

CHINA'S

Rise Under the Lens: Democracy and Human Rights at Risk



ADN
ASIA DEMOCRACY NETWORK

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SUMMARY

This document examines the prospective impact of the emergence of China as a regional power in the Asia Pacific and its effects on the future of the democratization process in the region. Of particular concern here is the effect of a strong and politically assertive China on the prognosis for a nascent democratic community in East Asia. Since 1986, the spread of democracy and the process of democratic consolidation in the region have proceeded steadily but at an uneven pace across a number of countries. Both processes have been marked by difficulties in institution-building, the popular understanding of participation, the acceptance of individual rights and social obligations as inherently equal aspects of democratic rule, and on how political elites have institutionalized representation and accountability. On the whole, democratic norms and structures in these countries remain compromised in some cases, and fragile for the most part – that is, susceptible to the influence or impact of changes in the regional or international order.

China's rise is easily among the most important developments within the last ten years in the Asia Pacific region. Probable implications have been strongly debated by policy-makers and academics with some drawing attention to the inevitability of Chinese hegemony over the Asia Pacific region and others looking forward to a prospective era of greater openness, comfort and cooperation. At first glance, these perspectives seem to reflect different points of emphasis. China's growing military and economic strength is seen as a cause for concern for the medium- and long-term stability and prosperity of East Asia. At the same time, however, Chinese initiatives on increasing economic cooperation in the region through multilateral and bilateral free trade agreements are a welcome development for countries in the region. These apparently diametrically opposed tendencies are not necessarily mutually exclusive as it is quite possible to look at the increasing "openness, comfort and cooperation" between China and the rest of Asia as an inevitable course in the face of the inexorable growth of Chinese power. The emergence of China as a regional power is nonetheless largely seen by Asian states with elements of increased levels of cooperation and continuing unease.

The questions facing this text take into consideration the conjunction of two developments – the processes of democratization and democratic consolidation in the Asian region, and the emergence of a non-democratic China as a regionally dominant power. Is the emergence of China a condition that will hinder or promote democracy in Asia? How will it affect the currently fragile democratic community in Asia? A commonly held perception is that the rise of a non-democratic China to political and economic hegemony in the region constitutes a threat to the deepening of the democratization process in the Asia Pacific.

This document looks into three main areas. First, it discusses Chinese interference in the Asia Pacific and its impact in weakening efforts to democratize. It is basically argued here that the democratic institutions of countries in the region remain largely weak therefore, susceptible to the negative effects of Chinese political interference. Second, the document explores the nature of China's economic rise and how it uses its economic weight which has negative implications on efforts to promote democratic values. Two areas are given particular attention: the emergence of China as an economic power in the region, and the extent this has translated into a China that has become increasingly politically assertive within the Asia Pacific region. Third, the document looks at how China's actions in the recent era has translated into dangerous pivots that has essentially plunged the region into a less secure space for dissent among civil society and other pro-democracy actors.

Through this document, ADN aims to present a picture of how China uses its economic and political brunt to undermine democratization in the region, intentionally or not. Through this work, we hope that civil society in Asia will be engaged and invited to discuss how to tackle impediments to democracy in the face of a strong illiberal actor like China.

FOREWORD

The Asia Pacific region’s democracy journey is a young one and is susceptible to threats and challenges. As a regional network organization with the sole purpose to promote and defend democracy in Asia, it was crucial for us to research and share information on the greatest threat to democracy in our region today. This compilation of narratives tackles illiberal actions in Asia Pacific and how it impacts democratization in the region. The document aims to present the rise of China and analyze its behavior while dealing with various actors and their wide reach in political, economic and security tools to achieve their objectives.

China’s rise has also had an effect on the region’s civil society and pro-democracy actors. The country’s wide impact is clear – from the struggles to hold President Duterte accountable in the Philippines, to Hun Sen’s actions which triggered the Everything But Arms (EBA) withdrawal, to suppressing pro-democracy Hong Kongers and so on.

This publication, *China’s Rise Under the Lens: Democracy and Human Rights at Risk*, the authors compiled narratives of how China is flexing its vast arsenal of resources for strategic ends. The text covers how China has used its influence to nurture non-democratic countries and undermine democratic ones in the region. We are witnessing this before our eyes as the Chinese government forms a deep bond with the region’s figures who are often criticized for human rights violations and other unscrupulous practices. The text also discusses how China has utilized its economic strength to shield dictators from the repercussions of their inhumane practices, to assist in covering, and worse, supporting corruption, as well as leverage access to its lucrative market in times when it fails to get what it wants.

As the Covid-19 Pandemic looms around the globe, China has effectively taken this opportunity to enact an effective authoritarian propaganda utilizing vaccine diplomacy and covid response assistance to neighboring countries fueling the effectiveness of China’s “democracy.”¹ At the same time, it also is encroaching the sovereignty of its neighbors in the South China Sea thus risking the stability of the region, which is a manifestation of a darker, nationalist campaign led by President Xi Jinping.

Through this report, ADN aims to provide the truth to the region, giving stakeholders the tools to assess how illiberal influences affect our respective countries. We hope that this will lead to action and build a coalition to defend democracies, not only among established ones, but more importantly with those who are susceptible to these attacks. It is important that governments and pro-democracy actors are sensitized, given that with the precarious situation of democracy’s degradation is already high even prior to China’s interventions. We dedicate this to all the democracy movements and democrats risking their lives to defend human rights and our fundamental freedoms. The effort to protect democracy must go on, and through this text, ADN presents pieces of evidence for the imminent threat that is required to be overcome by all democrats in Asia.

The Asia Democracy Network Team

¹ Wong, B, Why is China Insisting It Is a Democracy? *The Diplomat*, December 11, 2021, accessed from <https://thediplomat.com/2021/12/why-is-china-insisting-it-is-a-democracy/>.

INTRODUCTION



Nyaungshwe, Myanmar - 04 March 2021- Myanmar people took to the streets to protest against the military coup

The Chinese Communist Party (CCP) is bolstering autocrats and undermining democracy across the globe, and its means run the gamut. It exports surveillance systems to governments accused of human rights violations (Egypt, Serbia, Cambodia, for instance). It trains the recipients on how to use the technology for social and political control. It extols the virtues of authoritarian rule to political parties in Cambodia, Myanmar, Pakistan, Bangladesh, and the Philippines, while sharing expertise on how ruling parties can tighten their grip.² Its internet and social media regulation, which really amounts to censorship, even spurred Cambodia and Bangladesh to replicate such practices.

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Emboldened by the pandemic, authoritarian actors and aspiring dictators attempting to cement power and centralize authority across the globe are increasingly supported and encouraged by the CCP. And the party has seized on its well-established networks to export its authoritarian model more candidly and aggressively than ever before. But a growing number of civil society groups, journalists, and activists in target countries are working to push back against authoritarian influence from Beijing and shore up their countries' democratic institutions. Spurred on by the CCP's increasingly forceful posture and a mounting body of publicly available evidence exposing the impact of its tactics on democratic processes and values, civil society and

² Laskai, L, How China is supplying surveillance tools, technology, and training around the world, Privacy International, February 2019, accessed from https://privacyinternational.org/sites/default/files/2019-09/Privacy%20International_Survey2.1.pdf.

independent media are working to expose and counter this threat – and they are increasingly joined in these efforts by national and local elected officials. Such resistance will become even more critical, as governments around the world seek to contain COVID-19 and deploy new approaches to governance challenges left in the wake of the pandemic. Those challenges include foreign and domestic disinformation efforts that threaten public health responses and undermine the integrity of information ecosystems.

Furthermore, there are also a growing number of democracy stakeholders who are undertaking efforts to identify and expose the impact of such influence campaigns on their societies' economies, democratic processes, and environments. In Asia, where the CCP has long sought to assert its political and economic dominance, the Milk Tea Alliance, a loose coalition of activists from Thailand, Hong Kong, and Taiwan among others, developed organically in the spring of 2020 as a way to counter CCP information operations. The groups were specifically concerned by the mass deployment of Chinese nationalists and bots on social media platforms working to drown out dissent and amplify pro-China voices. They have become a unifying force for channeling the frustrations of young people in response to the CCP's aggressive actions in the region, exemplified not just by the BRI and China's claims in the South China Sea, but increasingly by the CCP's attempts to export or impose its model of authoritarian government.

Exposure of the CCP's mounting influence and power is rightly bringing attention to a critical challenge facing many countries across the world. At their core, however, these are not stories about the CCP, but stories about democratic resilience in the face of resurgent authoritarian threats not only from China, but also from other foreign influences and from within. Beyond the headlines of great power competition and West-China relations, people committed to democratic ideals are working to strengthen civic and government institutions against internal and external threats. This growing swell of activism, rooted in an increased understanding of the CCP's playbook, must be at the forefront of democratic states' efforts to push back against spread of authoritarianism and support the restoration and further development of democracy.

In every instance of successful resilience, the ability of independent media, civil society, political parties, and private enterprise to force greater transparency has mitigated, and in some cases, nullified damaging CCP influence. Accurate information, through free press and freedom of expression, permits broad public debate. Well-established rule of law can inhibit elite capture and corruption with oversight, checks and balances, and transparency on everything from Chinese infrastructure financing to purchases of stakes in national media outlets. Strong institutions ensure that countries can negotiate with China on equal terms. Promoting, executing, and protecting democracy in an increasingly repressive world is painstaking, long, and expensive. For small democrats to build on their successes against foreign authoritarian influence requires more support – both rhetorical and financial – from the world's leading democracies.



Chapter 1

China's Dream: A New Era of Regressive Democracies and Strong Autocracies

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The rise of the People's Republic of China (PRC) as a global power has helped it to reshape much of Asia and the world in its own image with worrying consequences for democracy and human rights in the region. Many observers have noted the profound impact an ascending China has had on the international order but relatively little has been written about its effect on domestic politics in Asia and elsewhere. Under the leadership of President Xi Jinping, China's engagement with its neighboring states has shifted in recent years from nominal non-interference to active involvement in other countries' domestic affairs. This is remarkable considering that just a few decades ago, China was one of a few isolated countries in the region that had weak diplomatic relationships even with its immediate neighbors. Back then, it was, as political scientist, Minxin Pei, noted, "the loneliest superpower."³

At present, China enjoys the benefits of having friendly neighbors and a long line of suitors from across the globe – but this happened neither by fate nor luck. In the past few years, many Asian states were witness to the PRC's overt and covert political activities which seemed to co-opt actors and governance systems to resemble China's model of non-democratic rule. In the region, Beijing continues to actively undermine strong democracies, enthusiastically support illiberal forces in fragile democracies, and diligently create relationships of mutual dependence among non-democracies. In other words, Xi's Chinese Communist Party (CCP) is mobilizing its massive economic, military, political, and even cultural resources to fulfill its 'China Dream' – the creation of a domestic and regional order in Asia that is both conducive to and promotive of the CCP's authoritarian ambitions and illiberal aspirations.

This chapter maps the varied ways China directly and indirectly interferes in the domestic politics of Asian countries to bolster non-democratic forces and foster illiberal norms. However, Beijing's broader strategy is to protect its strategic interests by developing deep relationships with governments and elites. Depending on the nature of the target regime, such operations may infiltrate a range of influential domestic sectors including government, parliamentarians, media, civil society, and academe. Utilizing extensive evidence from proven cases of interference, this section paints a full picture of how China's growing influence in the region is undoing hard-won gains in democracy and human rights in Asia.

In the following section, CCP's dream of a new era of weakened democracies and strong autocracies in Asia is discussed in four main sections. The first examines the evolution of policy underpinnings detailing China's shift to active meddling in the internal affairs of its neighbors. It also unpacks the core policy features of its current "united front work" directive, deemed one of the party's famed "magic weapons."

³ Pei, M, 'The loneliest superpower', Foreign Policy, 20 March 2012, available at <http://foreignpolicy.com/2012/03/20/the-loneliest-superpower/>, accessed on 17 March 2021.

Subsequent sections focus on the three general strategies Beijing uses to carry out its interference operations in different Asian countries depending on their character. In the second segment, we look at how the CCP actively undermines strong democracies such as Australia and New Zealand by systematically infiltrating their institutions. The third part highlights the Chinese government's enthusiastic support of illiberal forces in fragile democracies like the Philippines and Sri Lanka with the aid of elite accomplices from within. Finally, the last section discusses China's diligent attempts to create a relationship of mutual dependence among fellow non-democracies such as Cambodia and Myanmar thereby ensuring the strength and persistence of a regional league of autocracies.

1. A Legacy of Chinese Influence in Asia

The PRC's relationship with its immediate neighbors in South and Southeast Asia is crucial to its authoritarian stability, economic prosperity, and global leadership ambitions. Its foreign policy is motivated by the twin concerns of managing domestic unrest and minimizing international pressure to reform. For the CCP, this means adopting policies to strengthen the party's political, economic, and cultural control and influence, both domestically and among its neighbors.

China's primary foreign policy strategy, as noted by many scholars, has always been to "shape neighboring areas" (*suzao szhoubian*) according to its own image.⁴ This policy has been refashioned many times under various names: from "Harmonious Asia" to "Asian Community of Common Destiny," and most recently to "New Security Concept." Yet, its core features remain unchanged: for Beijing to use its resources, particularly political and economic, to reshape Asia in a way that mirrors its own values, aligning governments and regional institutions according to its autocratic governance model and illiberal norms.⁵ The change in recent years, however, concerns Beijing's acquisition of enormous resources that it can now deploy for this purpose, all of which has made the party leadership ever more assertive. This has significant implications for past and existing efforts to create a community of countries with a shared appreciation of fundamental human rights and democratic institutions.

The following section offers a brief overview of China's long history of interfering in the domestic politics of its neighbors as well as the core features of the CCP's current "united front work" operations.

⁴ Goh, Evelyn. "East Asia as regional international society: The problem of great power management." *Contesting international society in East Asia* (2014): 167-187.

⁵ Rolland, Nadège. "China's Pandemic Power Play." *Journal of Democracy* 31, no. 3 (2020): 25-38.

1.1 A Long History of Chinese Influence



Photo Credit: [US Embassy Uruguay](#)

China has a long history of political influence in the region. In its imperial days, its relationship with its land and maritime neighbors occurred through an asymmetrical ‘tributary system.’⁶ Rather than declaring wars or erecting a Great Wall, its southern neighbors like present-day Myanmar, Laos, Vietnam, and even Indonesia and the Philippines were welcomed in the hopes they would be assimilated and, in turn, adopt the Chinese socio-political order.

During the Cold War, China’s relationship to its neighbors was fraught with conflict. Beijing made numerous attempts to destabilize Southeast Asian governments by arming and funding domestic insurgencies as well as strong-arming overseas Chinese (*huaqiao*) communities in the region to foment civil conflicts.⁷ For example, Indonesia broke diplomatic relations because of its alleged role in a failed coup in 1967. Similarly, China’s annexation of Tibet in 1950 made its South Asian neighbors, especially Nepal and Bhutan, wary of its intentions. It also had border-related disputes with almost every country on its perimeter from vast states like Russia and India to small countries such as Myanmar, Pakistan, and Nepal.⁸

Even at the end of the Cold War, the PRC struggled to normalize relationships with its neighbors. Vietnam and India were particularly hostile as their shared borders were heavily militarized. As a result of the killing of student protesters in Tiananmen Square in June 1989, China became even more isolated in the region and the democratic world. Further, given Beijing’s uncompromising position on its territorial claims to the South China Sea and Taiwan, it is hardly surprising that it was the 1990s before China regained official diplomatic recognition from neighboring states such as Indonesia, Singapore, and South Korea.

Unsurprisingly, at one point, China attempted to build a regional association, named the Asian Socialist Community (ASC), for its similarly non-democratic neighbors. The ASC originally aimed

⁶ Fairbank, John King, editor. *The Chinese World Order: Traditional China’s Foreign Relations*. Harvard University Press, 1968.

⁷ Shambaugh, David,. *Power Shift: China and Asia’s New Dynamics*. University of California Press, 2005

⁸ Shen, Zhihua, and Julia Lovell. “Undesired Outcomes: China’s Approach to Border Disputes during the Early Cold War.” *Cold War History* 15, no. 1 (2015): 89-111.

to serve as a regional forum in which “each regime seeks to preserve one-party rule based on the legitimacy of the party in the struggle for national independence, resistance to foreign intervention, and commitment to building socialism” to secure themselves from “a common external threat – pressure to democratize society, to allow political pluralism and to implement internationally acceptable standards of human rights.”⁹ Although the ASC did not ultimately materialize, the CCP’s dream of a region of non-democratic states united and their anti-democratic actions intensified.

Even without the ASC, China’s track record of promoting autocratic models of governance has had some measure of success. Throughout the country’s long history as a kingdom, colony, and eventually as a single-party dictatorship, the states closest to China have remained different variants of non-democracies.¹⁰ For example, the political systems of Laos and Vietnam closely resemble China’s model of single-party rule in tandem with an open economy. Similarly, Cambodia and Myanmar, whose elections remain unfair, have consistently adopted illiberal inclinations. Likewise, Thailand seems unable to permanently break from a military-monarchy diarchy. Such states have always benefitted from Beijing’s regular support and continue to do so.

Support for non-democratic regimes has always been at the core of China’s foreign policy. As the rest of this chapter will establish, Beijing advances its agenda by developing ties with and supporting non-democratic governments. As such, it exploits the absence of checks and balances, weak human rights standards, and unfair political competition in these states to pursue its own ambitions. And now the PRC enjoys global power status, it has more reason and capacity than ever to fulfill its ambition of creating an illiberal regional order.

1.2 Contemporary Policies of Chinese Influence

The CCP maintains an elaborate bureaucracy dedicated to promoting its interests in foreign countries and the wider international community. CCP agencies such as the huge United Front Work Department, the Central Propaganda Department, the International Liaison Department, the All-China Federation of Overseas Chinese, and the Chinese People’s Association for Friendship with Foreign Countries form part of this extensive bureaucracy.¹¹ The United Front Work Department alone is estimated to be staffed with as many as 40,000 personnel.¹² But unlike foreign affairs ministries in other states, this vast bureaucracy is likely to engage in more insidious means of diplomacy and foreign affairs work including infiltrating governments, manipulating public opinion, and funding political parties to coerce or co-opt foreign individuals and communities to support the party’s agenda. These global activities, stemming from a longstanding CCP policy, have come to be known as China’s “united front work.” A decade before the founding of the PRC, Mao Zedong declared that united front work, along with the party and its army, was one of the country’s “magic weapons” against its enemies – including foreign entities and “Western ideologies.”¹³ Recently, Xi has reclaimed the principle and declared it crucial to the success of China’s global ambitions.¹⁴ Under his leadership, the

⁹ Shambaugh (2005), *supra* 7.

¹⁰ Reilly, Benjamin. “Southeast Asia: in the shadow of China.” *Journal of democracy* 24, no.1 (2013): 156-164.

¹¹ Brady, Anne-Marie. “China in Xi’s “New Era”: New Zealand and the CCP’s Magic Weapons.” *Journal of Democracy* 29, no. 2 (2018): 68-75.

¹² Manthorpe, J, *Claws of the Panda: Beijing’s Campaign of Influence and Intimidation in Canada*, Canada: Cormorant Books, 2019, at 45.

party is now recalibrating the focus of its united front work to give special emphasis to extending its political influence.

In her pioneering research on the accelerated expansion of China's political influence activities under Xi, Anne-Marie Brady notes that the party is focusing its united front work on four key areas.¹⁵ First, efforts are being stepped up to gain control of overseas Chinese communities to enable their deployment as agents of party interests. As such, they have targeted Chinese communities, and professional, cultural, and even student associations. Once the party has gained control, members are given public roles including hosting visits of party officials or organizing counter-protests against critics of China. They may also be involved in more covert operations such as infiltrating non-Chinese groups.

Second, the CCP is also redoubling its attempts to forge stronger people-to-people, party-to-party, and enterprise-to-enterprise ties in order to recruit foreign agents to promote China's interests. At first glance, this may appear to be a harmless policy as many governments promote these kinds of non-government exchanges. But as the CCP has extensive control of organizations and enterprises in China, such exchanges only function to legitimize party attempts to co-opt influential foreigners for partisan purposes. Former politicians, for example, are given high-profile posts in China-funded entities such as state enterprises and research institutes. Recently, the CCP has also generously funded thousands of academic and business conferences as well as all-expenses paid visits to China for groups of academics, entrepreneurs, youth leaders, politicians, and journalists.



Photo Credit: [Freedom House](#)

Third, Beijing has upgraded its state media allowing it a more global reach while also covertly enabling it to adopt a more localized image in foreign countries. The aim is to ensure that the CCP's position on significant international and national issues are communicated strategically – and that the flow of information harmful to the party, whether at home or abroad, is effectively controlled. Under Xi, state media firms, China Global Television (CGTV), China Radio

¹³ Suzuki, Takashi. "China's United Front Work in the Xi Jinping era—institutional developments and activities." *Journal of Contemporary East Asia Studies* 8, no. 1 (2019): 83-98.

¹⁴ Brady (2017), *supra* note 11.

¹⁵ *Ibid.*

International, and the Xinhua News Service, have dramatically expanded their reach outside the country. These firms have also established partnerships with local TV, press, and radio outlets in other countries—usually the ones with the widest reach—to republish its content and host its reporting activities for a fee. In other words, local foreign media are being paid to essentially lend their voices and credibility to the CCP. Foreign publishers are also increasingly being absorbed into China’s communication orbit, thus ensuring self-censorship of their publications for fear of losing access to the PRC’s lucrative market.

And finally, Beijing continues to establish China-centric regional institutions in order to exercise regional leadership and to shield itself from international pressure. The crown jewel of this strategy is the Belt and Road Initiative (BRI). By creating China-centered economic interdependence among developing countries for infrastructure funding, trade, and access to natural resources, the PRC effectively safeguards itself from international criticism especially regarding its human rights record. This strategy also includes hosting training programs and exchanges to enable foreign public officials to learn about the “China model” of mixing economic development with autocratic governance.

How core features of the PRC’s “united front work” are implemented on the ground, whilst adapting such policies to the target country’s regime character, will be discussed in the following sections.

2. Undermining Strong Democracies: CCP Influence in Australia and New Zealand

Few other countries have been as systematically infiltrated by China than Australia and New Zealand. In particular, mounting quantities of evidence recently surfacing demonstrate the great lengths China has gone to undermine even strong democracies. As Chinese diplomat-turned-asylum seeker Chen Yonglin confessed in 2005, the CCP is using its resources to infiltrate Australia and New Zealand in a “systematic way.”¹⁶ China considers both countries the “weakest link” among the world’s democracies, and is therefore using them as “testing sites” to perfect its interference techniques.¹⁷ The CCP, as documents provided by Chen show, began structured political influence operations in the two countries as early as the 2000s.¹⁸

As discussed earlier, the methods of infiltration and subversion used reflect broader CCP policy guidelines which seek to reinvigorate its united front work. One of the most documented methods is the use of Chinese money to directly fund influential politicians and major political parties to engender multiple channels of influence. For example, the Australian Labor Party (ALP) has been identified as the organization most infiltrated by CCP agents.¹⁹ Within only five years, the ALP’s New South Wales branch received almost AUD2 million in donations from Huang Xiangmo, a Chinese entrepreneur with deep ties to CCP’s leadership.²⁰ In the same period, the Liberal Party of Australia (LP) received as much as AUD1 million, also from Huang.²¹ Further, then federal trade

¹⁶ Senate Standing Committee on Foreign Affairs, Defence, and Trade, ‘Mr Chen Yonglin’s request for political asylum’ Parliament of Australia, 12 September 2005, available at https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Foreign_Affairs_Defence_and_Trade/Completed_inquiries/2004-07/asylum/report01/index, accessed on 17 March 2021.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ Ibid.

minister, Andrew Robb of the LP, appeared to have personally benefited from such donations in a quid pro quo arrangement. Accordingly, his help in settling the China-Australia Free Trade Agreement was repaid with contributions to the LP in Victoria and his election campaign.²²



PHOTO: HUANG XIANGMO (LEFT), WITH MALCOLM TURNBULL. Photo Credit: ABC

Aside from Huang, other CCP-backed donors include Chau Chak Wing whose donations to Australia's three main political parties have almost reached an impressive AUD5 million in the past decade.²³ As one observer noted, "no Chinese businessman, and perhaps no businessman, has been more generous" to Australian political parties.²⁴

While financing politicians and parties to buy influence was a strategy also used in New Zealand, in addition, the CCP sought to co-opt Chinese communities there to support its agenda. This involvement of the Chinese diaspora in the domestic politics of host countries is another Xi-era united front work policy. While the growing number of ethnic Chinese candidates in New Zealand (where the migrant population is significant) is a welcome development, as China-New Zealand relations expert Anne-Marie Brady noted, it is another matter to welcome the political involvement of individuals whose function is to extend CCP influence in the country.²⁵

²⁰ Norrington, B, 'ALP branch accepts Shorten edict on donations from Chinese businessmen' *The Australian*, 21 July 2017; Nicholls, S, and McClymont, K, 'Former NSW treasurer Eric Roozendaal joins Chinese firm that was a big donor to NSW political parties' *The Sydney Morning Herald*, 4 February 2014.

²¹ 'Australian Electoral Commission, "Election Funding and Disclosure Report", available at https://www.aec.gov.au/parties_and_representatives/financial_disclosure/, accessed on 17 January 2022.

²² 'McColl, G, and Wen, P, 'Foreign Minister Julie Bishop's links to Chinese political donors' *The Sydney Morning Herald*, 25 August 2016, available at <https://www.smh.com.au/politics/federal/foreign-minister-julie-bishops-links-to-chinese-political-donors-20160823-gqzauy.html>, accessed on 17 March 2021.

