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Foreword

Dear Reader,

As EuroHub4Sino enters its third and final year, the Almanac 2025 captures a body of work that is broader in scope, crisper in method, and more policy-relevant than ever. Building on last year's foundations, our new research results track how China's domestic recalibration, technology drive, and global engagements are reshaping Europe's strategic landscape, and how Europe should respond.

This year's body of work offers a panoramic view of China's global posture, from its regional strategies and technological ambitions to its evolving diplomacy and climate commitments. The research underscores how China's economic governance is increasingly entwined with foreign policy and how shifts in global power balance shape Beijing's interactions with Europe, the United States, and the wider world. Together, the analyses highlight a common thread: China's search for stability and strategic autonomy amid intensifying competition and uncertainty.

Several contributions illuminate how Beijing integrates technology, security, and industry into a broader statecraft toolkit, while others trace the impact of global decoupling and trade pressures on China's policymaking and its relations with key partners. Environmental and green-transition studies further demonstrate how sustainability has become both a domestic priority and a channel for international influence.

Across its essays and policy papers, the Almanac reveals an increasingly sophisticated European perspective, one that balances critical distance with an appreciation of China's internal complexity. The research embodies EuroHub4Sino's mission: To provide empirically grounded, accessible insights that help European decision-makers navigate an interconnected world where engagement with China remains both essential and challenging.

As our project approaches its conclusion, the aim remains constant: **independent, accessible,** and **actionable analysis** of contemporary China for European audiences. The platform and partnerships forged through EuroHub4Sino will continue to support research, cooperation and communication beyond the project's lifespan.

Yours sincerely,
EuroHub4Sino Editorial Board

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Chinese Economic Insecurities: Where they Come From (and Why they Matter)

by Shaun Breslin

KEY TAKEAWAYS

- The size of the Chinese economy means that policy changes in China can have indirect implications for Europeans, even when Europe is not part of Chinese considerations at all.
- Many such policy changes have their origins in Chinese insecurities rather than perceptions of Chinese strength and power.
- The current Chinese leadership is more insecure about its grip on power the way that it projects itself to foreign audiences often suggest.
- Rhetorically at least, these insecurities are increasing as China's leaders attempt the twin tasks of shifting both the basis of economic growth and also the basis of party legitimacy.
- Understanding the extent and nature of these insecurities can help others – and not just Europeans – prepare for the consequences of future policies designed to ameliorate them.

Keywords

Economic security

Energy security

Regime security

Self-sufficiency

Technological self-sufficiency



Introduction

In a previous EH4S Policy Paper published in June 2024, we outlined the origins, meaning and objectives of Xi Jinping's emphasis on the need to develop *New Quality Productive Forces*. Other previous papers have discussed Chinese responses to both the *US's increasingly hawkish China policies*, the *de-risking/de-coupling discourses* more generally, and also focussed on China's desire to *increase technological self-reliance*. While the individual focus of each of these papers are very different, there is a common thread that runs through them; the role that economic insecurities play in shaping not just debates in China about its economic future, but also policies designed to mitigate risks and create a more predictable, stable and sustainable future trajectory. The aim of this long read is to act as a supplement to these earlier more focussed papers by fleshing out in more detail the nature of these insecurities, how they have emerged and evolved, and what the Chinese leadership things it needs to do to address them.

At times, China's search for security can have very clear and significant impacts on Europe. The rather rapid *emergence of DeepSeek* in early 2025 as a much cheaper and yet still very effective alternative to pre-existing global leaders had an immediate (and almost panic driven) impact on stock markets, and a more fundamental impact on perceptions of what the future might hold. In no small part driven by Chinese responses to the potential of being cut it off from "*global R&D ecosystems*", it the prospects of China attaining global leadership in key economic sectors (and perhaps even to use its economic clout to attain geostrategic political goals). Indeed, there is a strong argument for saying that what Chinese economic actors are doing overseas, including in Europe, are in large part driven by a desire to resolve Chinese

economic insecurities. For example, as argued in some detail *elsewhere*, the Made in China 2025 initiative that did so much to raise concern in Europe about Chinese global ambitions was largely inspired by Chinese insecurities; the Chinese economy was *described* as being big "but not strong", with weak Innovation capability, and a heavy dependence on foreigners for "core technologies and high-end equipment", with most Chinese enterprises unable to "operate globally" effectively.

In addition to these effects, Europeans are also indirectly affected by economic shifts in China that are primarily driven by insecurities. Moreover, the argument here is that the current Chinese leadership is more insecure than the way that it projects itself might suggest, and also that these insecurities are increasing. What we see is a combination of concerns that emerge perceptions of national (in)security and the nature of the global order, and perceptions of economic (in)security built both on the nature of the global economy and also the nature of China's own domestic growth model. Underpinning all of these insecurities, though, is the party's view of its own grip on power and perceptions of political or regime (in)security.

European's might not have the ability to do much (or even anything) to change the nature of many of these insecurities. And where there is some potential room for a European impact, there may well not be the desire to assuage Chinese concerns. But understanding the nature of what Susan Shirk back in 2009 called a "*fragile superpower*" should provide the basis for planning for a range of potential futures that are not all just built on an understanding of a strong, confident and immovable Chinese leadership.

Why Insecurities Matter: The Consequences of Scale and Mass

In 2007, the UK newspaper The Daily Mail ran *a story* about panic buying amidst rapid price rises in the cost of garden fence panels. The reason was in part a surge in demand due to bad weather over the winter, and in part a reduction in available supplies. Poor softwood harvests in Northern Europe explained some of this reduction. More important, though, was increased demand for wood from countries that were undergoing rapid economic transitions and seeing rapid urbanisation, construction and growth.

Not surprisingly, China was one of the most significant of those rapidly changing economies, where timber consumption "*increased nearly threefold*" between 2000 and 2015. Similarly, Chinese demand was also part of the reason for a shortage of *timber pallets* in 2013-14, used to transport a whole range of different goods and commodities; though the flip side of this coin was a tripling of *European softwood exports* to China in 2013 alone. The introduction in China of environmentally driven restrictions on logging to prevent deforestation, most notably in 2017, only served to increase *the importance of imports* for China, and thus further increased China's significance for global supplies and prices. As *Russia* is the main source of softwood lumber into China (including after the Ukraine invasion), it also has at least some impact on

European security concerns and strategies too.

Pretty much any other commodity could be chosen as an example of how Chinese growth impacts on Europeans in often indirect ways. For example, as *Hansen and Wingender* argue, China's transition from a net food exporter before it joined the WTO to the world's biggest importer has transformed global agriculture. In addition to its impact on prices of key commodities, they argue that increased Chinese demand alone is the cause of a massive diversion of land to crop production across the world, which will have huge long term global environmental consequences. As too does the above mentioned increase in wood and other "forest based" imports into China, which maybe ironically were in part driven by local environmental concerns within China itself.

Much has been written about China's impact on global energy trade and pricing. China *accounts for around* 18 per cent of the global trade of both oil and coal and 16 per cent of the global gas trade. Quite simply, "*China's centrality* to global oil demand growth this century" has become a major determinant of the price of oil for everybody on the planet. For example, the *stimulus measures* announced in China in September 2024 were directly credited (if that's the right word) for an almost immediate increase in global oil prices (and as a result, of the prices of *iron and steel* too).

It is not exactly the world's greatest insight to say that China matters in ways that most other countries don't and cannot. Its sheer size alone might be enough. Or perhaps size plus increasing wealth is enough. Even when there is no direct China-Europe interaction involved and there is no Chinese intention try and influence or affect Europe, what Chinese consume – or indeed, at times don't consume or consume less of – impacts on Europe and Europeans in different ways.

