.<sup>42</sup>

Undergirding these proposals is also greater appreciation that limited forms of cooperation may be possible.<sup>43</sup> One major issue is climate change. Here, many advocates of traditional competition propose that the prospective costs associated with climate change require some degree of bilateral cooperation and mandate against all-out competition.<sup>44</sup> Others contend that the domestic and strategic benefits of economic exchange—and the costs of economic closure—outweigh the risks of limited U.S. economic dependency on Beijing. Hence, the United States has reasons to find ways of sustaining a baseline level of economic cooperation by, in particular, seeking mutually-acceptance technological, regulatory, and financial standards that would aid continued economic flows.<sup>45</sup> Still others, such as former Treasury Secretary Hank Paulson, advocate using areas of U.S. advantage as leverage to induce Chinese economic cooperation on terms favorable to the United States—a type of competitive cooperation.<sup>46</sup> As for military affairs, analysts promoting traditional visions of competition raise the possibility of arriving at conflict-reduction mechanisms and reaching arms control agreements that would cap the intensity of U.S.-Chinese military efforts and dampen the risk of crisis escalation.<sup>47</sup>

## Competition as Rivalry

In contrast to those treating competition with China as a simple reassertion of great power politics, a second camp hews closer to the idea of U.S.-Chinese relations as a rivalry and part of a more general era defined by a renewed possibility of great power conflict.<sup>48</sup> Prominent among many defense officials, this approach departs in two ways from traditional great power competition. First and foremost, the concern is less that China is a powerful state writ large, and more that it has a growing economic and military capacity to use or threaten force against the United States. As one major study recently offered, China and (to a lesser extent) Russia seek to:

overturn existing regional balances of power and re-create spheres of influence in which they can dominate their neighbors' economic,

diplomatic, and security choices. They are also seeking to project power and exert influence beyond their peripheries. They are pursuing their agendas, moreover, through the use of coercion, intimidation, and in some cases outright aggression, all backed by major military buildups.<sup>49</sup>

Others echo this logic. Frank Hoffman presents U.S.-Chinese relations as primarily an economic and military contest in which the two countries are deploying their profound economic and military resources to block the other's ambitions.<sup>50</sup> Likewise, Bruce Jones and Robert Kagan separately present China as attempting to convert its economic and military clout into regional hegemony that challenges the United States' post-Cold War preeminence.<sup>51</sup>

Secondly, along the way, this approach emphasizes the increasingly adversarial and militarized nature of U.S.-Chinese relations.<sup>52</sup> Thus, defense leaders such as Secretary of Defense Lloyd Austin describe China as the "pacing threat" against which U.S. military and defense programs are oriented; virtually by definition, this logic assigns a meaningful likelihood to the possibility of a military clash.<sup>53</sup> Similarly, a major report from the Center for a New American Security underlines that the "China challenge is a global phenomenon" even as "the United States is at risk of losing the strategic advantage" such that China's ability to overturn the status quo in Asia and beyond is growing.<sup>54</sup> Not to be outdone, other analysts emphasize the centrality of "perceptions of military threats" including "nuclear power"<sup>55</sup> in escalating U.S.-Chinese tensions, underline that China's growing military muscle allows it to pursue a "hegemonial" strategy to the United States' long-term detriment,<sup>56</sup> and note the mounting tendency of each state to treat the other as "the key benchmark for one's international standing."<sup>57</sup>

Following this line of reasoning, analysts in the rivalry camp advocate primarily economic and military tools to wage the ongoing U.S.-China competition.<sup>58</sup> The economic policies are similar to those recommended by cold warriors: the United States is enjoined to limit China's ability to coerce the United States and its allies economically and ensuring the United States has the economic base to generate and sustain robust military forces. Subtly breaking from the traditional competition framework, proponents of rivalry also see a role for the intentional and calibrated use of force in U.S.-Chinese relations.<sup>59</sup> This manifests in discussions of waging war within the so-called

“first island chain” (up to and including efforts to defend Taiwan), protecting the sea lines of communication, and deploying naval forces to support the principle of freedom of navigation in contested areas of the South China Sea. Technological efforts also occupy a prominent place, with analysts in the rivalry camp putting a premium on defense technological innovations that would sustain qualitative U.S. military advantages in order to offset expected Chinese numerical advantages should a conflict arise.

## Cold War Competition

Finally, a third school of thought encompasses a broad array of policymakers and analysts who forthrightly treat competition as a “new cold war.”<sup>60</sup> Strategists in this camp recognize that China’s economic and military might give it the wherewithal to challenge U.S. objectives in Asia and beyond, but fundamentally see U.S.-Chinese relations as what one scholar terms a “Manichean ideological struggle between freedom and (communist) authoritarianism.”<sup>61</sup> To this end, former Vice President Mike Pence used a major speech at Washington’s Hudson Institute to both emphasize the economic and military dimensions of U.S.-Chinese tensions before underlining the need to develop “new and stronger bonds with nations that share our values” in order to arrest Chinese influence;<sup>62</sup> in a follow-up 2019 address, Pence elaborated that “America will continue to seek a fundamental restructuring of our relationship with China...We will defend our interests. We will defend our values.”<sup>63</sup> Former Secretary of State Michael Pompeo offered a similarly expansive vision of the U.S.-China relationship, arguing in July 2020 that “if we want to have a free 21st century, and not the Chinese century of which Xi Jinping dreams, the old paradigm of blind engagement with China simply won’t get it done...we need a strategy that protects the American economy, and indeed our way of life. The free world must triumph over this new tyranny.”<sup>64</sup>

Other analysts echo this position. Hal Brands and Charles Edel argue that understanding the “real origins of the U.S.-China cold war” requires appreciating “that China is not just any type of challenger—it is a challenger with an autocratic, one-party political system;”<sup>65</sup> elsewhere, Brands and Zach Cooper contend that “the U.S.-China competition is not just about geo-

strategic, economic, and technological rivalry; it is also inescapably ideological.”<sup>66</sup> A leading analyst with the Brookings Institution similarly contends that the U.S.-China “power gap is closing, and the ideological gap is widening,” contributing to an “ideological spiral” that has eroded U.S.-Chinese relations.<sup>67</sup> Likewise, Kori Schake sees similarities between the U.S.-China contest and the U.S.-Soviet Cold War in that “then, as now, America faced an authoritarian regime with ambitions to change the rules of the international order... [and tended] to overstate the strengths of its competitor and underestimate its own.”<sup>68</sup> Scholars such as Walter Russell Mead and Alan Dupon have added to the conversation, arguing that the “heart of the problem” driving “the new cold war” is “Chinese Communist Party’s refusal to... accept a wider, more humane, and in the end more sustainable vision of its relationship to Chinese society” and that the “core problem in U.S.-China relations is their diametrically opposed political systems and associated values;” in this rendering, this ideological divide between the U.S. and China compounds existing economic and military tensions.<sup>69</sup> Not coincidentally, framing competition as a new cold war also suggests that only if and when China were a liberal democracy like the United States—or the United States an autocratic nation like China—would competition stop.<sup>70</sup>

In framing competition with Beijing as a new cold war, analysts also outline a broad suite of policies for the occasion. One issue is military. Here, strategists call for “making the military investments and pursuing the technological and operational innovations needed” to contest China’s rise and, crucially, to maintain an advantageous distribution of power.<sup>71</sup> In this rendering, concerns abound that any diminution of U.S. military advantages will significantly and asymmetrically improve China’s relative position as America’s problems snowball. Along the way, many cold warriors advocate doubling down on alliances—reinforcing existing alignments and cultivating new relationships—to share the costs of confrontation and more effectively hem in the PRC. Interestingly, they also identify reasons—including China’s domestic problems, prospective limits on Chinese growth, lingering U.S. and allied military advantages, and the stabilizing effect of nuclear weapons—as to why U.S. defense efforts will not actually trigger a conflict. This is cold war thinking of a pure sort, suggesting that military competition can nevertheless be kept in the back pocket and below a “hot war” threshold.

Economically, too, those portraying the U.S.-China contest as a cold war recommend heavily walling the United States off from China's economy. Analysts differ on the precise scope of the economic distance required. In general, however, there is a nascent a consensus in this community that critical U.S. industries and supply chains should be invulnerable to Chinese machinations, that efforts to protect areas of U.S. economic advantage are needed to sustain existing U.S. leads, and that the United States should try to use the resulting economic restrictions to at once pressure the Chinese economy and incentivize Chinese accommodation to U.S. interests. Along the way, steps to spur U.S. technological innovation—central, in this rendering, to economic competitiveness—are also promoted.<sup>72</sup>

Finally, and in keeping with cold war logic, ideological contestation occupies a prominent place in this approach across multiple dimensions of foreign policy.<sup>73</sup> Politically, many advocates of competition as cold war recommend that the U.S. government portray relations with China in ideological and normative terms; as one leading analyst puts it, “American and allied policymakers cannot afford to downplay the ideological dimension in their own strategy.”<sup>74</sup> In many instance, this is married to calls to challenge China's domestic political model itself, with one recent report contending that “highlighting Beijing's increasingly horrific abuses of its own population...and standing publicly with supporters of human rights and political reform in China should be a key part of any U.S. strategy.”<sup>75</sup> Lastly, and increasingly, ideology is presented as central to the aforementioned push for alliances. Here, strategists emphasize the United States cultivating relationships with democracies and other “like-minded countries” committed to opposing Beijing's autocratic/il-liberal model.<sup>76</sup>

In sum, the focus of the competition as cold war camp is preparation for what may be a decades-long struggle between competing states that themselves represent distinct models for organizing domestic political life around the globe. By this logic, hard-power elements of state power are insufficient to account for either the origins of great power tensions or the arenas in which competition will play out. Instead, values and ideology are at least as central to U.S.-Chinese relations, suggesting that competition will continue in at least some form until at least one of the competing systems is discredited or otherwise rendered irrelevant.

## **Handicapping Competition: Insights from History and Theory**

For sure, the boundaries between the different schools of thought described above can be permeable, just as the analysts operating within the schools of thought can (and have) changed. Nevertheless, distinct communities that present distinct views of and solutions to U.S.-Chinese competition are emerging. What, then, do prior great power competitions suggest about the likely course and consequences of the disparate approaches?

### **Traditional Competition**

Should competition with China evolve as a standard geopolitical competition, strategists ought to be prepared for several contingencies. First, and at the most general level, competition would last indefinitely. Again, one of the hallmarks of traditional competition in its standard form is its enduring nature: although limited cooperation is feasible, competition prevails in world politics because an uncertain international system pushes states to focus on their relative position.<sup>77</sup> A U.S.-Chinese competition would therefore not simply be a period of international politics, but rather a standard feature of international relations and U.S. foreign policy—something to be managed without being overcome. In turn, policymakers would need to adjust American plans and policies to account for the presence of a state that, if it wanted, could frustrate U.S. ambitions. In theory, this may require that the United States sacrifice interests in other arenas (e.g., human rights promotion, efforts in Europe rather than Asia) as bilateral relations absorb time, attention, and resources.