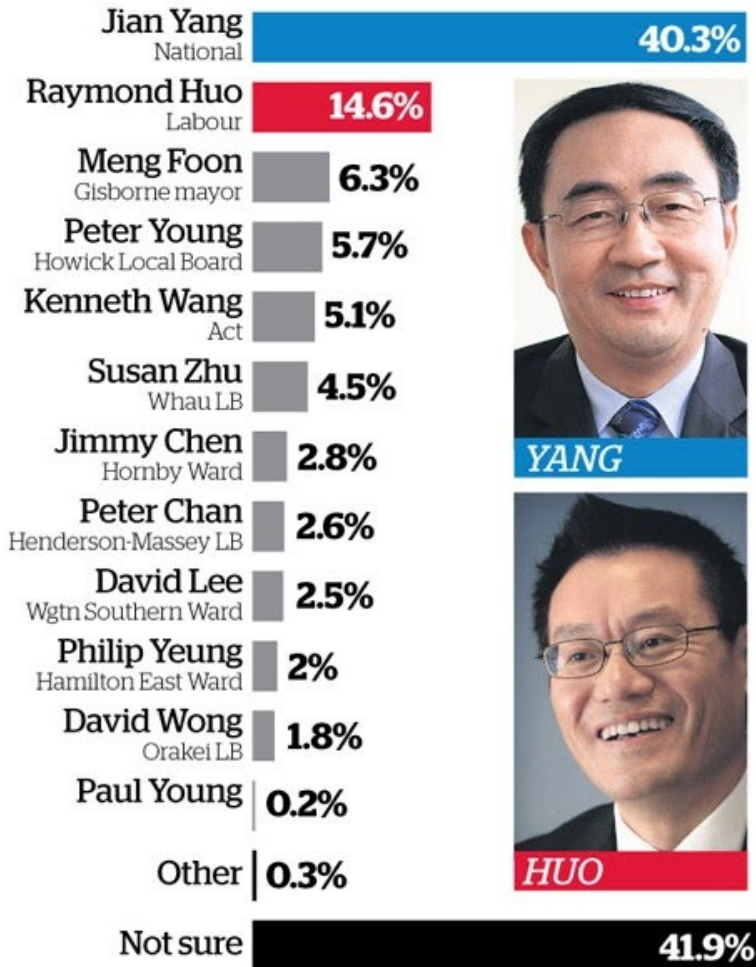
²³ Uhlmann, C, and Greene, A, 'Chinese donors to Australian political parties: Who gave how much?' *ABC News*, 8 June 2017, available at <https://www.abc.net.au/news/2016-08-21/china-australia-political-donations/7766654?nw=0>, accessed on 17 March 2021.

²⁴ Hamilton, Clive, *Silent invasion: China's influence in Australia*. Melbourne: Hardie Grant Books, 2018.

²⁵ *Ibid.*

WHO BEST TO REPRESENT CHINESE

Poll of NZ Chinese voters



Source: WTV-Trace Chinese Voter poll. 1250 respondents. 2.8% margin of error
Herald graphic

Photo Credit: New Zealand Herald

Among the most notorious of CCP-linked politicians in New Zealand are Yang Jian of the National Party and Raymond Huo of the Labour Party both of whom owe parliamentary success to China-linked donations to their political parties and CCP-directed bloc voting of overseas Chinese community organizations.²⁶ A member of parliament from 2008 to 2017, Yang would be later exposed for concealing 15 years of work for China’s military intelligence.²⁷ He studied and later taught at one of the top military intelligence schools in China including the People’s Liberation Army Air Force Engineering University and the People’s Liberation Army University of Foreign Languages. In particular, Yang was in charge of training students to intercept and decipher the English-language communications of foreign governments. In his years on New Zealand’s government, he was a key member of top parliamentary select committees on foreign affairs,

defense, and trade while also arranging Chinese funding and business trips to China for his party mates and top officials including then Prime Minister John Key.²⁸

Yang's counterpart in the Labour Party, Raymond Huo, took an even more overt role in promoting CCP interests in New Zealand. Working closely with PRC officers as well as some prominent CCP united front offices.²⁹ He is most known for defending China's core foreign policy interests in Hong Kong, Tibet, Taiwan, and Xinjiang. For example, he has repeatedly dismissed protests against Beijing's annexation of Tibet and even spoke at the "Tibetan Serf Liberation Day" which was organized by the Peaceful Reunification of China Association of New Zealand.³⁰ Further, Raymond was also responsible for translating Labour's 2017 election campaign slogan, "Let's do it!" into a popular Xi Jinping quote, "*Lū qǐ xiù zǐ jiǎ yóu gàn*"³¹ meaning "Let's roll up our sleeves to work harder!" (as used in his 2017 Lunar New Year speech).³² Moreover, he has repeatedly and publicly declared that New Zealand should welcome China's burgeoning influence in the country.³³

Australian and New Zealand media has also been a casualty of China's political influence operations. Specifically, two methods were used. First, Beijing stepped up efforts to gain control of formerly independent Chinese language mass media, co-opting them to become platforms for CCP propaganda.³⁴ Newspapers like the Chinese New Zealand Herald, Mandarin Pages, and Home voice now either have extensive content-sharing contracts with state media firm, Xinhua News Service, or have employed senior editorial staff with close connections to the CCP.³⁵ Similarly, Auckland's only Chinese-language 24-hour radio station, FM 90.6, also lost its independence when it was taken over by China Radio International.³⁶ At present, almost all Chinese language media in New Zealand is now part of a wider network of CCP-controlled media.

Second, mainstream media outlets were offered Chinese money in exchange for republishing or rebroadcasting content from Chinese state media. Thus, in May 2016, leading Politburo member and head of the CCP's Central Committee Propaganda Department, Liu Qibao, visited Australia to sign paid republishing agreements with popular media outlets.³⁷ Likewise, Fairfax and Sky News were contracted to broadcast news stories produced by the Xinhua News Agency while The Sydney Morning Herald, The Age, and the Australian Financial Review agreed to publish monthly supplements from China Daily and the People's Daily. Free media training conferences and press tours in China were also arranged for Australia and New Zealand-based journalists. This, as two China media experts noted was a "victory for Chinese propaganda" as it granted a country without even the semblance of a free media legitimacy and leverage over the free press of two strong democracies.³⁸

At present, China is reaping the benefits of its intensified efforts to co-opt the media in Australia and New Zealand, all at the expense of press freedom, human rights, and democracy. As such, the Chinese New Zealand Herald was revealed to be "sanitizing" articles translated from English by omitting criticisms of the Chinese government while SkyKiwi, a large Chinese media platform in New Zealand, has been accused of self-censorship for fear of jeopardizing its relationship with the Chinese Embassy.³⁹ Journalists from influential dailies like The Sydney Morning Herald and the Australian Financial Review have published article after article praising China for its "breathtaking" transformation without any reference to its human rights abuses or rampant corruption.⁴⁰ For example, journalist, Andrew Clark wrote in the Australian Financial Review, that after completing a CCP-sponsored tour of China⁴¹, the "people seem taller, more animated, healthier, louder and happier" in the "New China." Likewise, in The Australian and The West

Australian, articles appeared echoing Beijing's position on the South China Sea, particularly calling on Australia to refuse support to either US freedom of navigation exercises or The Hague's arbitral tribunal ruling in favor of the Philippines, both of which demonstrate the extent of Beijing's success in persuading the media of Australia and New Zealand to essentially serve its foreign policy goals.⁴³

These are only some of the most documented ways the CCP has tried to undermine the strong democracies of Australia and New Zealand. As the above discussion demonstrates, vast amounts of material and human resources are being mobilized to weaken democratic forces and institutions in otherwise healthy democratic societies. The targeting is deliberate and the interference systematic. Moreover, Chinese interference activities have also undermined both countries' legacies and commitment to promote the rule of law and human rights at home and abroad.

3. Supporting Illiberal Forces in Fragile Democracies: CCP Influence in the Philippines and Sri Lanka

In comparison to strong democracies and autocracies, some states in the region like the Philippines and Sri Lanka are perennial fragile democracies long weakened by elite domination and protracted insurgencies. Contemporary government leadership in these countries tends to careen back and forth between democratic reformers to strongman politicians depending on the electoral and extra-constitutional fates of various elite factions. As a result, China can interfere in domestic politics and take advantage of these fragile democracies and their ensuing political instability by supporting elite factions willing to advance the CCP's core agenda, thus further eroding democratic and human rights norms in these countries.

²⁶ Ibid

²⁷ Anderlini, J, 'China-born New Zealand MP probed by spy agency' Financial Times, 13 September 2017, available at <https://www.ft.com/content/64991ca6-9796-11e7-a652-cde3f882dd7b>, accessed on 17 March 2021.

²⁸ Fisher, D, 'John Key's secret flag donor luncheon' New Zealand Herald, 9 April 2016, available at https://www.nzherald.co.nz/nz/news/article.cfm?c_id=1&objectid=11619417; Wall, T, Rutherford, H, and Kilgallon, S, 'Secret donors: Buck stops here' Stuff, 17 August 2014, available at <http://www.stuff.co.nz/national/10391818/Secret-donors-Buck-stops-here>, all accessed on 17 March 2021.

²⁹ Brady, Anne-Marie. *Magic Weapons: China's political influence activities under Xi Jinping*. Vol. 18. Washington, DC: Wilson Center, 2017.

³⁰ Tan, L, 'MP's pro-China blog appalls Tibet's friends' New Zealand Herald, 3 July 2010, available at https://www.nzherald.co.nz/human-rights/news/article.cfm?c_id=500838&objectid=10656194, accessed on 17 March 2021.

³¹ Murphy, M, 'Labour's roll runs into National's rock' Newsroom, 7 August 2017, available at <https://www.newsroom.co.nz/2017/08/06/41393/a-rockstar-and-a-rock-woo->, accessed on 17 March 2021.

³² Lei, W, 'Xi calls on Chinese to 'roll up sleeves to work hard' in Spring Festival greeting' CGTN, 26 January 2017, available at https://news.cgtn.com/news/3d597a4d30416a4d/share_p.html, accessed on 17 March 2021.

³³ Acland, H, 'Chinese president Xi Jinping visits NZ' RNZ, 19 November 2014, available at <https://www.rnz.co.nz/news/national/259686/chinese-president-xi-jinping-visits-nz>, accessed on 17 March 2021.

³⁴ See, Li, P, *A Virtual Chinatown: The Diasporic Mediasphere of Chinese Migrants in New Zealand*, Leiden: Brill, 2013; Ip, M, 'Chinese media in New Zealand: Transnational outpost or unchecked floodtide' in Sun, W (ed), *Media and the Chinese Diaspora: Community, Communications, and Commerce*, London, New York: Routledge, 2006.

³⁵ Brady (2017), *supra*, note 28; Walters, L, 'Who is watching NZ's Chinese-language media?' Newsroom, 30 September 2019, available at <https://www.newsroom.co.nz/2019/09/30/832210/who-is-watching-nzs-chinese-language-media>, accessed on 17 March 2021.

³⁶ Qing, KG, and Shiffman, J, 'Beijing's covert radio network airs China-friendly news across Washington, and the world' Reuters, 2 November 2015, available at <https://www.reuters.com/investigates/special-report/china-radio/>, accessed on 17 March 2021.

The Philippines and Sri Lanka particularly demonstrate this trend. For example, the CCP lures Filipino and Sri Lankan politicians with promises of funding for big-ticket projects—a source of both private and public economic gain—in exchange for support of core party interests, including its sovereignty claims in the entirety of the South China Sea and geostrategic interests in the Indian Ocean. Aside from aid and investment, Beijing also provides international diplomatic support to the Philippine and Sri Lankan governments for human rights violations and/or corruption scandals specifically to resist the international community’s pressure to reform and be accountable.



President Rodrigo Duterte and Chinese President Xi Jinping (Presidential photo)

Current Philippine President, Rodrigo Duterte, is a prime example of the success of such tactics. That being the case, he has diverged from his predecessors by adopting a controversial policy of appeasing China.⁴⁴ Moreover, he has been publicly deferential to Beijing on many issues, most significantly on the country’s territorial conflict in the South China Sea (SCS) despite the Philippine navy and even ordinary Filipino vessels and fishermen regularly being targeted by the Chinese military.⁴⁵ He has also set aside an historic arbitration award in favor of the Philippines,

³⁷ Fitzgerald, J, and Sun, W, ‘Australian media deals are a victory for Chinese propaganda’ *The Interpreter*, Lowy Institute, 31 May 2016, available at <https://www.lowyinstitute.org/the-interpreter/australian-media-deals-are-victory-chinese-propaganda>, accessed on 17 March 2021.

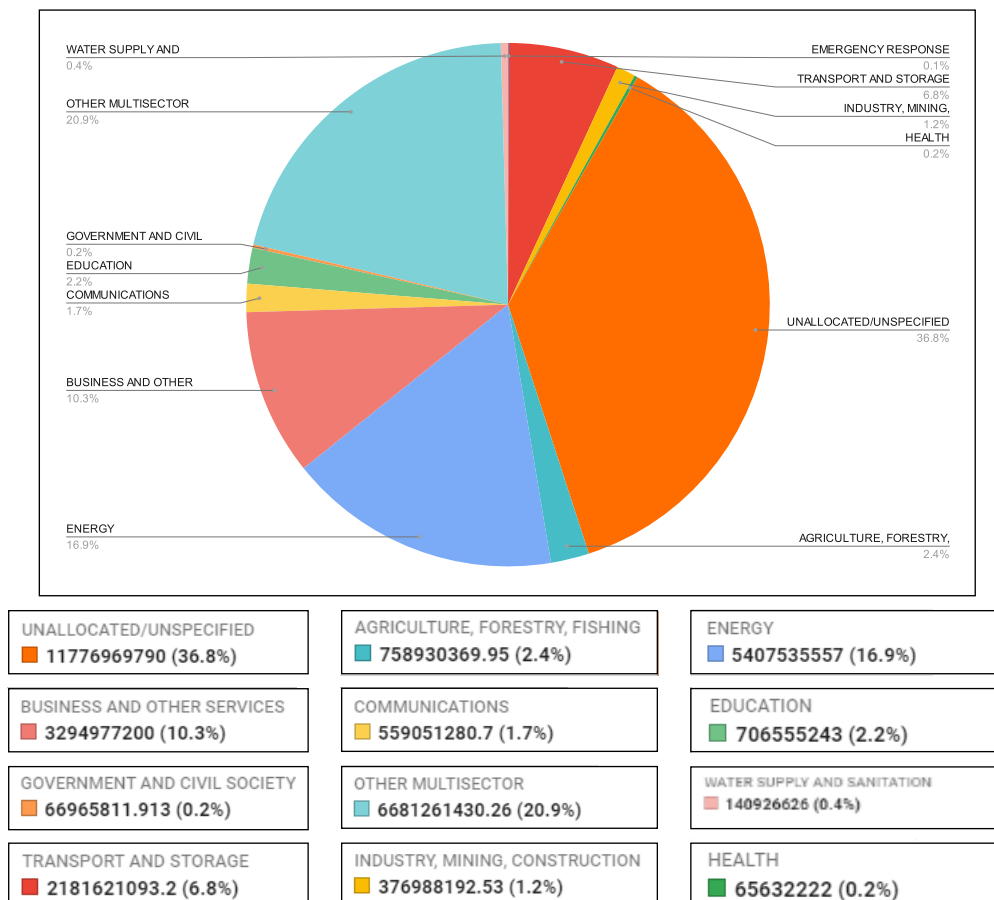
³⁸ Ibid.

³⁹ Walters, L, ‘Chinese-language media told to promote Beijing’s initiatives’ *Stuff*, 10 June 2019, available at <https://www.stuff.co.nz/national/113352468/chineselanguage-media-told-to-promote-beijings-initiatives>, accessed on 17 March 2021.

⁴⁰ Gittins, R, ‘Australia and China, a partnership facing massive change’ *The Sydney Morning Herald*, 19 August 2016, available at <https://www.smh.com.au/business/australia-and-china-a-partnership-facing-massive-change-20160819-gqweig.html>; Gittins, R, ‘Australia not part of China’s Silk Road expansion of trade, for now’ *The Sydney Morning Herald*, 31 July 2016, available at <https://www.smh.com.au/business/australia-not-part-of-chinas-silk-road-expansion-of-trade-for-now-20160730-gqh5r8.html>; Gittins, R, ‘Fast-moving China is big and bold: We think small and fearful’ *Ross Gittins*, 3 August 2016, available at www.rossgittins.com/2016/08/fast-moving-china-is-big-and-bold-we.html; Gittins, R, ‘China will keep doing its own thing’ *The Sydney Morning Herald*, 29 July 2016, available at <https://www.smh.com.au/business/the-economy/china-will-keep-doing-its-own-thing-20160729-gqggd5.html>, all accessed on 17 March 2021; Clark, A, ‘Australia will be buffeted as China makes a priority of looking after its own’ *Australian Financial Review*, 21 July 2016; Clark, A, ‘China and Australia’s complicated security arrangement’ *Australian Financial Review*, 25 August 2016; Clark, A, ‘Xi Jinping’s balancing act between the old and the new economy’ *Australian Financial Review*, 30 July 2016; Toohey, B, ‘Ignore all the fearmongering on Beijing ties’ *Australian Financial Review*, 6 September 2016.

refusing to discuss it in international fora as well as in meetings with the president provoked a backlash among the Filipino public when he openly declared he was considering the option of “selling [the Philippine-occupied] islands to China.”⁴⁶ Thus, Duterte has willingly disregarded sovereign claims of the Philippines to contested islands in the SCS in exchange for Chinese funding of his infrastructure projects. He once offered to China that “[if they] build me a train around Mindanao, build me a train from Manila to Bicol ... build me a train going to Batangas, for the six years that I’ll be president, I’ll shut up [about the SCS conflict].”⁴⁷

CHINESE INVESTMENTS IN THE PHILIPPINES



Data Source : AID Data, 2021

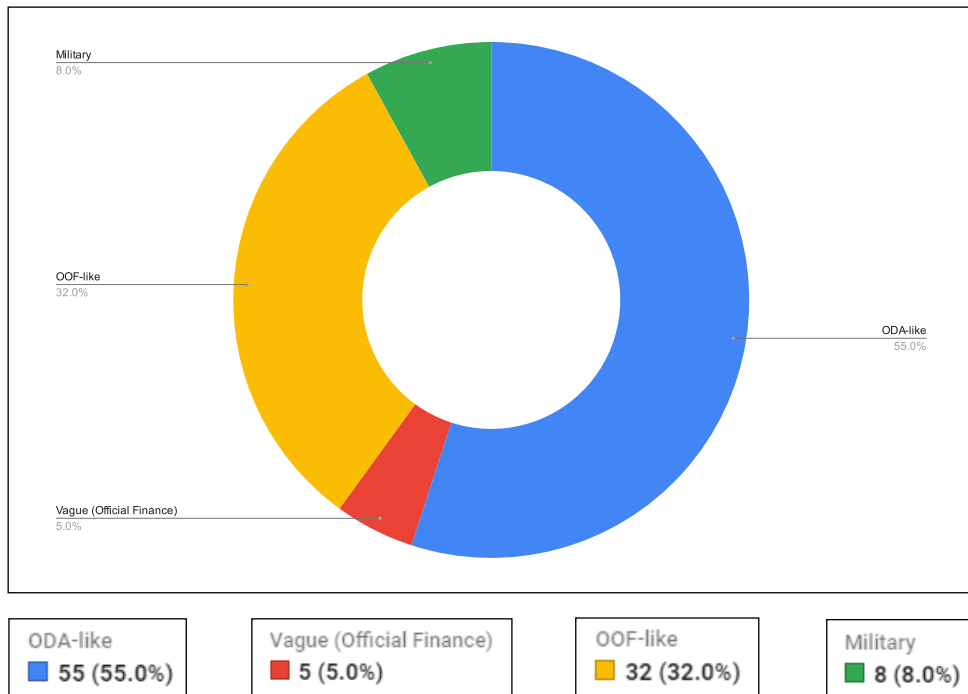
⁴¹ Hamilton, Clive, *Silent invasion: China's influence in Australia*. Melbourne: Hardie Grant Books, 2018.37
 Fitzgerald, J, and Sun, W, 'Australian media deals are a victory for Chinese propaganda' The Interpreter, Lowy Institute, 31 May 2016, available at <https://www.lowyinstitute.org/the-interpreter/australian-media-deals-are-victory-chinese-propaganda>, accessed on 17 March 2021.

⁴² Clark, A, 'China: It's got so big it changes everything' Australian Financial Review, 15 August 2016.

⁴³ Korporaal, G, 'China warns Australia not to join US patrols in South China Sea' The Australian, 19 July 2016;
 Korporaal, G, 'Let's tread carefully on South China Sea ruling' The Australian, 27 July 2016; Korporaal, G,
 'Bob Carr warns on alienating China over South China Sea patrols' The Australian, 26 July 2016; Wright, S,
 'China warns on islands row' The West Australian, 20 July 2016.

⁴⁴ de Castro, RC, 'Explaining the Duterte administration's appeasement policy on China: The power of fear' Asian Affairs: An American Review, 2018, Vol 45, pp 3-4, 165-191.

⁴⁵ Gotinga, JC, and Tomacruz, S, 'Beijing continues South China Sea aggression during pandemic' Rappler, 13 May 2020, available at <https://www.rappler.com/newsbreak/iq/china-continues-aggression-south-china-sea-coronavirus-pandemic>, accessed on 17 March 2021.



Data Source : AID Data, 2021

Aside from relying on China for infrastructure funding, Duterte appears to be particularly inspired by the CCP model of governance. His own “Build, Build, Build” program attempts to legitimize his undemocratic rule and human rights violations through the provision of huge infrastructure projects around the country. Duterte’s administration considers China’s BRI as key to the success of its own infrastructure plans.⁴⁸ In a 2016 visit to Beijing, Duterte happily reported a USD24 billion investment pledge from the Chinese government to support his own “Build, Build, Build” program.⁴⁹ This massive influx of Beijing capital to the global South has concerned many because of its exploitative⁵⁰ aspects including opportunities for debt-for-equity swaps⁵¹, massive land grabs⁵², and, in the case of the Philippines, its legitimization of China’s territorial expansion. As Alvin Camba, an expert on Chinese investments in the region, noted, the export of state-backed Chinese capital

⁴⁶ Heydarian, RJ, ‘Mare Liberum: Aquino, Duterte, and the Philippines’ evolving lawfare strategy in the South China Sea’ *Asian Politics & Policy*, 2018, Vol 10, No 2, pp 283-299.

⁴⁷ Heydarian, RJ, ‘How Duterte turned the Philippines into China’s new plaything’ *The National Interest*, 23 February 2020, available at <https://nationalinterest.org/feature/how-duterte-turned-philippines-chinas-new-play-thing-125946>, accessed on 17 March 2021.

⁴⁸ de Castro (2018), supra 44.

⁴⁹ Ibid.

⁵⁰ Carmody, DP, *The Rise of the BRICS in Africa: The Geopolitics of South-South Relations*, London: Zed Books, 2013; Garcia, LS, ‘Chinese aid in Southeast Asia before the Belt and Road Initiative: Solidarity or business as usual?’ *Asian Studies: Journal of Critical Perspectives on Asia*, 2017, Vol 53, No 1, pp 66-99.

⁵¹ Chellaney, B, ‘China’s debt trap diplomacy’ *Project Syndicate*, 23 January 2017, available at www.project-syndicate.org/commentary/china-one-belt-one-road-loans-debt-by-brahma-chellaney-2017-01?barrier=accesspaylog, accessed on 17 March 2021.

⁵² Sassen, S, ‘Land grabs today: Feeding the disassembling of national territory’ *Globalizations*, 2013, Vol 10, No 1, pp 25-46.

“attempts to modify the host state’s ‘local orders’, making these countries, their people, and their politics legible to China.”⁵³ Yet, despite Duterte’s observable acquiescence to the CCP on the SCS dispute, it appears the majority of the investment pledges have yet to materialize⁵⁴.



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More importantly is China’s position on Duterte’s brutal ‘war on drugs’ campaign which stands in stark contrast to that of the international community. Human rights groups estimate that around 27,000 Filipinos, including 73 children, have been murdered by the police since the beginning of the drug war in 2016.⁵⁵ In 2017, 45 out of 47 member states of the UN Human Rights Council (UNHRC) appealed to the Philippine government to end the killings. Despite this, Beijing has pledged to support the administration’s drug war. In response to the UNHRC’s action Chinese Foreign Ministry spokesperson, Geng Shuang, said that “China supports President Duterte and the Philippine government in combating drug-related crimes ...”⁵⁶ Most recently, Beijing once again offered diplomatic support to Duterte in response to a 2020 report by the Office of the UN High Commissioner on Human Rights on the thousands of police perpetrated killings resulting from the drug war.⁵⁷ In particular, China noted its “positive assessment” of the administration’s programs including its war on drugs.⁵⁸ China also welcomed Philippine withdrawal from the International Criminal Court – a move widely seen by many as Duterte’s way of pre-empting any attempt to investigate the extrajudicial killings.⁵⁹ Finally, in addition to

⁵³ Camba, A, ‘The Sino-centric capital export regime: State-backed and flexible capital in the Philippines’ *Development and Change*, 2020, Vol 51, No 4, pp 970-997.

⁵⁴ Camba, A, ‘China’s infrastructure investments in the Philippines’ Presentation at the US-Philippines Society, Washington DC, 26 July 2018, at 1.

⁵⁵ ‘Near impunity’ for drug war killings in the Philippines, UN says’ Aljazeera, 4 June 2020, available at <https://www.aljazeera.com/news/2020/06/impunity-drug-war-killings-philippines-200604041319925.html>, accessed on 17 March 2021.