Of course, the consequences of size or mass are then often compounded by the nature of the Chinese political economy, and the way that the state supports privileged domestic actors to create an uneven global playing field. Such measures include the provision of a range of different types of *subsidies* and tax breaks, easy access to cheap capital, currency and exchange rate controls, limiting market access for foreigners, and so on. That's why "ensuring reciprocity, achieving a level-playing field, and addressing asymmetries in the relationship" have been "matters of priority" *for the EU* in its relations with China for many years. In addition to the frustrations of not being able to fully access the Chinese market to the same degree that Chinese actors access the EU, European producers can be disadvantaged in the home market too. As *Kratz and Oertel* have argued, the way that the state provides what they call a "protected home market advantage" can have (and indeed, already has had) had huge implications for European companies in some sectors when these protected Chinese companies internationalize their activities and take their commodities overseas[1]. Strategies designed to *export Chinese overcapacity* in some sectors have also already directly impacted on domestic producers in a number of economies, including in Europe.

So what happens in China indirectly impacts on Europe even when there is no clear intention to target Europe at all because of the size, scale and mass of the Chinese economy. It also has a direct but secondary impact when the **primary** Chinese objective is not to do things to Europe, but to do things overseas to reduce Chinese insecurities. Which then leads to the twin questions of what are the nature of these insecurities, and where do they come from?

The nature of Chinese economic insecurity

The evolution of the Chinese discourse

As *Wang Zhengyi has outlined*, the specific concept of "economic security" (经济安全) was not a feature of Chinese academic or policy debates until the second half of the 1990s. Until then, concern with generating economic growth on the one hand and issues relating to security on the other hand largely evolved and were discussed in two separate domains with very little cross-fertilization. The Asian Financial Crisis of 1997 is typically credited with starting a *Chinese debate* over the nature of economic (in)security, as it highlighted how quickly (and unexpectedly) China's hoped for trajectory of economic growth could be derailed by events outside its control. Foreign investment (not least from the rest of Asia) had rather rapidly become a major engine driving the growth of Chinese exports in the earlier part of the decade, and the concern now was that both investment and exports would now decline. And as China's most influential trade official, Wu Yi, put it at the time, this was not a case of worrying about "exports for exports' sake", but instead a "political issue .... critical in helping the nation reform State-owned enterprises, create jobs and promote social stability".

This was also a period when maintaining export growth faced considerable political challenges too. Though the international response to the Tiananmen crackdown in 1989 had proved to be rather shallow and short lived, access to the US market for Chinese exporters was dependent on China being granted Most Favored Nation status by the US every year. As it turned out, this was always granted, and China gained permanent access to the US market in 1999 as part of the process of gaining WTO entry (in 2021). Indeed, trying to take politics out of trade relations was one of the reasons that China's leaders *pushed to join the WTO* in the first place; to take disputes out of the hands of politicians and into the hands of technocratic and legally bound trade experts instead. But until 1999, China's leaders could never be certain of that.

In addition, the second half of the 1990s also saw the emergence of *energy security concerns* in China. Although China had switched from being a net exporter of oil to a net importer in 1993, this was initially not really seen as a problem. This is because, crucially, there is a difference between (self) sufficiency and security. There is no inherent insecurity in being dependent on either imports or foreign markets at all if you are confident that those supplies will keep coming and those markets will remain open. And such confidence – or the

lack of it – is the key to the spread of Chinese economic insecurities and anxieties.

In the case of oil, as the volume of imports increased, then the question of whether these supplies could be guaranteed increased too, not least because of the "*Malacca Dilemma*". With so much of China's oil imports passing through the narrow Straits of Malacca on the way (and indeed, with many Chinese exports to Europe going the other way too), then what would happen if a hostile state like India or the US hindered or blocked sea lanes for political/security reasons? Hence the expansion of "*resource diplomacy*" in and with Africa and other developing countries in a search to diversify sources of supplies (preferably to places where trade was not already dominated by companies from the West).

Typologies of Insecurities

To sum up then, what we might call *economic security with Chinese characteristics* entails a bundling of three different types of insecurities.

National (in)security: Those concerns that relate to the nature of the global order, and China's place within it. Most clearly, the fear that for political reasons, other countries might do things that make it harder or even impossible for China to get what it wants and needs (resources, commodities, markets) so that China's leaders can run the economy in the way that they want to want to run it. This includes fears of military blockades, sanctions, tariffs, investment screening and other punitive actions.

There has also been concern that the US is trying to establish relationships with its allies designed to drive a *wedge between them and China* with important economic (as well as broader security) concerns. And at times that the US is trying to build regional economic structures like the Trans Pacific Partnership that would "*exclude China from regional economic affairs*".

Economic (in)security: Which can be divided into two halves. The first half relates to the nature of the global economy, and what we might call "normal" (which means non-politically motivated) economic vicissitudes that all economies face. This includes fluctuations in the price of key commodities, and at times the supply of them too. We might also include here conflicts and other geopolitical uncertainties that do not directly involve China, but have potential economic consequences for China (and indeed, for all global economies). Conflict in the Middle East is an obvious case given China's energy concerns; hence the increased interest in playing a *diplomatic role* in the region. There has also been growing concern with the impact of piracy in the *South China Sea* and off the *Horn of Africa* as China's global economic presence increased.

Perhaps most clearly of all, though, is the spillover effect of economic problems elsewhere that China simply cannot control. In particular, economic crises elsewhere

have twice had a profound impact on Chinese thinking; as already noted, first in 1997, and then again when the Global Financial Crisis led to *Chinese exports falling dramatically* and suddenly in November 2008.

This brings us directly to the second half, which is the nature of the Chinese (political) economy. There has been *considerable debate* over how important exports have been for Chinese growth. If you just count exports as a percentage of GDP, then in 2007 (ie: just before the global financial crisis), then the figure was 40 per cent. But this ignores the high degree of imported components in Chinese exports at the time. So adjusting the calculation to take this into account, then the value added of net exports to GDP in 2007 was only 20 per cent; which to be fair is still not insignificant. To complicate matters even further, though, this ignores the domestic spillover effects of trade; if you build a new port and infrastructure to access it, this does not count as trade, but is clearly a trade driven growth. *Factor this back in* and you could argue that trade related growth was as high as 50 per cent of GDP in 2007.

Whatever the true number, China's leaders have certainly acted at times as if they think that economic growth was too dependent on exports. And this meant that China's economic fortunes were even more vulnerable to the sort of politically motivated action outlined under national (in)security above.

There is also a concern that as the significance of exports has declined, growth has become too *dependent on investment* instead. Not least because in the period after the financial crisis as expanding investment was seen as a key means of maintaining growth during global economic turmoil.

Political/Regime (in)security: Crucially, both national and economic insecurities were part and parcel of a more fundamental and existential insecurity relating to the nature of the Chinese political system. In the post Mao era, the party went to great lengths to *establish the idea* that generating growth was a key indicator of its wisdom and effectiveness. Growth (and announcing that growth targets had been met and exceeded) thus became a crucial part of its strategy of justifying and legitimating its monopoly on power. Quite simply, then, if growth could not be maintained, then the party ran the risk of failing to meet the benchmarks, standards and expectations that it had set for itself, and communicated to the Chinese people. And while many political parties lose elections when the economy isn't doing well, this is not an option in a one-party state where it is the entire party-state political system that is at stake.

Mitigating risks

As the growth of concern about over-reliance on investment and China's changing strategy in the Middle East both clearly show, Chinese economic insecurities (and the responses to them) are not static. So nearly three decades after the emergence of the economic security

discourse in China, how do things stack up today?

China's leaders have been proactive in trying to reduce uncertainties and insecurities. We have already noted the move to increase technological self-reliance, and to make more of the high tech components that drive advanced modern manufacturing at home. Even before the launch of DeepSeek, there was already evidence that it had made *considerable progress* in some high-tech sectors. The Australian Strategic Policy Institute's 2024 *Critical Technology Tracker* calculates that China had become the global leader in *57 of its 64 tracked technologies* in the 2019-23 period (up from leading in just three at the start of the millennium).

