

## Responding to China's Global Influence

Doug Bandow

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General Secretary Xi Jinping has exited the Chinese Communist Party's 20th National Congress without obvious challenge. His contentious "Wolf Warrior" diplomacy is expected to continue. This will require the U.S. and its allies and friends to fight even harder against Chinese assaults on their sovereignty. The People's Republic of China aggressively defends against what it believes to be foreign intrusions in its domestic policies and regularly attempts to impose its illiberal values in and on other nations.

Much has been written about PRC influence operations in the U.S. and other developed democracies. These efforts pose a worrisome challenge to democratic states. Of course, some governments, like Washington, that complain of Chinese activity themselves seek to influence other countries. But the malign nature of the Chinese regime, and its unmatched ability to conscript private resources, raise unique concerns.

The PRC's increasing wealth has yielded multiple opportunities for economic advantage, which are often problematic even when legal. For instance, China's investment and trade relationships naturally yield political influence. Beijing's economic clout has proved to be particularly important in Asia, where the PRC has surpassed the U.S. and Japan as a business partner. The desire for access to the Chinese market has influenced companies around the world, including in the U.S.

Of particular concern, Beijing effectively trades access to the Chinese market for technology transfer. The U.S. Trade Representative has pointed to several issues, including using "foreign ownership restrictions... to require or pressure technology transfer from U.S. companies," forcing "companies seeking to license technologies to Chinese entities to do so on non-market-based terms that favor Chinese recipients," and facilitating "the systematic investment in, and acquisition of, U.S. companies and assets by Chinese companies to... generate transfer of technology to Chinese companies."

Most of these practices are formally voluntary and technology transfer can be economically beneficial. However, the nature of the PRC regime raises noneconomic concerns. Actions benefiting individual Western companies may collectively strengthen a government that is fundamentally hostile to Western nations.

Similarly, the PRC has threatened companies' access to its market if they do not conform to Beijing's requirements, even overseas—such as the name accorded Taiwan on airline websites. Basketball teams and leagues have been punished economically for players' criticizing Chinese practices. These decisions are not formally coercive, since private entities are choosing to

comply to preserve economic access, yet the effective result is the imposition of CCP policy in America and other nations.

Beijing has established Confucius Institutes with universities to formally promote Chinese language and culture—and informally advance national political priorities. The organizations' activities depend on the character of counterpart institutions, which on occasion have abandoned important academic values, such as free speech, to acquire financial resources. Concern over the institutes' overall influence seems overwrought, but operating agreements and activities are not always transparent, and some schools may have self-censored criticisms of the PRC. Universities have chased Chinese dollars in other ways as well, to the detriment of students.

The Belt and Road Initiative is a major Xi initiative that funds development projects without inconvenient restrictions tied to economic reform or human rights. Original expectations were high and occasioned much concern among allied nations. However, BRI has not fulfilled its critics' greatest fears. Many projects have run into economic and/or political trouble, and there has been little evidence of such projects systematically turning into debt traps. Still, the program has unquestionably enhanced Beijing's global clout. Acting rather like the U.S., the PRC also has withheld commercial benefits—barring imports, banning tourism, and imposing other economic penalties—from countries, most notably Australia, Lithuania, and South Korea, which adopted policies viewed as hostile by Beijing.

In isolation, none of these policies “force” other states, companies, or individuals to act. But the fact that such measures are employed by a Leninist state able to use private as well as public means to aggrandize itself and punish critics outside its borders is a serious problem. The PRC also actively intervenes in politics, uses private actors for espionage, and applies coercive pressure on citizens abroad, even those who have fled China.

Chinese money has ended up in other nations' political systems, triggering criticism in Australia in particular. Chinese espionage is a serious issue not just in the U.S. but also Europe. Chinese academics and students have been used for this purpose, though the breadth of such activities is disputed. The U.S. government has charged Beijing with using academics in its efforts to acquire information.

The PRC tracks, pressures, and punishes Chinese students overseas who criticize government policy. Most offensive has been the PRC's use of relatives still in China as hostages when pressing overseas Chinese to procure information, remain silent about Beijing's rights abuses, and even return home to certain punishment. The PRC also uses its control over passports to pressure emigres.

China's ability to draft its nominal private sector to influence other nations is antithetical to liberal values and warrants a response. Luckily, Beijing's influence campaigns do not appear to have been greatly effective and can be balanced by cooperation among democratic governments, as well as with less liberal friends concerned about the same issues. Governments should require greater transparency for institutions like Confucius Institutes and share information regarding Chinese United Front activities. Friendly states should enhance disclosure requirements for technology transfer required for investment, and relax legal barriers to companies, such as

airlines, cooperating against Chinese demands. The objective should be to empower private actors to resist Beijing's pressure.

Passing countervailing legislation to bar compliance with the most harmful PRC diktats might be useful. Allied nations also should consider collective policies to meet Chinese economic attacks. The allies could penalize PRC enterprises and offer financial support to those targeted. However, such an effort should be truly multilateral, rather than an open-ended U.S. subsidy for industrial states with economic or political disputes with Beijing.

What of the BRI? The U.S. and European nations have presented a minimalist alternative, a dubious measure unlikely to achieve much. Given the poor Western experience with foreign aid and the multilateral development banks, allied governments would do better urging the PRC to pour *even more money* into BRI projects, increasing Beijing's losses. In any case, market-friendly states could offer practical assistance to potential borrowers, to better analyze the terms and prognosis of proposed BRI projects.

Allied countries should discuss common means to confront Beijing's threats against foreign citizens and Chinese working, schooling, or sheltering in other nations. Although it might be impossible to counteract PRC pressure on families in China, liberal governments should expel or punish Chinese operatives, students, and others engaged in malign activities. Other retaliatory measures, perhaps against Chinese trade and investment, should be taken to punish unacceptable PRC behavior. Democratic states might also offer to reduce public human rights criticism of Beijing in return for the verifiable end of extraterritorial attacks on critics.

Working together today would be good practice for coordinated, non-military action tomorrow in response to potential aggressive Chinese action against Taiwan or contested territory elsewhere in the Asia-Pacific. The prospect of economic pressure from Western industrial states like that against Russia might encourage Beijing to continue pursuing a patient and peaceful strategy.

Beijing has been ever ready to intervene in other nations' affairs. The U.S. and partner states should cooperate in resisting Chinese encroachments. The PRC is not fading away and widespread economic decoupling is a pipe dream. Thus, allied states should work together to forge a workable though more limited relationship with China in the future.

*Doug Bandow is a Senior Fellow at the Cato Institute. A former Special Assistant to President Ronald Reagan, he is author of Foreign Follies: America's New Global Empire.*