⁵⁶ Flores, H, ‘China urges UN to support Philippines’ war on drugs’ *The Philippine Star*, 12 May 2017, available at <https://www.philstar.com/headlines/2017/05/12/1699401/china-urges-un-support-philippines-war-drugs>, accessed on 17 March 2021.

⁵⁷ Cabico, GK, ‘China, Russia disagree with UN rights chief’s report on Philippines’ *The Philippine Star*, 30 June 2020, available at <https://www.philstar.com/headlines/2020/06/30/2024717/china-russia-disagree-un-rights-chiefs-report-philippines>, accessed on 17 March 2021.

⁵⁸ Ibid.

⁵⁹ Viray, PL, ‘China backs Philippines’ withdrawal from ICC’ *The Philippine Star*, 30 March 2018, available at <https://www.philstar.com/headlines/2018/03/30/1801491/china-backs-philippines-withdrawal-icc>, accessed on 17 March 2021.



"Welcome Banquet Hosted by Chinese President Xi Jinping Hosted by Chinese President"
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the CCP's vocal defense of Duterte's flagship policy, unsurprisingly, it even provided weapons and training to the Philippine police leading the campaign of violence.⁶⁰

The Sri Lankan government's 30-year civil war against the Liberation Tigers of Tamil Eelam (LTTE)—which itself has been widely criticized for its excesses and international law violations—has also benefited from the CCP's economic and political support. A UN panel estimates that as many as 40,000 civilians were killed in the final stages of the war alone⁶¹ and human rights advocates claim that war crimes and crimes against humanity were routinely committed by security forces.⁶² Beijing's support came in several forms, especially during the rule of President Mahinda Rajapaksa, including direct provision of military equipment and training as well as pressuring its allies, Pakistan and Iran, to extend similar assistance.⁶³ This support was crucial to the government's decisive military victory especially when the international community began to withdraw defense funding from the country to pressure Colombo into declaring a ceasefire and pursuing peace talks with the Tamil separatists.⁶⁴ Sri Lanka's foreign secretary, Palitha Kohona, affirmed this observation when he noted that the country's traditional donors and allies like the US and the EU "receded into a very distant corner" to be eclipsed by "new donors"/ "Asians"... [who] do not go around teaching each other how to behave".⁶⁵ Rajapaksa's

⁶⁰ Heydarian, R, 'As Western nations back away from Duterte and his drug war, China steps up as key ally for Philippines' South China Morning Post, 26 October 2019, available at <https://www.scmp.com/news/china/diplomacy/article/3034683/western-nations-back-away-duterte-and-his-drug-war-china-steps>; 'China-funded drug rehab center unveiled in S Philippines' Xinhuanet, 17 December 2018, available at http://www.xinhuanet.com/english/2018/12/17/c_137680399.htm, both accessed on 17 March 2021.

⁶¹ Lynch, C, 'UN: Sri Lanka's crushing of Tamil Tigers may have killed 40,000 civilians' Washington Post, 21 April 2011, available at https://www.washingtonpost.com/world/un-sri-lankas-crushing-of-tamil-tigers-may-have-killed-40000-civilians/2011/04/21/AFU14hJE_story.html, accessed on 17 March 2021.

⁶² Cronin-Furman, K, 'Human rights half measures: Avoiding accountability in postwar Sri Lanka' World Politics, 2020, Vol 72, No 1, pp 121-163.

⁶³ Foster, P, 'China's malign influence in Sri Lanka' Telegraph, 9 February 2010, available at <http://blogs.telegraph.co.uk/news/peterfoster/100025491/chinas-malign-influence-in-srilanka/>; Chellaney, B, 'China fuels Sri Lankan war' Japan Times, 4 March 2009, available at <http://search.japantimes.co.jp/cgi-bin/ea20090304bc.html>, both accessed on 17 March 2021.

⁶⁴ de Alwis, M, 'The 'China Factor' in post-war Sri Lanka' Inter-Asia Cultural Studies, 2010, Vol 11, No 3, pp 434-446.

administration could not have ended the civil war as successfully and brutally as it did without Beijing's support, especially as the government had been reliant on foreign assistance to counter the insurgency. As keenly observed by journalist Somini Sengupta, the CCP's message for Sri Lanka's government was clear: when you take aid from China, you can take a pass on human rights.⁶⁶



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As Chinese funding gave an opening for Colombo to neglect human rights, Beijing aid and investments have also been a crucial source of rent and patronage for the Rajapaksa government.⁶⁷ The CCP offered almost USD5 billion in loans, foreign direct investment, and official development assistance, funding that Rajapaksa and his allies eagerly welcomed especially as it was not tied to any governance reform conditionalities or commitment to human rights norms.⁶⁸ Gigantic Chinese-funded infrastructure projects such as Colombo Port City and Hambantota port are characterized by an absence of public transparency as well as patronage and corruption.⁶⁹ Among the issues haunting these deals was the dearth of public information over the exact nature of the Chinese loans raising questions of whether the interest rates imposed were appropriate or whether personal/political benefits were primary considerations. For instance, Hambantota port is in Rajapakasa's own political district. And when President Maithripala Sirisena took over, Beijing similarly pledged funding for projects located in his electoral district, Polonnaruwa.⁷⁰ Despite knowing the likely beneficiaries of such projects would be the political elite and their associates, the CCP continued to send money in exchange for potential leverage over other areas of government policy.⁷¹

⁶⁵ Sengupta, S, 'Take aid from China and take a pass on human rights' New York Times, 9 March 2008, available at <http://www.nytimes.com/2008/03/09/weekinreview/09sengupta.html>, accessed on 17 March 2021.

⁶⁶ Ibid.

⁶⁷ Lim, DJ, and Mukherjee, R, 'What money can't buy: The security externalities of Chinese economic statecraft in post-war Sri Lanka' Asian Security, 2019, Vol 15, No 2, pp 73-92.

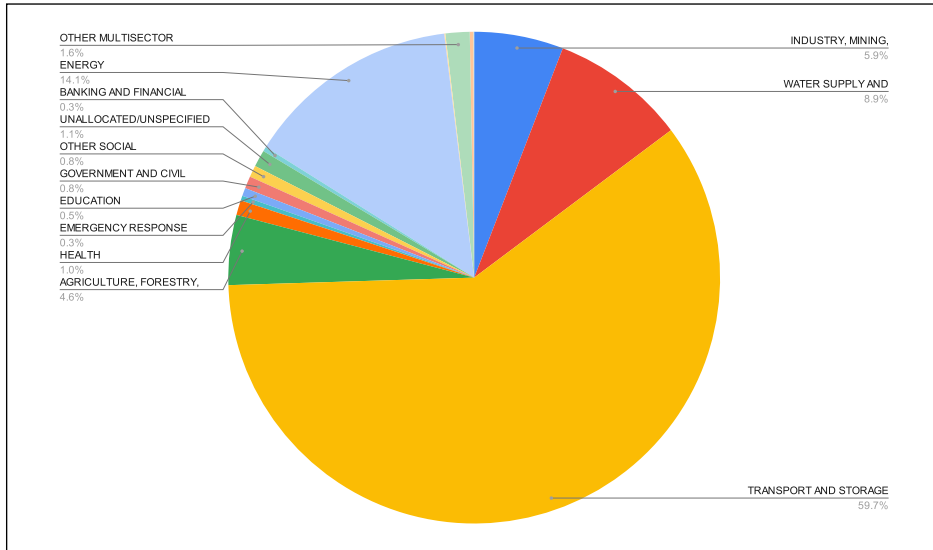
⁶⁸ Cox, H, 'New Sri Lankan government hobbled by old Chinese debts?' Beyond BRICs Blog, Financial Times, 29 January 2015.

⁶⁹ Lim, Darren J., and Rohan Mukherjee. "What money can't buy: The security externalities of Chinese economic statecraft in Post-War Sri Lanka." Asian Security 15, no. 2 (2019): 73-92.

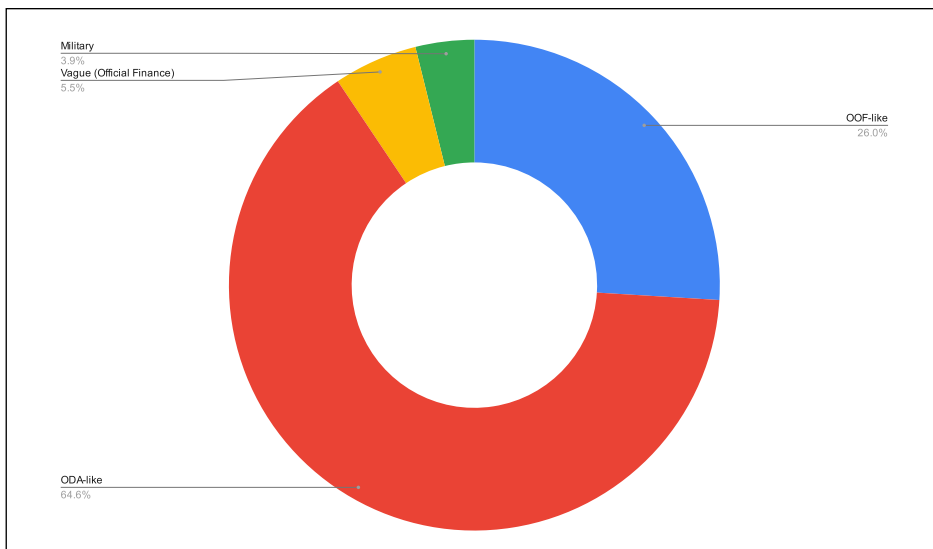
⁷⁰ Stevens, A, 'Did China profit from corrupt Sri Lanka deals?' CNN Money, 2 April 2015, available at <https://money.cnn.com/2015/04/02/news/sri-lanka-china-corruption/>, accessed on 17 March 2021.

⁷¹ Lim and Mukherjee (2019), *supra*, note 67.

CHINESE INVESTMENTS IN SRI LANKA



TRANSPORT AND STORAGE 9437295798.273998 (59.7%)	AGRICULTURE, FORESTRY, FISHING 725961284.9 (4.6%)	OTHER SOCIAL INFRASTRUCTURE AND SERVICES 120662928.24299999 (0.8%)
EDUCATION 84450554.3011 (0.5%)	GOVERNMENT AND CIVIL SOCIETY 126689532.07910001 (0.8%)	RECONSTRUCTION RELIEF AND REHABILITATION 37346701.59 (0.2%)
UNALLOCATED/UNSPECIFIED 174909779.89999998 (1.1%)	BANKING AND FINANCIAL SERVICES 47611431.6 (0.3%)	INDUSTRY, MINING, CONSTRUCTION 927377741.76399999 (5.9%)
OTHER MULTISECTOR 250756580.4 (1.6%)	ENERGY 2233453884.87 (14.1%)	HEALTH 154334293.126 (1.0%)
WATER SUPPLY AND SANITATION 1404979906.3989 (8.9%)		



OOF-like 47 (26.0%)	ODA-like 117 (64.6%)	Vague (Official Finance) 10 (5.5%)	Military 7 (3.9%)
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Data Source : AID Data, 2021

This pattern of complicity to corrupt the practices of some political leaders was also earlier demonstrated in China's relationship with former Philippine President, Gloria Arroyo. As such, the CCP extended financing for lucrative government projects to win her support. While Arroyo's administration was heavily criticized for election fraud, rampant corruption, and massive human rights violations⁷², significantly, Beijing has described the period under Arroyo as a "golden age" in Philippines-China relations⁷³. Similar to Duterte and Rajapaksa, Arroyo saw the Chinese state capital as a vital resource for her government programs, and in turn, key to the legitimacy of her controversial government.⁷⁴ Among the most notorious of Arroyo's China-financed projects was the establishment of a USD330 million National Broadband Network with Zhongxing Telecommunications Equipment (NBN-ZTE). Following a public scandal, the project was revealed to be overpriced by more than USD100 million, all to facilitate corruption by several prominent politicians including Arroyo's husband, Jose Miguel Arroyo.⁷⁵ Other China-financed projects including the equally ambitious North Rail project were eventually also exposed as corrupt.⁷⁶ While civil society groups protested the deals and none of the projects were completed, China cannot distance itself from the corruption as one of the reasons why certain governments, including Arroyo's, were attracted to Chinese aid and investment is its poor accountability conditionalities making it easier for leaders of beneficiary countries to misappropriate funds (as argued by prominent China scholar, Aileen SP Baviera).⁷⁷

Thus, Beijing influences fragile democracies like the Philippines and Sri Lanka by supporting illiberal governments, whether economically or politically, often at the expense of human rights and democratic practices. CCP aid and investments are offered to Asian governments to escape international accountability mechanisms and is especially attractive to those violating the shared laws and norms of the international community. In exchange for deference to the Chinese government on its core concerns and agenda, the CCP also extends funding for questionable deals to gain potential leverage over and take advantage of government officials pursuing private economic and political gains. Rather than push neighboring countries to strengthen accountability and transparency or democratize further, the effect of China's influence on these fragile democracies has mostly been the opposite.

4. Cultivating Mutual Dependence Among Non-Democratic Countries: CCP influences in Cambodia and Myanmar

From any perspective, the China-Cambodia and China-Myanmar relationships appear to be a perfect fit. While these states routinely face international condemnation and sanctions for human rights violations and undemocratic rule, they have found unlikely refuge inside China's Great Wall. The basis of such friendships is economic and political interdependence, with China playing the role of key economic provider and the powerful 'godfather' who protects

⁷² Quimpo, NG, 'The Philippines: Predatory regime, growing authoritarian features' *Pacific Review*, 2009, Vol 22, No 3, pp 335-353.

⁷³ Chinese MOFA, '30th Anniversary of China-Philippine diplomatic relations celebrated in Manila' 9 June 2005.

⁷⁴ Tran, B, "Presidential turnover and discontinuity in the Philippines' China Policy' *Asian Perspective*, 2019, Vol 43, No 4, pp 621-646.

⁷⁵ Baviera, ASP, 'The influence of domestic politics on Philippine foreign policy: The case of Philippines-China relations since 2004' *RSIS Working Paper Series No 241*, 5 June 2012, available at <https://www.rsis.edu.sg/wp-content/uploads/rsis-pubs/WP241.pdf>, accessed on 17 March 2021.

⁷⁶ *Ibid.*

⁷⁷ *Ibid.*

the governments of Cambodia, Myanmar, and itself from foreign and domestic pressure to democratize and respect human rights standards.

In other words, the Sino-Myanmar and Sino-Cambodia relationships are characterized by a bond of mutual dependence among non-democracies, albeit asymmetrically in favor of China. But similar to how it undermines strong democracies, China employs a variety of methods to sustain this relationship including providing rent-seeking opportunities for autocratic leaders, military assistance, and diplomatic cover for human rights abuses.

For Myanmar, the relationship with China is often characterized as a *pauk-phaw* (literally, sibling) friendship. Since the 1990s, Myanmar's junta leadership and the current nominally civilian government has consistently enjoyed military aid, diplomatic and political protection, and economic support from the CCP especially during times of international isolation. In many respects, the CCP's relationship with Cambodia is similar, if not even closer. China has played a significant role in supporting and legitimizing Hun Sen's Cambodian People's Party's (CPP) 1997 coup especially when neighboring countries and donor governments refused to do so. Cambodian Prime Minister, Hun, has repeatedly called China the country's "most trustworthy friend".⁷⁸ Although both leaders consider this relationship a friendship, many analysts and civil society leaders see it differently. Because of the asymmetrical nature of the friendship, both countries have been called "China's client, satellite, or tributary states" as well as being "beholden to Beijing."⁷⁹

However, this friendship, as described by observers and civil society leaders, is not totally a one-way street. Beijing has significant interest and benefit in keeping both countries friendly and in the role of dutiful younger brothers. For one, the CCP relies on both Cambodia and Myanmar to fulfill its huge appetite for natural resources as well as markets for its exports. The CCP also seeks to protect the extensive presence of Chinese businesses in both countries, whether state-owned or private. And more crucially, China must ensure its borders are secure from potential military interference by other major powers. Therefore, its friendship with two strategically located states ensures its ability to project military and economic might in South and Southeast Asia. In other words, Beijing's relationship to these two countries is entirely as expected. As Chinese Ambassador to Cambodia, Pan Guangxue, once stated (and the same could also be said for Myanmar), "China and Cambodia will always be good neighbors, close friends, trusted partners, and dear brothers."⁸⁰ These, and its other interests in and around the region, can be best protected if all states mirror China's governance model as closely as possible.

The origins of the modern Sino-Myanmar and Sino-Cambodia relationships in the 1990s are key to understanding its contemporary character. Since the 1988 military coup, Myanmar has suffered from international isolation and sanctions.

⁷⁸ "PM Hun Sen thanks China for not reprimanding Cambodia when giving aid", Associated Press, 1 November 2006.

⁷⁹ Goh, Evelyn, and David I. Steinberg. "Myanmar's management of China's influence: From mutual benefit to mutual dependence." *Rising China's Influence in Developing Asia* (2016): 55-79.; Pongsudhirak, T, 'China, US widen ASEAN rifts' Bangkok Post, 27 July 2012, available at <https://www.bangkokpost.com/opinion/opinion/304496/asean-rifts-widen-as-china-us-rivalry-grows>; Wallace, W, and Sainsbury, M, 'Between a rock and a reef' The Australian, 24 September 2012, available at <https://amp.theaustralian.com.au/news/inquirer/between-a-rock-and-a-reef/news-story/ff4120d843dff64bc833f65d9b8510ec>, all accessed on 24 March 2021.

⁸⁰ 'Ambassador expresses pride in China' The Phnom Penh Post, 30 September 2011, available at <https://www.phnompenhpost.com/post-plus/ambassador-expresses-pride-china>, accessed on 23 March 2021. wp-content/uploads/rsis-pubs/WP241.pdf, accessed on 17 March 2021.



Photo: Htein Win (1988), Taken from Irrawaddy

This was in response to continuing human rights violations and the anti-democratic acts of its government particularly its brutal suppression of the 8888 uprising (also known as the People Power Uprising), its refusal to recognize the results of the 1990 elections, its house arrest of opposition leader, Aung Saan Suu Kyi, and, most recently, its genocidal campaign against the minority Rohingya community. Significantly, China made no criticism of its brutal suppression of the 1988 pro-democracy protests in Burma and instead went on to provide aid to the junta government. In fact, in the international stage, China has continued to back Myanmar on its policy of Rohingya repression, in exchange of Myanmar's support in Chinese action in Tibet, Hong Kong and Xinjian. This was made clear in Chinese Foreign Minister Wang Yi's January 2021 visit to Myanmar.⁸¹

The modern China-Cambodia relationship can also be traced back to a coup. When Hun Sen violently ousted co-premier Prince Norodom Ranariddh in 1997, Beijing supported the subsequent government despite international condemnation. At first instance, the CCP provided huge loans amounting to almost USD13 million in the form of cash and military equipment, to help the CPP establish control in Cambodia amidst ostracism from big donor countries. Later, China also helped Cambodia block an international tribunal against the leaders of the Khmer Rouge.⁸²

Cambodia's Hun Sen and the Myanmar junta government's friendship with China's CCP is built on this particular historical context: three governments criticized for undemocratic practices similarly seeking neighborly support. The CPP and the junta, despite a historical fear of subjugation by foreign powers, knew they needed resource-rich China to survive the sanctions and withstand the demand for reform. Yangon, in particular, as Burma scholar David Steinberg remarked, turned to China for "guns, funds, and friends."⁸³ The same can be said for Phnom Penh. In exchange for Beijing's much needed political protection and wide scale

⁸¹ 'China backs Myanmar on Rohingya Response with eye on Biden' Nikkei Asia, January 13, 2021, available at <https://asia.nikkei.com/Politics/International-relations/China-backs-Myanmar-on-Rohingya-response-with-eye-on-Biden>.

⁸² Ciorciari, JD, 'History and politics behind the Khmer Rouge trials' in Ciorciari, JD, and Heindel, A (eds), *On Trial: The Khmer Rouge Accountability Process*, Phnom Penh: Documentation Center of Cambodia, 2009.

economic support, both countries aligned themselves closely with CCP interests by promoting China's model of governance and its core foreign policy agenda. Such has been the implicit bargain behind the friendship between these governments since the 1990s – a bilateral club for authoritarian governments to share resources to withstand pressure for democratic reform.⁸⁴ Accordingly, the friendships quickly took hold. In return for China's support of the CPP and junta in times of need, both governments regularly turned a blind eye to human rights violations and strictly adhered to the CCP's "One China" policy.

One of the key means this relationship of mutual dependence is maintained is through the use of military aid as, for instance, internal and external security is of primary concern to the Tatmadaw (Myanmar's military). Since the 1990s, Beijing has poured vast amounts of resources to modernize its capabilities and forces. With more than USD2 billion worth of weapons and training, China is Myanmar's principal military supplier.⁸⁵ Through this aid, China has provided the Tatmadaw with a full range of military equipment including tanks, artillery pieces, armored carriers, rifles, ammunition, F-7 fighter bombers, aircraft, helicopters, and naval vessels.⁸⁶ Aside from high-level visits by top military officials of both countries, Tatmadaw forces are also regularly trained by the People's Liberation Army both in China and Myanmar.⁸⁷ As noted by Myanmar military expert Andrew Selth, Chinese military aid made possible the transformation of the Tatmadaw from a "small, weak counter-insurgency force" to a "powerful defense force capable of major conventional operations."⁸⁸

⁸³ Steinberg, David I. "Myanmar as nexus: Sino-Indian rivalries on the frontier." *Studies in Conflict & Terrorism* 16, no. 1 (1993): 1-8.

⁸⁴ Ciorciari, J, *The Limits of Alignment: Southeast Asia and the Great Powers*, Washington DC: Georgetown University Press, 2010, at 173.

⁸⁵ Selth, A, *Burma's Armed Forces: Power Without Glory*, Eastbridge Books, 2002.

⁸⁶ *Ibid.*

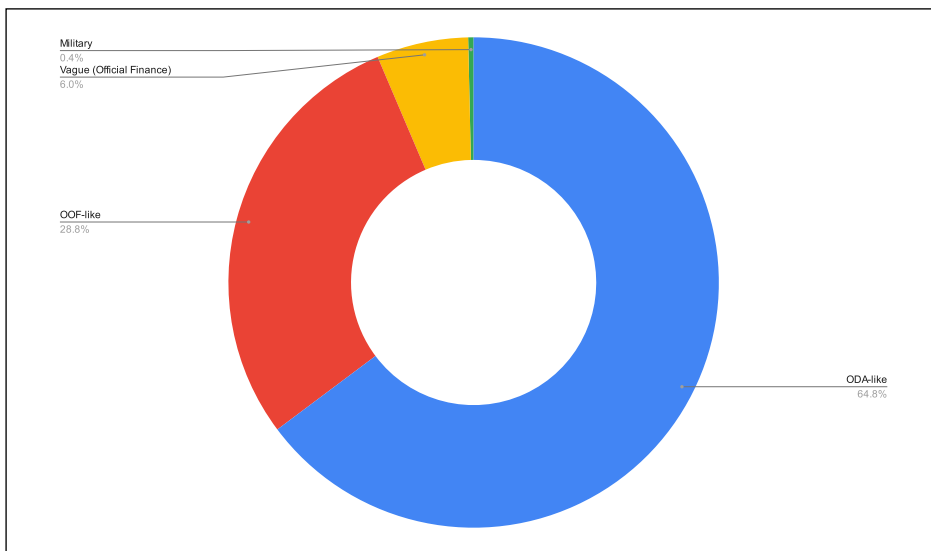
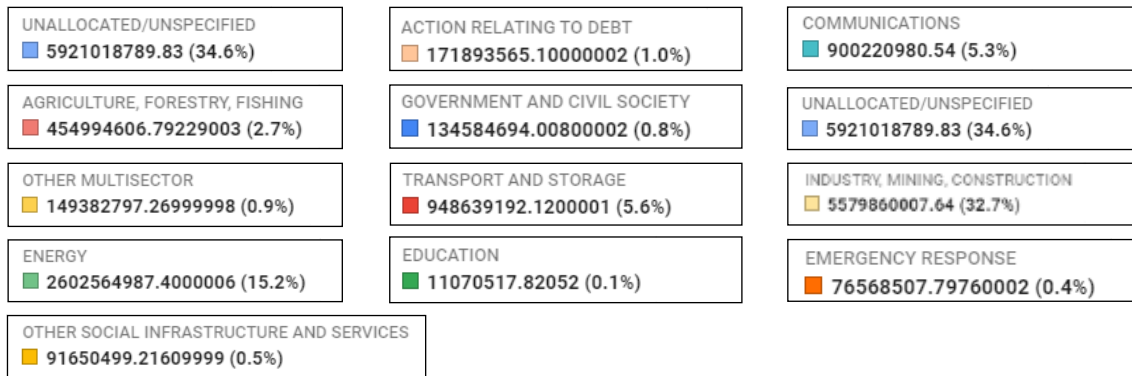
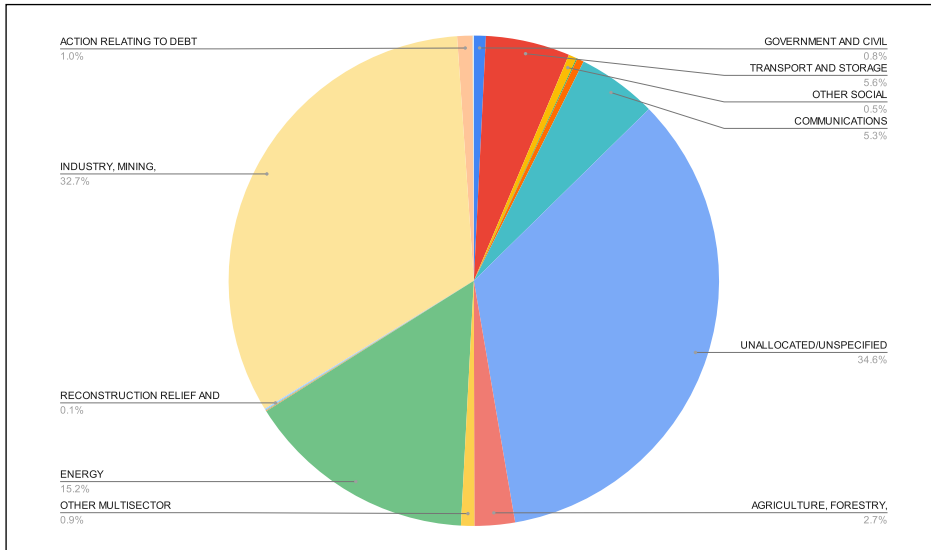
⁸⁷ Myoe, MA, 'Dealing with the dragon: The China factor in Myanmar's foreign policy' in Reid, A, and Yangwen, Z (eds), *Negotiating Asymmetry: China's Place in Asia*, NUS Press, 2009; and Storey, I, *Southeast Asia and the Rise of China*, Routledge, 2011.