That said, because traditional competition is a situation to be managed rather than overcome, it can require balancing and blending nuanced policies that may be difficult to sustain. Recall that traditional competitions see states compete for relative gains while nevertheless engaging in tactical forms of cooperation. Balancing these offsetting imperatives is no easy task: not only may different policymakers disagree over what issues to compete versus cooperate upon, but there may be severe disputes over the optimal way to pursue these ends (e.g., through force or economic sanctions).<sup>78</sup> Unless a firm internal consensus is arranged, there can be wide swings in policy as different policies rise and fall, with all with attendant risks to foreign relations and international

stability. Tellingly, for instance, changing constellations of policymakers in Russian and Austrian circles led to large swings in Russian and Austrian plans for the Balkans in the early 1900s that generated exceptional uncertainty over the other's intentions and helped prime great power relations for conflict.

Partly as a result, traditional competition can also generate miscalculation and misperception. Precisely because different policymakers may disagree over the right mix of cooperation and contestation and the tools to pursue these ends, the time and attention available to assess how others likely to react to one's policies may diminish. Conversely, one's competitors may anticipate a particular course of action only to encounter another, requiring adaptation on the fly. The result is a greater opportunity for misjudging the likely course and consequences of one's actions, priming international politics for crises and potential violence. By this logic, the fact that advocates of contemporary U.S.-Chinese relations as competitive (but not rivalrous or a new cold war) argue for avoiding over-militarization or assuming the worst of the other side may generate as many problems as they resolve. Paradoxically, seeking nuance and fluidity in U.S.-Chinese relations can create missteps that sully the endeavor.

Third, because traditional great power competitions tend not to involve hostility toward and adversarial images of the other side, they are—virtually by definition—less intense than rivalries or cold wars. Under these conditions, a state's international efforts are comparatively more subject to domestic priorities. On the one hand, this dynamic can reduce the risk of force being used or crises erupting as one or more parties to a competition focus on their internal needs. Still, the intrusion of domestic politics into strategic affairs can generate a reciprocal risk of what Randall Schweller calls “under-balancing” as threats go unaddressed for longer than desirable.<sup>79</sup> Applied to contemporary debates, the risk is that the more the United States treats China as “just” another competitor, the greater the chance that it will prioritize other policy concerns to its long-term detriment. Moreover, although the logic of traditional competition suggests that no one conflict of interest (short of invasion) is likely to be dispositive, the United States would then run the risk of having to compromise or sacrifice interests (e.g., over economic access, territorial control, etc.) that at least some policymakers deem important.

Finally, and because traditional competitions entail economic, military, and diplomatic tools in pursuit of relative gains even as tactical cooperation remains

a possibility, the approach puts a premium on fostering ‘rules of road’—formal or informal arrangements and understandings between states—to guide the evolution of the competition. These rules have been ubiquitous in prior competitions even if the states involved did not always acknowledge their presence or operation.<sup>80</sup> Such rules enable states to tacitly or explicitly signal one another over their demands and willingness to escalate via their actions. This, in turn, enables states to translate their competitive efforts into political outcomes. Having engaged one another for decades prior to the recent downturn in bilateral ties, the United States and PRC already enjoy a substantial range of formal mechanisms and informal background knowledge over their respective interests and concerns. If and as traditional competition becomes the norm in the relationship, however, we expect some of these rules to fall by the wayside as zero-sum attitudes prevail while others evolve or deepen to cover new issues areas or more frequent problems in the relationship. Ironically, competition can thereby generate a kind of limited international order as the states party to a competition acquire frameworks, guidelines, and processes for managing a fraught relationship.

### **Competition as Rivalry**

In contrast to traditional competition, a rivalrous competition involves a very real risk of force being used as an intentional tool of statecraft. Indeed, prior great power rivalries such as the Anglo-Dutch and Russo-Japanese contests saw violence recognized as a legitimate and effective mechanism for resolving conflicts of interest. Nor was this confined to the pre-nuclear age: although less frequent and intense, conventional military power can and has been used attendant to, e.g., the Indo-Pakistan and Sino-Soviet rivalries. Carried forward to U.S.-Chinese relations, a true rivalry would see force—utilized, for instance, as part of the South or East China Sea disputes—on the table as a normal feature of great power relations. Moreover, because rivalries tend to be recurrent and long-lasting, today’s use or threat of force could set the pre-conditions for future contests between the two sides: the side that faltered in round 1 would prepare for round 2.

This situation would carry several implications for bilateral relations. First, the dynamic virtually guarantees that the United States would overweight

military power in its foreign policy toolkit while subordinating economic and diplomatic tools (including alliances) to those needed for the successful prosecution of military campaigns. Akin to the process witnessed during past rivalries, e.g., the Anglo-German naval race of the early 1900s, U.S. defense budgets would likely expand at a clip proportional to China's growth (and vice versa).<sup>81</sup> Security dilemmas and insecurity spirals would likely mount. Although this would generate reasons for the U.S. and China to seek conflict and risk reduction mechanisms, such military rules of the road might prove insufficient given the likelihood of escalating tensions. Bilateral relations are may prove brittle.

Second, adding to the likelihood of brittle relations, military pressures would likely become self-reinforcing and adversarial images of China proliferate. Under such circumstances, American strategy stands a good likelihood of orienting in significant part on the requirements for wartime victory. Along the way, policymakers advocating a less conflictual or militarized approach to the PRC may be screened out of the policymaking process and/or their views sidelined. Rather than balancing conciliatory and competitive elements as in traditional competition, rivalry is therefore likely to encourage constant attempts to ante up: viewing China as an adversary, the United States is likely to see a need to constantly check and deter malign Chinese behavior without opening the door to cooperation or conciliation. Again, this would tend to produce upward pressures on defense budgets and militarize the relationship.

Third, rivalry does not mean the U.S.-Chinese relationship would automatically result in all-out conflict. Although some rivalries eventually escalate to war, this is not always the case. Moreover, many states that end up fighting rivals engage in short, sharp contests that, while costly, remain limited;<sup>82</sup> the advent of nuclear weapons with their attendant risks likely reinforces this possibility. Hence, although a U.S.-China rivalry might witness the intermittent use of force, it also requires strategists to 1) adjudicate when and why to escalate beyond a limited threshold 2) craft off-ramps for de-escalation amid a crisis or conflict, and 3) prepare fallback plans for continuing rivalry if and when China were to emerge victorious in a given round of the standoff.

## Cold War Competition

Finally, those framing U.S.-Chinese competition as a new cold war draw an explicit comparison to the U.S.-Soviet Cold War that dominated international politics from the end of World War Two through the late 1980s. Although there are other candidates for “cold war” in history, the latter case can thus offer insight into how U.S.-Chinese competition might evolve and the risks along the way. Several features stand out.

First, a U.S.-Chinese cold war would fundamentally be a long-term ideological and geopolitical contest in which victory—like in any war—would not be guaranteed. As U.S.-Chinese tensions heat up, a number of analysts have tried to delineate relative U.S. and Chinese strengths and weaknesses, with many predicting that a new cold war would end in the United States’ favor as U.S. advantages overwhelmed China’s ability to compensate.<sup>83</sup> Yet, although we now know that the United States eventually triumphed in the Cold War, such contemporary prognostications miss the mark: in fact, policymakers waging the Cold War were uncertain about the result of the contest and anticipated that competition would be an enduring feature of world politics without an obvious end point. Strikingly, for instance, U.S. and Soviet strategists into the late 1980s were prepared for the Cold War to continue into the twenty-first century, just as U.S. leaders in the 1980s and 1990s refused to accept that the USSR sought to end the Cold War—seeing Soviet outreach as a ploy to get the U.S. to lower its defenses.<sup>84</sup> Despite contemporary U.S. advantages and Chinese limitations, therefore, a cold war with China would thus carry its own dynamics in which victory is not foreordained or necessarily likely. Indeed, it is worth recalling that Soviet leaders at the start of the Cold War were themselves hopeful of long-term victory.

Second, and closely related, a new cold war would require the United States and China to sacrifice short-term interests for the sake of long-term contestation. A standout element of the Cold War was the tendency of the United States and Soviet Union to incur large short-term costs for fear of ostensible long-term gains (or at least non-losses). Thus, the United States and Soviet Union remain engaged in the Vietnam and Afghanistan wars (respectively) despite the low intrinsic stakes of the wars per se, primarily to save face and credibility on more important issues. We would expect a U.S.-Chinese cold war to take on similar trappings as even short-term issues and interests are

linked to part of a longer-term contest; opportunities for collaboration and de-escalation would diminish accordingly. Strikingly, elements of this logic may already be occurring as, for instance, some U.S. analysts increasingly frame territorial disputes in the South and East China seas as part of a broader struggle over “international order.”

Along the way, cold war competition would risk becoming self-reinforcing. To be sure, rules of the road are likely to evolve as part of a more general effort to tacitly negotiate and manage risks along the way. Still, cold war competition would expressly be focused on ultimate victory; inverting the logic of traditional competition, cold war competition would be a condition to be overcome rather than managed indefinitely. And because the point of a cold war is to ensure the triumph of one's preferred ideology and broader geopolitical success, one's grand strategy can become defined purely in terms narrowly designed to win against the other side. This has potentially deleterious effects. On one level, alternate understandings of interstate relations can be screened out of the policymaking process, thereby encouraging group think and strategic myopia. In doing so, cold war competitors tend to reify the hostility of the other side and assume the worst of its intentions—enemy images proliferate. At the same time, the fixation on victory can push states to over-invest in international competition to the detriment of domestic priorities—in choosing to allocate resources to guns or butter, wartime logic can lead to over-investment in guns. As the Soviet Union and United States each realized at points in their contest, such choices can then imperil long-term competitiveness, generate domestic backlash, and mandate *further* efforts to find the wherewithal to compete. The combined result is a risk of pursuing competition to an extreme and potentially excessive degree as cold war competition becomes an end unto itself.

Finally, cold war competition may encourage the division of world politics into rival spheres of influence. One of the remarkable features of the Cold War was the U.S. and Soviet tendency to carve out, dominate, and defend exclusive camps of more or less aligned actors.<sup>85</sup> Within these camps, each worked to mobilize the resources of the states involved and deny the other side a foothold that might undermine their spheres of influence while frequently using the significantly influence afforded by their spheres of influence to challenge the other side's control over its own sphere or—alternatively—enticing

non-aligned states into their orbit. A new cold war might see similar dynamics in action. As a byproduct, concern with U.S. credibility and prestige—in the eyes of clients and neutrals as much as China—would increase.

Hints of a division are already emerging, as the United States in particular has worked over the last several years to encourage states throughout Asia to cooperate with the United States and shrug off Chinese influence. Similar worries abound that China will use economic leverage via its Belt and Road Initiative to do the inverse.<sup>86</sup> Of course, and unlike the Cold War, there looks to be limited appetite among many third party states to sign up exclusively for a China or American arrangement. Similarly, the fact that world politics today is starting from a significant degree of economic, cultural, and institutional interdependence may limit the extent to which mutually exclusive spheres of influence are possible. Nevertheless, cold war logics imply at least a Chinese and American attempt to craft spheres of influence. Significantly, and even if this push failed, the effort could itself cause international tensions to spike if the other side feared the possibility of success and responded by either stymying the attempt or responding with parallel moves.