Overseas investment has increased access to and often control over a range of resources, and also diversified the sources of supplies in many cases. This includes *oil supplies*, with Russia and Angola now two of the top three suppliers, with a rapid expansion of refining capacity also playing a role. Even so, oil from the Middle East still plays a very important role, and countries like *Australia* which have had a fractious recent relationship with China supplies more than half of Iron Ore and Coal imports. At times, China has used *export controls* for commodities deemed to be essential for domestic economic growth and the transformation into a new type of economy built around the promotion of new productive forces (as detailed in a previous *EH4S paper*). Starting in 2008, China has also become an active actor in *anti-piracy operations* too.

China's leaders have become an active promoters of *forms of regional integration* that promote their interests, and actively pursued and promoted *Free Trade Agreements* (FTAs). At the time of writing, alongside the FTA with ASEAN as a whole and the Regional Comprehensive Economic Partnership (with ASEAN, Japan, South Korea, Australia and New Zealand), 17 bilateral agreements were in place (19 if you include the FTAs with Macao and Hong Kong), there was one Service and Investment agreement (with Belarus) and 12 FTAs were under negotiation. It has also developed a range of institutional mechanisms to pursue its economic (and other) agendas with different regional groupings that span the globe (as explained in detail in a previous *EH4S paper*). Amongst other things, the *Belt and Road Initiative* is meant to open up new markets, suppliers, trade routes and production networks. More recently, major Chinese producers (particularly if they have a large US market) have *diversified their production* bases to "bypass market access or trade barriers".

Chinese Insecurities Today

The external environment

The USA and the EU are notably absent from the list of Chinese FTA partners. And despite joining the WTO in 2001, access to these two important markets remains a concern in China. This is not really surprising for a number of reasons. Not recognising China as a *market economy* within the WTO in 2016 (as many assumed would automatically happen after 15

years of Chinese membership) appeared to be a case of the western powers moving the goalposts when viewed from China (rather than the view from elsewhere that China had not met its contracted obligations). *European debates* over de-risking and how Europe can respond to the China challenge and enhance its own security have been heard in China, and *taken as a sign* that the EU is turning away from free trade towards protectionism; at least when it comes to trade with China.

Most important, though, is the deterioration of relations with the US. A *White Paper* issued in September 2018 outlined China's anger at the initiation of tariffs by President Trump which led to what has widely been described as a *trade war*. The four different Biden administrations restrictions on microchip and high tech exports to China (including one of his last acts as President in 2025) very clearly demonstrated this this view of China is now a bipartisan one, and not a Trump or Republican specific phenomenon. That said, Trump's re-election did raise the prospects of things getting worse, with the promise of more and/or higher tariffs in his second term. Even the status quo ante access to the US (without market economy status) seemed to be at risk as well, with calls to revoke the *permanent normal trade relations* that China had gained in 1999.

The Domestic Context

So significant **economic** and **national** insecurities remain. And they exacerbate ongoing **political/regime** insecurities. In previous EH4S papers we have covered both the promotion of a new ever more nationalist and Chinese (rather than Marxist) *ideological basis* of party legitimacy, and (as already noted) the attempt to move on from a focus on growth to *high quality development*. Despite these moves (and others) it has proved difficult to shift the basis of growth away from investment (and exports) *to consumption*, and to deal with the consequential problems of the old model (such as *local government debt*). It also seems to have proved difficult to move away from past impulses relating to the importance of maintaining growth.

Rising Concerns?

To be sure, we have to be careful how we treat what Xi and the rest of the party say about security. Talking up insecurity too much might lead to questions about the party's role in allowing them to emerge or persist. Particularly if they have persisted for some time and been identified as a problem without finding any effective solutions for many years. However, it is also potentially beneficial for the party to construct a discourse of insecurity and a degree of fear in two main ways. First, to encourage the people not to complain or rock the boat and do anything that might undermine the party's ability to keep them safe and (relatively) wealthy. Second, to try and shift the benchmark of success and wisdom from simply generating growth to focussing on the quality and utility of growth, and in the process, to

show their skill and effectiveness in dealing with these urgent challenges and problems as they set a new course to an even brighter future.

That said, it is notable that Xi Jinping has been very open and clear about the extent of these insecurities. At the *20th Party Congress* in 2022, Xi told the Chinese people to be "prepared to deal with worst-case scenarios, and be ready to withstand high winds, choppy waters, and even dangerous storms". This was partly because of domestic challenges, and the existence of "many deep-seated problems regarding reform, development, and stability that cannot be avoided or bypassed". But these domestic insecurities were compounded by geopolitical concerns as "external attempts to suppress and contain China may escalate at any time" as a result of what is often *referred to* as "changes not seen in a century".

A *People's Daily editorial* on 11 th November 2024 gave a bit more detail, pointing to four main "difficulties and problems". In reverse order, the four listed was "hidden dangers"; local government debt, increasing unemployment levels for college graduates, slowing income growth for urban residents, and (some) enterprises laying off employees and cutting salaries. There is a clear overlap with the third, namely "weak sales, declining profitability, and weakening market expectations" for some companies. This in turn is a consequence of the second, weak domestic demand and a lack of "willingness" to consume. But as Kewalramani notes, it is very notable that the first of the listed difficulties and problems was the "external environment".

> *The instability of the world economy has increased, the uncertainty of international politics has increased, global trade protectionism has intensified, and some countries have continued to increase their containment and suppression, which has increased the pressure on China to stabilize foreign trade and foreign investment.*

A change of Gear?

The People's Daily editorial was published a month before the annual *Central Economic Work Conference* (CEWC), which since 2012 has become them main meeting of key economic policymakers to set the broad economic priorities for the next year (which are then fleshed out the following spring at the annual National People's Congress session).

The 2024 CEWC saw a renewed emphasis on "boosting domestic demand, especially consumer demand". This was not unexpected given what was being said in the official press beforehand, and the announcement of a new stimulus package *designed to* "address China's economic slowdown, focusing on liquidity improvements, boosting the property market, and stabilizing financial markets" in September 2024. Nevertheless, it formally marked a shift in gear, with "more proactive and impactful macro policies" promised for 2025 to include:

> "a higher deficit-to-GDP ratio"
>
> "the issuance of ultra-long special treasury bonds and local government special-purpose bonds"
>
> "a moderately loose monetary policy …. with reductions in the reserve requirement ratio and interest rates"

And if there was any doubt as to why the economy needed this boost, it was made very clear; in words that echoed what Wu Yi said in the wake of the Asian crisis nearly three decades before, it was all about providing "people's wellbeing and security" in order to "maintain overall social stability".

While *official reports* of the CEWC did not directly reference Donald Trump's return to power in the US, they did refer to "the deepened adverse impact brought about by changes in the external environment" alongside the persistent domestic challenges noted in the People's Daily. It is difficult to imagine that Trump was not discussed at the conference. After all, as *Chi Lo* argues, "the timing for another tariff war under Donald Trump's new presidency could hardly be worse. China's economy is now much weaker than it was in 2018 when the Sino-US trade war started.

Yet perhaps ironically *Wang Xiangwei* (the former editor of Hong Kong's South China Morning Post) argues that the threat of tariffs "might be just what China's ailing economy needs". This is because it will force the leadership to push through with the sort of "painful reforms" that are needed to make the transition to a more domestic consumption driven model of economic growth.

The obvious next question is why haven't they done this before given that the need to make this transition was identified many years ago now, and the leadership's oft repeated commitment to do things differently in the "new era"? And given that the growth of debt has long been identified as a potential source of future economic uncertainty, why does the expansion of credit and liquidity and *repeating past policies* so often seem to be the go to solution when the economy slows? The answer to both of these questions appears to be that the leadership thinks that the costs of making the transition – the domestic "difficulties and problems" in the People's Daily opinion piece – would at the very best make governing China more difficult, and might even jeopardise the party's grip on power. Which brings us back to the basic argument that you don't have to dig very deep into national security or economic security discourses in China before you get to more fundamental questions about regime (in)security.