⁸⁸ Selth, A, 'Burma and superpower rivalries in the Asia-Pacific' *Naval War College Review*, 2002, Vol 55, No 2, at 56.

⁸⁹ Cheng, S, 'China gives 257 military trucks to Cambodia' *Associated Press*, 23 June 2010.

⁹⁰ Ciorciari, J, 'China and Cambodia: Patron and client?' *International Policy Center Working Paper No 121*, Gerald R Ford School of Public Policy, University of Michigan, 14 June 2013.

CHINESE INVESTMENTS IN MYANMAR



Data Source : AID Data, 2021

By comparison, rather than strategically improving Cambodia’s military, China’s military aid can be seen more symbolically as a sign of political support. In 2010, the US government cancelled the provision of 200 military trucks to Cambodia to protest its government’s decision to deport Uyghur asylum seekers back to China. China responded immediately to offset the move by providing 257 military trucks to the Cambodian military. The country’s deputy defense minister, Moueng Samphan, was quick to comment: “What Cambodia has requested, China has always provided us with whatever it could.”⁸⁹

The friendship is also sustained through the provision of rent-seeking opportunities for political and economic elites in both countries. Cambodian elites, especially those close to the CPP, have profited hugely from the flood of PRC-funded projects.⁹⁰ Chinese investment and aid are popular among autocratic regimes because the anti-corruption and good governance reform conditionalities usually attached to aid from other foreign governments are noticeably lacking. Although beneficial to rent-seeking elites—apparent in Hun Sen’s public comment that “no condition was imposed, no benchmark was set”⁹¹—a dearth of restrictions makes China-funded projects especially vulnerable to corruption.⁹² The kickbacks can be substantial especially when one considers that almost half the Cambodian government’s revenue comes from foreign aid.⁹³ China’s large unconditional aid packages to Cambodia have also made it more difficult for other donors including foreign governments and UN agencies to demand genuine political reform.⁹⁴

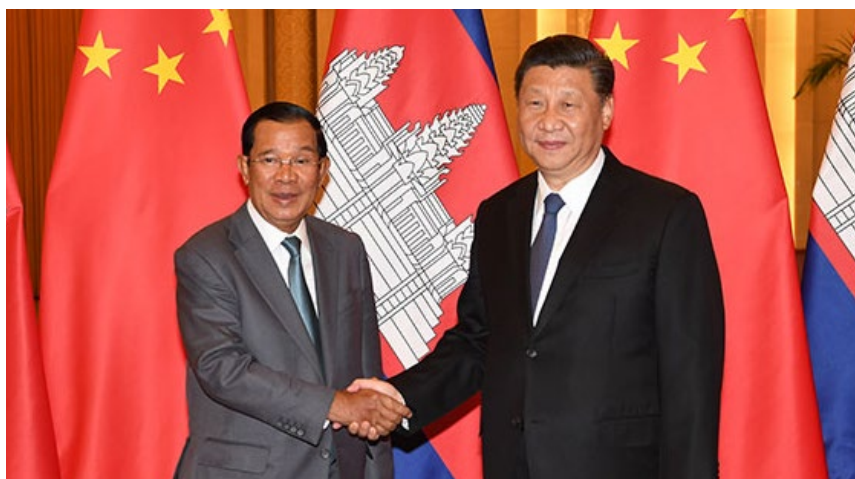


Photo Credit: Khmer Times

More crucially, CPP leaders use Chinese investments to fuel patronage networks around Cambodia. Chinese money flows through ethnic Chinese tycoons to government officials

⁹¹ ‘PM Hun Sen thanks China for not reprimanding Cambodia when giving aid’ Associated Press, 1 November 2006.

⁹² Sullivan, M, ‘Chinese investment and aid in Cambodia’ Lecture on 4 November 2009, Institute of East Asian Studies. Details at <https://china.usc.edu/calendar/chinese-investment-and-aid-cambodia>, accessed on 17 March 2021.

⁹³ US Department of State, ‘Fact sheet on US-Cambodia relations’ 13 June 2012.

⁹⁴ Marks, P, ‘China’s Cambodia strategy’ *Parameters Journal*, 2000, Vol 30, p 94.

⁹⁵ Heder, S, ‘Cambodia in 2010: Hun Sen’s further consolidation’ *Asian Survey*, 2011, Vol 51, No 1, p 210.

⁹⁶ Un, K, and So, S, ‘Land rights in Cambodia: Now neopatrimonial politics restricts land policy reform’ *Pacific Affairs*, 2011, Vol 84, No 2, p 294; For a detailed account of how this system functions in the logging sector, see Global Witness, *Cambodia’s Family Trees*, June 2007, available at https://cdn2.globalwitness.org/archive/files/import/cambodias_family_trees_low_res.pdf, accessed on 17 March 2021.

⁹⁷ Ciocriari, John, “China and Cambodia: Patron and Client?”, 2013, p. 16

responsible for business licenses and security services.⁹⁵ In turn, these funds are used to win the support of elite and mass constituencies especially during elections.⁹⁶ The ability to keep Cambodia's economy afloat through natural resource rents and foreign aid, and distribute it to preferred constituencies in exchange for political support, is a vital element of the CPP's durable autocratic rule. As China-Cambodia expert, John Ciorciari, notes, "China has been more than willing to acquiesce in those arrangements" and "has also strengthened the link."⁹⁷ The CPP leaders and the elites that support them enjoy a steady inflow of Chinese money enabling both private wealth accumulation and political entrenchment.

A major similarity between the Sino-Myanmar and Sino-Cambodia friendships lies in Beijing's ability to provide diplomatic cover for Naypyidaw and Phnom Penh human rights violations in regional and international fora. For example, in the aftermath of the state-backed Depayin massacre in May 2003, Chinese Vice Premier Wu Yi visited Myanmar to sign 21 agreements and declare his support for the junta government. The massacre and the absence of any government initiative to introduce democratic reforms also emboldened some countries to ask Naypyidaw to relinquish its chairmanship of the Association of Southeast Asian Nations (ASEAN) in 2005. China, however, expressed its solidarity with Myanmar and asked its allies in ASEAN to stand with the country.



"Bangladesh - Rohingya women in refugee camps share stories of loss and hopes of recovery" by UN Women Gallery is licensed under CC BY-NC-ND 2.0

By 2006, international criticism against the junta government reached a peak. Concerns arose especially about its crackdown on the opposition, its use of child soldiers, and its military campaign against its own ethnic minorities. In early 2007, Washington and London successfully tabled a resolution at the UN Security Council to censure Myanmar for its worsening human rights violations and to encourage its transition towards democracy. However, China in unison with Russia, vetoed the resolution. Most recently, China exercised its leverage to protect Myanmar from new UN sanctions due to the Tatmadaw's genocidal atrocities against the Muslim Rohingya community. Since 2018, international organizations including the EU, UN, and the Organization of Islamic Cooperation imposed their own set of travel and financial sanctions against Myanmar's military. Many foreign governments have also cut economic aid to the nation.

Similarly, China has helped legitimize CPP repression of political opposition and civil society in

Cambodia. Opposition parties such as the Sam Rainsy Party (SRP) and the Human Rights Party have suffered the most in recent years with Hun Sen's government relying on co-optation, intimidation, and even violence, including the murder of labor advocate, Chea Vichea, in 2004.⁹⁸ In addition, community leaders protesting China-funded projects, such as the Boeung-Kak Lake project, are routinely arrested to avoid construction delays.⁹⁹ Significantly, while the World Bank ceased funding for the project due to flooding and the forced evictions of affected villagers, China stepped into the breach without addressing the human rights concerns.¹⁰⁰ Another civil society leader, environmental activist, Chut Wutty, was murdered in 2012 while examining alleged illegal logging activities around a Chinese-built dam.¹⁰¹ Despite these grave concerns, the PRC usually takes exception to the chorus of criticism from foreign governments and the international community, instead offering Phnom Penh visible and vocal political support.

At the same time, Chinese investments kept and continue to keep the economies of both Myanmar and Cambodia afloat amidst ostracism. When either country is pressured to reform its human rights practices, reduce government corruption, or cease repression of its opposition and civil society, it will turn to China for both financial and political support. For more than two decades, the CCP has continued to lend its diplomatic clout to Naypyidaw and Phnom Penh at every possible turn. In so doing, China continues to aid the junta government and the CPP to undermine international pressure to make these governments accountable and to encourage adoption of international human rights standards. Both countries could not have refused such reforms for so long without China's economic and political clout.



Credit: Phnom Penh Post

The sum result of such tactics guarantees China reliable allies in Myanmar and Cambodia. Beijing provides economic aid and political influence to the junta government and the CPP, and in exchange both countries offer natural resources and state support for the CCP's core issues including its claims to Taiwan and the South China Sea and the repression of dissidents and ethnic minorities. In particular, Hun Sen has become one of Beijing's most vocal supporters in ASEAN, even at the expense of Cambodian and ASEAN interests. For instance, he has warned local officials that violating the one-China policy (such as by hoisting the Taiwanese flag in Cambodia) would result in their removal from office.¹⁰² Aside from this, he has also refused a visa to the Dalai Lama, prohibited Falun Gong activities, and supported Beijing against Japan's bid for a permanent seat on the UN Security Council. Despite disrupting the Mekong river's

flow to Cambodia and other communities in the lower Mekong, Hun Sen has denied the negative impact of Chinese dams in the river and has also prohibited the country's diplomats from discussing the matter overseas.¹⁰³

Most recently, Phnom Penh has come under fire from its neighbors for doing Beijing's bidding when it chaired a 2012 ASEAN meeting on the South China Sea conflict. Frustrating parties, Cambodia refused to censure China resulting in a failure to issue a joint communiqué for the first time in 45 years. Some journalists even reported that, "the Cambodians, in a breach of ASEAN protocol, showed it to the Chinese, who said it was unacceptable unless the South China Sea reference was removed. So, the Cambodians sent it back for amendment."¹⁰⁴ The CCP's ensuing gratitude was plainly revealed by Aun Porn Moniroth of Cambodia's Ministry of Economy and Finance when he boldly stated, "the Chinese government also voiced high appreciation for the part played by Cambodia as the chair of ASEAN to maintain good cooperation between China and ASEAN."¹⁰⁵

To summarize, the preceding discussion highlights how this friendship between like-minded parties has benefitted the CCP, the junta, and the Cambodian People's Party—albeit benefitting Beijing more—so much so that Beijing, Naypyidaw, and Phnom Penh now boast an even stronger interest in the survival of their non-democratic systems amidst local and international pressure to reform.

98 Ibid.

99 See, eg, 'Cambodia: Release mother imprisoned for housing rights activism' Amnesty International, 3 June 2013, available at <http://www.amnesty.org/en/news/cambodia-release-mother-imprisoned-housing-rights-activism-2013-06-03>; 'Boueng Kak Lake protesters demonstrate outside Prime Minister Hun Sen's house' ADHOC, 22 April 2013, available at <http://www.adhoc-cambodia.org/?p=3360>, both accessed on 17 March 2021.

100 'Land evictions still the main risk' Business Monitor Online, 13 September 2011.

101 Narim, K, 'Killer in Chut Wutty case could be free in days' Cambodia Daily, 23 October 2012, available at <https://english.cambodiadaily.com/news/killer-in-environmental-activist-chut-wutty-case-could-be-free-within-days-4719/>, accessed on 24 March 2021.

102 Chhai, M, 'Cambodia reiterates the implementation of One-China Policy' Reaksmei Kampuchea, 10 August 2010.

103 Heder, S, 'Cambodia in 2010: Hun Sen's further consolidation' Asian Survey, 2011, Vol 51, No 1, p 210.

104 Mitton, R, 'ASEAN struggles for unity' Phnom Penh Post, 23 July 2012, available at <https://www.phnompenhpost.com/columns/asean-struggles-unity>, accessed on 23 March 2021. See also Bower, EZ, 'China reveals its hand on ASEAN in Phnom Penh' Southeast Asia from the Corner of 18th and K Streets, 19 July 2012, Vol 3, No 14, p 2, available at https://csis-website-prod.s3.amazonaws.com/s3fs-public/legacy_files/files/publication/120719_SoutheastAsia_Vol_3_Issue_14.pdf, accessed on 17 March 2021.

105 Heder, S, 'Cambodia in 2010: Hun Sen's further consolidation' Asian Survey, 2011, Vol 51, No 1, p 210.



Chapter 2

Following the Flow: Chinese Money As a Vehicle for Antidemocratic Values

CHAPTER 2

Following the Flow: Chinese Money As a Vehicle for Antidemocratic Values

The prior chapter described how China's actions, helmed by the CCP, was able to impair free expression, antagonize democratic institutions, and distort political environments in various ways to suit China's agenda. China was able to achieve these through various forms of overt and covert interference, focused on co-opting actors in democratizing states to create a pro-CCP environment, heavily influencing how they consume information, operate their political activities, and manage their internal business. By doing these actions, China is essentially undermining the foundation of democracy, all of which will not be possible without employing its vast economic arsenal.

China's recent behavior departs from Deng Xiaoping's famous "hide and bide". This has served as a guiding principle for the country's foreign relations at a time when the People's Republic of China was still recovering and organizing its internal structures. At the time of Deng's leadership, a few observers thought that China would attain status as a viable economic competitor to the West, with only USD 366 per capita GDP¹⁰⁶, and its exports only amount to less than USD 85 billion.¹⁰⁷ More than two decades later, in 2013, China overtook the United States as the world's largest trading nation,¹⁰⁸ and in 2014 the country became the world's largest economy in terms of PPP, worth around USD 17.6 trillion.¹⁰⁹ This development came at a critical juncture in Chinese politics – the transfer of the Chinese leadership from Hu Jintao to Xi Jinping. After succeeding President Hu, among the first declarations of President Xi is that China will play a "proactive" role in Asia.¹¹⁰ Since then, China has utilized various methods to exert its "peripheral diplomacy", transforming its economic heft into regional political dominance.¹¹¹

¹⁰⁶ World Bank, "China GDP per capita 1960-2022", Macrotrends, 2022, accessed from <https://www.macrotrends.net/countries/CHN/china/gdp-per-capita>, accessed on January 13, 2022.

¹⁰⁷ Worldbank, "Trade Summary for China 1992", World Integrated Trade Solution, 2022, accessed from <https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/1992/SummaryText>, accessed on January 13, 2022.

¹⁰⁸ Monaghan, H, "China surpasses US as world's largest trading nation", The Guardian, January 10, 2014, accessed from <https://www.theguardian.com/business/2014/jan/10/china-surpasses-us-world-largest-trading-nation#:~:text=China%20became%20the%20world's%20largest,landmark%20milestone%22%2for%20the%20country>.

¹⁰⁹ Bird, M, "China overtakes US as world's largest economy", The Guardian, October 8, 2014, accessed from <https://www.businessinsider.com/china-overtakes-us-as-worlds-largest-economy-2014-10>.

¹¹⁰ Cheong, D, "China's foreign policy more 'proactive' under President Xi Jinping says expert", The Straits Times, January 9, 2018, accessed from <https://www.straitstimes.com/singapore/chinas-foreign-policy-more-proactive-under-president-xi-jinping-says-chinese-expert>.

¹¹¹ Stokes, J, "China's Periphery Diplomacy: Implications for Peace and Security in Asia", US Institute of Peace, May 1, 2020, accessed from <https://www.jstor.org/stable/resrep24905>.

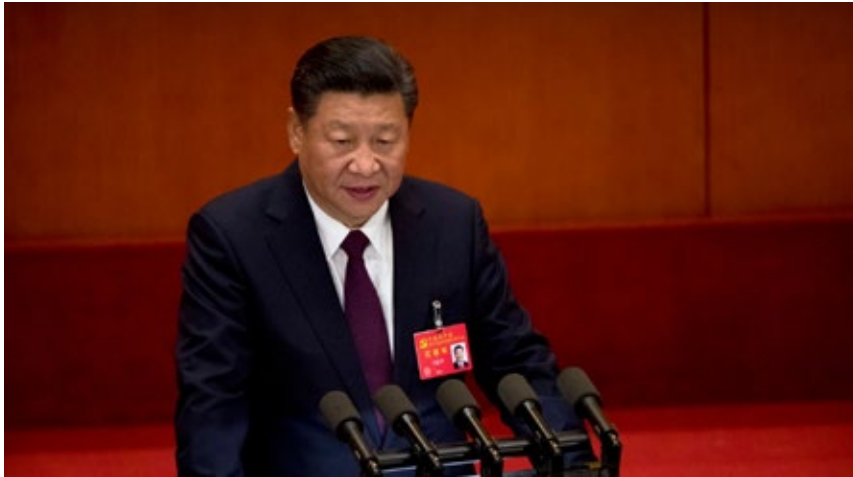


Photo Credit: Voice of America - [习近平阐述中共治下“新时代”愿景](#)

The CCP under President Xi adopted a foreign policy that presents a stronger and more self-confident projection of China’s political and economic might and unveiled a Chinese-dominated vision of the world order. President Xi, in his speech during the CCP’s 19th Congress, expressed that China is now ready to share “Chinese wisdoms” and advocate for China’s political model as a “contribution to the political advancement to mankind”.¹¹² In Asia, expressions of Chinese economic influences are visible, continuously expanding, and shaping the region’s landscape. In recent years, China has become more aggressive in chasing after its political and economic interests, South China Sea, the Belt and Road Initiative (BRI) and the Asian Infrastructure Investment Bank (AIIB) among others. These actions abroad are mainly motivated by a desire to strengthen internal support for its authoritarian model, while enhancing its power footprint on the world stage.¹¹³

Like any other rising power, China is leveraging its economic might to influence and generate favorable public perception, support political allies, punish detractors and opposition to its interest, and build coalitions. However, the way China utilizes and projects its economic power, paired with diplomacy, termed as ‘sharp power’, has had a profound effect of piercing democratic institutions in democratizing states in the region and making them more dependent on China.¹¹⁴ To achieve this, China builds leverage by injecting economic investments and assistance in order to co-opt political and economic elites in supporting Chinese interests, shaping public opinion and the media landscape, and engaging with academia and civil society to create a favorable image. These divide-and-rule tactics were documented to work faster and are more dangerous in fragile and democratizing states,¹¹⁵ like those that comprise a majority of BRI recipients.

¹¹² Peng, T.H., “19th Party Congress: 7 Key Themes from President Xi Jinping’s Work Report, The Straits Times, October 26, 2017, accessed from <https://www.straitstimes.com/asia/east-asia/19th-party-congress-7-key-themes-from-president-xi-jinpings-work-report>.

¹¹³ Thorsten, B, Gaspers, J, Ohlberg, M, et al, *Authoritarian Advance: Responding to China’s Expanding Political Influence in Europe, GPPI and MERICS*, February 2, 2018, accessed from <https://merics.org/en/report/authoritarian-advance-responding-chinas-growing-political-influence-europe>, p 7.

¹¹⁴ Walker, Christopher. “What Is ‘Sharp Power’?”, *Journal of Democracy* 29, no. 3, July 12, 2018: 9-23, accessed from <https://www.journalofdemocracy.org/articles/what-is-sharp-power/>.

¹¹⁵ Thorsten, B, Gaspers, J, Ohlberg, M, et al, *supra* note 113.

The BRI, which promised more than USD 1 trillion in development aid, is a showcase of China’s massive economic arsenal. Just two years after it was launched, the entire BRI region was composed of 66 countries, most of which are democratizing states as well as authoritarian ones. The Economist Intelligence Unit (EIU) identified only two out of the 66 to be full democracies, 24 as hybrid democracies, and 23 as authoritarian regimes. Beyond the BRI, China continues to be the largest partner in often ostracized nations with poor democracy track records. Engagement with these regimes often put China in a bad light, exacerbating accusations of it being a “rogue donor”¹¹⁶ within the international community and propping up illiberal actors.¹¹⁷ These allegations are only fueled by the characteristics of China’s aid.

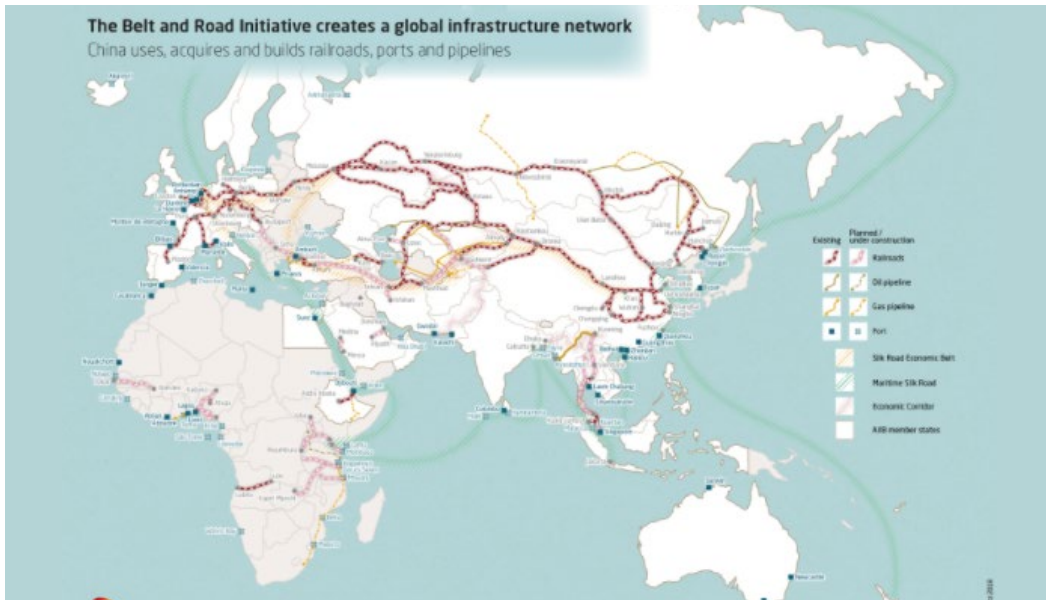


Photo Credit: MERICS

In tandem with the BRI, China also established the AIIB to exercise its economic leadership in the region, challenging counterparts like the Asian Development Bank (ADB) and the World Bank. At the end of 2021, the institution had grown to a membership of 103 states, from 57 since its founding in 2016.¹¹⁸ According to Curran, the AIIB, with a pledged capital of USD 100 billion, was able to lend more than USD 5 billion on 28 projects in 13 countries in 2018, among which were projects in India, Indonesia, Bangladesh, Oman, Pakistan and Tajikistan among others, complementing BRI projects.¹¹⁹

In a report by AidData, China allocated and spent a total USD 354.3 billion within the period of 2000 to 2014 to hand out aid. The data also shows that Chinese funds went to more than 4,300 projects in 140 countries, with countries like Angola, Pakistan, Cambodia, and Russia getting

¹¹⁶ Naim, M, “Rogue Aid”, Foreign Policy, October 15, 2009, accessed from <https://foreignpolicy.com/2009/10/15/rogue-aid/>.

¹¹⁷ Rogin, J, “China’s efforts to undermine democracy are expanding worldwide”, Washington Post, June 27, 2017, accessed from <https://www.washingtonpost.com/opinions/2019/06/27/chinas-efforts-undermine-democracy-are-expanding-worldwide/>.

¹¹⁸ “Who we are”, AIIB, 2021, accessed from <https://www.aiib.org/en/about-aiib/index.html>, accessed on June 18, 2021.

¹¹⁹ Curran, E, The AIIB, Bloomberg: August 16, 2018, accessed from <https://www.bloomberg.com/quicktake/chinas-world-bank>.

the most money over the said 15-year period. In the last decade, China has also become one of the largest aid providers to the developing world, rivaling the United States' USD 395 billion aid expenditure.¹²⁰

In contrast to its counterpart donors in the West, Chinese aid often come with little to no political conditionalities attached, a practice rooted from the Zhou Enlai's Eight Principles of Foreign Aid, which emphasizes equality, mutual benefit, and respect for sovereignty.¹²¹ While this sounds attractive, it has become a tool to warp incentives for good and democratic governance. For one, Chinese aid has become an alternative to institutions that seek to promote good governance practices and has become a bargaining tool by questionable regimes to water down conditions pertaining to transparency, and rule of law.¹²² China's donor behavior has long been criticized, among many things, for being opaque. Data pertaining to the flow of Chinese aid is scarce, largely since official information is not regularly published.¹²³ While some literature points out this behavior of opaqueness to be deliberate,¹²⁴ scholars from within China itself attributed the opacity to the Chinese aid system's complexity and fragmentation.¹²⁵ This, however, did not stop speculations regarding Beijing's motives for not providing the data. Regardless, China has a profound impact on the human rights and development in the countries it is dealing with, including "an unfortunate increase in social, environmental and human rights violations – particularly in Asia, Africa and Latin America", according to the Business and Human Rights Resource Center.¹²⁶

A section within this chapter will be dedicated to discussing how the BRI and similar forms of development and economic assistance from China have become a vehicle for values corrosive for democracy, such as corruption and neglect of human rights values, becoming more deeply embedded in countries such as Cambodia, Malaysia, and Pakistan. Another section will center on how China has weaponized access to its lucrative market, especially those that go against Chinese interests.