## Conclusion

The results of this study carry large implications for contemporary policy debates. On one level, the distinctions between the different types of competitions noted above suggest a set of three questions that U.S. policymakers need to grapple with when adjudicating the scope, tone, and tenor of U.S.-Chinese competition. First, is great power competition primarily about economic and military issues, or is ideology equally if not more important? The more analysts define U.S.-Chinese competition as economic or military in nature, the more likely they are to end up treating the relationship as a traditional competition or rivalry; conversely, those seeing ideology as of equal or greater salience to hard power metrics are hewing closer to competition as cold war.

Going forward, the Congress and/or the Executive branch should consider taking an explicit stance on these issues by clearly and regularly defining the envisioned scope and content of the U.S.-China competition. This could be accomplished by foregrounding the concept in the annual U.S.-China

Economic and Security Review Commission report and/or regular high-level strategy documents such as the National Security Strategy. Backstopping this effort, Congress should further authorize and staff a bipartisan commission to regularly investigate the current approach to U.S.-China “competition,” evaluate alternative paths, assess the merits and drawbacks of the different strategies embedded in each, and analyze the success or failure of U.S. efforts to date. Recognizing the multifaceted nature of the project and need for diverse perspectives, this commission should be charged members with consulting with members of the State, Treasury, and Defense Departments alongside civilian analysts in thin tanks and universities.

Second, what tools of statecraft are most effective in waging a competition? Here, the more policymakers prioritize military instruments and see other tools of statecraft largely as supplements to the use of force, the closer they come to treating competition as a kind of rivalry. In contrast, emphasizing a more diverse blend of instruments—involving technology, economics, force, and diplomacy—would suggest something closer to traditional competition or cold war. Finally, is it possible to engage in tactical and/or tacit cooperation with the other side, or will the other side inevitably cheat, lie, or violate arrangements? Those seeing some form of cooperation and/or tacit bargaining with China as feasible will tend to adopt attitudes consistent with traditional forms of competition. In contrast, those expecting Chinese defection or cheating suggest adversarial attitudes vis-à-vis Beijing more consistent with rivalry or cold war competition.

Having assessed where one falls along the traditional competition-rivalry-cold war spectrum, the results of this work can also help strategists better anticipate the long-term results of their policy choices. Put simply, advocates of cold war and rivalry imply that some kind of ultimate resolution of mounting U.S.-Chinese tensions is possible provided the United States applies the right tools and techniques to the relationship. Yet, because China has significant capabilities and options of its own to push back on U.S. endeavors, the net result is likely to be a long-term and costly struggle in which the use of force (intentionally or otherwise) is a real and persistent risk in bilateral relations. Moreover, because rivalry and cold war reify hostile attitudes towards and images of the other side, each approach tend to be self-perpetuating and escalatory, with limited room for course corrections.

Those seeing the U.S.-China relationship as part of a traditional competition, on the other hand, need to gird the United States for an enduring and fluid struggle in which ultimate 'victory' is unlikely. Here, policymakers can expect domestic debates over the nature of the relationship to play a larger role in shaping U.S. strategy. Calibrating the proper mix of resources to allocate to international affairs versus domestic needs is likely to take on increased salience, with parallel risks that the U.S. may not compete with China sufficiently at all times and on all issues. Deciding whether conditions are right for some form of limited cooperation, meanwhile, is apt to be both contentious and difficult.

Finally, and although much of the preceding analysis is focused on the United States, the distinctions drawn between traditional competition, rivalry, and cold war can help strategists better engage Chinese strategic debates. Indeed, at a time when Chinese leaders' own views on the sources and dimensions of U.S.-Chinese competition are seemingly in flux, the above frameworks can help analysts better compare Chinese schools of thought to those in the United States. By then comparing which school of thought predominates at a given moment in time, U.S. strategists can better anticipate prospective twists in Chinese strategy. Likewise, because the nature of U.S.-Chinese competition will also depend on how China's own understanding of the relationship evolves, such insight can be used to assess the potential strengths and weaknesses of U.S. policy given China's position;<sup>87</sup> although difficult, it may even help the United States pursue policies that promote certain camps within the Chinese policymaking establishment.<sup>88</sup>

Given this dynamic, the Congress and/or Executive branch ought to authorize a regular report on China's own approach to great power competition and the different schools of thought within the People's Republic. This could be accomplished by tasking the intelligence community to evaluate the internal Chinese debate, or chartering a review commission consisting of both government and private experts. In either case, the focus should be on tracking the evolution of China's own approach to great power competition, to evaluate the tools and strategies being employed to this end, and to consider the consequences of Chinese choices in light of the United States' own. The resulting insight will at once allow the United States to adapt to ongoing or potential Chinese effort and allow a nuanced strategy debate to evolve based on realities on the ground in China itself.

Ultimately, as great power competition in the U.S.-Chinese relationship becomes the order of the day, it is important to recognize that not all great power competitions are alike. Prosecuting a U.S.-Chinese competition thereby requires policymakers clarify their own views on the parameters of the competition while recognizing that history and theory offer insight into how these competitions may proceed. Doing so is not only useful to the policymaking process, but can equally help private analysts and policymakers alike evaluate the relative merits, drawbacks, and requirements of different U.S. options. In the end, competition is an inherently risky exercise on which great powers' fortunes can rise or fall. As it plays an ever-larger role in U.S. grand strategy, clarity over the contours, contingencies, and consequences of different forms of competition can facilitate a more nuanced policy discussion and effective approach to U.S.-Chinese relations.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

## Notes

1. Uri Friedman, "The New Concept Everyone is Talking About," *The Atlantic*, August 6, 2019; Congressional Research Service, *Renewed Great Power Competition: Background and Issues for Congress*, R43838, March 4, 2021. The recent 2021 Interim National Security Strategy has seemingly revised the term and refers instead to "strategic competition." For the sake of consistency, I use "great power competition" throughout this report; see White House, *Interim National Security Strategic Guidance*, March 2021.
2. Ashley Tellis, "The Return of U.S.-China Strategic Competition" in *Strategic Asia 2020*, ed. Ashley Tellis, Alison Szalwinski, and Michael Wills (Washington: Carnegie Endowment, 2019), [https://carnegieendowment.org/files/SA\\_20\\_Tellis.pdf](https://carnegieendowment.org/files/SA_20_Tellis.pdf); Mira Rapp-Hooper, "China, America, and the International Order after the Pandemic," *War on the Rocks*, March 24, 2020, <https://warontherocks.com/2020/03/china-america-and-the-international-order-after-the-pandemic/>.
3. Robert B. Zoellick, "Whither China: From Membership to Responsibility?" (Remarks to National Committee on U.S.-China Relations, Washington, D.C., September 21, 2005).
4. Joshua R. Itzkowitz Shiffrin, "Neo-Primacy and the Pitfalls of US Strategy toward China," *The Washington Quarterly* 43: 4 (October 1, 2020): 79–104, <https://doi.org/10.1080/0163660X.2020.1849993>; Emma Ashford and Joshua R. Itzkowitz Shiffrin, "Trump's National Security Strategy: A Critics Dream (February 2018)," February 2018, <https://repositories.lib.utexas.edu/handle/2152/63984>.
5. Paul Poast, "Competitors, Adversaries, or Enemies? Unpacking the Sino-American

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6. White House, *National Security Strategy of the United States of America*, December 2017, <https://www.hsdl.org/?abstract&did=806478>; James Mattis, *Summary of the 2018 National Defense Strategy*, <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>. Like the Biden Administration’s recent interim guidance, the 2018 NDS referred to “strategic competition,” though then-Secretary of Defense James Mattis referred to “great power competition” in remarks introducing the strategy; see Idrees Ali, “U.S. Military Puts ‘Great Power Competition’ at heart of strategy: Mattis,” *Reuters*, January 19, 2018.
  7. Center for Strategic and International Studies, “Great Power Competition” (transcript), January 15, 2020, <https://www.csis.org/analysis/great-power-competition>.
  8. Friedman, “New Concept.”
  9. [No author], “Major Findings on Contemporary Great Power Competition” in *Strategic Assessment 2020*, ed. Thomas Lynch (Washington: NDU Press, 2020), xvi; Rand, “Competition,” pp. 3–4; <https://www.rand.org/blog/2019/05/this-is-not-a-great-power-competition.html>. See also Thomas Lynch and Frank Hoffman, “Past Eras of Great Power Competition: Historical Insights and Implications,” in *Strategic Assessment 2020*, ed. Thomas Lynch (Washington: NDU Press, 2020), <https://ndupress.ndu.edu/Media/News/News-Article-View/Article/2404297/2-past-eras-of-great-power-competition-historical-insights-and-implications/>.
  10. Michael Mazarr, “This is Not a Great Power Competition,” *Foreign Affairs (Snapshot)*, May 29, 2019, <https://www.foreignaffairs.com/articles/2019-05-29/not-great-power-competition>; Michael Mazarr et al., *Understanding the Emerging Era of International Competition* (Santa Monica: RAND, 2019), pp. 3–4.
  11. Robert Axelrod, *The Evolution of Cooperation: Revised Edition* (Basic Books, 2009); Robert Axelrod, “The Emergence of Cooperation among Egoists,” *The American Political Science Review* 75:2 (June 1, 1981): 306–18, <https://doi.org/10.2307/1961366>; Robert Axelrod and William Donald Hamilton, “The Evolution of Cooperation,” *Science* 211:4489 (1981): 1390–96; Robert O. Keohane and Lisa L. Martin, “The Promise of Institutional Theory,” *International Security* 20:1 (July 1, 1995): 44–46, <https://doi.org/10.2307/2539214>.
  12. Walter Russell Mead, *God and Gold: Britain, America, and the Making of the Modern World*, Reprint edition (New York: Vintage, 2008); Hal Brands, “Democracy vs Authoritarianism: How Ideology Shapes Great-Power Conflict,” *Survival* 60:5 (September 3, 2018): 61–114, <https://doi.org/10.1080/00396338.2018.1518371>; Matthew Kroenig, *The Return of Great Power Rivalry: Democracy versus Autocracy from the Ancient World to the U.S. and China* (Oxford University Press, 2020).
  13. On defining great powers by their capabilities, see John J. Mearsheimer, *The Tragedy of Great Power Politics* (New York: Norton, 2001), chap. 2; Paul MacDonald and Joseph M. Parent, “Graceful Decline? The Surprising Success of Great Power Retrenchment,” *International Security* 35:4 (Spring 2011): 7–44.
  14. Something strategists in prior competitions came to realize; see Aaron Friedberg, *The Weary Titan: Britain and the Experience of Relative Decline, 1895–1905* (Princeton: Princeton