Conclusion

The 2024 CEWC also included a comment on the importance of "improving management of expectations". The things said by Xi and in the People's Daily repeated in this paper are part of that process of trying to shift expectations of what is a realistic economic future given the nature of domestic and global challenges. It thus forms part of the broader strategy of shifting the basis of party legitimacy by redefining what represents a good performance worthy of the people's support or even adulation. Or in the words of the Party's theoretical journal, *Qiushi*, in 2024"

> *in this new stage of development, to determine whether the economy is doing well or not, we must go beyond aggregate volume and rate of growth. We must see if the engines of development are robust and if the economic structure is rational. We must consider whether the drivers of innovation are stronger, development is more balanced, the foundation for green development is more solid, the standard of opening up is improved, and people's wellbeing and happiness are higher.*

It is less about what the economy is doing now than it is about getting the fundamentals in place for what the economy might do in the future.

What might make sense, though, from a national perspective in the long term doesn't necessarily assuage the individual whose personal fortunes are being affected in the here and now.

Moreover, we now have a generation of Chinese university graduates who – for the first time in decades – do not expect to have a better life than their parents (even if they have found a job). This is also a generation whose education (and personal development too) was interrupted by Covid, many of whom do not view the way the party managed the pandemic as a sign of its wisdom, greatness and success. Managing the expectations of those whose expectations are already quite low could prove to be a very tricky task indeed. And while we are thinking about future trends, the implications of the *demographic challenges* of an aging population are not insignificant either.

The freezing of the *EU-China Investment Agreement*, the move towards investment screening and more generally the way that China has been spoken about in recent years all feed the idea of a West that does not want to accommodate China's rise. But it is doubtful – to say the least – that European policy makers will think that putting aside their own insecurities (about China) to assuage Chinese ones (about the future nature of the global economy) is a price worth paying. And even then, US-China relationship looms so large in Beijing that any European changes would only have an impact on these Chinese insecurities at the margins.

It is not the intention here, though, to try and predict what they future might hold. Nor to suggest that Europeans should do anything to make China's leaders feel more secure. Rather it is simply to argue that much of what these leaders do is driven by insecurities that are not always immediately obvious if you just focus on the headlines (and particularly the headlines produced in China for overseas audiences). And that the resultant policy changes can have indirect implications for Europeans simply because of the size and scale of the Chinese economy compounded by the relationship between states and markets in China's political economy. Understanding domestic dynamics, then, might at least increase awareness of potential or even likely changes to come in China as the party attempts the twin tasks of shifting both the basis of economic growth and also the basis of party legitimacy.

[1] Because it allows them to "leverage the vast size of China's market to build scale, amass profit, and improve productivity, technical capabilities, and product design and quality" which "enables some of these firms to enter foreign markets on a strong financial footing and to sell tried-and-tested, more tailored products at highly competitive or below-market prices".

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Beyond Central Asia: the ever-expanding influence of the Shanghai Cooperation Organization

by Jeremy Garlick

KEY TAKEAWAYS

- The SCO is expanding beyond its Central Asian heartland southwards and westwards across Asia, reaching the Middle East and North Africa. As a "talking shop", it has achieved relatively peaceful and cooperative relations between its ever-expanding club of members.
- In 2024, Turkey, a NATO member, applied for membership of the SCO, indicating a probable shift by President Erdogan away from a frustrated bid for EU membership to closer ties with China and Russia.
- SCO dialogue partners include Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Bahrain and Qatar. This suggests that these oil- and gas-producing Middle Eastern states are interested in enhancing ties with China and Russia rather than being reliant on political and economic ties with the US and the EU.
- The SCO should be seen as a sister organization of BRICS, enhancing Chinese and Russian influence in the global South, with a particular focus on Asia and the Middle East. As such, it should be taken seriously as a counter to the influence of legacy organisations of the US-led "liberal international order" such as the G7 and NATO.

Keywords

Shanghai Cooperation Organization (SCO)

China

Russia

Central Asia

BRICS

Belt and Road Initiative

Liberal International Order



Introduction

The Shanghai Cooperation Organization (SCO) is well known among foreign policy analysts as a platform for China-Russia cooperation in Central Asia. With roots in the post-Cold War era and a precursor called the *Shanghai Five* dating from 1996, the SCO served initially to boost Sino-Russian cooperation while dampening down possible regional tensions. The role of the SCO included the aim of building understandings which would transcend ongoing *territorial disputes* between the Central Asian states which had emerged as national entities from the ashes of the Soviet Union: Kazakhstan, Tajikistan, Uzbekistan and Kyrgyzstan. Reclusive *Turkmenistan* is not a member but attends summits as a guest.

In 2017, the SCO expanded its sphere of influence into South Asia with the *addition* of India and Pakistan. *Iran joined* in 2023 and *Belarus* in 2024. This gave the SCO not only new footholds in the Middle East and Eastern Europe, but also meant that the organisation contained nations with around *80 per cent* of the Eurasian landmass, 43 per cent of the world's population and a quarter of global GDP.

Apart from its ten members, the influence of the SCO extends further. A number of states from the global South have the status of either observers or dialogue partners. The two observers are *Mongolia* and Afghanistan. The dialogue partners include all the major Persian Gulf fossil fuel exporters: Saudi Arabia, the United Arab Emirates (UAE), Kuwait, Bahrain and Qatar. The other dialogue partners are Armenia, Azerbaijan, Cambodia, Egypt, Sri Lanka, Myanmar, the Maldives, Nepal, and Turkey. So the SCO has a considerable impact given that leaders from all these economically developing countries can personally attend summits at which Vladimir Putin and Xi Jinping are the central figures. It also seems intended to expand to include more

nations. This stands in marked contrast to the G7, which is a club with fixed membership for developed nations only: Canada, France, Germany, Italy, Japan, the UK, and the US, plus the EU as a "*non-enumerated member*." While the G7 pointedly excludes global South nations, the SCO seeks to bring them into the fold.

It is surprising, then, that the SCO is not much acknowledged in the Western public sphere. It is more-or-less unknown to the general public in Europe and North America. As an organisation which is obviously a framework for the spread of Chinese and Russian influence through Asia, but also towards other parts of the global South such as the Middle East and Africa, the SCO is clearly a key part of a conscious attempt to construct an *alternative* to the US-led so-called liberal international order (*LIO*). The LIO is represented by institutions such as the G7, NATO and the International Monetary Fund (IMF). The SCO, alongside the better-known BRICS platform and the Belt and Road Initiative (BRI), is an attempt to construct an alternative set of institutions and arrangements through which to establish, maintain and extend Sino-Russian influence southwards and westwards across the Eurasian landmass. The constant *addition* of new members, observers and *dialogue partners* from South Asia, Southeast Asia, the Middle East and North Africa attests to this.

The SCO as a cooperation facilitation mechanism

Some observers claim that the *SCO* lacks a clear purpose, leading to the accusation that it is "*ineffective and irrelevant*". For instance, is it intended to promote security cooperation or economic integration between the member states? In fact, as with most Chinese-led institutions and initiatives, the SCO has a multi-purpose function. Even against the backdrop of its institutionalised structure, its remit is loose and vague enough to allow evolution over time rather than having a single fixed aim. The SCO's fairly broad remit arguably allows for flexibility and dynamism instead of it being a static framework which is not able to change as circumstances demand.

Within its remit, the SCO includes the *promotion of cooperation* on security, economic and political issues within an expansive envelope for policy discussion and formation. It is intended to smooth the way towards increased collaboration and reduced conflict between its members. The aim is to strengthen interstate ties by persuading members that working together is more profitable than arguing over issues such as disputed borders. The SCO is a multilateral platform upon which the members can build consensus and group together in a new framework outside the Western-dominated LIO.