¹²⁰ Custer, S, Dreher, A, Elston, T, Fuchs, A, Ghose, S, Lin, J, Malik, A, Parks, B, Russell, B, Solomon, K, Strange, A, Tierney, M, Walsh, K, Zaleski, L, and Zhang, S, "Tracking Chinese Development Finance: An Application of AidData's TUFF 2.0 Methodology", AidData, September 2021, accessed from <https://www.aiddata.org/data/aiddatas-global-chinese-development-finance-dataset-version-2-0>.

¹²¹ "The Chinese Government's Eight Principles for Economic Aid and Technical Assistance to Other Countries," January 15, 1964, History and Public Policy Program Digital Archive, Zhonghua renmin gongheguo waijiaobu and Zhonggong zhongyang wenxian yanjiushi, eds., Zhou Enlai waijiao wenxuan (Selected Diplomatic Papers of Zhou Enlai) (Beijing: Zhongyang wenxian chubanshe, 1990), p.388, accessed from <https://digitalarchive.wilsoncenter.org/document/121560.pdf>.

¹²² Walker, C, and Cook, S, "The Dark Side of Chinese Aid", The New York Times, March 25, 2010, accessed from <https://www.nytimes.com/2010/03/25/opinion/25iht-edwalker.html>.

¹²³ Strange AM, Dreher A, Fuchs A, Parks B, Tierney MJ. Tracking Underreported Financial Flows: China's Development Finance and the Aid–Conflict Nexus Revisited. *Journal of Conflict Resolution*. 2017; 61(5):935-963 doi:10.1177/0022002715604363

¹²⁴ Brautigam, D, *The Dragon's Gift: The Real Story of China in Africa*, Oxford University Press, June 20, 2011.

¹²⁵ Rudyak, M, "The Ins and Outs of China's International Aid Agency", Carnegie Endowment for International Peace, September 9, 2019, accessed from <https://carnegieendowment.org/2019/09/02/ins-and-outs-of-china-s-international-development-agency-pub-79739>.

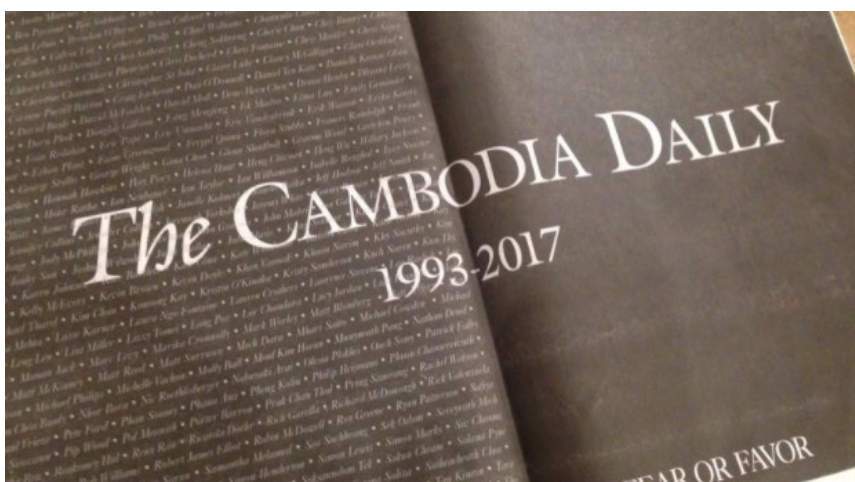
¹²⁶ "Going out responsibly": The Human Rights Impact of China's Global Investments", Business and Human Rights Center, August 11, 2021, accessed from <https://www.business-humanrights.org/en/from-us/briefings/going-out-responsibly-the-human-rights-impact-of-chinas-global-investments/>.

1. Nurturing Undemocratic Values in Fragile Democracies

Cambodia's EBA Balancing Act

Cambodia's present conditions pose a dilemma for Western powers, at a time when autocracies seem to be capturing greater grounds. With its close relationship with China, pressuring Cambodia to enact democratic reforms will risk the country to more closely align with China, thus exposing it further to values so corrosive to democratic institutions and values. On the other hand, soft pressure will only encourage Prime Minister Hun Sen's repression of democratic values and the growth of authoritarian powers not only within Cambodia but also in the region.

In response to the worsening situation of human rights in Cambodia, the European Union (EU) in November 2018 initiated a process to partially suspend Cambodia's Everything but Arms (EBA) trade status, which was ultimately approved in February 2020.¹²⁷ The EBA is essentially a trade preference agreement between EU and other states, with certain human rights conditions attached to it.¹²⁸



The EBA suspension was triggered by a series of actions by the Cambodian Government, which by all perceptions violated human rights and unjust labor practices. Indeed, Cambodia's democracy has declined after the unprecedented repression of the freedom of the press and on the opposition groups. Cambodia has cracked down on political opposition under Hun Sen, even dissolving the main opposition party. Citing human rights concerns and Cambodia's repeated failure to address them, the EU withdrew some of the country's duty-free access to the bloc, effective August 12, 2020. The trade sanctions it imposes on Cambodia are intended to reverse the latter's drift away from democracy.¹²⁹

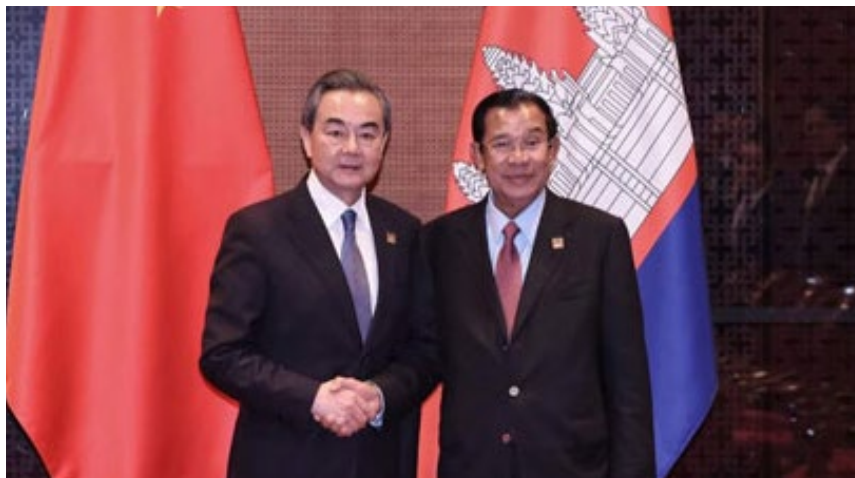
¹²⁷ "Trade/Human Rights: Commission decides to partially withdraw Cambodia's preferential access to the EU market", European Commission, February 12, 2020, accessed from https://ec.europa.eu/commission/presscorner/detail/en/ip_20_229.

¹²⁸ "Everything but Arms", GSSP Platform, accessed from <https://www.gsspplatform.eu/everything-but-arms>.

¹²⁹ "Cambodia loses duty-free access to the EU market over human rights concerns", European Commission, August 12, 2020, accessed from https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1469.

The EU triggered the EBA suspension process to strip Cambodia of its preferential trade terms following the arrest of opposition Cambodia National Rescue Party (CNRP) President Kem Sokha in September 2017 and the Supreme Court's decision to ban his party for its role in an alleged plot to topple the government two months later. The ban, along with a wider crackdown on NGOs and the independent media, paved the way for Hun Sen's CPP to win all 125 seats in parliament in the country's July 2018 general election. Hun Sen has said that EU demands to maintain the EBA, which include dropping charges of treason against Kem Sokha and reinstating the CNRP, are unreasonable and an encroachment on Cambodia's internal affairs.

It is no surprise that Cambodia viewed such action in a negative light. The Cambodian government saw the suspension as a form of interference by the EU in Cambodia's internal affairs. By dissolving CNRP, Cambodia argues that it is simply implementing rule of law in its own country. According to this argument, this opposition party was dissolved by the Supreme Court in November 2017 after it was tried and found guilty of espionage and colluding with foreign powers such as the United States to topple the legitimate Cambodian government. Cambodia sees EU's withdrawal of its EBA scheme as a double standard, singling Cambodia among the region's other oppressive regimes. According to an editorial in Khmer Times, a pro-CPP newspaper, the EU has not dealt with Thailand, Vietnam, and Laos for their antidemocratic actions.



Credit: Wang Yi Meets with Prime Minister Hun Sen of Cambodia

Amid these criticisms of Cambodia's human rights records, China extended a hand to Cambodia through a free trade agreement called China-Cambodia Free Trade Agreement (CCFTA), the negotiations for which was concluded in July 2020,¹³¹ and is set to take usual years-long process. With the deal in place, it effectively softened the blow of the EBA withdrawal on Cambodia, and China expanded its clout. Cambodian Minister of Commerce Pan Soraksak said during the

¹³⁰ "Cambodia versus the EU's double standards", Khmer Times, October 18, 2020, accessed from <https://www.khmertimeskh.com/540340/cambodia-versus-the-eus-double-standards/>.

¹³¹ Sophanith, P, "Cambodia, China conclude bilateral FTA negotiations", Khmer Times, July 22, 2020, accessed from <https://www.khmertimeskh.com/50747200/cambodia-china-conclude-bilateral-fta-negotiations/>.

¹³² "China-Cambodia FTA to take effect on Jan. 1, 2022", Xinhua, November 22, 2021, accessed from http://www.news.cn/english/2021-11/22/c_1310326037.htm.

¹³³ Thul, P, "China, Cambodia clinch free trade pact in under a year", Reuters, October 12, 2020, accessed from <https://www.reuters.com/article/us-china-cambodia-fta-idUSKBN26X0XB>.

signing, the agreement “signifies an even stronger tie between the two countries and marks another key historical milestone for Cambodia-China relations.”¹³³

These events in Cambodia coincided with Europe’s response to China’s expanding influence peddling on the international stage. Due to cybersecurity issues, France has limited the use of Huawei’s 5G technology.¹³⁴ Meanwhile, amid threats from Beijing, Czech parliament speaker Miloš Vystrčí extended a visit to Taiwan. After the speaker channeled John F. Kennedy’s pronouncement of “I am Taiwanese” to the island’s parliament. In response, China warned that corresponding measures will be taken.¹³⁵ On September 13, 2020, Germany’s Federal Foreign Office also released a policy guideline announcing the country’s pro-Beijing shift towards a new strategy in the Indo-Pacific which aims for greater cooperation among democratic states in the region.¹³⁶



Czech Senate President Miloš Vystrčil (left) meets Taiwan President Tsai Ing-wen during a visit to Taiwan on Sept. 3, 2020.
Credit: Office of the President Taiwan

With Europe busy untangling China’s interference within their borders and interests, the bond between China and Cambodia has only become tighter. China has stepped in to expand its influence in Cambodia, as relations between the Southeast Asian country and Western governments deteriorated over concerns on the country’s human rights situation and political environment. Chinese investment has flowed into Cambodia in recent years, but Cambodians regularly chafe at what they call unscrupulous business practices and unbecoming behavior by Chinese businessmen and expatriates.

Sophal Ear, an associate professor of diplomacy and world affairs at Occidental College in

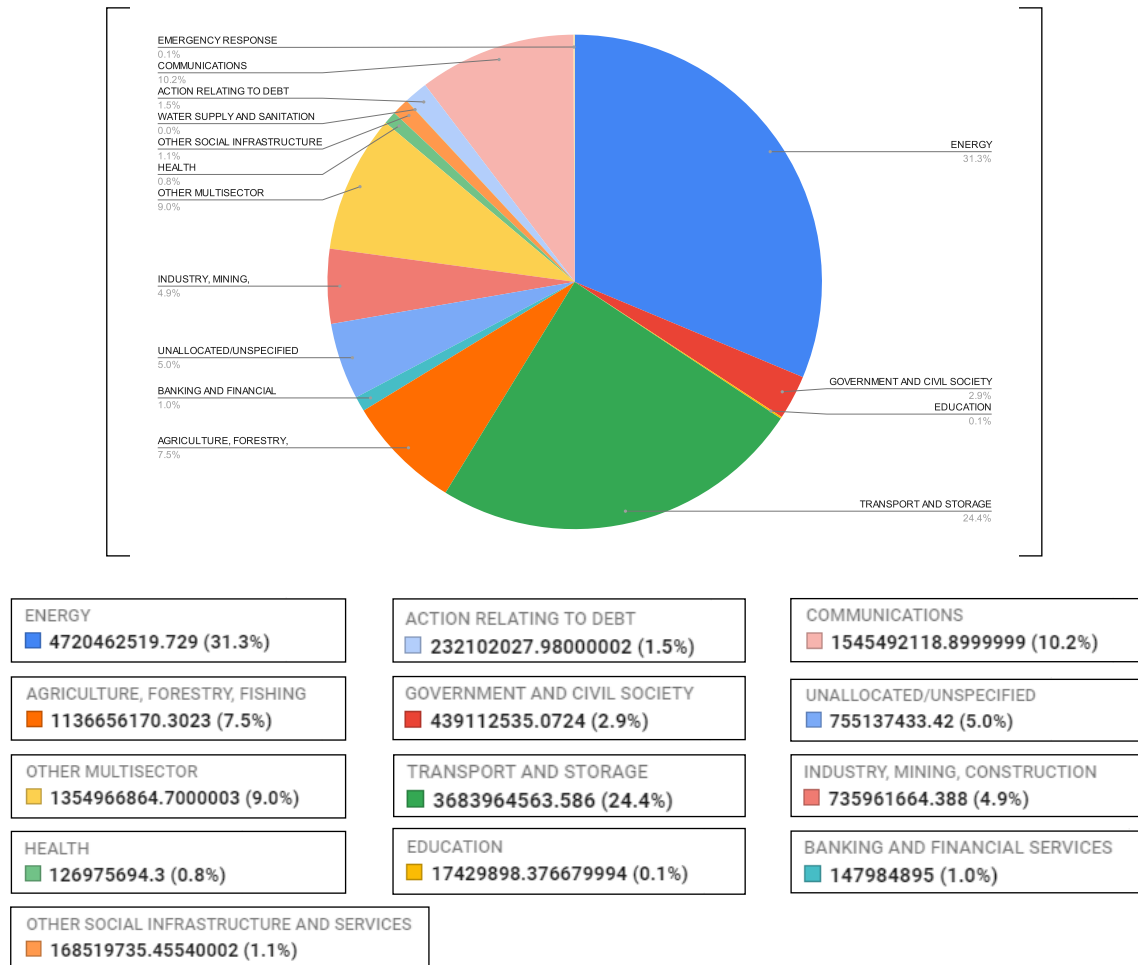
¹³⁴ Rosemain, M, and Barzic, G, “Exclusive: French limits on Huawei 5G equipment amount to de facto ban by 2028”, Reuters, July 22, 2020, accessed from <https://www.reuters.com/article/us-france-huawei-5g-security-exclusive-idUSKCN24N26R>.

¹³⁵ Davidson, H, “Taiwan: angry China vows ‘corresponding measures’ over Czech visit”, The Guardian, September 1, 2020, accessed from <https://www.theguardian.com/world/2020/sep/01/taiwan-angry-china-vows-corresponding-measures-over-czech-visit>.

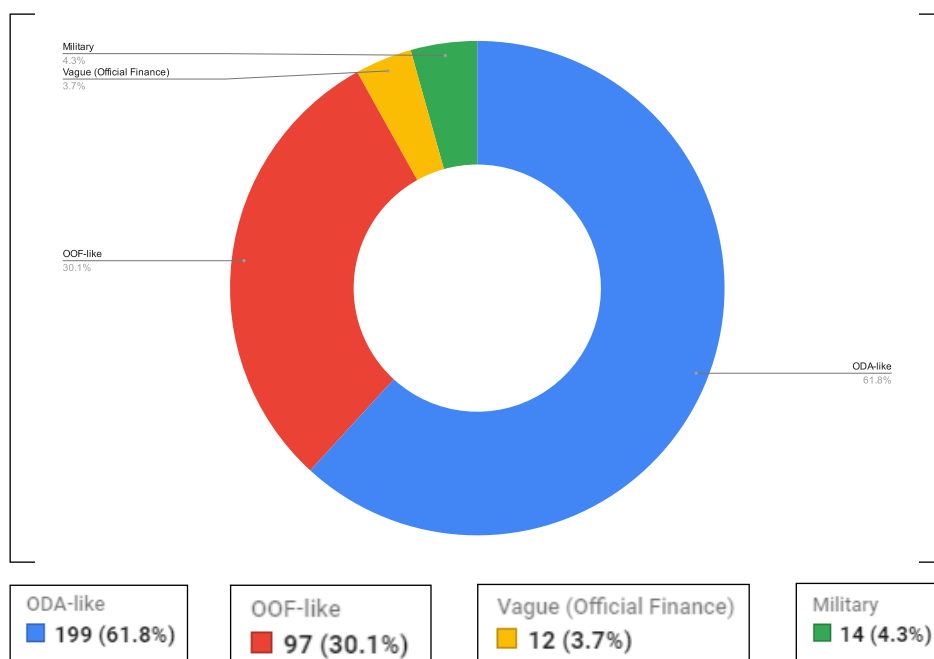
¹³⁶ Federal Foreign Office. “One Year of the German Government policy guidelines on the Indo-Pacific Region: Taking stock”, September 13, 2021, accessed from <https://www.auswaertiges-amt.de/en/aussenpolitik/regionaleschwerpunkte/asien/indo-pazifik-leitlinien-fortschritt/2481700>.

California said, in an article, that the CCFTA and the presence of Chinese Foreign Minister Wang Yi in during the agreement’s signing was meant “to reassure Phnom Penh that Beijing’s got their back.” With Cambodia’s “continued subservience to Beijing”, the situation places more strain on its relations with the West. “The Cambodian prime minister could decouple from China, but he won't do it because he has too much to lose personally and politically. A lot of money and prestige is riding on the line. Regime survival is the reason, and China can help him survive.”¹³⁷

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¹³⁷ Lipes, J, “Cambodia signs free trade agreement with China months after EU sanctions”, Reuters, October 12, 2020, accessed from <https://www.rfa.org/english/news/cambodia/agreement-10122020145447.html>.



Data Source : AID Data, 2021

Even before the EBA suspension, Cambodia and China enjoyed this marriage of convenience. In 2019, 43% of Cambodia’s USD 3.58 billion in foreign direct investment came from China¹³⁸, with the bilateral trade between the two reaching USD 9.42 billion.¹³⁹ Furthermore, by 2017, China has also financed around 70 per cent of Cambodia’s much-needed roads and bridges worth around USD 2 billion.¹⁴⁰ In the same year, Cambodia had received US\$4.2 billion in Chinese grants and loans.¹⁴¹ In 2019, China also promised to deliver RMB 4 billion (US\$588 million) in aid between 2019–2021, which was announced during Prime Minister Hun Sen’s visit to Beijing in January 2019.¹⁴² and Chinese investors support Cambodia’s garment industry, which represents 15 percent of its 2019 GDP through export earnings and generates 750,000 jobs.¹⁴³ With Cambodia’s poor reputation in the international arena because of its repressive practices, China will continue to monopolize on this isolation to satiate its need for political support in the region. For Cambodia, this will serve as a counterbalance to the political pressure from the West, and economic dependence from Thailand and Vietnam. With China’s support, the survival

¹³⁸ Pisei, H, “FDI to Cambodia rockets 12% to \$3.5 billion”, The Phnom Penh Post, January 5, 2020, accessed from <https://www.phnompenhpost.com/business/fdi-cambodia-rockets-12-35-billion-2019>.

¹³⁹ “Cambodia-China FTA provides larger market access, brings more benefits: ministry”, Xinhua, July 21, 2020, accessed from http://www.xinhuanet.com/english/2020-07/21/c_139229011.htm.

¹⁴⁰ Odom, S, and Retka, J, “China funded 70 percent of Cambodian roads, bridges: minister”, Cambodia Daily, July 21, 2017, accessed from <https://english.cambodiadaily.com/news/china-funded-70-percent-cambodian-roads-bridges-minister-132786/>.

¹⁴¹ Sophavy, S, “PM Hun Sen: Cambodia gets US\$4.2 billion in development financing from China by February this year”, April 12, 2021, accessed from <https://pressocm.gov.kh/en/archives/2424>.

¹⁴² “China promises Cambodia US\$600 million aid”, The Asean Post, January 23, 2019, accessed from <https://theaseanpost.com/article/china-promises-cambodia-us600-million-aid>

¹⁴³ “Over 1,000 containers with garment raw materials arrive in Cambodia from China”, Xinhua, March 16, 2020, accessed from http://www.xinhuanet.com/english/2020-03/16/c_138883724.htm.

of Prime Minister Hun Sen and his inhumane actions is likely to go on as long as their interests and their bond remain intact.

The BRI and Malaysia's 1MDB Corruption Deal

After the events in February 2020, during which the duly elected government under Prime Minister Mahathir Mohammad was dissolved¹⁴⁴, it is without a doubt that Malaysia transitioned into a political limbo. With the transfer of power to the succeeding administrations without elections, the government is in a serious bind to find legitimacy. Meanwhile, Najib Razak, the country's former Prime Minister prior to Mahathir, languishes in courts on charges of kleptocracy and most recently convicted, is a key player in this fiasco. The convergence of Chinese interests, the valuable economic and political position of Malaysia in the region, and the bubbling "soup" of local interests play a significant role in the emergence of such political limbo. Malaysia's geopolitical and strategic location at the midpoint of maritime and overland East-West trade routes, as well as its middle-income position makes it an attractive client for China's BRI.



Clear data regarding Chinese investments in Malaysia are elusive. Available sources, however, point out that from 2013 to 2018 alone, Malaysia received around USD 35 billion worth of Chinese investments and construction contracts – the largest in Southeast Asia.¹⁴⁵ However, with Razak's behavior while in office, by entering Malaysia in these agreements, it was not only China's interests that were satisfied. Reports revealed that China offered to help bail out the debt-ridden 1 Malaysia Development Berhad (1MDB), a state-owned development company, in late 2016. In exchange, Malaysia will enter a deal to build two pipelines and the East Coast Rail Link (ECRL), a project under the BRI, worth an inflated USD 34 billion dollars.¹⁴⁶ Consequently,

¹⁴⁴ Ermont, J, and Tay, C, "Malaysian Prime Minister Mahathir Mohammad resigns, cabinet dissolved", Wall Street Journal, February 24, 2020, retrieved from <https://www.wsj.com/articles/malaysian-prime-minister-mahathir-offers-resignation-11582531824><https://www.wsj.com/articles/malaysian-prime-minister-mahathir-offers-resignation-11582531824>.

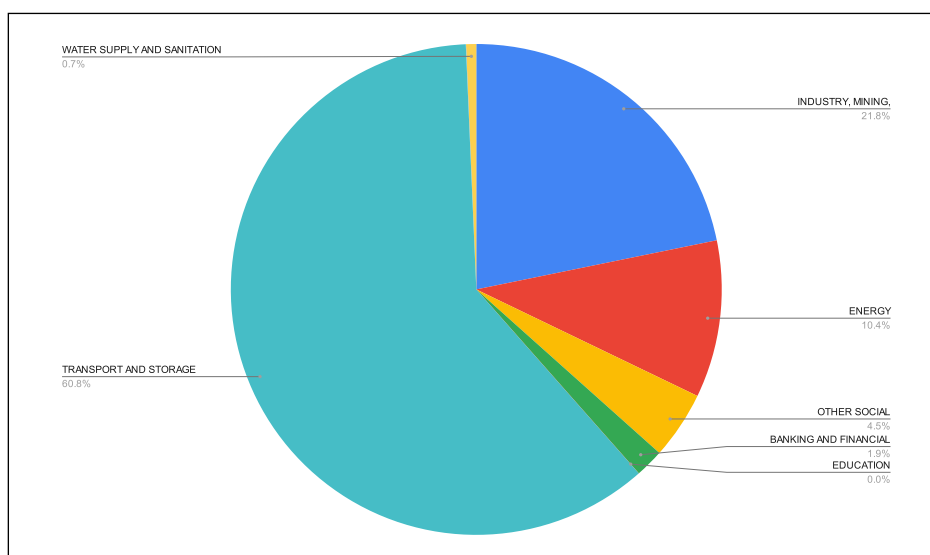
¹⁴⁵ Ji, X., Li, C., and Lim G., "Debunking 3 myths about Chinese investment in Malaysia", The Diplomat, March 26, 2021, accessed from <https://thediplomat.com/2021/03/debunking-3-myths-about-chinese-investment-in-malaysia/>.