- University Press, 1988); Zara S Steiner, *Britain and the Origins of the First World War* (New York: St. Martin's Press, 1977); Aaron L. Friedberg, *In the Shadow of the Garrison State: America's Anti-Statism and Its Cold War Grand Strategy* (Princeton University Press, 2000); Vladislav Zubok and Constantine Pleshakov, *Inside the Kremlin's Cold War: From Stalin to Khrushchev* (Cambridge: Harvard University Press, 1996).
15. A. J. P. Taylor, *The Struggle for Mastery in Europe, 1848–1918* (Oxford: Clarendon Press, 1954).
  16. Melvyn P Leffler, *For the Soul of Mankind: The United States, the Soviet Union, and the Cold War*, 1st ed (New York: Hill and Wang, 2007); Marc Trachtenberg, *A Constructed Peace: The Making of the European Settlement, 1945–1963* (Princeton: Princeton University Press, 1999).
  17. G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order After Major Wars* (Princeton: Princeton University Press, 2001); Eric S. Edelman, "The Strange Career of the 1992 Defense Planning Guidance," in *In Uncertain Times: American Foreign Policy After the Berlin Wall and 9/11*, ed. by Melvyn P Leffler and Jeffrey Legro (Ithaca: Cornell University Press, 2011): 63–77; Joshua R. Izkowitz Shiffrin, "Eastbound and Down: The United States, NATO Enlargement, and Suppressing the Soviet and Western European Alternatives, 1990–1992," *Journal of Strategic Studies*, April 2020, 1–31, <https://doi.org/10.1080/01402390.2020.1737931>.
  18. Andrew Moravcsik, "The European Constitutional Settlement," *The World Economy* 31:1 (2008): 158–83, <https://doi.org/10.1111/j.1467-9701.2007.01086.x>; Karl Deutsch, *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience* (Princeton: Princeton University Press, 1957). non-coercive interstate bargaining theory, and international regime theory provides a plausible account of the path of European integration, with little role for explanations stressing geopolitical or ideological factors, international mediation, or political entrepreneurship. Moreover, these theories—which embrace economic fundamentals as driving factors—help explain the 'sequencing' of the European Union, especially in regard to successive enlargements. However, the paper concludes that the process of European integration appears to have reached an 'institutional plateau', for which incremental change based on the current 'constitutional compromise' appears to be the only plausible equilibrium." "container-title": "The World Economy", "DOI": "10.1111/j.1467-9701.2007.01086.x", "ISSN": "1467-9701", "issue": "1", "language": "en", "page": "158–183", "source": "Wiley Online Library", "title": "The European Constitutional Settlement", "volume": "31", "author": [{"family": "Moravcsik", "given": "Andrew"}], "issued": {"date-parts": [{"2008}]}}, {"id": "694", "uris": [{"http://zotero.org/users/local/FI3CgdHY/items/FJMLGCA"}, {"http://zotero.org/users/local/FI3CgdHY/items/FJMLGCA"}], "itemData": {"id": "694", "type": "book", "event-place": "Princeton", "publisher": "Princeton University Press", "publisher-place": "Princeton"}, "title": "Political community and the North Atlantic area : international organization in the light of historical experience", "title-short": "Political community and the North Atlantic area", "author": [{"family": "Deutsch", "given": "Karl Wolfgang"}], "issued": {"date-parts": [{"1957}]}}, {"schema": "https://github.com/citation-style-language/schema/raw/master/csl-citation.json"}
  19. Barbara Jelavich, *A Century of Russian Foreign Policy, 1814–1914* (Lippincott, 1964); Barbara Jelavich, *Russia's Balkan Entanglements, 1806–1914* (Cambridge University Press, 2004).
  20. William R. Thompson, "Identifying Rivals and Rivalries in World Politics," *International*

*Studies Quarterly* 45:4 (December 2001): 557–86; Gary Goertz and Paul F. Diehl, “Enduring Rivalries: Theoretical Constructs and Empirical Patterns,” *International Studies Quarterly* 37:2 (June 1, 1993): 147–71, <https://doi.org/10.2307/2600766>.and that they do so independently of previous clashes, rivalry analysis can focus on the small number of feuding dyads that cause much of the trouble in the international system. But the value added of this approach will hinge in part on how rivalries are identified. Rivalry dyads are usually identified by satisfying thresholds in the frequency of militarized disputes occurring within some prespecified interval of time. But this approach implies a number of analytical problems including the possibility that rivalry analyses are simply being restricted to a device for distinguishing between states that engage in frequent and infrequent conflict. An alternative approach defines rivalry as a perceptual categorizing process in which actors identify which states are sufficiently threatening competitors to qualify as enemies. A systematic approach to identifying these strategic rivalries is elaborated. The outcome, 174 rivalries in existence between 1816 and 1999 are named and compared to the rivalry identification lists produced by three dispute density approaches. The point of the comparison is not necessarily to assert the superiority of one approach over others as it is to highlight the very real costs and benefits associated with different operational assumptions. The question must also be raised whether all approaches are equally focused on what we customarily mean by rivalries. Moreover, in the absence of a consensus on basic concepts and measures, rivalry findings will be anything but additive even if the subfield continues to be monopolized by largely divergent dispute density approaches.” container-title:”International Studies Quarterly,” ISSN:”00208833,” issue:”4,” page:”557–586,” source:”JSTOR,” title:”Identifying Rivals and Rivalries in World Politics,” volume:”45,” author:”[family:”Thompson,” given:”William R.],” issued:”{”date-parts:”[[”2001”,12,1]]},” id:”1007,” uris:”[”http://zotero.org/users/local/F13CgdHY/items/3TDLKSZP”],” uri:”[”http://zotero.org/users/local/F13CgdHY/items/3TDLKSZP”],” itemData:”{”id:”1007,” type:”article-journal,” abstract:”Historians commonly criticize studies in a more behavioral mode as being \”ahistorical”; that is, they lump together a disparate group of events without regard for their historical contexts. We propose to focus on what may be the most obvious and serious form of historical continuity: repeated conflict among the same set of states, or what we refer to (in accordance with the small but growing literature

21. In this sense, rivalries are a more restrictive form of competition: as Thompson offers, “Threatening enemies who are also adjudged to be competitors...are branded as rivals;” Thompson, “Identifying Rivals,” 561. Thanks go to Paul Poast for help on this matter—for extension, see Poast, “Competitors, Adversaries, or Enemies?”
22. Helpful here is Ian Li, “The U.S.-China Rivalry as Seen in the Cold War’s Rearview Mirror,” *Strategy Bridge*, October 1, 2019, <https://thestrategybridge.org/the-bridge/2019/10/1/the-us-china-rivalry-as-seen-in-the-cold-wars-rear-view-mirror>.
23. See Holger Nehring, “What Was the Cold War?,” *The English Historical Review* 127:527 (August 1, 2012): 920–49, <https://doi.org/10.1093/ehr/ces176>.
24. Charles Edel and Brands Hal, “The Real Origins of the U.S.-China Cold War,” *Foreign Policy*, June 2019, <https://foreignpolicy.com/2019/06/02/the-real-origins-of-the-u-s-china-cold-war-big-think-communism/>; Niall Ferguson, “The New Cold War? It’s With China, and It Has Already Begun,” *New York Times*, December 2, 2019, <https://www.nytimes>.

- com/2019/12/02/opinion/china-cold-war.html; Joshua Shiffrin, "The 'New Cold War' with China Is Way Overblown. Here's Why.," *Washington Post/The Monkey Cage*, February 8, 2019, <https://www.washingtonpost.com/news/monkey-cage/wp/2019/02/08/there-isnt-a-new-cold-war-with-china-for-these-4-reasons/>; Odd Arne Westad, "The Sources of Chinese Conduct: Are Washington and Beijing Fighting a New Cold War Essays," *Foreign Affairs* 98:5 (October 2019): 86–95.
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  26. This two part definition resonates with Nehring's work, with which I was unfamiliar until late in the research process. Nehring, "What Was the Cold War?"; also of use is Melvyn P. Leffler, "The Cold War: What Do 'We Now Know'?", *The American Historical Review* 104:2 (April 1, 1999): 501–24, <https://doi.org/10.2307/2650378>.
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  28. Muriel E. Chamberlain, *Pax Britannica?: British Foreign Policy 1789–1914* (Routledge, 2014); Barry M. Gough, "Pax Britannica: Peace, Force and World Power," *The Round Table* 79:314 (April 1, 1990): 167–88, <https://doi.org/10.1080/00358539008453980>.
  29. Christopher Layne, "The Unipolar Illusion: Why New Great Powers Will Rise," *International Security* 17:4 (April 1993): 5–51.
  30. Kenneth N. Waltz, "Structural Realism After the Cold War," *International Security* 25:1 (Summer 2000): 5–41.
  31. M. Taylor Fravel, *Active Defense: China's Military Strategy Since 1949* (Princeton University Press, 2019); Andrey A. Sushenstov and William C. Wohlforth, "The Tragedy of US–Russian Relations: NATO Centrality and the Revisionists' Spiral," *International Politics*, March 28, 2020, <https://doi.org/10.1057/s41311-020-00229-5>.
  32. Derek H Chollet and James M Goldgeier, *America Between the Wars: From 11/9 to 9/11: The Misunderstood Years Between the Fall of the Berlin Wall and the Start of the War on Terror*, 1st ed (New York: BBS PublicAffairs, 2008). Indeed, such concerns played a major role in driving, e.g., NATO enlargement. M.E. Sarotte, "How to Enlarge NATO: The Debate inside the Clinton Administration, 1993–95," *International Security* 44:1 (Summer 2019): 7–41.
  33. For examples of British thinking, see Cornelia Navari, "The Great Illusion Revisited: The International Theory of Norman Angell," *Review of International Studies* 15:4 (1989): 341–58.
  34. E.g., Kroenig, *The Return of Great Power Rivalry*; Zack Cooper and Hal Brands, "America Only Wins When China's Regime Fails," *Foreign Policy*, March 11, 2021, <https://>

- foreignpolicy.com/2021/03/11/america-chinas-regime-fails/.
35. Indeed, Biden's interim national security guidance roughly approximates this approach.
  36. Melanie Hart and Kelly Magsmasen, "Limit, Leverage, and Compete: A New Strategy on China," April 3, 2019, <https://www.americanprogress.org/issues/security/reports/2019/04/03/468136/limit-leverage-competes-new-strategy-china/>; see also Michael McFaul, "Cold War Lessons and Fallacies for US-China Relations Today," *The Washington Quarterly*, 43:4 (Winter 2021): 24–25.
  37. Jeffrey Bader, "Meeting the China Challenge: A Strategic Competitor, Not An Enemy," *Brookings Institution Report*, November 2020, <https://www.brookings.edu/wp-content/uploads/2020/11/Jeffrey-Bader-v2.pdf>.
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  44. E.g., David Wainer and Will Wade, "U.S. Wants to Insulate Climate Talks from Tensions with China," *Bloomberg*, March 4, 2021; Ryan Hass, "Avoiding the Climate Canard in US-China Relation," Brookings Institution report, January 4, 2021, <https://www.brookings.edu/blog/order-from-chaos/2021/01/04/avoiding-the-climate-canard-in-us-china-relations/>.
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  47. Tong Zhao, "Practical Ways to Promote U.S.-China Arms Control Cooperation," *Carnegie Policy Outlook*, October 7, 2020, <https://carnegietsinghua.org/2020/10/07/practical-ways-to-promote-u.s.-china-arms-control-cooperation-pub-82818>.
  48. Eric Edelman et al., *Providing for the Common Defense* (Washington: National Defense Strategy Commission, November 2018): 7, <https://fas.org/man/eprint/common.pdf>.