Although not at first sight obvious because they mostly refer to an absence of events rather than occurrences, there are three clear examples of what the SCO has achieved. First, the mechanism has smoothed out potential troubles in relations between China and Russia in Central Asia. The states of Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan

were all part of the former Soviet Union. As such, they can be seen as part of the Russian rather than Chinese sphere of influence. Thus, it might have been expected that increasing Chinese investments in the region would have generated tensions with Russia since they would be seen as competition for influence and resources. Yet even as bilateral trade between China and Central Asia has increased exponentially in the 21 st century, rising from *US$1.5 billion* in the year 2000 to *US$94.8 billion* in 2024, no such *tensions* have arisen.

This negative outcome – an absence of conflict – supplies evidence that discussions between the leading members of the framework have averted possible misunderstandings by easing Russian fears about a potential Chinese takeover. Russian and Chinese perspectives on the region are certainly not identical: China's involvement in Central Asia leans towards *economics*, while Russia focuses above all on *geopolitics* and security. Be this as it may, the two sides have managed to find ways to overcome their differences and promote "*win-win*" outcomes. As a European Parliamentary *briefing* puts it, "The SCO's main achievement thus far is to have offered its members a cooperative forum to balance their conflicting interests and to ease bilateral tensions."

The second achievement is that relations between the Central Asian states that were formerly part of the Soviet Union have been somewhat fraught since they obtained independence. Borders have been continuously disputed, with armed clashes between border guards breaking out on a number of occasions. For instance, Uzbekistan, Tajikistan and Kyrgyzstan have *exclaves* inside each other's territory. But, presumably partly due to regular discussions at the SCO under Chinese and Russian guidance, minor clashes have never escalated into larger conflicts. The SCO has played at least a contributory role in easing tensions between the Central Asian states.

Third, and most important from China's point of view, bringing the Central Asian leaders onside has reduced the risk of Uyghur separatist movements gaining traction in the Xinjiang Uyghur Autonomous Region. Since 2014, when *separatist violence* appeared to be increasing amid attacks on Han Chinese by members of the East Turkestan Independence Movement (*ETIM*), the Chinese government has *cracked down*. And a major part of China's intensified security efforts has been focused on ensuring that ETIM and other separatist factions lack support from the territory of Xinjiang's Western neighbours. Due to discussions at the leadership level, China has been able to secure its borders with Kyrgyzstan and Tajikistan. *Chinese troops* have even been deployed inside its neighbours' borders without creating much rancour or drawing much attention.

Of course, the addition of India and Pakistan intensifies the security headaches facing SCO leaders, leading some to opine that admitting the nuclear arch-rivals was a *mistake* on China's part. Nevertheless, seeking to overcome entrenched territorial disputes and security issues through diplomatic means adheres to the core goals of the organisation – and to China's

long-term goal of establishing a global *Pax Sinica*. This effort at "*harmonisation*" is to be based on the spread of purportedly benevolent Chinese influence outwards from its Chinese core, through Central Asia, and then southwards and westwards across the global South.

Complex interdependence: economics and institutions

Of course, beyond security goals there is the aim of enhancing economic cooperation between the member states. In particular, from China's point of view, Central Asian resources such as oil and natural gas are crucial for China's continued rise. Oil and gas *pipelines* constructed over the last two decades snake their way from *Turkmenistan* across Uzbekistan and Kazakhstan through Xinjiang to the main industrial and population centres in eastern China. China is now Turkmenistan's main export market for its natural gas. Chinese state energy companies have invested in the exploitation of fossil fuels across the region, and also in *mining operations* such as gold and silver mines in Kyrgyzstan.

Institutional arrangements and cooperation platforms are also important. Economic cooperation is conducted within the overarching umbrella of the BRI, which is supposed to connect to Russia's Eurasian Economic Union (*EAEU*). The EAEU has Armenia, Belarus, Kazakhstan and Kyrgyzstan as members. Even if Russia's version of the BRI lacks substance, it is still an indication of the economic and political synergies intended to be achieved between China and Russia. In this context, the SCO acts as an annual *talking shop* for resolving difficulties and smoothing out relations.

In this task, the SCO – which is essentially a forum for national leaders in which they can discuss cooperation and resolve problems – complements a range of other Chinese-initiated institutions and platforms. These include of course other summit-based forums such as BRICS and broad initiatives such as the BRI, but also institutions such as the Asian Infrastructure Investment Bank (*AIIB*), whose aim is to build infrastructure projects in global South countries. Alongside the SCO in Central and South Asia, other regions have their own multilateral cooperation platforms: for instance, there are the China-Arab States Cooperation Forum (*CASCF*) and the Forum on China-Africa Cooperation (*FOCAC*).

Overarching all of these are three loftily-framed global initiatives: Xi Jinping's Global Development Initiative (*GDI*), Global Security Initiative (*GSI*), and Global Civilisation Initiative (*GCI*). These were introduced in 2021, 2022 and 2023 respectively. The GDI, GSI and GCI are indicative of the Chinese government's aims in the Xi era: like a three-pronged instrument, they aim at achieving economic and security cooperation within a framework of peaceful cooperation based on economics (development), military power (security), and harmony of interests between states with distinct historical and cultural traditions (which is what is intended to be inferred from the word "civilisation"). Cooperation is to be achieved through economic, security and institutional cooperation, facilitating a form of complex interdependence

within which relations between participating countries become steadily less confrontational and more intertwined. In this sense, the SCO, which preceded everything else, is one of the earliest manifestations of the Chinese vision of globalisation, as well as a standard-bearer for that vision going forward.

Turkey, Indonesia, and other fence-sitters

It is not surprising that Iran and Belarus joined the SCO. Iran is seen as a *rogue state* by the US and Europe, while Belarus is obviously aligned with Russia, not least in its war with Ukraine. However, nothing similar can be said about others who are flirting with the organisation such as Saudi Arabia, Egypt, Turkey and Qatar.

Turkey is an interesting case in that it has long been a NATO member. It has also been seeking EU membership for about two decades. Since the foundation of the *Turkish Republic* under the reformer Mustafa Kemal Atatürk, the nation has leaned to the West. Now, however, seemingly frustrated at the lack of attention from the EU, it seems that current president Recep Tayyip Erdoğan may be turning his Republic of Türkiye *eastwards* – or at least hedging his bets. In an interview with *Newsweek*, Erdoğan stated that he does not consider the question of Turkey's simultaneous membership of NATO and SCO to be problematic.

In 2023, oil titan Saudi Arabia joined the SCO as a "*dialogue partner*", suggesting that it may be moving away from the West, while still retaining ties with the US and Europe. The same kind of fence-sitting behaviour may be observed in other Persian Gulf fossil fuel exporters such as Kuwait, the UAE, and Qatar, all of whom are also dialogue partners. However, the simple fact that the whole Persian Gulf group is *edging eastwards* is indicative of the impact of meetings with Chinese representatives in the CASCF and of growing ties with China and Russia rather than just the West.

Lastly, it should be mentioned that *Indonesia joined BRICS* on 6 January 2025. Indonesia, unlike its Southeast Asian neighbours Cambodia and Myanmar, is not an SCO dialogue partner. Yet its growing *economic ties* with China and the BRICS membership explain why another long-term hedger now has one foot in the Sino-Russian camp. Time will tell if Jakarta decides to become a dialogue partner of the SCO – but it would not be much of a shock if it did.

Conclusion

The SCO has been in existence for almost three decades. In that time, it has served as a talking shop to promote cooperation and resolve conflicts between China, Russia and the Central Asian states. Its relative success needs to be measured in terms of what has not happened (the possibility of armed conflicts or at least notable tensions between the members has been averted) as much as what has happened (for instance, increased Chinese investments and

security cooperation in Central Asian states). Latterly, the SCO has expanded to include India, Pakistan, Iran and Belarus, indicating that participating in it is attractive to other potential members.

The intention seems to be to expand even further. The list of dialogue partners and potential members is ever-increasing. Whether this is going to dilute or enhance the effectiveness of the platform as a cooperation builder remains to be seen. Nevertheless, despite the *reservations* of some observers, the SCO seems to have a major role to play as part of China's alternative international architecture of institutions, platforms and initiatives. As an institution promoting global South cooperation, the SCO complements BRICS, the BRI, the EAEU and other regional cooperation platforms such as the CASCF and FOCAC. In fact, the SCO preceded all of them, even serving as a model for their creation.