¹⁴⁶ Wright, T and Hope, B, "WSJ Investigation: China Offered to Bail out Troubled Malaysian Fund in Return for Deals", The Wall Street Journal, January 7, 2019, accessed from <https://www.wsj.com/articles/how-china-flexes-its-political-muscle-to-expand-power-overseas-11546890449>.

with the vast amounts involved, the deal fueled accounts of debt-trap diplomacy given that the ECRL was depicted as a move by China to circumvent the Straits of Malacca, through which 80% of China’s oil passes through.¹⁴⁷

It must be noted that even before Chinese involvement, 1MDB has been in debt distress, owing around USD 13 billion.¹⁴⁸ Furthermore, it was discovered through an investigation of the US Department of Justice that around USD 4.8 billion were stolen from 1MDB funds by senior officials and their cohorts, including USD 651 million which found its way to Razak’s personal accounts.¹⁴⁹ After these were discovered, Razak sought the help of Beijing to take advantage of the latter’s “checkbook diplomacy” strategy in Southeast Asia, as well due the increasing hostility he faced from the West over the discovery of the corruption of 1MDB funds. He offered vastly inflated contracts to Chinese state owned enterprises (SOE) which were to be financed through sovereign debt. In exchange, the same firms will either directly assume 1MDB’s debts, or funnel part of their income to repay 1MDB’s loans.¹⁵⁰

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ENERGY ■ 2760899669.5899997 (10.4%)	BANKING AND FINANCIAL SERVICES ■ 500000000 (1.9%)	TRANSPORT AND STORAGE ■ 16219916619 (60.8%)
WATER SUPPLY AND SANITATION ■ 178238321 (0.7%)	INDUSTRY, MINING, CONSTRUCTION ■ 5809602055.6 (21.8%)	OTHER SOCIAL INFRASTRUCTURE AND SERVICES ■ 1188980441.6 (4.5%)

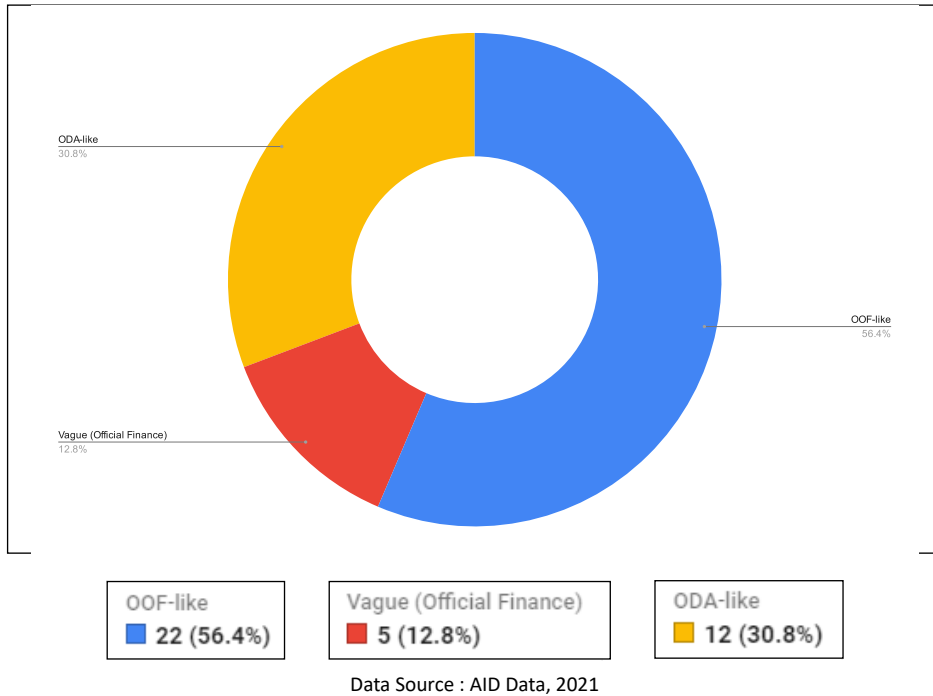
Data Source : AID Data, 2021

¹⁴⁷ Siew Mun, T, “China’s infrastructure strategy under review in Malaysia”, ISEAS Yusof Ishak Institute, June 8, 2018, accessed from <https://www.iseas.edu.sg/media/commentaries/chinas-infrastructure-strategy-under-review-in-malaysia-by-tang-siew-mun/>.

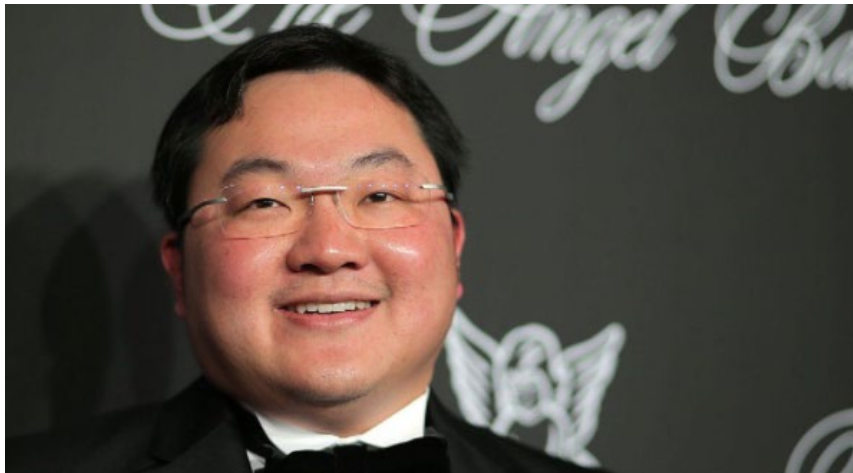
¹⁴⁸ Latiff, R, “Malaysia’s 1MDB state fund still \$7.8 billion in debt -government report”, Reuters, November 6, 2020, accessed from <https://www.reuters.com/article/malaysia-politics-1mdb-idUSKBN27M0VQ>.

¹⁴⁹ “Timeline: How Malaysia’s 1MDB financial scandal unfolded”, Aljazeera, 28 July 2020, accessed from <https://www.aljazeera.com/news/2020/7/28/timeline-how-malysias-1mdb-financial-scandal-unfolded>.

¹⁵⁰ “Outrage! – Najib’s Secret Deal with China to Pay off 1MDB (And Jho Low’s) Debts – SHOCK EXCLUSIVE”, Sarawak Report, July 26, 2016, accessed from <https://www.sarawakreport.org/2016/07/outrage-najibs-secret-deal-with-china-to-pay-off-1mdb-and-jho-lows-debts-shock-exclusive/>.



On June 28, 2016, Razak’s special officer Amhari Efendi Nazaruddin and Jho Low met State-owned Assets Supervision and Administration Commission of the State Council (SASAC) Chairman Xiao Yaqing and other senior Chinese officials, to seek ‘investment to help repay 1MDB’s debts’. Jho agreed, on behalf of the Razak Government, to the award of the ECRL project to China Communications Construction Company (CCCC), and in exchange, CCCC will be assuming USD 4.78 billion of 1MDB debt. A Chinese official worried this would be ‘very noticeable’, though Xiao reportedly claimed that President Xi and Premier Li Keqiang had ‘approved’ the deal.¹⁵¹



Jho Low. Photo Credit: Getty Images

The discovery of the 1MDB deal is tangible proof of China’s readiness to work with corrupt regimes in order to realize and propel the BRI and its other interests. BRI projects like the ECRL require lengthy consultations, procedures and approvals expected in large-scale and foreign funded infrastructure programs. As seen in the case of Malaysia, these processes can easily

be by-passed or shortened through bribes and backroom deals in similar corrupt regimes. It is easy to understand that China might prefer these kinds of deals, but benefits also extend to the leaders of these corrupt governments to legitimize and sustain their own corruption.

For Razak and his cohorts, their deal with China to build BRI projects such as the ECRL enabled them to access easily diverted funds as the investigations revealed, a grand infrastructure to attract citizen approval, and the backing of the second most powerful nation in the world, one that is willing to look the other way should improprieties arise, as long as the ECRL is built. Fortunately, while his Chinese counterparts were willing to keep silent about this kleptocratic behavior, Malaysian citizens were able to hold the prime minister through elections.



Photo Credit: Malaysiakini

From May 2018 to February 2020, Dr Mahathir Mohamad took the reins of government, and adopted a more adversarial, some say nationalistic, position in these deals. “Such stupidity has never been seen in the history of Malaysia,” Mahathir reportedly said in a press conference in Beijing in August 2018, as he criticized the previous administration’s proneness to accept unfavorable terms while announcing the suspension of the project. Mahathir then relayed that Chinese President Xi and Premier Li accepted his reasons, amid initial “misunderstandings.”¹⁵²

One can only imagine the nature of the conversation Mahathir had with the two Chinese leaders, but without a doubt, they were not surprised. Internally, China also struggles with corruption, which President Xi has tried to resolve through ruthless purges. Since taking office, he has identified and disciplined around 1.3 million officials, including around 170 ministers and deputy ministers that were sacked and jailed for misconduct.¹⁵³ Among those caught in the dragnet of Xi’s anti-corruption hunt were his main rivals, Bo Xilai and Zhou Yongkang, which gives the hunt a dimension of internal power play, with Xi taking the opportunity to get rid of possible challengers to his power under the guise of reform.¹⁵⁴

Internally, even China’s own big-ticket infrastructure projects were also mired in corruption and graft, among them a railway project.¹⁵⁵ While President Xi has slowed down internal corruption within the Chinese bureaucracy, in their attitude for projects abroad, they seem to adopt a “whatever works” approach that is tied to the governing principles of BRI itself. In fact, upon studying China’s lengthy declaration of BRI’s principles, any attempt to discourage corruption and promote accountability were nowhere to be found.

The case of 1MDB quid pro quo has revealed that for Chinese officials so used to corruption within their own borders, conducting similarly corrupt transactions outside their borders come somewhat as a second nature. Although Chinese corruption at home does not threaten to bankrupt their government, Chinese corruption in smaller, poorer countries sometimes does. For some of these countries, China's BRI project is the biggest infrastructural endeavor they will ever attempt—a high-stakes gamble collateralized with mountains of debt. When such projects are approved by local leaders more interested in enriching themselves than in weighing the cost for their country, locals can find themselves crushed under national debts they cannot pay easily.

For China, BRI projects function as a foreign policy tool (as well as a domestic political one) and economic tool at the same time. These BRI projects launched to secure China's strategic goals, and negotiated by Chinese officials primarily interested to please President Xi, often hides the secret that it cannot pass the rigor of cost-benefit analysis, hence the use of underhanded tactics to push them forward. This attracts China to deal with leaders like Razak in order to get these projects approved, despite their questionable motives and the dubious nature of the projects in the countries they are built in. Clearly, the relationship between China and these corrupt regimes are mutually beneficial – corrupt leaders need China too. Razak's administration relied heavily on infusions of BRI cash to cover up the 1MDB fraud. Had he not been voted out during the May 2018 elections, such practice of funneling Chinese money would still be going on, at the expense of Malaysian citizens. The lesson in the case, however, is as much as China is willing to ignore these corrupt practices, once revealed, kleptocrats are left on their own, and China just moves on to find its next ally.

Behind Pakistan's CPEC

In 2020, Pakistan's Prime Minister Imran Khan was presented a sensational 278-page inquiry report regarding the power sector titled "Committee for Power Sector Audit, Circular Debt Reservation, and Future Roadmap."¹⁵⁶ Pakistan's power sector is one where China heavily invests in, taking up to 30% of USD 40 billion Chinese development finance Pakistan received.¹⁵⁷ The report tells a tale of widespread corruption, collusion and, of course, politics. Because of the controversies surrounding it, Pakistan's Inter-Services Intelligence (ISI) has not made the report public.

¹⁵¹ Wright, T, and Hope, B, *supra* note 145

¹⁵² "We can become bankrupt': Malaysia cancels China-backed projects", *Kyodo News*, August 21, 2018, accessed from <https://news.abs-cbn.com/focus/08/21/18/we-can-become-bankrupt-malaysia-cancels-china-backed-projects>.

¹⁵³ "Charting China's 'great purge' under Xi", *BBC*, October 23, 2017, accessed from <https://www.bbc.com/news/world-asia-china-41670162>.

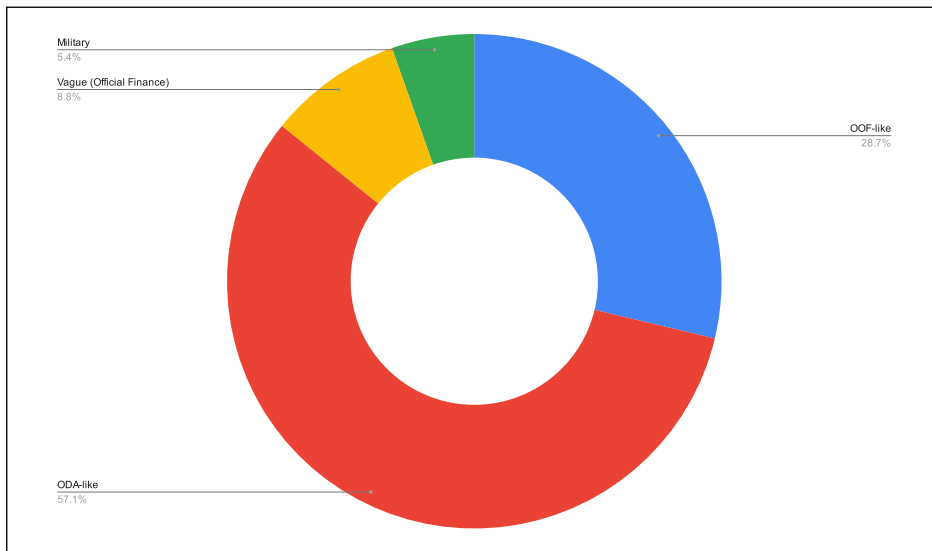
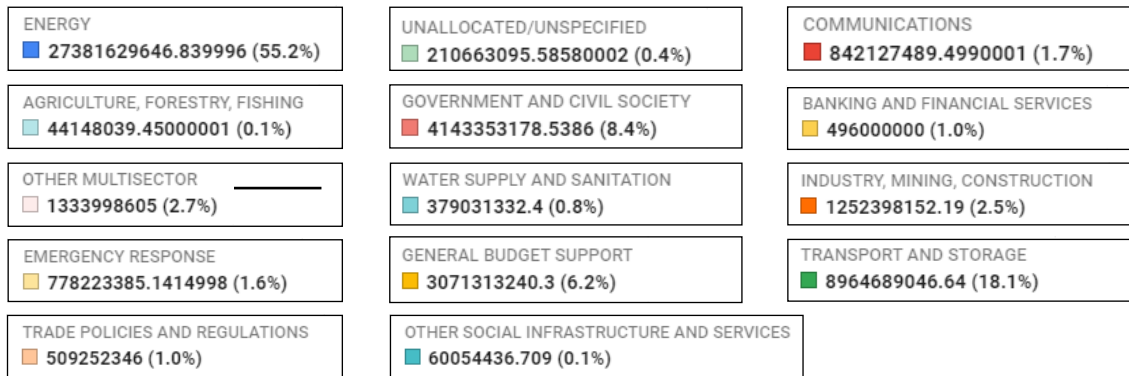
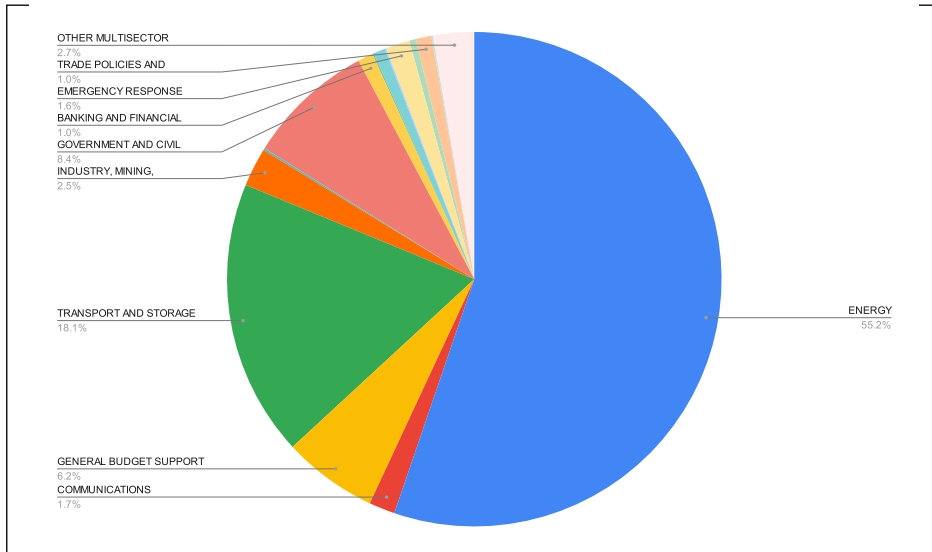
¹⁵⁴ Fiol-Mahon, A, "Xi Jinping's Anti-Corruption Campaign: The Hidden Motives of a Modern Mao", *Foreign Policy Research Institute*, August 17, 2018, accessed from <https://www.fpri.org/article/2018/08/xi-jinpings-anti-corruption-campaign-the-hidden-motives-of-a-modern-day-mao/>.

¹⁵⁵ "China punishes eight in railway corruption case", *Reuters*, October 21, 2013, accessed from <https://www.reuters.com/article/us-china-railways-corruption-idUSBRE99K02V20131021>.

¹⁵⁶ Jayaram, S, "Pakistan's Imran Khan unleashed \$630-mn scam under CPEC; Pak military, China involved", *IBT*, May 22, 2020, accessed from <https://www.ibtimes.co.in/pakistans-imran-khan-unleashes-630-mn-scam-under-cpec-pak-military-china-involved-820575>.

¹⁵⁷ Springer, C, Bhnadary, R, and Ray, R, "Opinion: China;s coal pledge has huge implications for Pakistan", *The Third Pole*, October 7, 2021, accessed from <https://www.thethirdpole.net/en/energy/chinas-investment-on-renewables-is-a-pakistani-opportunity/>

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Data Source : AID Data, 2021

Extending its assistance for the construction of power companies to airports, highways and safe city projects, it is clear that China's relationship with Pakistan is of utmost importance. Aside from economic benefits on the table, Pakistan also serves as a window for China to view India and Western actions in neighboring Afghanistan. The friendship between China and Pakistan in relation to strong bilateral commerce and economic cooperation is described as "all-weather friendship." Overall, Pakistan owes \$6.7 billion in commercial loans to China, more than what it owes the International Monetary Fund (IMF).¹⁵⁸



This financial relationship between the two countries has ramifications in the stability of the region. According to an inquiry report, a massive project, involving a transmission line, which is a flagship project of the China-Pakistan Economic Corridor (CPEC), has been estimated as being 234 per cent more expensive than a similar one in India which used a more updated technology.¹⁵⁹ Other examples refer to two coal-based power plants, where the Chinese were able to extract more than \$2.5 billion by inflating the costs for the plant and equipment.¹⁶⁰

Pakistan's National Electric Power Regulatory Authority (NEPRA) was involved at every stage. Controversially, two of the Pakistan Prime Minister Imran Khan's aides, Razak Dawood and Nadeem Babar, are among those who are said to have benefitted from this massive scam.¹⁶¹ The latter, for instance, is a major shareholder in an independent power producer Orient Power, which is also the biggest defaulter on payments to the state.¹⁶² He has been appointed special assistant to Imran Khan on petroleum and was the chairman of the Energy Task Force the function of which involved key policy implementation, apart from appointing members to the boards of various power companies.

This Pakistan-China friendship, described as 'higher than the mountains',¹⁶³ casts a deep, dark shadow. There have been other instances of Chinese contractors cozying up with the top echelons of power in Pakistan through bribes, including the Pakistani Army. For instance, the building of a new international Airport at Islamabad which was contracted to the China Construction Third Engineering Bureau Co. Ltd, a USD 2.6 billion project. This was the largest overseas contract won by the Chinese company.¹⁶⁴ Even before the airport was inaugurated, parts of the building collapsed raising questions as to its value.¹⁶⁵

In 2020, the Pakistan Army's Frontier Works Organization reversed an earlier decision to halt the award of the Diamer Bhasha dam to a Chinese company,¹⁶⁶ after it demanded ownership of the dam, and rights over a second such project. Imran Khan then tried to crowd fund the construction of the dam, which has obviously fallen short.¹⁶⁷ Awarded in May 2020, the project will see 70 percent of Chinese loans.¹⁶⁸ That means more Chinese labor being brought into an area where Chinese ingress has steadily increased due to the building of the Karakoram Highway.¹⁶⁹ The new terms of engagement, like interest on loans for a project of \$2.8 billion, are, as always, shrouded in mystery.

¹⁵⁸ Mangi, F, "Pakistan owes China more than the IMF", India Times, October 4, 2019, accessed from <https://economictimes.indiatimes.com/news/international/world-news/pakistan-owes-china-more-money-than-it-owes-the-imf/articleshow/71417956.cms?from=mdr>.

¹⁵⁹ Chaudhury, D, "Pakistan's internal report indict China corruption in CPEC power sector", The Economic Times, May 20, 2020, accessed from <https://economictimes.indiatimes.com/news/international/business/pakistans-internal-report-indicts-china-for-corruption-in-cpec-power-sector/articleshow/75823762.cms?from=mdr>.

¹⁶⁰ Ibid.

¹⁶¹ "PM Imran 'defends' ministers linked to corruption in power sector", 24 Digital, April 21, 2020, accessed from <https://www.24newshd.tv/21-Apr-2020/pm-imran-defends-ministers-linked-to-corruption-in-power-sector>.

¹⁶² Mustafa, K, "Appointment of new special assistant on petroleum triggers controversy", The News, April 21, 2019, accessed from <https://www.thenews.com.pk/print/460751-appointment-of-new-special-assistant-on-petroleum-triggers-controversy>

¹⁶³ "Interview: Pakistani-China relations exemplary in the world, says Pakistani president", Xinhua, May 21, 2021, accessed from http://www.xinhuanet.com/english/2021-05/21/c_139961535.htm.

¹⁶⁴ "Chinese company contracted to build Pakistan's largest airport", People's Daily Online, July 27, 2017, accessed from https://www.chinadaily.com.cn/business/2017-07/12/content_30083033.htm

¹⁶⁵ "Watch: Newly built Islamabad Airport's ceiling begins to crumble during heavy rain", The Indian Express, August 17, 2020, accessed from <https://indianexpress.com/article/pakistan/watch-newly-built-islamabad-airports-ceiling-collapses-due-to-rain-6558040/>.

¹⁶⁶ "Pakistan awards Diamer-Basha dam contract on 442 billion PKR to joint venture between Power China and FWO", The Hindu, May 14, 2020, accessed from <https://www.thehindu.com/news/international/pakistan-awards-442bn-diamer-basha-dam-contract-to-joint-venture-between-power-china-and-fwo/article31583253.ece>.

¹⁶⁷ Aamir, A, "Obstacles remain for Pakistan Dam backed by China", The Interpreter, July 14, 2020, accessed from <https://www.lowyinstitute.org/the-interpreter/obstacles-remain-pakistan-dam-backed-china>.

¹⁶⁸ Supra note 163.



Photo Credit: [Pakistan Today](#)

Other examples of Chinese-funded projects which garnered criticisms were the Safe Cities project, which installed facial recognition cameras in major cities like Islamabad, Peshawar, Karachi, and Lahore among others. The cameras, supplied by mobile company Huawei, which cost around PKR 13 billion (or around USD 74 million) were found to be defective. By the time the project was ready to be handed over, it was pronounced as ‘out of order.’¹⁷⁰ A review by a Senate Standing Committee directed that a technical evaluation of the project be carried out before taking it over from the Chinese.¹⁷¹ Pakistan Senator Talha Mahmood also observed that the cost of the project was unreasonably high and that there was no doubt that the Chinese had overcharged the state.¹⁷² The technology supplied by Huawei in this Safe City project was the same population control technology pioneered in Xinjiang,¹⁷³ and is also finding its way to mostly illiberal states. According to Hillman and McCalpin, in 2019, of the 52 countries which availed of the Safe Cities technology by 2018, 71 percent are either only partly free (44 percent), or not free (27 percent).¹⁷⁴ There are a number of other questionable ‘awards’ by Pakistan under the CPEC like a 23-year tax exemption for all projects in the Gwadar ‘Free Zone’¹⁷⁵ Despite the controversies surrounding the CPEC, investigations regarding the anomalies have become silent because of two reasons. One, China threatened to halt funding for road projects like the Karakoram Highway,¹⁷⁶ after persistent reports of graft. Second, Pakistan’s media have resorted to self-censorship regarding CPEC, silencing public discussion regarding corruption cases.¹⁷⁷

¹⁶⁹ Chandrasekharan, S, “Pakistan forges ahead with Diamer-Basha Dam with China’s support”, Eurasia Review, May 24, 2020, accessed from <https://www.eurasiareview.com/24052020-pakistan-forges-ahead-with-diamer-basha-dam-with-chinas-support-oped/>

¹⁷⁰ Chaudhury, I, “850 out of 1896 Safe City cameras out of order”, The Express Tribune, July 20, 2019, accessed from <https://tribune.com.pk/story/2017299/850-1896-safe-city-cameras-order>.

¹⁷¹ Shahid, J, “Technical evaluation of Safe City will be carried out”, The Dawn, May 24, 2019, accessed from <https://www.dawn.com/news/1484195>.

¹⁷² Ibid.

¹⁷³ Burt, C, “Will smart cities in Belt and Road Initiative bring Xinjiang-style facial recognition in other countries?”, Biometric Update, June 24, 2020, accessed from <https://www.biometricupdate.com/202006/will-smart-cities-in-belt-and-road-initiative-bring-xinjiang-style-facial-recognition-to-other-countries>.

¹⁷⁴ Hillman, J, and McCalpin, M, “Watching Huawei’s Safe Cities”, Center for Strategic and International Studies, November 4, 2019, accessed from <https://www.csis.org/analysis/watching-huaweis-safe-cities>.

¹⁷⁵ “Chinese firm investing in Gwadar gets 23-year tax exemption”, The Dawn, October 9, 2019, accessed from <https://www.dawn.com/news/1509855>.