49. Ibid, 7.
50. Frank Hoffman, "U.S. Strategies for Competing Against China" in *Strategic Assessment 2020*, ed. Thomas Lynch (Washington: NDU, 2020).
51. Robert Kagan, *The Jungle Grows Back* (New York: Knopf, 2018): 116–117; Bruce Jones, *China and the Return of Great Power Competition*, Brookings Institution Report, February 2020, [https://www.brookings.edu/wp-content/uploads/2020/02/FP\\_202002\\_china\\_power\\_competition\\_jones.pdf](https://www.brookings.edu/wp-content/uploads/2020/02/FP_202002_china_power_competition_jones.pdf).
52. David Wemer, "H.R. McMaster to Biden: Don't Let Up on Competition with China," *The Atlantic Council: New Atlanticist*, November 24, 2020, <https://www.atlanticcouncil.org/blogs/new-atlanticist/h-r-mcmaster-to-biden-dont-let-up-on-competition-with-china/>. That said, the precise scope of the militarization is up for debate. See, e.g., Robert Blackwill, *Implementing Grand Strategy Toward China*, Council on Foreign Relations Special Report No. 85, January 2020, [https://cdn.cfr.org/sites/default/files/report\\_pdf/CSR85\\_Blackwill\\_China.pdf](https://cdn.cfr.org/sites/default/files/report_pdf/CSR85_Blackwill_China.pdf).
53. Mallory Shelbourne, "SECDEF Nominee Austin Affirms Threat from China, Will 'Update' National Defense Strategy," January 19, 2020, <https://news.usni.org/2021/01/19/secdef-nominee-austin-affirms-threat-from-china-will-update-national-defense-strategy>.
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narrative account that runs from the beginning of a series of international crises in 1904 until the outbreak of the war, Herrmann points to changes in the balance of military power to explain why the war began in 1914, instead of at some other time. Russia was incapable of waging a European war in the aftermath of its defeat at the hands of Japan in 1904–5, but in 1912, when Russia appeared to be regaining its capacity to fight, an unprecedented land-armaments race began. Consequently, when the July crisis of 1914 developed, the atmosphere of military competition made war a far more likely outcome than it would have been a decade earlier.”, ISBN”:”978-0-691-01595-8”, language:”en”, note:”Google-Books-ID: NXMPCA9NsvoC”, number-of-pages:”336”, publisher:”Princeton University Press”, source:”Google Books”, title:”The Arming of Europe and the Making of the First World War”, author:”{{”family:”Herrmann”, given:”David G.}}”, issued:”{{”date-parts:”[[”1997”,3,23]]}}”, schema:”https://github.com/citation-style-language/schema/raw/master/csl-citation.json”}

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2020-21 WILSON CHINA FELLOWSHIP

# Sharing Water and Power: China's Hydropower Development in the Mekong Region

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## Abstract

China is increasingly playing a role in the course of global energy and electricity sector development through its overseas investment, especially for hydropower. The Chinese hydropower industry has come to dominate global hydropower development, and nowhere is this trend more prominent than in the Greater Mekong Subregion (GMS). Social and environmental impacts are a major source of concern surrounding hydropower development in the GMS, and there is particular scrutiny on plants with Chinese involvement. This paper identifies the 100 largest hydropower plants in the GMS and compares plants with and without Chinese developers and construction companies across a variety of metrics. We find that Chinese developer and especially construction companies have come to dominate hydropower projects in Cambodia, Laos, and Myanmar, while Thailand and Vietnam have emerged as cross-border developers of hydropower projects on a significant scale. Hydropower plants with Chinese developers and construction companies tend to be newer and larger, which likely mediates environmental impact. Many hydropower projects export or plan to export electricity to the countries associated with the developer companies, leading to unequal distribution of costs and benefits for local communities. As multilateral development banks and Western development agencies have moved away from hydropower development over the past decades, Chinese capital has filled the void. However, there is still a role that such institutions can play to mitigate the social and environmental impacts of hydropower development in the GMS, including through increased engagement, capacity building, and technical assistance for energy planning.

## Policy Recommendations:

- The United States can scale up engagement in existing regional programs, such as the Mekong-U.S. Partnership and the Japan-U.S.-Mekong Power Partnership, and focus on renewable energy alternatives to hydropower that can meet local demand at low cost.
- The United States and multilateral groups active in the region can facilitate capacity building and technical assistance to improve the quality and coordination of regional hydropower development, especially with

regard to transparency and sharing data on technological, environmental, and financial information.

- The United States, China, and other regional actors can work together to identify low-cost, reliable electricity planning options that deploy renewables and reduce the need for large hydropower installations.

## Introduction

Hydropower is often portrayed as a low-carbon, clean source of electricity. Indeed, electricity produced by hydropower has far lower associated greenhouse gas emissions than electricity produced by burning fossil fuels. However, the introduction of hydropower infrastructure to a river system, especially through the construction of dams and reservoirs, can have massive consequences for local environmental and social systems, at odds with its relatively clean global impact on greenhouse gas emissions.

Developing countries face a growing need for reliable, low-cost sources of energy to meet rapidly increasing electricity demand. At the same time, as countries increasingly cooperate on climate change, there is pressure even for developing countries to decarbonize their energy mix.

China plays an increasingly large role in global energy and electricity sector development through its overseas investment, especially the Belt and Road Initiative. Chinese companies and policy banks have financed nearly 40GW of currently operating hydropower plants around the world. Another 12GW is planned or under construction, much of it in the Mekong region.<sup>1</sup>

The Chinese hydropower industry has come to dominate global hydropower development, and nowhere is this trend more prominent than in the Greater Mekong Subregion (GMS), which consists of the countries along the mainstream Mekong River—Laos, Myanmar, Vietnam, Thailand, Cambodia, and China's Yunnan province. Hydropower has a long and contested history in the GMS. Although these countries share a connection via the Mekong River, the region has extraordinary cultural and ecological diversity, making transboundary water management a serious problem. The region's turbulent legacy of colonialism, war, and conflict is still playing out today in ongoing tensions between neighboring countries, all of which have growing energy demand to meet rising living standards—demand that government planners want to meet through continued expansion of hydropower along the Mekong and its many tributary rivers.

This paper explores the overseas activity of the Chinese hydropower industry in the Mekong region through a comparative lens on social and environmental sustainability. We explore large-scale hydropower developments in the GMS and compare them on a variety of metrics, shedding light on the extent of cross-border arrangements and implications for social and environmental governance.

## **China and the Mekong Region: Hydropower Entanglement**

### **Hydropower in China: From Domestic Energy Source to a Global Industry**

Hydropower development in China has provided cheap, reliable energy to spur economic growth, as well as ancillary benefits like flood control, water supply, etc. Today, hydropower produces nearly 20 percent of China's electricity. The Three Gorges Dam is the largest power station in the world, with an installed capacity of 22.5GW. China became the world's largest hydropower producer in 2010, and of the total installed hydropower capacity in the world, nearly one third is in China.<sup>2</sup>

The development of China's hydropower industry has been characterized by technological exchange with foreign countries. China's first hydropower plant, built in 1912, employed German generators and technicians. Over the next few decades, Japanese actors built several hydropower plants in occupied areas for military and industrial use. Following the establishment of the People's Republic of China in 1949, the close relationship between China and the Soviet Union meant that many hydropower plants built after 1949 used Soviet technology.

The domestic Chinese hydropower industry took off in the 1980s and 1990s after China's Reform and Opening Up, as dam construction was increasingly oriented towards electricity production rather than for irrigation and flood control. Hydropower was seen as a necessary alternative to China's heavy reliance on coal for energy and electricity production. Institutions like the World Bank and the Asia Development Bank provided funding, expertise, and technology to enable larger-scale hydropower development in China. From 1980 to 2000, China's hydropower installed capacity increased from 20GW to 77GW.<sup>3</sup> This development continues to be facilitated by high-level targets in China's Five-Year Plans (FYPs), such as the 12th FYP's target for a 30 percent growth in hydropower capacity from 2011–2015.<sup>4</sup> After decades of experience, Chinese financial institutions and hydropower technology developers are able to finance and build hydropower stations rapidly and cheaply within China without foreign involvement.

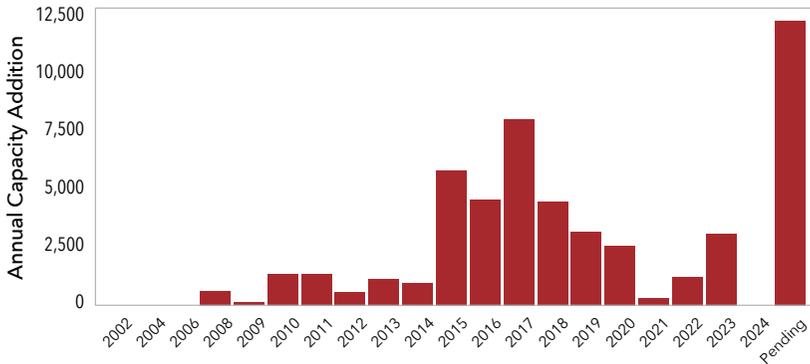
China's approach to water management has typically taken the form of massive infrastructure interventions, characterized by projects such as the

South-North Water Transfer Project and the Three Gorges Dam.<sup>5</sup> Scholars have characterized China as a “hydraulic society,” referring to the phenomenon of authoritarian state monopolization of water resources in an arid environment.<sup>6</sup> There is a remarkably cohesive techno-political regime that governs the hydropower industry in China. Many of China’s top leaders—even at the level of the Politburo Standing Committee—have been trained as engineers, a result of the post-Mao resurgence of highly-educated technocrats.<sup>7</sup> Former president Hu Jintao studied water engineering at Tsinghua University and worked on the design and construction of hydropower plants in Gansu Province before ascending to political leadership. Proponents of mega-dams like the Three Gorges Dam viewed hydropower as a source of development and modernity for the Chinese nation.<sup>8</sup>

Since 2000, China’s hydropower industry has been characterized by ever-larger hydropower projects and competition among restructured power producers and grid companies for development rights on China’s rivers.<sup>9</sup> These companies were also enabled to go overseas through China’s successive rounds of “Going Out” policies, which today are encompassed by the Belt and Road Initiative. China’s fully-fledged domestic hydropower industry is increasingly facilitating the development of hydropower projects abroad. Hydropower and other electricity production industries have received explicit encouragement from government ministries for overseas investment in order to meet domestic strategic goals, such as relieving overcapacity, accessing overseas resources, and deepening engagement with other countries. Figure 1 shows the capacity of overseas hydropower plants receiving Chinese development finance and foreign direct investment since 2000, based on year of commission. Despite a peak in 2017, there is still a massive amount of Chinese overseas hydropower capacity still pending (i.e. under planning or construction).