In short, it would be dangerous to discount or underestimate an organisation containing nations whose populations and territory dominate the Asian landmass. The fact that the organisation seems to stand as a counter to the influence of the US-led liberal international order and its legacy organisations such as the G7 and NATO means that it needs to be studied and taken seriously, whatever *weaknesses* are apparent to its critics.

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Beyond China's Self-Interest in Africa: Learning from Engagement

by Ren Xinyuan

Keywords

China-Africa Relations

Third World Policy

Economic Engagement

Self-Interest

Trade Imbalance

EU-China Competition

KEY TAKEAWAYS

- Although China's engagement with Africa is predominantly based on its self-interest to counter the West, the strengthened cooperation between China and Africa suggests that self-interest is not the only determinant of China's African policy. Moreover, China is making tangible contributions to African modernization.
- While China has achieved significant and commendable results in its cooperation with Africa, challenges and shortcomings remain. Importantly, China has recognized these issues and responded accordingly, demonstrating its willingness and ability to learn and adapt through ongoing engagement.
- The EU should abandon its paternalistic stance and focus on genuinely understanding Africa's needs. It has to adopt a responsive approach, learning and adapting to foster more effective cooperation.



Introduction

The economic and trade relations between China and Africa have a long-standing history that can be traced back to the *Han Dynasty* at the earliest. These relations reached their peak during the Ming Dynasty, particularly during Zheng He's maritime expeditions, a period relatively well-documented in *historical records*. However, the Qing Dynasty's isolationist policies and internal turmoil precipitated a near cessation of China-African economic exchanges.

Following the establishment of the People's Republic of China (PRC) in 1949, China's Africa policy gradually developed a coherent strategic objective. At its core – albeit with the risk of oversimplification – it aimed to *counter the West*. In this context, "the West" is a dynamic term, primarily referring to Western hegemonism and imperialism. Prior to the *Sino-Soviet split*, this counterbalance was chiefly directed at the United States; however, following the

complete rupture of Sino–Soviet relations in 1969, the focus shifted towards countering Soviet social-imperialism. As Sino-Soviet relations began to thaw in the 1980s, "the West" returned to predominantly signify American hegemony, an interpretation that endures today. Hence, China's policy towards Africa is by and large premised on self-interest, aiming to unite African nations in a collective resistance to Western hegemonic practices.

Nonetheless, the depth and intimacy of contemporary China-Africa relations cannot be adequately explained if China had unreservedly exploited Africa solely for its self-interest. At the opening ceremony of the Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) in 2024, China announced that it *elevated* its bilateral relations with all African countries maintaining diplomatic ties to strategic relations, redefining China-Africa relations as an *all-weather* community with a shared future for the new era. It is anticipated that cooperation between China and Africa will continue to deepen and strengthen, demonstrating increasing strategic alignment and mutual development so as to "*safeguard common interests and international fairness and justice*."

Hence, it can be argued that a large proportion of African nations are, to a certain extent, *satisfied* with the current state of China-Africa cooperation. The pertinent question, then, is how China manages to balance its own interests with the needs and concerns of Africa. This paper commences with a brief historical illustration of China's overall strategy towards Africa guided by the *Third World policy* to counter the West, then it succinctly assesses the achievements and shortcomings of China's economic engagement with Africa to demonstrate that China does not solely pursue self-interest; rather, it is capable of recognizing deficiencies within China-African economic exchanges and proposing corresponding solutions. In other words, China is learning and responding, offering insights into the potential implications for European-African relationship.

A glimpse of China's engagement with Africa under the Third World Policy

The Third World policy is generally believed to have been first articulated by Mao Zedong in a *1974 conversation* with Zambian President Kenneth Kaunda, later systematically elaborated by Deng Xiaoping at the Sixth Special Session of the United Nations General Assembly. Deng formally outlined the *"Three Worlds" framework*, stating: "The United States and the Soviet Union constitute the First World. Developing countries in Asia, Africa, Latin America, and other regions form the Third World. Developed countries situated between these two groups belong to the Second World."

However, scholarly research by George Yu, a prominent professor of China-Africa studies, revealed earlier origins of this policy dating back to *the 1950s*. During the Korean War, China began cultivating relationships with Third World nations – in particular (South and South

east) Asian and African countries – as a strategic response to American military pressure and political containment. The 1955 Bandung Conference marked a definitive shift in this direction, inaugurating a new era of strengthened China-Africa relations and establishing a crucial diplomatic foundation for future engagement.

As China entered the 1960s, the intensifying Sino-Soviet split compelled Beijing to simultaneously address pressures and threats from both the United States and the Soviet Union. During this period, China identified *strategic opportunities* in Africa's accelerating decolonization process, viewing newly independent states as potential partners in its stance *against both superpowers*. This strategic outlook led to significant advancements in China's engagement with Africa during the early 1960s. However, the onset of the Cultural Revolution redirected China's focus towards domestic affairs. The imperative to manage internal societal upheaval to some extent superseded concerns about Western threats, resulting in China's notable *withdrawal* from engagement with Africa during the latter half of the 1960s. The *Sino-Soviet border conflict* of 1969 marked the apex of tensions between Beijing and Moscow. Consequently, as China entered the 1970s and pursued rapprochement with the United States, countering *Soviet revisionism* emerged as the primary strategic objective for China's engagement with Africa.

During this period, as previously alluded to, the Third World policy was comprehensively articulated. Its objectives extended beyond merely uniting Third World countries to resist and contain First World hegemony; the theory also advocated for collective efforts to *transform* the international political and economic order – a pursuit that continues to hold significant relevance in contemporary China-African relations. In the 1980s, as Sino-Soviet tensions eased and China's developmental focus shifted towards economic priorities, the strategic significance of Africa – and the Third World more broadly – relatively diminished. Correspondingly, China *transitioned* from a unilateral aid-based approach to a model predicated on mutual economic interests. In short, prior to the 1990s, within the framework of China's Third World policy, Africa was consistently perceived as a strategic bulwark against Western hegemonism. Hence, it can be argued that China's African policy was largely rooted in a self-interested strategy of protection against potential Western threats.

The *1989 Tiananmen crackdown* inflicted an unprecedented crisis on China's foreign relations. Confronted with overwhelming Western condemnation, China discovered a nuanced diplomatic response from African nations. Despite not explicitly supporting China, they notably refrained from directly criticizing China's suppression. According to Ian Taylor, a leading scholar in China-Africa studies, African nations' strategic restraint stemmed from *three interconnected* motivations: protecting domestic political elites' interests against democratization, expressing Third World solidarity against Western interventionism, and preserving critical developmental aid relationships with China. This stance reinforced Africa's image as a reliable partner of China in the Third World to counter Western hegemony and helped pave

the way for the establishment of FOCAC as an *institutional expression* of this collective objective.

Of course, as China's economy grew, its strategic interests in Africa correspondingly evolved. Beyond the initial geopolitical objective of confront Western hegemony, China increasingly viewed Africa's vast natural resource reserves as a *critical mechanism* for addressing its energy insecurity. The economic engagement between China and Africa had thus been substantially motivated by securing stable and sustained access to African natural resources. Moreover, China's interests also include fortifying a united front of *human rights* against Western censure and diplomatic containment of *Taiwan*.

To recapitulate, since its establishment, the PRC's engagement with Africa has predominantly been driven to serve its self-interests, particularly in the context of geopolitical counterbalancing against Western hegemony. This characterization does not imply that self-interest is the sole determinant of China's African policy, but rather emphasizes that China's fundamental strategic calculus in crafting African engagement has been deeply rooted in national interests. However, this perspective represents an incomplete understanding of the China-Africa relationship. If China were solely concerned with its own interests, then, it would be difficult to account for the notable deepening of China-Africa cooperation by 2024. As observed by *George Yu* in 1977, "China's successes have not been because China was China or China willed them; they have been due in large part either to the response to a specific need or to the capture of a common aspiration."