With the Chinese and Pakistani governments dealing closely and without proper checks and transparency measures, corruption has become a main feature of these projects. Many of the awards for the projects were given to Chinese-only companies. The contracts they were given allow for these companies to dictate the extent of sourcing of labor and construction resources, for instance steel, concrete and other construction materials. Within a period of 2012 to 2015, Pakistan increased its import of these materials from China by 77 per cent.¹⁷⁸ In terms of labor, according to a survey conducted by the Pakistan Planning Commission in 2017, only around 30 percent of the laborers employed for the CPEC are Chinese, while the rest are Pakistani.¹⁷⁹ However, there have been concerns of income disparity, for instance in the ML-I project, another component of the CPEC, where it was found that Chinese laborers usually earn around 1,300 times more than Pakistani laborers per day – USD 59.65 for the Chinese and USD 4.50 for Pakistani.¹⁸⁰ Such disparity has caused displeasure among locals, especially in Gwadar. Such are the consequences of poorly negotiated, close deals between the Chinese and Pakistan, which clearly gives China the upper hand. These underhanded transactions resulted in a dilution of the original clauses. For instance, liquidated damages for delay were reduced from 10 per cent to 5 per cent and the clause for bonus on early completion also changed.

Many Chinese contractors operating in Pakistan, like the China Harbour Engineering Company, which has projects in Gwadar and Karachi, have been barred by the World Bank for unsavory practices. In Malaysia for instance, the company CCCC was accused of inflating project costs to bail out the 1MDB. There are no ‘private companies’ left in China, and actions by these companies are often linked to government policies. Since 2012, President Xi Jinping’s policies have led to a resurgence in state intervention, including the National Intelligence Law 2017 that obliges companies to ‘support, assist and cooperate’ with state intelligence. The law requires intelligence work to operate across the realm of ‘comprehensive national security’, which includes just about everything, including cultural and political aspects, open-source intelligence, all of which must be aimed at protecting ‘national interest’.¹⁸¹ With the its expansion of 5G technology, Huawei is cited as a possible threat to national security of foreign nations, given the law covers all corporations.¹⁸² And finally, all these major companies are tied through complicated ways to state bodies, which in turn are controlled by top echelons of the Communist Party itself.

In that process, key decision-makers in Pakistan have become richer, translating into Chinese influence on a major scale. Beijing, therefore, has many reasons to protect Pakistan.

¹⁷⁶ “China backing away from its initial financial promises to Pakistan under CPEC”, ANI, December 25, 2020, accessed from <https://www.aninews.in/news/world/asia/china-backing-away-from-its-initial-financial-promises-to-pakistan-under-cpec-report20201225013432/>.

¹⁷⁷ Ali, U, “Pakistan’s censorship takes a dangerous turn”, The Diplomat, February 7, 2017, accessed from <https://thediplomat.com/2017/02/pakistans-censorship-takes-a-dangerous-turn/>

¹⁷⁸ Sender, H, and Stacey, K, “China takes ‘project of the century’ to Pakistan,” Financial Times, May 17, 2017. <https://www.ft.com/content/05979e18-2fe4-11e7-9555-23ef563ecf9a>.

¹⁷⁹ Subohi, A, “Chinese Influence Outpaces Influx”, The Dawn, January 22, 2018, accessed from <https://www.dawn.com/news/1384511>.

¹⁸⁰ Ahmed, T, “CPEC”, Business Recorder, April 12, 2020, accessed from <https://epaper.brecorder.com/2020/04/12/2-page/833320-news.html>.

¹⁸¹ Tanner, M, “Beijing’s New National Intelligence Law: From Defense to Offense”, Lawfare, July 20, 2017, accessed from <https://www.lawfareblog.com/beijings-new-national-intelligence-law-defense-offense>.

2. Withholding Chinese Market Access: Hallyu industry Dances to Chinese Tune



In July 2016, the United States Department of Defense and the South Korean Ministry of National Defense announced in a joint statement the alliance's decision to deploy a U.S. Terminal High Altitude Area Defense (THAAD) antimissile in South Korea to defend against the increasing North Korean missile threat.¹⁸³ However, the election of Democratic Party Chairman Moon Jae-in as South Korea's president on May 9, 2017 initially caused uncertainty with the deployment, given his promise to review the decision during the campaign.¹⁸⁴ Beijing perceives THAAD as mostly directed at China and as a regional security concern, according to its official statements. The Chinese Government claims that the THAAD deployment signals the expansion of ballistic missile defense architecture in the Asia Pacific, weakens China's nuclear deterrent, and confirms long standing fears of Western bullying of China.¹⁸⁵

In response, China used economic coercion, among other tools, to try to convince Seoul to abandon the THAAD deployment. These leverage used against South Korean businesses, groups, and individuals reflect a Chinese government pattern of adverse actions toward other countries it perceives as defying or undermining China's national security interests. Although the Chinese economic coercion against South Korea is greater in scope and depth. In response to South Korea's plan to use the missile system, the Chinese government launched an aggressive public campaign of economic retaliation. During the 2016 announcement that the THAAD system would be deployed in South Korea, China blocked market access of South Korean goods and services in a range of sectors.

¹⁸² Kharpal, A, "Huawei says it would never hand data to China's government. Experts say it wouldn't have a choice", CNBC, March 4, 2019, accessed from <https://www.cnbc.com/2019/03/05/huawei-would-have-to-give-data-to-china-government-if-asked-experts.html>.

¹⁸³ US Department of Defense, "U.S. to deploy THAAD Missile Battery to South Korea", DOD News, July 8, 2016, accessed from <https://www.defense.gov/News/News-Stories/Article/Article/831630/us-to-deploy-thaad-missile-battery-to-south-korea/>.

¹⁸⁴ Yang, H, and Park, J, "'Shocked' South Korea Leader probe into U.S. THAAD additions", Reuters, May 30, 2017, accessed from <https://www.reuters.com/article/us-northkorea-missiles-south-thaad-idUSKBN18Q0I3>.

¹⁸⁵ Mody, S, "China lashes out as South Korea puts an American anti-missile system in place", CNBC, April 28, 2017, accessed from <https://www.cnbc.com/2017/03/17/thaad-anti-missile-system-makes-china-lash-out-at-south-korea.html>.

¹⁸⁶ Maizland, L, "The surprising reason why China is blocking South Korean music videos and TV", Vox, March 7, 2017, accessed from <https://www.vox.com/latest-news/2017/3/3/14795636/china-south-korea-pop-culture-kpop-attacks-thaad>.

Shortly after the THAAD announcement, several events featuring South Korean pop music (K-pop) and actors were suspended or cancelled without any explanation. Among them was the concert of famous boyband EXO in Shanghai, and a fanmeet of actors Kim Woo Bin and Suzy Bae in Beijing.¹⁸⁶ The government's broadcast regulator had also banned the airing of South Korean TV shows like "Descendants of the Sun", with the Public Security Ministry saying that, "Watching Korean dramas could be dangerous and may even lead to legal troubles."¹⁸⁷ Three performances by the South Korean soprano Sumi Jo were also cancelled four months after the announcement.¹⁸⁸ South Korean video games were also caught in the dragnet after Chinese regulators stopped granting South Korean online video games regulatory approvals¹⁸⁹, essentially banning their sale in China, accompanied by Chinese investors pulling out support from Korean made games.¹⁹⁰

Chinese regulators also banned the sale of some South Korean products, including certain types of air purifiers and high-tech toilet seats made by Samsung and LG¹⁹¹, as well as cosmetics such as those made by cosmetic company Sa Sa, citing safety concerns.¹⁹² South Korean exports of food products to China fell 5.6 percent year-on-year in 2017 as a consequence of retaliatory actions,¹⁹³ but exports of South Korean cosmetics jumped by 51.6 percent in January and February, underscoring their immense popularity in China.¹⁹⁴ Chinese sales of South Korean carmakers Hyundai and Kia dropped 52 percent year-on-year in March 2017 as consumer boycotts hit the brands.¹⁹⁵

Several applications from Korean airlines to add charter flights between the two countries were also cancelled. In March 2017, the Chinese National Tourism Administration ordered travel agencies to stop selling package tours to South Korea.¹⁹⁶ This is a significant hit to South Korea's tourism industry—according to the Korea Tourism Organization, visitors from China accounted for 47 percent of all tourists and 64 percent of total tourism revenue in 2016.¹⁹⁷ The 2017 data from the Korea Tourism Organization shows only 254,930 Chinese tourists visited South Korea, down from 758,534 in June 2016—a 66 percent drop.¹⁹⁸

¹⁸⁷ Ibid.

¹⁸⁸ Qin, A, "3 Performances by Sumi Jo, Korean Soprano, cancelled in China", The New York Times, January 23, 2017, accessed from <https://www.nytimes.com/2017/01/23/world/asia/sumi-jo-soprano-maria-callas.html>.

¹⁸⁹ Huang, E, and Horwitz, J, "Online video games are the latest casualty of China's war against businesses", Quartz, March 9, 2017, accessed from <https://qz.com/928459/online-video-games-are-the-latest-casualty-of-chinas-retaliation-against-korean-businesses-for-the-thaad-antimissile-defense-system/>.

¹⁹⁰ Kim, V, "When China and U.S. spar, it's South Korea that gets punched", The LA Times, November 19, 2020, accessed from <https://www.latimes.com/world-nation/story/2020-11-19/south-korea-china-beijing-economy-thaad-missile-interceptor>.

¹⁹¹ Park, H, "China ups THAAD retaliation against Korean products", The Korea Times, January 27, 2017, accessed from https://www.koreatimes.co.kr/www/news/biz/2017/01/488_222465.html.

¹⁹² Lo, J, "Cosmetics chain Sa Sa needs to defend itself from THAAD", Nikkei Asia, June 16, 2017, accessed from <https://asia.nikkei.com/Business/Cosmetics-chain-Sa-Sa-needs-to-defend-itself-from-THAAD>.

¹⁹³ "South Korea food exports to China slide in March over THAAD row", Yonhap News Agency, April 4, 2017, accessed from <https://en.yna.co.kr/view/AEN20170404004600320>.

¹⁹⁴ Korea Herald Staff, "Cosmetics export to China soars in Jan-Feb despite THAAD row", The Korea Herald, March 29, 2017, accessed from <http://www.koreaherald.com/view.php?ud=20170329000346>.

¹⁹⁵ Song, J, "S Korean carmakers feel impact of China anti-THAAD sentiment", Financial Times, April 4, 2017, accessed from <https://www.ft.com/content/ab64d6f0-18fe-11e7-a53d-df09f373be87>.



Lotte Mart in China. Photo Credit: Lotte Mart

No South Korean company has been more subjected to China's economic retaliation than Lotte, a South Korean conglomerate. In November 2016, Lotte agreed to give one of its golf courses to the South Korean government for the THAAD deployment site; in exchange, Lotte received a plot of military-owned land.¹⁹⁹ In the following month, Chinese authorities launched an investigation of Lotte operations in Shanghai, Beijing, Shenyang, and Chengdu.²⁰⁰ Construction of a chocolate plant jointly operated by Lotte and Hershey was also suspended.²⁰¹ That same month, Lotte announced its Chinese website came under a cyberattack from unidentified Chinese hackers (more than two months later the website was finally back online)²⁰². Lotte reported that 75 of its 99 Lotte Marts in mainland China had been closed by Chinese regulators for alleged safety violations.²⁰³ Ultimately, the company was forced to exit the Chinese market, unable to bear the brunt of public boycotts and government pressure.²⁰⁴

So far, South Korea has mostly resisted China's economic coercion, staying committed to THAAD. In April 2017, South Korea filed a formal complaint with the World Trade Organization (WTO) over Chinese retaliation.²⁰⁵ In response, a Chinese Foreign Ministry spokeswoman Hua Chunying

¹⁹⁶ Park, J, "China bans package tours to S. Korea in retaliation to THAAD", Arirang News, March 3, 2017, accessed from http://www.arirang.com/News/News_View.asp?nseq=201400.

¹⁹⁷ Ren, S, "China sanctions over THAAD can sink Korea's economy", Barron's, March 5, 2017, accessed from <https://www.barrons.com/articles/large-cap-tech-stocks-selloff-51643050560>.

¹⁹⁸ Hancock, T, and Wang, X, "South Korean consumer groups bear brunt of China's Thaad ire", Financial Times, August 20, 2017, accessed from <https://www.ft.com/content/f3c78afe-821d-11e7-94e2-c5b903247afd>.

¹⁹⁹ Jun, J, "Gov't, Lotte reach deal on THAAD site", The Korea Times, November 16, 2017, accessed from http://www.koreatimes.co.kr/www/news/nation/2016/11/116_218357.html.

²⁰⁰ Harris, B, and Clover, C, "China takes aim at South Korea's Lotte after missile move", Financial Times, December 9, 2016, accessed from <https://www.ft.com/content/67198e52-bdb2-11e6-8b45-b8b81dd5d080>.

²⁰¹ Kim, H, Kim, S, and Giammona, C, "China shuts Hershey-Lotte plant in latest missile-spat move", Bloomberg, March 8, 2017, accessed from <https://www.bloomberg.com/news/articles/2017-03-08/china-orders-hershey-lotte-chocolate-factory-to-halt-operations>.

²⁰² "(LEAD) Lotte Duty Free website comes under DDoS attack amid Chinese rising retaliation over THAAD", Yonhap News Agency, March 2, 2017, accessed from <https://en.yna.co.kr/view/AEN20170302010651320>.

²⁰³ Lee, J, "South Korea's Lotte Group says missile row no reason to pull out of China", Reuters, April 3, 2017, accessed from <https://www.reuters.com/article/us-lotte-group-governance-idUSKBN175055>.

²⁰⁴ Kim, D, "Lotte seeks to exit China after investing \$7.2b", The Korea Herald, March 13, 2019, accessed from <http://www.koreaherald.com/view.php?ud=20190313000654>.

only said, “We support normal business and other exchanges between China and South Korea, but everyone knows this needs a corresponding basis in public opinion.”²⁰⁶ Seoul may find it challenging to prove Beijing’s actions are deliberate retaliation. The Chinese government has not publicly acknowledged any of its retaliatory actions, citing safety regulations or routine investigations as justifications for various bans. Beijing has also tacitly stoked consumer boycotts of South Korean products, which are rationalized as actions of patriotic Chinese protesting foreign aggression.

China’s economic retaliation against South Korea follows a pattern of Chinese actions toward countries with which it finds itself in a diplomatic or security dispute. Other countries that experienced China’s wrath include Japan (China temporarily suspended exports of rare earth minerals amidst heightened tensions in the East China Sea in 2010)²⁰⁷, Norway (China boycotted Norway’s salmon exports after Liu Xiaobo, a Chinese dissident, was awarded the Nobel Peace Prize in 2010)²⁰⁸, the Philippines (China subjected exports of Philippine tropical fruits to a quarantine following a standoff over disputed territory in the South China Sea in 2012)²⁰⁹, and Mongolia (China called off senior-level talks and imposed additional fees on imports following the visit by the Dalai Lama, Tibet’s exiled spiritual leader, in 2016). Taiwan is a frequent target of Chinese retaliation. Following the inauguration of President Tsai Ing-wen in May 2016, the Chinese government has been reducing the number of Chinese tourists visiting Taiwan, plunging by around 27.2 percent, as part of a pressure campaign on President Tsai.²¹⁰ This was followed by a ban on “freedom pineapples”, which China unilaterally banned citing concerns regarding ‘harmful creatures’.²¹¹ What distinguishes the retaliation against South Korea is the breadth of China’s actions, and the fact that acts against Korea have been largely public.

South Korea’s economic dependence on China makes it particularly vulnerable to retaliation. China is South Korea’s largest export market: China has, on average, accounted for about 25 percent of South Korea’s annual exports over the past decade. In 2021, South Korean exports to China reached USD 12.3 billion, nearly twice as much as the USD 7 billion worth of exports to the United States, South Korea’s second-biggest export market.²¹² Such economic leverage means a prolonged clash would be very problematic for South Korea.

²⁰⁵ Kim, C, and Chung J, “South Korea complains to WTO over China response to missile system”, Reuters, March 20, 2017, accessed from <https://www.reuters.com/article/us-southkorea-china-thaad-idUSKBN16R03D>.

²⁰⁶ Ibid.

²⁰⁷ Saurav, J, “Did China overplay rare earth hand?”, The Diplomat, November 17, 2010, accessed from <https://thediplomat.com/2010/11/did-china-overplay-rare-earth-hand/>.

²⁰⁸ Lewis, M, “Norway’s salmon rot as China takes revenge for dissident’s Nobel Prize”, The Independent, October 6, 2011, accessed from <https://www.independent.co.uk/news/world/europe/norway-s-salmon-rot-as-china-takes-revenge-for-dissident-s-nobel-prize-2366167.html>.

²⁰⁹ Reuters Staff, “Philippines seeks new markets amid sea dispute with China”, Reuters, May 17, 2012, accessed from <https://www.reuters.com/article/uk-philippines-china-idUSLNE84G02520120517>.

²¹⁰ Smith, N, “Decline in mainland Chinese tourism to hit Taiwan where it hurts”, Time, November 16, 2016, accessed from <https://time.com/4574290/china-taiwan-tourism-tourists/>.

²¹¹ McDonald, T, “China and Taiwan face off in pineapple war”, BBC, March 19, 2021, accessed from <https://www.bbc.com/news/business-56353963>.

²¹² Salmon, A, “South Korea’s China exports outpace rest of the world”, Asia Times, November 3, 2020, accessed from <https://asiatimes.com/2020/11/south-koreas-china-exports-outpace-rest-of-world/>.



Chapter 3

Our Seas Under Siege, Our Health At Risk: A Nationalist China and Asia's Insecurity

CHAPTER 3

Our Seas Under Siege, Our Health At Risk: A Nationalist China and Asia's Insecurity

From an Asian point of view, China is the most influential economic power in the region. Since the 1980s, its economy has grown at a spectacular average rate of 10 percent every year. Asia benefitted too from this growth, with China serving as one of the biggest markets for the region's exports. But Asians also consider China's growing economic influence as one of the most pressing security concerns in the region. The Chinese government's behavior in the South China Sea offers one obvious reason why. Despite unanimous international condemnation and with total disregard for competing sovereign claims, it continues to build military and industrial outposts on islands in disputed waters. Moreover, the Chinese government has completely militarized some contested island-territories including Woody Island where it deploys cruise missiles and even fighter jets.



A fish market in Wuhan, China, from where people have been confirmed to have been infected with a new coronavirus. | CNS / VIA KYODO Credit: JapanTimes

China's security threat to its neighbors is neither just about military might nor economic prowess. If we broaden our conception of security to include non-traditional issues such as climate change, infectious diseases, and human rights, we may recognize that Asian insecurity towards China goes beyond military and related geopolitical considerations. The best example is the currently raging COVID-19 pandemic which caught the world by surprise and caused

²¹³ Tian, N, and Su, F, 'A new estimate of China's military expenditure' Stockholm International Peace Research Institute, January 2021, available at https://www.sipri.org/sites/default/files/2021-01/2101_sipri_report_a_new_estimate_of_chinas_military_expenditure.pdf, accessed on 17 March 2021.

²¹⁴ Ibid.

countless deaths, widespread insecurity, and unprecedented disruption to livelihoods and ways of life. The consequences of a virus outbreak would not have been as catastrophic, especially for China's neighbors in the region, if not for the Chinese government's irresponsible behavior. In the early days of the outbreak—when transparency and cooperation were crucial to preventing a pandemic—CCP officials concealed information about the nature of the virus and healthcare workers who did so were silenced. Without any changes in China's unaccountable governance of public health emergencies, a pandemic on the scale of COVID-19 is just waiting to happen again, and with equally debilitating impact for the people of Asia and beyond.

Much has been said about the rise of China as an aspect of “great power competition.” Indeed, many analysts have studied how China's elevation to great power status may affect the dominance of the US and its key allies in the Indo-Pacific. What has been sidelined, and worryingly so, are conversations on how and why China's strategic ambitions primarily constitute a threat to Asia's security (both in traditional and non-traditional areas) especially as China's proximate land and near sea neighbors have borne the immediate burden of insecurity from its military ambitions and autocratic governance. Thus, rather than privileging US dominance or Western interests, this chapter adopts the gaze of small and middle power Asian states to discuss the implications and challenges posed by a stronger and more aggressive PRC on the region's human security. Whether it be accelerated military expansion or withholding information from the international community in times of virus outbreaks, such actions cannot help but provoke a greater sense of insecurity among Asian states.

Discussion in this chapter is divided into three sections. The first maps the ‘nationalist turn’ in China's global ambitions and its consequent maltreatment of its regional neighbors. The second focuses on Chinese military behavior in the South China and East China seas and demonstrates how and why China comprises a traditional security threat to Asia. Finally, the last segment outlines how the CCP mishandled the early days of COVID-19 in Hubei province and how its autocratic leadership led to Asia's lack of preparedness against the deadly virus. All these discussions will point to the grim conclusion that China's growing influence has contributed to rising insecurity in Asia.

1. The ‘Nationalist Turn’ in China's Global Ambitions

A decade ago, the CCP framed its global ambitions in terms of ‘China's peaceful rise.’²¹⁵ Under Hu Jintao, China sought to convince its neighbors and the world that its growing economic and military power did not seek to upset prevailing international peace and security. Far from it, responding to the ‘China threat theory’, it recast itself as a non-threatening global power whose rise was premised on the use of non-aggressive soft power and the maintenance of good relations with its neighbors. Moreover, the CCP further revised this doctrine to ‘China's peaceful development’ on the basis that use of the term ‘rise’ could be misinterpreted as threatening.²¹⁶

²¹⁵ Zheng, B, ‘China's ‘peaceful rise’ to great-power status’ *Foreign Affairs*, 2005, Vol 84, pp 18-24.

Despite such reassurances, recent changes in CCP leadership have since marginalized the multilateral actors and globalists.²¹⁷ Instead, under President Xi Jinping, there has been a marked shift towards China assuming a more ambitious role in world affairs.

Accordingly, Asian states and the rest of the world have recently noticed China taking a more assertive and confrontational stance on the global stage. Dubbed the ‘China Dream’, China now seeks ‘great rejuvenation’ by the restoration of its rightful place in the world.²¹⁸ This means using its economic and military musculature to pursue its so-called ‘core nationalist interests’ including reunification with Taiwan and gaining sovereign control of disputed territories in the East China Sea and the South China Sea. As many observers have noted, this ‘China Dream’ doctrine represents an alarming ‘nationalist turn’ in China’s foreign policy.²¹⁹ The nationalist narrative that past powers, especially the West and its allies in Asia, humiliated China by unjustly dividing and seizing control of its territories fuels this dangerous and strident global ambition of China’s present government.²²⁰

Along with a more proactive approach to international diplomacy and an expansion of foreign aid and overseas investment in Asia and beyond, lies a marked acceleration in the expansion of China’s military.²²¹ With Xi leading the Central Military Commission, the People’s Liberation Army (PLA) has undergone significant structural reforms to make it a “world-class force” capable of “fighting and winning” global wars in the coming decades.²²² In the last two decades alone, the PLA has rapidly modernized and strengthened its capabilities not only to counter intervention of its territories and periphery but also to project its power regionally and globally. With a total force of more than two million regular personnel, the PLA’s capabilities have already achieved “parity with” or “even exceeded” the United States in several key military modernization areas including “shipbuilding”, “land-based conventional ballistic and cruise missiles,” and “integrated air defense systems.”²²³ Presently, the PLA Army is the world’s largest standing ground force. Likewise, its navy is the biggest on the planet, while its air force is the largest in the region and the third largest in the world.²²⁴

²¹⁶ Glaser, BS, and Medeiros, ES, ‘The changing ecology of foreign policy-making in China: The ascension and demise of the theory of ‘peaceful rise’ The China Quarterly, 2007, Vol 190, pp 291-310.

²¹⁷ Shambaugh, DL, *China Goes Global: The Partial Power*, Oxford: Oxford University Press, 2013.

²¹⁸ Ferdinand, P, ‘Westward ho – The China dream and ‘one belt, one road’: Chinese foreign policy under Xi Jinping’ *International Affairs*, 2016, Vol 92, No 4, pp 941-957.

²¹⁹ Zhao, S, ‘Foreign policy implications of Chinese nationalism revisited: The strident turn’ *Journal of Contemporary China*, 2013, Vol 22, No 82, pp 535-553.

²²⁰ *Ibid.*

²²¹ Zhang, D, ‘China’s new aid agency’ *The Interpreter*, 19 March 2018, available at www.lowyinstitute.org/the-interpreter/china-s-new-aid-agency, accessed on 17 March 2021; Zhang, D, and Smith, G, ‘China’s foreign aid system: Structure, agencies, and identities’ *Third World Quarterly*, 2017, Vol 38, No 10, pp 2330-346; Wesley-Smith, T, and Smith, G, ‘Introduction: The return of great power competition’ in Smith, G, and Wesley-Smith, T (eds), *The China Alternative: Changing Regional Order in the Pacific Islands*, Australia: ANU Press, 2021.

²²² Xi, J, ‘Secure a decisive victory in building a moderately prosperous society in all respects and strive for the great success of socialism with Chinese characteristics for a new era’ 19th National Congress of the Communist Party of China, 18 October 2017, available at http://www.xinhuanet.com/english/download/Xi_Jinping's_report_at_19th_CPC_National_Congress.pdf, accessed on 17 March 2021.

²²³ US Department of National Defense, ‘Military and security developments involving the People’s Republic of China 2020’ Office of the Secretary of Defense, available at <https://media.defense.gov/2020Sep/01/2002488689/-1/-1/1/2020-DOD-CHINA-MILITARY-POWER-REPORT-FINAL.PDF>, accessed on 17 March 2021.