Global development institutions have increasingly shifted away from hydropower as part of foreign aid and overseas development. From the mid-20th century until the 1990s, the World Bank was the largest funder of dam projects around the world. In the 1990s, with growing civil society action and consciousness about ecological sustainability, Western countries and developers followed this paradigm shift away from overseas hydropower projects.<sup>10</sup> China, however, immediately began to fill the gap, and is now

**FIGURE 1.** China's Annual Overseas Hydropower Capacity Addition (data source: Boston University Global Development Policy Center, China's Global Power Database)



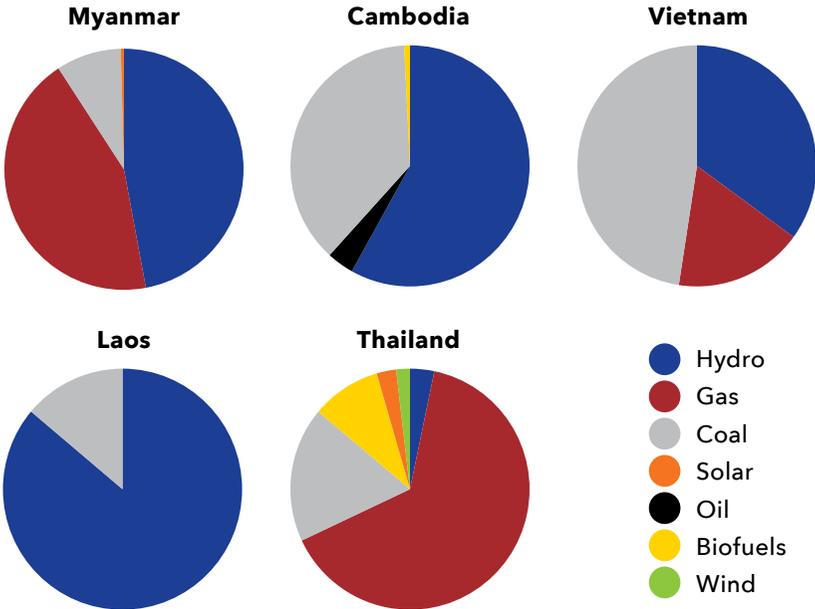
the largest public financier of overseas electric power generation.<sup>11</sup> China remains a stalwart supporter of the traditional mode of large-scale, dam-based hydropower development, to the extent that it is the dominant enabler of overseas hydropower today.

### Hydropower in the Mekong Region

Chinese companies and policy banks have financed nearly 40GW of hydropower plants around the world. Another 12GW is planned or under construction, much of it in the Mekong region.<sup>12</sup> In the Mekong region, Chinese companies and policy banks have already financed nearly 2.5GW of hydropower plants in Myanmar and Laos respectively, and roughly 1.5GW in Cambodia. In Myanmar and Laos, another 5GW of hydropower capacity financed by these sources is planned or under construction.

Some of these countries are more dependent on hydropower than others. Laos and Cambodia both derive a majority of their electricity from hydropower (86 percent and 58 percent, respectively), while Myanmar gets almost half of its electricity from hydropower (47 percent). Vietnam derives about

**FIGURE 2.** Share of 2018 Electricity Generation by Source in GMS Countries (excluding China) (Data Source: International Energy Agency 2018)



one third of its electricity from hydropower, while Thailand has just a small amount of hydropower electricity (3 percent) (Figure 2).

Thailand and Vietnam are engaged in transboundary hydropower development in their neighboring countries, while the Lao government is pursuing a development strategy as the “Battery of Asia,” taking on a significant amount of debt to finance hydropower projects, many of which will be exporting electricity out of the country.<sup>13</sup> Over 90 percent of electricity from hydropower projects in Laos and Cambodia is sent to neighboring countries rather than being used locally, despite local areas bearing the social and environmental impacts from the dams.<sup>14</sup> Meanwhile, Cambodia and Myanmar have yet to achieve universal electricity access—according to the World Bank, only two-thirds of the population in Myanmar have access to electricity.

Even as national governments welcome Chinese investors, a vibrant community of local activists often organizes against such large-scale hydropower development. Involvement from Chinese actors in particular has become a lightning rod for controversy. The most notable example may be the proposed Myitsone hydropower project in Myanmar. Myitsone would have been the largest hydropower plant by capacity in the entire Mekong region. The China Power Investment Corporation had planned to partner with the Myanmar Ministry of Electric Power and the Asia World Company to finance and build the project. Protests regarding the social and environmental impacts of the Myitsone dam played a large role in the project's current suspension.

Indeed, social and environmental impacts continue to be the major source of concern surrounding hydropower development in the GMS. Given the historical and contemporary influence of China in the region, and prominent anti-Chinese sentiment, Chinese projects in particular receive increased scrutiny. The trajectory of energy development in the GMS and the resulting social and environmental implications are entangled with the future of these hydropower projects, new and old.

## **Social and Environmental Impacts of Hydropower Development in the GMS**

There are several major issues associated with hydropower development that frequently arise in discussion of the social and environmental impacts of dams in the GMS. These issues are well known by Chinese developers, given that historically, hydropower development within China has been linked to local displacement in violation of national resettlement policies, with serious consequences for the economic livelihoods of displaced peoples.<sup>15</sup> In addition to displacement, inundation associated with dam development can destroy cultural sites and ecological habitat, and increase the risk of landslides. Reservoirs can also lead to coastal erosion by withholding sediment, which can make downstream areas more susceptible to sea level rise driven by climate change.

Although hydropower is largely branded as a low-carbon energy source, reservoirs, especially in tropical areas, can produce a significant amount of greenhouse gas (GHG) emissions, especially methane, due to the decay of organic material built up behind the dam. A study of 141 reservoirs in the

Mekong River Basin found that 18 percent of hydropower reservoirs had GHG emissions intensity on par with that of fossil fuel plants (over 380 kg CO<sub>2</sub>e/MWh).<sup>16</sup>

In the past decade, much attention has focused on severe drought in Southeast Asia and its relationship with water resources. Several studies have attributed exacerbated drought conditions along the Thai-Lao border and in the Mekong lower basin to excessive impounding of water along the parts of the Mekong river within China.<sup>17</sup> This sparked serious debate about China's role in downstream water levels, and the Chinese government responded by releasing its own data about hydropower operations in Yunnan province (albeit too limited to confirm or disprove the claims).<sup>18</sup>

The social and environmental issues surveyed above are not unique to Chinese hydropower projects, however, there is unique scrutiny of Chinese involvement in the GMS due to historical and political sensitivities. In addition, Western scholars have criticized Chinese hydropower developers for having relatively less transparency, lower environmental, social, and corporate governance (ESG) standards, and lack of involvement with building local institutional capacity, relative to the international financial institutions previously involved in global hydropower development.<sup>19</sup> On the other hand, Chinese developers emphasize the positive aspects of their development approach, including respect for host country sovereignty and non-interference in political and economic governance (such as structural adjustment programs).

The interconnectedness of China and the GMS through the Mekong River has led to particular attention to social and environmental concerns. Transboundary issues in the region have made China particularly sensitive to overseas hydropower development globally. Despite sustained global pressure on China's involvement in overseas development of coal-fired power plants, it is in fact transboundary hydropower development and not coal that has thus far faced increased scrutiny by Chinese ministries in charge of overseas project approval. Different Chinese actors along the Mekong River face competing incentives—while dam operators in Yunnan province benefit from impounding water, Chinese companies investing in hydropower downstream may have their operations negatively affected by upstream compatriots.

Yet in high-level media outlets, China continues to defend hydropower as an unequivocally clean and sustainable energy source for partner countries.

*The Global Times*, a publication affiliated with the Chinese Communist Party, had a particularly pointed rebuttal to international criticism:

Western media, led by U.S. outlets, have ramped up efforts in smearing China's BRI ecologically focused projects, and turned a blind eye to China's efforts in saving the fragile biodiversity in host countries. For instance, U.S. media network VOA accused Chinese-sponsored dams built along the Mekong River of damaging the ecosystem and fisheries that millions of people rely on. However, the *Global Times* talked to the projects designers and frontline contractors who showed evidence to the contrary. From the Mekong River basin to Africa, Chinese contractors are placing environmental protection and social justice as a top priority.<sup>20</sup>

In addition, Chinese developers have made the case that they are purveyors of South-South technology transfer that helps host countries improve their innovative capacity, although case study evidence demonstrates that this trend is complicated.<sup>21</sup>

## **Comparing Hydropower Plants Across Developer and Construction Companies**

We begin with the question of whether or not Chinese hydropower projects in the GMS are systematically different in their environmental performance from hydropower projects without Chinese involvement. To answer this question, the first step is to define Chinese involvement in a given project.

Chinese companies may be involved with an overseas hydropower project in many ways. They may be project developers, either directly or via a joint venture or local subsidiary. Chinese companies that specialize in engineering and construction services may be contracted to do construction for a local project developer, either through Engineering, Procurement, and Construction (EPC) contracts, or Build-Operate-Transfer (BOT) and similar arrangements. And finally, Chinese companies may directly provide technology, such as turbines and generators, for a hydropower project. These roles may be distinct, or they may overlap for a single company.

In addition, Chinese financial institutions may also be involved in financing a given hydropower project. Chinese policy banks, namely the China Development Bank and the China Ex-Im Bank, have provided loans for project developers. Commercial banks from China also provide debt financing. Chinese companies may also provide equity in the form of foreign direct investment (FDI) in hydropower projects. Some FDI is in the form of mergers and acquisitions (M&A) rather than new construction (a.k.a. a “greenfield” project). A given project may receive multiple sources and types of finance, and not only from Chinese institutions.

Given the intense scrutiny of Chinese projects around the world, prior research has found that China’s involvement in overseas hydropower projects may be overstated.<sup>22</sup> In order to avoid financial overcounting and to characterize a wide range of Chinese involvement with several sources for data verification, we assembled a unit-level dataset of hydropower projects in the GMS by merging four datasets: the Platts World Electric Power Plants database, the Stimson Center Mekong Infrastructure Tracker, the Boston University China’s Global Power Database, and the WRI Global Power Plant Database. Each of these databases has varying technological and financial information at the plant level. As there is no shared identifier across these data sources, power plants had to be matched by plant name. This presents a significant challenge as plant name is a string element without strict conventions, and romanization of non-English plant names can vary. Our matching protocol is described in the Appendix.