Here I concur with *Arkebe Oqubay and Justin Yifu Lin*'s exposition of contemporary China's strategy towards Africa: "to create a paradigm of globalization that is favorable to China while benefiting partner countries." In this regard, *The Economist* is correct in stating that "it is nonsense to claim [China] is motivated by altruism." However, it cannot be denied that to a certain extent China does assume international responsibilities as a major power in *contributing to Africa's development*, making the assertion that China is "ruthlessly self-interested" somewhat overstated. To avoid falling into the prevailing discussion of how China leverages its cooperation with Africa to *counter the West* as elucidated above, the following analysis aims to first illustrate China's contributions to China-African economic relations, and then highlight the flaws and limitations that have emerged in their cooperation based on data presentation. It shows that China is aware of the deficiencies embedded in its economic engagement with Africa and is learning and implementing corrective measures to enhance cooperation.

China's achievements in its economic engagement with Africa

From the Chinese perspective, its engagement within the FOCAC framework reflects a determined effort to fully support Africa's economic development and industrialization. As

outlined in the *2021 white paper*:

> *"In the new era, China has scaled up assistance to Africa within the limits of its capabilities. Foreign aid from 2013 to 2018 totaled RMB 270 billion. Of this sum, 45 percent went to African countries in the form of grants, interest-free loans and concessional loans. From 2000 to 2020, China helped African countries build more than 13,000 km of roads and railway and more than 80 large-scale power facilities, and funded over 130 medical facilities, 45 sports venues and over 170 schools. … China has been Africa's largest trading partner for the 12 years since 2009. The proportion of Africa's trade with China in the continent's total external trade has continued to rise. In 2020, the figure exceeded 21 percent."*

These represent only a fraction of the achievements in China-Africa economic cooperation, which also extends to areas such as financial collaboration, infrastructure development, industrialization support, and the digital economy. While insightful, data from a singular perspective may fail to comprehensively capture the entire reality, particularly in terms of how China's contributions have been perceived within Africa. Based on the findings from *Round 8 (2019/2020) public attitude survey* conducted by Afrobarometer, a pan-African and non-partisan research network, it reveals the general African perception of China's economic engagement.

Overall, China's influence on Africa has been largely considered positive. However, contrary to the common perception that China's influence in Africa is *steadily increasing*, the proportion of those viewing China's influence as positive declined from 65% to 60% compared to the findings of Round 7 (2014/2015). This decline was observed in ten out of the sixteen surveyed countries. More importantly, when asked, "How much influence do you think China's economic activities in [our country] have on our economy," the proportion of respondents indicating "a lot or some" dropped from 71% to 56%. Among the sixteen surveyed countries, fifteen experienced a decline, with Cabo Verde being the only exception where the figure remained unchanged. Dr. Joseph Asunka, CEO of Afrobarometer, stated in *an interview* that "it's not entirely clear what is behind these declining trends in perceived influence. It is possible that as people become more accustomed to China's visible presence in their countries, its activities stand out less to them."

Regarding China's loans and development assistance, 24% of respondents across 18 countries believed that China imposes more requirements, while 41% perceived that China imposes fewer requirements compared to other donor countries. In Ethiopia and Kenya, where China is the largest trade partner, 60% and 68% of respondents, respectively, believed that China imposes fewer requirements. As commented by the former president of Senegal, *Abdoulaye Wade*, "A contract that would take five years to discuss, negotiate, and sign with the World Bank takes three months when we have dealt with Chinese authorities." Regardless of China's strategic intentions, from the Chinese perspective, this represents a tangible and efficient

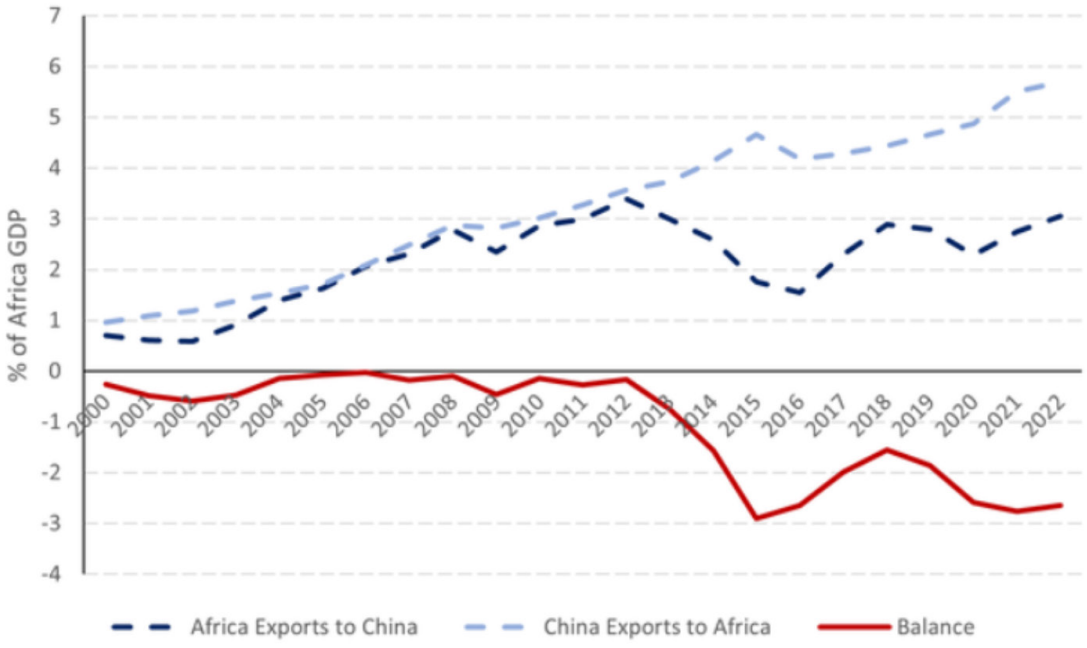
contribution to Africa's economic development. As Deborah Brautigam concluded in her book, *The Dragon's Gift: The Real Story of China in Africa*, "China's rise in Africa is cause for some concern, but it need not evoke the level of fear and alarm raised by some who have condemned China's aid and engagement as destabilizing, bad for governance, and unlikely to help Africa to end poverty. Many of the fears about Chinese aid and engagement are misinformed, the alarm out of proportion."

For China, this can be seen as an impressive achievement, with its economic cooperation and assistance to Africa receiving recognition and yielding results. However, this does not imply perfection, as there remain numerous challenges and shortcomings within the China-Africa economic relationship that require attention and resolution.