²²⁴ *International Institute for Strategic Studies, The Military Balance, 2021, Vol 121, No 1, pp 23-29.*

As expected, China's ambition to reclaim control of Taiwan is a significant driver of its military modernization and reform. The Xi government's 2019 defense white paper revealed an even more aggressive approach to the conflict when it claimed that the PLA would "resolutely defeat anyone attempting to separate Taiwan from China."²²⁵ Similarly, China's modernized armed forces have also taken a more active role in advancing the CCP's nationalist foreign policy and global ambitions. It opened its first overseas base in Djibouti in 2017 and rumors claim another one is forthcoming in Cambodia. More crucially, observers have also noted the military increasingly marginalizing the Chinese Ministry of Foreign Affairs despite a rising number of diplomatic disputes.²²⁶ This strategic alignment of the country's foreign and defense policies signals a significant departure from long-standing PRC practice. The shift towards a more 'nationalist turn' is most apparent in the military's provocative actions in the South China Sea which by now have become disturbingly regular.

2. Our Seas Under Siege: Nationalist China as a Traditional Security Threat

Credible security threats stem from a combination of hostile intentions and the capability to fulfill belligerent aims. For most of the modern period, China has been seen as harboring such intentions against its neighbors – indeed, its past actions reflect a clear desire to challenge the territorial integrity and national sovereignty of these countries. For example, during the long Cold War period in Asia, the PRC is known to have directly or indirectly aided communist movements seeking to overthrow the governments of Indonesia, Thailand, Malaysia, Singapore, and the Philippines. Further, China played a major role in the military victory of North Korea against South Korea whilst also supporting the failed coup against Kim Il Sung.²²⁷ As far as its largest neighbor is concerned, the Sino-Indian War of 1962 particularly traumatized many Indian bureaucrats who up till then had sought to appease China – since then, China has been considered, in the words of Professor Ganguly, *a bête jaune [sic]*²²⁸. Compounding the problem, such hostile intentions have been coupled with discernible improvements in Sino security capabilities making the threat from China more credible than ever before.

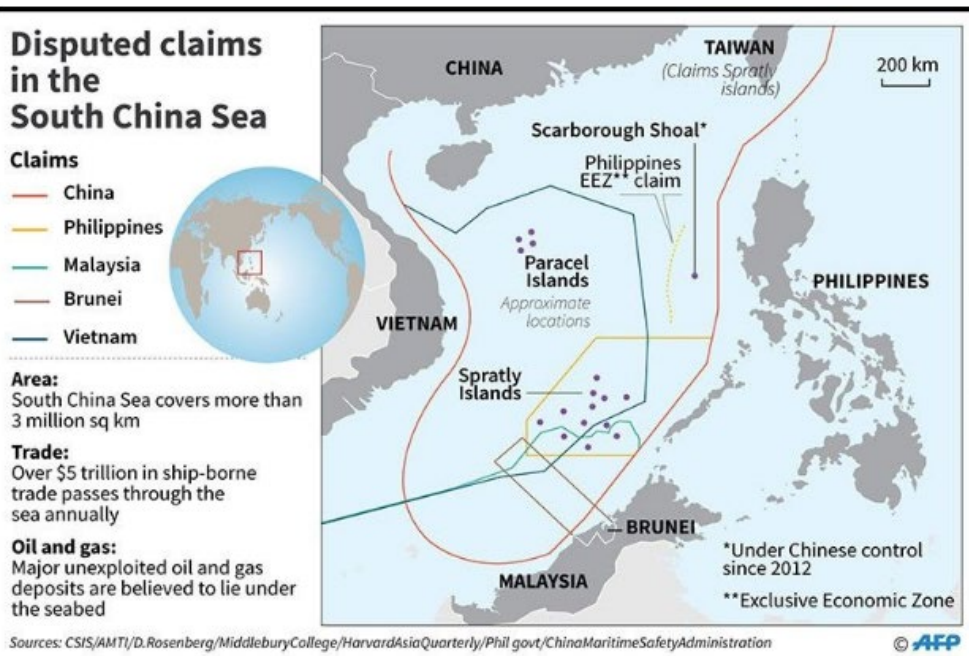
This is most apparent in China's increasingly aggressive and confrontational stance in key Asian trouble spots especially the East China and South China seas. An area that is potentially rich in hydrocarbons and natural gas, and more essentially, through which most global trade flows, enhanced military capabilities have enabled the PRC to establish a strong presence, and in some areas even militarized control, of the contested waters. These recent actions dangerously risk upsetting the fragile status quo with disastrous implications for regional peace and security in the region.

²²⁵ Lu, H, 'China's national defense in the new era' Xinhuanet, 24 July 2019, available at http://www.xinhuanet.com/english/2019-07/24/c_138253389.htm, accessed on 17 March 2021.

²²⁶ Sun, J, 'Growing diplomacy, retreating diplomats – How the Chinese Foreign Ministry has been marginalized in foreign policymaking' *Journal of Contemporary China*, 2017, Vol 26, No 105, pp 419-33.

²²⁷ Lankov, AN, 'Kim takes control: The 'Great Purge' in North Korea 1956-1960' *Korean Studies*, 2002, Vol 26, No 1.

²²⁸ Ganguly, S, 'Assessing India's response to the rise of China: Fears and misgivings' in Pumphrey, CW (ed), *The Rise of China in Asia: Security Implications*. The Strategic Studies Institute, 2002.



A fish market in Wuhan, China, from where people have been confirmed to have been infected with a new coronavirus. | CNS / VIA KYODO Credit: JapanTimes

As part of its questionable “nine-dash line”²²⁹, this ‘nationalist’ turn in China’s global ambitions manifests particularly in its zealous claim to most of the South China Sea as its sovereign territory. Furthermore, this claim dramatically extends China’s territory and encroaches on the 200-mile exclusive economic zones (EEZ) of Indonesia, Malaysia, the Philippines, and Vietnam. More disturbing is also the increasing practice of CCP officials to refer to the territories as part of the country’s “core interest” – a clear expansion of a term which only used to refer to Taiwan, Tibet, and Xinjiang.²³⁰ For more than a decade now, the PRC has also used force, actual and threatened, against the innocuous activities (e.g., fishing) of other claimant countries in the South China Sea. For example, China has repeatedly used its well-equipped coastguard, armed fishing fleet, and PLA Navy trained-militias to bully the weaker maritime forces of its neighbors and impose unilateral control of contested areas. Since 2010, China’s coast guard has protested, warned, harassed, boarded without permission, rammed, sank, and fired on several Indonesian, Filipino, Malaysian, and Vietnamese fishing boats and other marine vessels (and such incidents have not abated over the years).²³¹ Needless to say, most victims in these maritime incidents were ordinary fishermen.

In addition, the PRC has intensified its efforts to construct artificial islands in the South China Sea where it continues to build ports, military outposts, and airstrips. Thus, despite being in international waters, China has installed PLA navy and air force units and equipment including

²²⁹ The 9-Dash line is a demarcation used by China regarding its claims in the South China Sea.

²³⁰ Duan, X, ‘The evolving definition of China’s core interest and its implications’ University of Macau, available at https://library.um.edu.mo/etheses/b25955755_toc.pdf, accessed on 17 March 2021.

²³¹ ‘Are maritime law enforcement forces destabilizing Asia?’ China Power, available at <https://chinapower.csis.org/maritime-forces-destabilizing-asia/>, accessed on 17 March 2021.

fighter jets, cruise missiles, and surveillance technologies in these areas. As a result, the Chinese military has effectively blocked Vietnam and the Philippines from their own EEZs in the South China Sea including the Paracel Islands, Scarborough Shoal, and the Spratly Islands. Even the US has found it difficult to navigate the area. The actions of the Chinese government are in clear violation of international norms and laws, specifically the UN Convention for the Law of the Sea (UNCLOS) which guarantees the right of innocent passage even through the territorial seas of states. Likewise, it also prohibits limiting navigation through or exercising territorial control of international waters.



Photo: Chinese reclamation in South China Sea, Credit: Reuters, AFP

Although not as intense, the situation in the East China Sea is no less fraught. Indeed, the rival claims of China, Japan, and Taiwan to sovereign ownership of the Senkaku/Diaoyu/Diaoyutai islands continues to be a cause for grave concern. While Japan controlled the islands for most of the past century, both China and Taiwan have asserted their claims over the territory since the 1970s when the US returned control of the area to the Japanese. Although neither Beijing nor Taipei have actually tried to take control of the disputed islands, a dramatic increase in military and paramilitary activity from all sides in the area occurred as a result of the Japanese

²³² Wang, VW, 'Taiwan's policy toward the Diaoyu/Senkaku Islands dispute and the implications for the US' Asian Studies, 2014, available at <https://www.asianstudies.org/publications/aaa/archives/taiwans-policy-toward-the-diaoyu-senkaku-islands-dispute-and-the-implications-for-the-us/>, accessed on 17 March 2021.

²³³ Burke, EJ, Heath, TR, Hornung, JW, Ma, L, Morris, LJ, and Chase, MS, 'China's military activities in the East China Sea: Implications for Japan's air self-defense force' RAND Corporation, 2018, available at https://www.rand.org/content/dam/rand/pubs/research_reports/RR2500/RR2574/RAND_RR2574.pdf, accessed on 17 March 2021.

²³⁴ 'Ministry of Defense, Joint Staff Japan, 'Statistics on scrambles through the first quarter of FY2019' 26 July 2019, available at https://www.mod.go.jp/js/Press/press2019/press_pdf/p20190726_02.pdf; Denyer, S, 'Japan builds an island 'wall' to counter China's intensifying military, territorial incursions' Washington Post, 21 August 2019, available at https://www.washingtonpost.com/world/asia_pacific/japan-builds-an-island-wall-to-counter-chinas-intensifying-military-territorial-incursions/2019/08/20/802bc282-ae11-11e9-9411-a608f9d0c2d3_story.html, both accessed on 17 March 2021.

government's decision to nationalize the islands in 2012 (which previously had been privately owned by its citizens). The result was aggressive posturing from all sides. Accordingly, PRC aircraft and coastguards in the area dramatically increased in number and Taiwanese government ships shot water cannons at Japanese patrol ships – although it must be said Taiwan has remained substantively and quantitatively more restrained than China.²³² Both operations were met with a parallel increase in Japanese military activity in the area.²³³ For example, Japan's Ministry of Defense constantly sends its jets to respond to air incursions whilst building new military bases on nearby islands.²³⁴ Such displays of hostile intent and military capability, especially by the Chinese and Japanese, over a disputed territory, appeals to their respective nationalist constituencies at home, but are prone to miscalculation which could lead to an unintended escalation of hostilities that could spill over to the entire region.

3. Our Health at Risk: Nationalist China as a Non-Traditional Security Threat

In 2021, China has also taken center stage as a non-traditional security threat to Asia. The COVID-19 pandemic, as UN Secretary General António Guterres states, “the gravest test since the founding of the UN” and risks upsetting international peace and security while simultaneously increasing social unrest and violence especially in the Global South.²³⁵ Since the virus was discovered in Wuhan, China in December 2019, it has infected more than 260 million people and killed almost 5 million worldwide.²³⁶ The outbreak also caused great suffering akin to a slow-moving disaster for millions who either suffered economic loss or lost their jobs due to economic shutdowns. The International Labour Organization estimates that globally, COVID-19 cost ordinary workers as much as USD3.7 trillion.²³⁷

Despite this experience, the world is still in the dark as to how to prevent a new pandemic from developing given China's refusal to cooperate. Indeed, it only allowed the World Health Organization to investigate a year after the start of the outbreak.²³⁸ Moreover, many experts

²³⁵ Guterres, A, 'World faces gravest test since founding of the United Nations', United Nations, 2020, available at <https://www.un.org/press/en/2020/sgsm20041.doc.htm>, accessed on 17 March 2021.

²³⁶ 'WHO Coronavirus (COVID-19) dashboard' World Health Organization, available at <https://covid19.who.int/>, accessed on 17 November 2021.

²³⁷ 'ILO monitor: COVID-19 and the world of work. Seventh edition' International Labour Organization, 25 January 2021, available at https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_767028.pdf, accessed on 17 March 2021.

²³⁸ Zarocostas, J, 'WHO team begins COVID-19 origin investigation' The Lancet, 6 February 2021, available at [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(21\)00295-6/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(21)00295-6/fulltext), accessed on 17 March 2021.

²³⁹ Enos, O, 'Holding the Chinese Communist Party accountable for its response to the COVID-19 outbreak' The Heritage Foundation, 12 May 2020, available at <https://www.heritage.org/sites/default/files/2020-06/IB5074.pdf>; Lai, S, Ruktanonchai, NW, Zhou, L, Prosper, O, Luo, W, Floyd, JR, Wesolowski, A, Santillana, M, Zhang, C, Du, X, Yu, H, and Tatam, AJ, 'Effect of non-pharmaceutical interventions for containing the COVID-19 outbreak in China' Medrxiv, 13 March 2020, available at <https://www.medrxiv.org/content/10.1101/2020.03.03.20029843v3>, accessed on 17 March 2021.

²⁴⁰ Ma, J, 'Coronavirus: China's first confirmed Covid-19 case traced back to November 17' South China Morning Post, 13 March 2020, available at <https://www.scmp.com/news/china/society/article/3074991/coronavirus-chinas-first-confirmed-covid-19-case-traced-back>, accessed on 17 March 2021.

²⁴¹ World Health Organization, 'Preliminary investigations conducted by the Chinese authorities have found no clear evidence of human-to-human transmission of the novel coronavirus identified in Wuhan China' Twitter, 14 January 2020, available at <https://twitter.com/WHO/status/1217043229427761152>; Page, J, Fan, W, and Khan, N, 'How it all started: China's early coronavirus missteps' Wall Street Journal, 6 March 2020, available at <https://www.wsj.com/articles/how-it-all-started-chinas-early-coronavirus-missteps-11583508932>, both accessed on 17 March 2021

argue that the pandemic would not have been so catastrophic, in terms of lives and opportunities lost, if the CCP had been more transparent and cooperative with global health authorities as well as respectful of international health regulations.²³⁹ Accordingly, the pandemic revealed that the PRC's handling of domestic virus outbreaks and its attitude to international norms of cooperation continue to pose a significant threat to Asia's security.

Few would deny the PRC withheld information from the international community at a time when it was crucial to control the spread of the virus within its borders and globally. China's first case of COVID-19 appeared in Hubei province in mid-November 2019.²⁴⁰ By mid-December of 2019, healthcare workers were also becoming infected, meaning CCP officials were already aware human-to-human transmission²⁴¹ information that CCP officials knew to be false. The consequences of such misinformation were deadly with some research indicating that had Beijing acted otherwise initially, COVID-19 cases might have been reduced by almost 95%.²⁴²

As previously mentioned, Chinese healthcare workers who tried to share timely information with the public faced particular censure. This includes Dr Li Wenliang who sent private WeChat messages as early as December 2019 to warn other doctors of a highly infectious, human transmissible, and pneumonia-like disease.²⁴³ Days later, he was called in for questioning by the Public Security Bureau and was forced to confess to making a false statement aimed at disrupting public order.²⁴⁴ Tragically, in early February 2020, Dr Li died of the same disease he had tried to warn others of. Moreover, seven other whistleblowers were investigated and subsequently punished by the Chinese police.²⁴⁵ Around the same time, the authorities also began censoring coronavirus-related content on social media²⁴⁶ including references to Dr Li, criticism of the government's handling of the outbreak, as well as "neutral" content on virus information and disease prevention.²⁴⁷

And this is not the first time the Chinese government has repressed those attempting to communicate public health advisories without state approval. At the beginning of the 2002-2003 SARS outbreak, the CCP withheld crucial information from its citizens and the international public alike for several months. The global community only became aware of the extent of the outbreak when Dr Jiang Yanyong—former chief of the People's Liberation Army General

²⁴² Lai, Ruktanonchai, Zhou, et al (2020), *supra*.

²⁴³ Green, A, 'Li Wenliang' *The Lancet*, 18 February 2020, available at [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(20\)30382-2/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)30382-2/fulltext), accessed on 17 March 2021.

²⁴⁴ *Ibid*.

²⁴⁵ 'Wuhan Public Security Organs: Don't spread rumors! 8 rumors spreaders were investigated and dealt with by the police according to law' General Office of the People's Government of Hubei Province, 1 January 2020, available at https://www.hubei.gov.cn/zxjy/rdhy/202001/t20200101_1862068.shtml, accessed on 17 March 2021.

²⁴⁶ Ruan, L, Knockel, J, and Crete-Nishihata, M, 'Censored contagion: How information on the coronavirus is managed on Chinese social media' Citizen Lab Research Report No 125, University of Toronto, 3 March 2020, available at <https://tspace.library.utoronto.ca/bitstream/1807/104268/1/Report%23125--censoredcontagion.pdf>, accessed on 17 March 2021.

²⁴⁷ *Ibid*.

²⁴⁸ Ding, H, 'Rhetorics of alternative media in an emerging epidemic: SARS, censorship, and extra-institutional risk communication' *Technical Communication Quarterly*, 2009, Vol 18, No 4, pp 327-350.

²⁴⁹ *Ibid*.

²⁵⁰ Gan, N, Hu, C, and Watson, I, 'Beijing tightens grip over coronavirus research, amid US-China row on virus origin' *CNN*, 16 April 2020, available at <https://edition.cnn.com/2020/04/12/asia/china-coronavirus-research-restrictions-intl-hnk/index.html>, accessed on 17 March 2021.

Hospital—wrote a letter to the foreign media.²⁴⁸ Indeed, many ordinary Chinese had to rely on anonymous text messages to assess the gravity of the situation amidst official cover-ups, denial, and silence.²⁴⁹ In both cases, state censorship and misinformation delayed a timely public health response to contain the epidemics.

In addition to healthcare workers, Chinese academics were barred from investigating the origins of the novel coronavirus.²⁵⁰ The government issued private guidelines, erroneously shared by Fudan University and China University of Geoscience, warning academics that any research on the topic would be subject to heightened scrutiny by China's State Council.²⁵¹ Moreover, the guidelines state that papers must be reviewed by an official task force prior to submission for publication in scholarly journals.²⁵² An independent investigation by WHO on the same matter almost suffered a similar fate. After grueling year-long negotiations, at the last minute, the Chinese government failed to authorize the necessary permissions in early January 2021 although teams of experts were eventually allowed entry a month later.²⁵³ China's reluctance to allow independent probes on its public health responses is long standing as can be seen by the SARS outbreak in 2003 and the African swine fever outbreak in 2018.²⁵⁴ Indubitably, such restrictions negatively impact the ability of the international community to gain insight into the beginning of outbreaks and consequently to avoid their repetition.

In the second year of the COVID-19 pandemic, worries are once again arising that China is repeating its past behaviors and withholding crucial information, this time about its locally developed vaccines, Sinovac and Sinopharm. Despite promising results in clinical trials in several developing countries, there is a dearth of independently-vetted information on the efficacy of these vaccines.²⁵⁵ Likewise, the manufacturers have refused to disclose more information on their research methodology and trial protocols.²⁵⁶ For instance, although Sinovac published results from the first two phases of its trials in a peer-reviewed journal, it has yet to do so for the more vital phase three trial.²⁵⁷ Therefore, despite its continuing rollout in many countries, the efficacy and safety of these vaccines is still very much in question²⁵⁸ causing Bi Jingquan,

²⁵⁰ Gan, N, Hu, C, and Watson, I, 'Beijing tightens grip over coronavirus research, amid US-China row on virus origin' CNN, 16 April 2020, available at <https://edition.cnn.com/2020/04/12/asia/china-coronavirus-research-restrictions-intl-hnk/index.html>, accessed on 17 March 2021.

²⁵¹ Evans, Z, 'China implements new restrictions on academic research into coronavirus origins' National Review, 13 April 2020, available at <https://www.nationalreview.com/news/china-implements-new-restrictions-on-academic-research-into-coronavirus-origins/>, accessed on 17 March 2021.

²⁵² Ibid.

²⁵³ Reuters staff, 'WHO's Tedros 'very disappointed' China hasn't granted entry to coronavirus experts' Yahoo News, 6 January 2021, available at <https://news.yahoo.com/whos-tedros-very-disappointed-china-175628054.html>; Zarocostas, J, 'WHO team begins COVID-19 origin investigation' The Lancet, 6 February 2021, available at [https://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(21\)00295-6/fulltext](https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(21)00295-6/fulltext), both accessed on 17 March 2021.

²⁵⁴ Minter, A, 'China needs to come clean on COVID-19' Bloomberg Opinion, 13 January 2021, available at <https://www.bloomberg.com/opinion/articles/2021-01-13/china-needs-to-come-clean-on-covid-19>, accessed on 17 March 2021.

²⁵⁵ Sharma, Y, 'China gambles with trust, transparency in race for vaccine' University World News, 10 October 2020, available at <https://www.universityworldnews.com/post.php?story=20201010151810774>, accessed on 17 March 2021.

²⁵⁶ Cohen, J, 'Dosing debates, transparency issues roil vaccine rollouts' Science, 8 January 2021, available at <https://science.sciencemag.org/content/sci/371/6525/109.full.pdf>, accessed on 17 March 2021.

²⁵⁷ Lau, J, and Mai, J, 'Release coronavirus vaccine efficacy data, ex-China drug watchdog chief urges country's pharma firms' South China Morning Post, 4 March 2021, available at <https://www.scmp.com/news/china/politics/article/3124113/release-covid-19-vaccine-efficacy-data-former-china-drug>, accessed on 17 March 2021.

former director of China’s Food and Drug Administration, to call on the vaccine manufacturers to release such information to build public trust.²⁵⁹ As China expert, Eyck Freymann, and professor of medicine, Justin Stebbing, warn, “Beijing is undermining confidence in a vaccine the world desperately needs.”²⁶⁰ And it’s difficult not to agree, considering the CCP’s injudicious response to public health emergencies in the past.

²⁵⁸ Davidson, H, ‘China’s Sinopharm Covid vaccine: How effective is it and where will it be rolled out?’ The Guardian, 14 December 2020, available at <https://www.theguardian.com/world/2020/dec/14/chinas-sinopharm-vaccine-how-effective-is-it-and-where-will-it-be-rolled-out>, accessed on 17 March 2021.

²⁵⁹ Lau and Mai (2021), supra note 256.

²⁶⁰ Freymann, E, and Stebbing, J, ‘China must stop hiding its vaccine data’ Foreign Affairs, 26 February 2021, available at <https://www.foreignaffairs.com/articles/china/2021-02-26/china-must-stop-hiding-its-vaccine-data>, accessed on 17 March 2021.



Conclusion

The concept of sharp power points to how outside authoritarian governments impair free expression, neutralize independent institutions, and distort the political environment. Only China can pair economic and diplomatic power with global ambition and corrosive intent. China's actions, led by the Chinese Communist Party (CCP), are more subtle than Russia's interference attempts. They are designed to create a pro-CCP environment in democracies, and more focused on co-optation rather than confusion. China has proven in recent years that it wants to shape how democracies think, how they consume information, how they do business, and how they operate their political cultures. This isn't public diplomacy or soft power; China is undermining the lifeblood of democracies. Unfortunately, China's outright coercion, disinformation, censorship, and influence-peddling campaigns are all too commonplace in democracies of all stripes – near and far from China's borders. Rather than learning from its mistakes, China's rigid Party-led system has doubled down on its errors after recently declining global perceptions of China.

The way the Party operates domestically within China contaminates and dictates China's activities globally. Under President Xi and even predating his arrival, the Party has reinserted itself into nearly every aspect of Chinese society. PRC think tanks and universities are constantly under pressure to promote Party-friendly thinking. State-backed media is squeezing out independent media, and foreign journalists are constantly being arrested or deported. China's systems of control like social credit and pervasive digital and citizen-on-citizen surveillance eliminate opportunities for deviation from Party dictates. But as China "goes global," these same tools of the Party are put to work on the international system. Globally, an incredible amount of research paints a picture of self-censorship by foreign universities and academics, a Chinese diaspora under pressure by the moirés of the Party-state, buyouts and content-sharing arrangements between China's state media giants and foreign media, covert disinformation campaigns to highlight China's "wolf warrior" diplomacy, content control and espionage worries about Chinese tech companies, the co-opting of foreign political elites through the CCP's Party exchanges, and the corrupting influence of PRC capital. These cases aren't bugs of China's international engagement; they're features.

China's challenges to democracy predate the current emphasis on great power competition. Reports of pressure on the political and information environment by Confucius Institutes, PRC embassies, United Front Work-affiliated groups have been well-documented for years. Even Mao spoke of "making the foreign serve China."

These trends, however, accelerated as China grew more powerful, globalization shrank the world, and the fusion of the Party and State entered a new stage. The concept and practice of great power competition infuses these systemic debates about democracy and values with nationalism and geopolitics. Citizens and leaders in regions like Africa and Asia, which I would argue suffer most from the PRC's malign influence, don't want to get caught in the middle among the great powers. Within these regions, this dynamic could ultimately conflate support of democracy with support of the West.

China has proven adept at dividing democracies. One study found that, in each of the 100 cases of China's coercive diplomacy, China targeted an individual country instead of groups. Disappointingly, allies and partners showed up either too late or too little with their support. There are various nexuses that are currently being formed by pro-democracy governments, but these forums must be backed up by the connective tissue among non-governmental institutions such as media, activists, industry associations, and research institutions. Civil society often learns

better, moves faster, and collaborates more effectively than governments. These institutions are less bound by political or bureaucratic considerations, and, after all, are the primary targets of China's sharp power.

Democracies must educate their citizens and institutions through extraordinary transparency measures about these challenges from China, Russia, or other authoritarian actors. The impactful work being done by the thousands of international and local NGOs to build good governance is table stakes. Greater investments must be made in investigative journalism and a much stronger partnership between platforms, regulators, activists, and researchers to combat disinformation. Democracies should expand on them to include measures like foreign investment screening and transparency of foreign funding in think tanks and universities. In an era of less independent media, rampant disinformation, and a sanitized view of China provided by its state media giants, China's model of governance can be opaque. But when democracies peak behind the curtain, they usually don't like what they see, and institutions often organically adjust in profound, innovative ways.



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