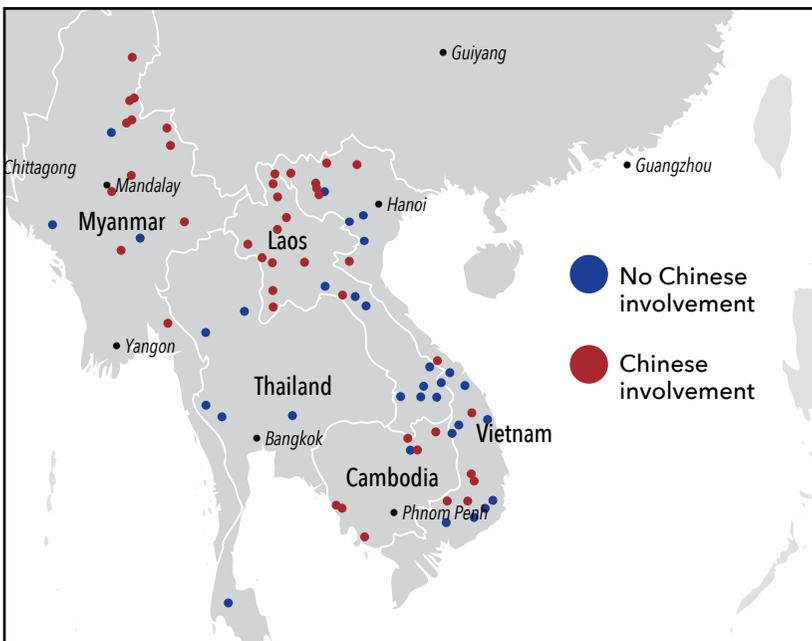
Once we assembled a dataset of hydropower plants in the Mekong, we then identified the country of origin for developer companies, architecture and engineering companies, construction companies, and the companies that provided turbine and generator technology. We also explored the financial arrangements for each project, searching for data on lenders, investors, and their countries of origin. We used web searches to fill in data on certain features, including dam height and reservoir surface area. We found over 1,200 individual hydropower projects in the Mekong region. Since finding detailed technological and financial data at the plant level for such a large dataset was not feasible for this project, in this paper we analyze the 100 largest hydropower projects in the Mekong, in terms of capacity. We included plants of all statuses, including operational, planned, and delayed, in order to analyze how status may be related to other variables.

## Cross-Border Hydropower Development in the Mekong Region

By creating a simple variable of if a project had any Chinese involvement via engineering, construction, developer, or parent company, we mapped these 100 plants (Figure 3). From this simplistic comparison of plants with and without Chinese involvement via these channels, we can see that each GMS country has a different share of plants with Chinese involvement. 5 out of 6 hydropower plants in Cambodia had Chinese involvement, while plants in Thailand had no Chinese involvement. Almost half of hydropower plants in Laos and Myanmar have Chinese involvement, while in Vietnam the share is closer to one third.

We track the country of origin of developer companies via their parent companies. Aside from the GMS countries, we found that France, Japan,

**FIGURE 3.** Map of the 100 Largest Hydropower Plants in the GMS



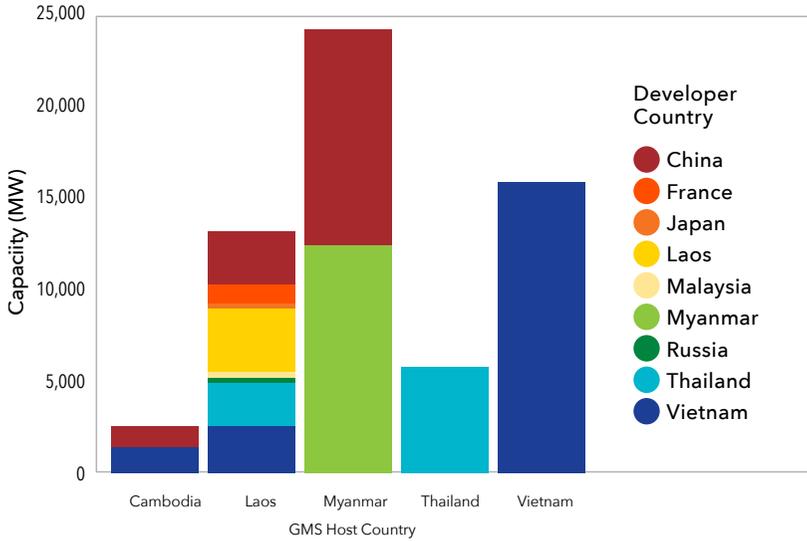
Malaysia, and Russia each had one parent company involved in developing a hydropower project in the region—specifically, in Laos, which has courted a wide range of overseas developers. Chinese parent companies were involved in 22 hydropower projects in the GMS, while Thailand and Vietnam were engaged in significant cross-border hydropower development in Cambodia and Laos.

The figure below shows the total capacity attributed to the 100 largest hydropower projects in the GMS, broken down by capacity associated with each development company's country of origin (Figure 4). This includes plants of all statuses, including both operational and planned. From this graph, we can see that projects in Thailand and Vietnam are exclusively sponsored by local developers. China is involved with nearly half of hydropower capacity in Myanmar and Cambodia, and is involved to a lesser extent in Laos. Vietnam is also a major developer of hydropower projects in Cambodia, involved with over half of hydropower capacity there. Laos had the most involvement of developers from different countries.

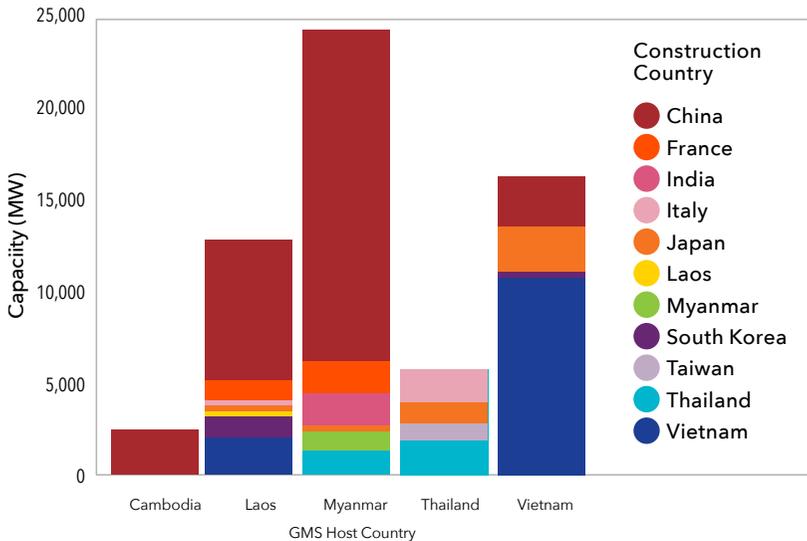
Chinese involvement in overseas projects is increasingly occurring through international construction contractors and EPC arrangements.<sup>23</sup> Thus, we also track the country of origin for the construction companies involved with each plant.

From looking at involvement by construction company rather than developer company, we can see that China has a much larger share of capacity in the top 100 GMS hydropower projects. Chinese construction companies dominate the hydropower projects in Cambodia (100 percent of capacity), Laos (60 percent of capacity), and Myanmar (74 percent of capacity), with some presence in Vietnam as well. Vietnam still has a majority of its own domestic companies providing construction services, with some involvement from South Korean and Japanese companies. Japan is also a player in hydropower construction in Laos and Thailand. Laos again has the most diverse companies by country of origin, including France and Italy. India is a significant player in Myanmar. Aside from Vietnam, it is clear that most countries hire overseas contractors for construction services for hydropower development, at least in the case of the mega-projects in this dataset.

**FIGURE 4.** Capacity by Host Country and Developer Country



**FIGURE 5.** Capacity by Host Country and Construction Company Country of Origin (note: slightly less capacity than in Figure 3 due to missing data on construction company for 10 plants)



## Comparative Indicators of Environmental Impact

We also performed a simple comparison of potential plant-level environmental indicators for plants with and without identifiable Chinese involvement, as defined above. We find that hydropower projects with Chinese involvement tend to be larger, with an average power generating capacity of 722MW, compared to an average of 544MW for plants without Chinese involvement. Size is an indicator of overall environmental footprint.

At the same time, the plants with identifiable Chinese involvement are also newer, with the average year of commission being 2014, compared to 2003 for plants without identifiable Chinese involvement. This confirms our earlier discussion of trends in cross-border hydropower development, with Chinese hydropower developers going abroad as Western and multilateral institutions pulled away from hydropower in the 1990s and 2000s. Plant age is likely entangled with its environmental impact. Newer plants may use more efficient technology, and be subject to higher environmental and social standards, should those standards be rising over time.

We also searched for plant-level data on dam height and reservoir surface area. Reservoir surface area in particular is related to the amount of potential displacement and ecological impact of a hydropower project. We found that the difference between plants with and without Chinese involvement was less stark for these indicators, with some indication that Chinese plants might have larger reservoirs and higher dams, likely driven by the overall larger capacity of Chinese projects. We also compared the power density ratio for plants with and without Chinese involvement, a simple indicator of the potential capacity per unit of reservoir area—a crude measure of efficiency. Interestingly, the mean and median power density ratio for plants with Chinese involvement was slightly higher than for plants without, potentially indicating some measure of increased technological efficiency. However, this is likely also correlated with the age of the plant, and without a larger dataset and more rigorous statistical analysis, this finding is not conclusive.

We also searched for data on electricity export arrangements. High shares of export indicate large disparities in the costs and benefits of a hydropower plant, with the benefit of electricity generation exported abroad, leaving local communities to bear social and environmental costs. We found several plants in Laos and Myanmar that specified a high share of electricity export to

**TABLE 1.** Summary Statistics Comparing Plants with and without Chinese Involvement

Environmental Indicator	Chinese	Non-Chinese	Chinese	Non-Chinese	Chinese	Non-Chinese	Chinese	Non-Chinese
	Mean		Median		Minimum		Maximum	
<b>Capacity (MW)</b>	722	544	339	306	168	170	6000	2400
<b>Age (Year of Commission)</b>	2014	2003	2013	2008	1995	1963	2029 (planned)	2030 (planned)
<b>Dam Height (m)</b>	90.1	83.2	76.6	74.0	22.5	11.0	241	199
<b>Reservoir Surface Area (km<sup>2</sup>)</b>	158	122	38.2	48.7	0.35	0.34	1215	450
<b>Power Density Ratio (MW/km<sup>2</sup>)</b>	16.7	13.8	13.4	8.32	0.19	0.77	51.3	53.8

developer countries, although data was not complete enough for a comparative analysis. Most plants export or plan to export electricity to Thailand, including Xayaburi (95 percent to Thailand), Pak Beng (90 percent to Thailand), and Nam Theun 2 (90 percent to Thailand) in Laos, and Kunlong (90 percent to China) and Tasang (85 percent to Thailand) in Myanmar.

### Policy Implications

The data discussed above confirms that Chinese actors, as parent and developer companies as well as contracted construction companies, are developing significant large-scale hydropower capacity especially in Cambodia, Laos, and Myanmar, and increasingly through the channel of contracted construction.

Chinese plants tend to be newer and larger, which could indicate a larger absolute environmental footprint, even as newer and more efficient technologies may be adopted. Thai and Vietnamese companies are also significant cross-boundary hydropower developers in the GMS, although they tend to face less scrutiny than Chinese actors.

As the rest of the world, including multilateral development banks and Western development agencies, moved away from hydropower development over the past decade, Chinese capital has filled the void. The United States has essentially no presence in the largest 100 hydropower plants covered in our dataset, despite Southeast Asia and the Mekong region in particular being a strategic area for U.S. interests. The United States has initiated several strategic programs in the region, such as the Mekong-U.S. Partnership and the Japan-U.S.-Mekong Power Partnership, both of which have a significant focus on energy infrastructure. However, large-scale hydropower development in the region remains in the purview of Chinese, Thai, and Vietnamese developers and their associated financiers.

The interconnection of GMS countries through river systems and electricity systems creates significant distributional issues for the costs and benefits of infrastructure development. Electricity export—a common arrangement for hydropower projects in Myanmar and Laos, to China, Vietnam, and Thailand—reduces the benefits for local communities. Laos in particular faces potential debt distress and excess capacity from over-lending to hydropower projects. At the same time, given that upstream damming can affect downstream resources, GMS hydropower developers are increasingly facing conflicting incentives as they may hold assets or be involved in development in both upstream and downstream portions of river systems.

While not directly involved as developers, the United States and multilateral groups active in the region can encourage adherence to global standards for environmental and social governance for hydropower development in the GMS. In particular, these actors can facilitate capacity building and technical assistance to improve the quality and coordination of regional hydropower development. Many studies have shown that even basic data on hydropower plants can be difficult to find. There have been steps to increasing data sharing and transparency between China and the Mekong River Commission, though this had led to some controversy;<sup>24</sup> however, there should be transparency not

only for key hydrological data but also the plant-level technological and financial information that can allow for systematic evaluation of projects.

To fully mitigate the social and environmental impacts of hydropower development, viable alternatives for electricity generation must be identified. The United States, China, and other regional actors can work together to identify low-cost, reliable electricity planning options that deploy renewables and reduce the need for large hydropower installations.<sup>25</sup> International wind and solar developers and associated financiers should see tremendous opportunity in the GMS, which has strong technical and economic potential for renewable energy. The United States can increase its role in overseas infrastructure finance in the area of renewable energy, leveraging the new Development Finance Corporation and traditional bilateral cooperation with GMS countries to assist with electricity planning and renewables integration. Improved and participatory electricity planning in the GMS can reduce excess capacity and debt issues, and also improve incentives for more sustainable forms of energy.

*The views expressed are the author's alone, and do not represent the views of the U.S. Government or the Wilson Center.*

## Acknowledgments

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## Appendix

### Data

The full dataset used for this research is available at the following repository and can be cited as follows:

- Springer, Cecilia; Shi, Dinah; Shang, Valentine (2021), "The 100 Largest Hydropower Plants in the Greater Mekong Subregion", Mendeley Data, V1, doi: 10.17632/ht9k5p3vdb.1

## **Dataset Matching Protocol**

We first aggregated the Platts database by plant for uniformity. The Platts database has a different level of granularity than other sources: it lists projects by unit rather than plant, where a plant can contain one or more generating units. In order to match across sources, we aggregated the Platts data by plant and summed the capacities of the units to compute the total plant capacity. Then we used a Ruby script to build a concordance table, which matched plant names used in different databases. The script iterates through all databases except WRI's GPPD, applying each of four strategies to the plant name string to find matches across data sources: 1) manual overrides, 2) naive string match, 3) ignoring suffixes, and 4) using alternates. Manual overrides give priority to the list of manual matches specified in the script; naive string match removes all non-alphanumeric characters from the string, including whitespace, and capitalizes the string; ignoring suffixes identifies instances of "Hydro," "Dam," and parentheses and slices the string at this point to ignore a suffix like "Hydropower Plant"; using alternates identifies parentheses and uses the text inside the parentheses. Next, the script iterates through the unmatched plant names and aggregates plants by phase. If one source has a project aggregated by phase where other sources list each phase separately, the phases are added to the concordance table to match the aggregated project name. Then the WRI GPPD is incorporated into the concordance table by matching on Platts database ID or plant name where no ID is available. Finally, a merged database including all attributes across data sources was constructed using the concordance table, where capacity is summed when aggregation is required.

## **Future Directions for Data Analysis**

The above analysis can be significantly extended by more complete data beyond just the 100 largest plants, and by merging the data with more comprehensive indicators of environmental and social impacts. It is clear that plants with Chinese involvement tend to be larger and newer, but by controlling for plant size and age and adding geospatial information, we could explore questions of whether Chinese developers tend to site in more socially or ecologically vulnerable locations. We could also use a hydrological model to examine a counterfactual scenario in which some of these dams were not built. A hydrological model could also address the issue of the interconnectedness of

river systems—it is difficult to attribute environmental effects to a single plant due to the cumulative effects of dams on river systems.

Another question is the effects of smaller hydropower plants, of which there are many in the Mekong region. This study has focused on the largest hydropower plants, but small-scale hydropower plants (i.e. less than 50MW) can also have significant environmental impacts in aggregate. Both Thailand and China are involved in transboundary development of small hydropower projects in the Mekong region. Our expanded dataset does track these plants, but finding complete data on their technological and financial characteristics is a challenge.

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for China and host countries involved. But evidence from project sites such as the Merowe Dam in Sudan demonstrates that these dams have unrecognized social and environmental costs for host communities. Chinese dam builders have yet to adopt internationally accepted social and environmental standards for large infrastructure development that can assure these costs are adequately taken into account. But the Chinese government is becoming increasingly aware of the challenge and the necessity of promoting environmentally and socially sound investments overseas.”,collection-title:”Understanding and linking the biophysical, socio economic and geopolitical effects of dams”,container-title:”Journal of Environmental Management”,DOI:”10.1016/j.jenvman.2008.07.023”,ISSN:”0301-4797”,journalAbbreviation:”Journal of Environmental Management”,language:”en”,page:”S294-S302”,source:”ScienceDirect”,title:”Exporting dams: China’s hydropower industry goes global”,title-short:”Exporting dams”,volume:”90”,author:”{{”family:”McDonald”,given:”Kristen”},{{”family:”Bossard”,given:”Peter”},{{”family:”Brewer”,given:”Nicole”}}”,issued:”{{”date-parts:”[[”2009”,7,1]]}}”,schema:”https://github.com/citation-style-language/schema/raw/master/csl-citation.json”}

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# Afterword

**Robert Daly** is the Director of the Kissinger Institute on China and the United States at the Wilson Center.

No one who has read through this volume will need me to tell them why it matters. In the midst of the most perilous era in U.S.-China relations since the 1970s, the desirability of bringing the scholarship of America's young China and Asia experts to bear on policy formulation is as clear as the morning's headlines. The Wilson Center welcomes the opportunity to work with the Carnegie Corporation of New York to meet this need and to continue meeting it in coming years.

There is a Chinese phrase I have always liked for its brevity and brio: 我们有人—*we have the people*, meaning the people needed to do a job well. This collection demonstrates that young American scholars in 2020 are as qualified to shape policy as any generation of academics that preceded them. Thanks to the Internet and the globalization of higher education, American China and Asia hands are in closer touch with each other and with foreign counterparts than their predecessors could possibly have been until the late 1990s. Due to China's accessibility—until recently—our Fellows have had ample opportunity to live and work in the region and to learn its languages. The results are clearly displayed in these pages. Wilson China Fellows, furthermore, are entering the most productive phase of their careers just as Washington is once again open to having academic research inform policy. This openness is demonstrated by the invitations two Fellows received to join the Biden National Security Council even before this book went to print.

The Wilson China Fellows have offered a *tour d'horizon* of issues facing U.S.-China relations throughout the Indo-Pacific. In these fifteen essays, readers have had a superb introduction to the challenges which China's digital, ethnic, environmental, nuclear, and propaganda policies pose to Asian neighbors and the United States and have seen case studies on U.S.-China

competition in the Western Pacific, Indian Ocean, South Asia, the Global South, the Arctic, and Antarctic. So, yes, *we have the people*.

But do we have enough of them to meet our future needs, not only for academic sinologists and Asianists, but for expert advisors to American political leaders, universities, NGOs, and corporations? There is cause for concern.

The current Wilson Fellows entered China and Asia studies before it became clear—around, say, 2014—that Sino-U.S. relations were going to be contentious over the long term. Since then, the numbers look discouraging. Modern Language Association data indicates that from 2006 to 2009 enrollment in Chinese language classes in American universities rose 16.5 percent, peaking at nearly 60,000 students. Over the next four years, enrollment dropped 13.1 percent to just over 53,000 in 2016, the last year for which data are available—a year in which more Americans took college-level Italian than Mandarin. The number of Americans earning college credit in China is similarly low. In the 2018–2019 academic year, more Americans studied in Ireland (not that there’s anything wrong with that) than in the PRC, and most American students in China were enrolled in short-term cultural tourism programs rather than the kind of extended studies required to develop true expertise. Low as these numbers are, they plummeted further from 2019 to 2021 due to the U.S.-China trade war and COVID-19 pandemic.

Study of China and the Chinese language is unlikely to rebound dramatically after the world is vaccinated against coronavirus. The financial and temporal commitments needed to gain true fluency in Chinese and competence in its social and cultural practices have always been daunting to all but a small group of zealots. That group shrank in the 2010s as reports of China’s horrific air pollution spread. During the same period, China changed its visa laws to make it more difficult for would-be American sinologists to kick around the country for a few years after finishing their studies—a key time to make contacts and hone interests for previous generations of Americans in China.

These visa policies were reasonable from China’s point of view (they were similar to American policies for Chinese graduates in the United States) but they had the effect of dissuading Americans from going to China at all. Why bother to study there if you can’t enjoy a few years’ adventure in China afterward? In 2021, the disincentives to China Studies are compounded by growing mutual animosity in every facet of the relationship, the low opinion which

both countries' publics hold of the other, the danger that Beijing will respond to arrests of Chinese students and scholars in the United States by taking Americans hostage in China, the increasing politicization of on-campus and off-campus life in China, and the closing of Chinese archives to foreign scholars. It takes about ten years of undergraduate, graduate, and language study to earn a doctorate in any sinological discipline. How many Americans will dedicate a decade to China under present circumstances?

If the answer is *not many*, as seems likely, how will the United States develop the expertise it needs to meet its greatest geostrategic challenge?

Since 1979, one of the United States' greatest sources of China knowledge has been the Chinese scholars who came to America to earn degrees and then decided to make their lives here. They now enrich departments in every discipline across the country. But the COVID-19 pandemic, the political pressures already noted, and the tendency of some American politicians to treat all Chinese students as potential spies has stanching the flow of that talent stream. So, again, how will the United States train the people it needs to understand and manage competition with China?

Many future Asia hands will be inspired by Wilson China Fellows and their colleagues who, thankfully, teach as well as write. The Carnegie Corporation and Wilson Center established these fellowships not only to advance the careers of awardees, but to strengthen the national ecosystem of Chinese and Asian studies through research, publication, and teaching, which thrives on faculty research and strong connections between academia, government, and private institutions.

Readers of these essays are part of that ecosystem. We hope you will continue to follow the work of the Wilson China Fellows, and their students, as they progress through the academic ranks and, in some cases, move from the halls of academia to the halls of government, industry, and NGOs.

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