Shortcomings and ramifications

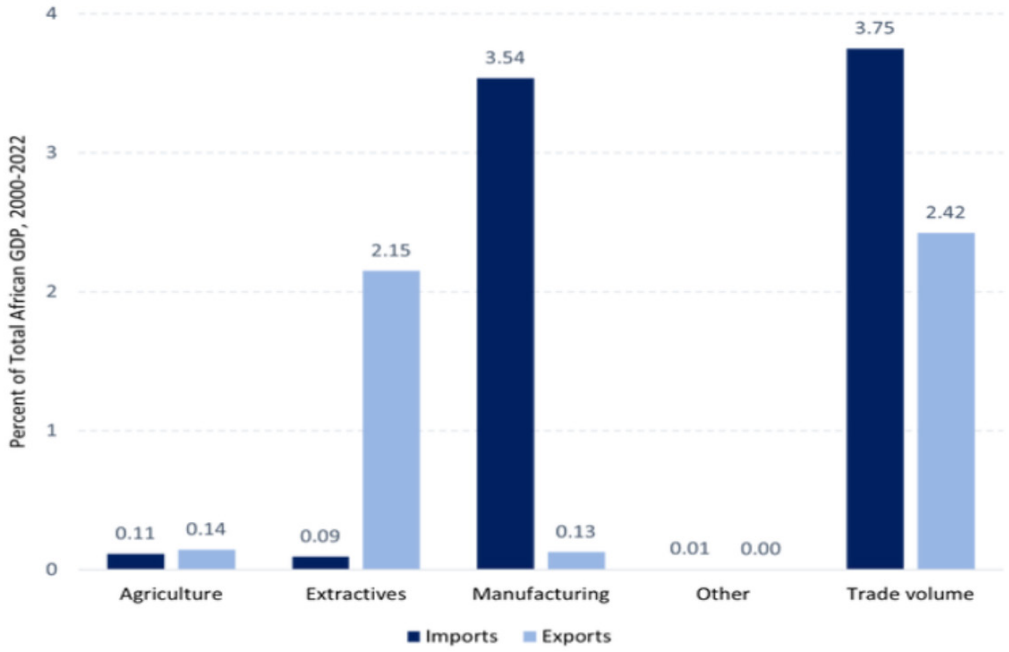
It is important to note that this discussion will not delve into the common Western narrative accusing China of engaging in *predatory lending* practices aimed at *seizing African assets*, particularly natural resources. As *The Economist* observed, "the bigger failing in the West's view of China-Africa is conceptual. At times it reduces China's role to that of a giant construction company. And when not simplifying, the West exaggerates, ascribing more calculation to Beijing than it deserves, as in broad and misleading accusations that it deliberately pursues 'debt-trap diplomacy'." Moreover, this discussion does not seek to provide an exhaustive list of shortcomings. Rather, it focuses on one of the most persistent and significant challenges – trade asymmetry – to explore how China has learned from and responded to it.

Africa-China *Trade Balance* from 2000 to 2022



Source: Boston University Global Development Policy Center, 2024. Data Source: UNCTAD Comtrade.

Africa's *Exports and Imports* to China by Sector



Source: Boston University Global Development Policy Center, 2024. Data Source: UNCTAD Comtrade.

As demonstrated in the above charts, while Africa's 1 exports to China experienced steady growth until around 2013, they subsequently declined and have struggled to recover. In contrast, China's exports to Africa have shown a consistent upward trajectory, steadily increasing and significantly outpacing Africa's exports. This widening gap has led to a worsening trade deficit for Africa, which, after remaining relatively balanced in the early 2000s, began to deteriorate sharply post- 2013. Despite minor fluctuations, the deficit has persisted, underscoring the deepening asymmetry in China-Africa trade relations, with Africa increasingly reliant on Chinese imports while struggling to expand its exports to China. In terms of Africa's exports and imports to China by sector, China extensively exports manufactured goods to Africa in exchange for the continent's natural resources of which four commodities – petroleum crude oil, refined copper, iron ore and concentrates, and aluminum ores and concentrates – accounted for nearly *two-thirds* of Africa's export to China by trade value in 2022. This highlights a structural imbalance in China-Africa trade, as China capitalizes on its manufacturing advantages to export relatively low value-added goods in exchange for Africa's raw materials which contributes to mitigating China's *energy insecurity*.

For Africa, in the short term, the provision of higher-quality and more affordable goods may lower living costs and enhance living standards in Africa. However, in the long run, this approach is likely to exacerbate the existing trade imbalance and significantly impede Africa's industrialization and modernization efforts, ultimately undermining the foundational objectives of China-Africa cooperation.

The increasing prevalence of competitive Chinese goods among African consumers carries significant structural economic implications. As African consumers gravitate towards these products, domestic production demand correspondingly diminishes. This demand reduction directly impacts investment trajectories, potentially inducing industrial stagnation or systematic displacement of local productive sectors. It is worthing mentioning that the fundamental essence of industrialization lies in vertical industrial progression – a strategic advancement from primary raw material processing to sophisticated manufacturing and innovative technological development. The erosion of investment interest fundamentally undermines this trajectory, effectively halting critical infrastructure such as personnel training, technological research, and developmental initiatives. Consequently, the aspirational pathway towards upstream industrial advancement becomes significantly compromised.

For developing economies, particularly those in the African context, such dynamics represent a presumably existential challenge to sustainable economic development as it exacerbates existing trade imbalances, creating a potentially cyclical economic vulnerability. Moreover, the corresponding investment contraction caused by the consequential demand reduction may also directly influence labor market dynamics and reduce employment opportunities. The resultant unemployment pressures compel workforce segments to migrate towards lower-tier industrial sectors, characterized by precarious employment conditions and minimal wage security. This structural shift presents a profound challenge to human capital evolution – a critical component of comprehensive industrialization – consequently constraining potential economic transformation.

Learning from engagement

China has identified the trade imbalance and responded accordingly. It has proactively adjusted and restructured its trade with Africa. According to the *2021 White Paper*, exports of mechanical, electrical, and high-tech products make up over 50% of China's total exports to Africa. Additionally, China has increased imports of non-resource products from Africa and granted zero-tariff treatment to 97 percent of taxable items from the 33 least-developed African countries, aiming to improve access for African agricultural and manufactured goods to the Chinese market. In this regard, China's increased imports of African agricultural products, alongside its support for agricultural modernization, constitute a *key strategy* in reducing Africa's trade deficit and advancing its economic transformation. According to the *General Administration of Customs of the PRC*, in the first seven months of 2024, China's agricultural imports from Africa reached 25.35 billion yuan, up 7.2%, outpacing overall growth of agricultural imports. Imports of sesame, tobacco, and macadamia nuts from Africa surged by 38.8%, 32.7%, and 106.2%, each exceeding 40% of China's total imports in these categories. More critically, the Beijing Action Plan (2025-2027) released at the 2024 FOCAC dedicates an *entire section* to accelerating agricultural modernization in Africa with a focus on enhancing agricultural cooperation and facilitating technology transfer. These merely represent a small

part of China's responsive approach to addressing the flaws in its economic cooperation with Africa. The latest Beijing Action Plan also encompasses a sophisticated strategy for supporting holistic socioeconomic development in African nations including education and talent development, infrastructure development, and technological cooperation.

Nonetheless, the aforementioned illustrations neither suggest that all policies will be fully implemented, nor guarantee that they will be effective. What they do reveal is that China is learning from its engagement with Africa, rather than exploiting the continent solely for its own purposes. China has shown an ability to identify the deficiencies and is willing to address them through cooperative efforts with Africa. While China's actions are not purely altruistic, they demonstrate its capacity to *learn and respond* to evolving circumstances.

Implications for Europe

With the elevation of the characterization of China-Africa relations to an all-weather community for shared future, the EU has grown increasingly vigilant about rising competition with China in Africa, in particular in the realm of *critical raw materials* – an area where the EU has been striving to *reduce its over-dependence* on China, whose presence in Africa continues to expand. This concern is indeed valid; however, it would be an oversimplification to frame this as a *competition* between the EU and China for influence in Africa. The deepening of China's cooperative relationships with African nations does not necessarily preclude or exclude the EU's potential for meaningful collaboration with the continent. This misconception fundamentally stems from its failure to perceive *African agency* (as well as African states) as an **equal** actor in international affairs. This mindset is one that the EU must *transform*. Moreover, the ongoing reality of China's continued deepening of cooperation with Africa can, in fact, provide strategic guidance for EU-Africa collaboration – essentially, to learn and adapt.

The EU's preoccupation with outcompeting China in Africa is perfectly manifested in its launching of *Global Gateway*, which "helps to tackle the most pressing global challenges, from
fighting climate change, to improving health systems, and boosting competitiveness and security of global supply chains." In 2021, Ursula von der Leyen, President of European Commission, stated that Global Gateway is *different from* other initiatives for development – it aims to demonstrate that "a democratic, value-driven approach can deliver on the most pressing challenges. … It is a new strategic approach to investment." She further claimed in 2024 that Global Gateway is about offering *better choices*. Many European scholars acknowledged that Global Gateway is aimed at *countering Chinese influence* in the African continent. And, more explicitly, "this massive investment program is a *clear counter* to China's strategic encroachment through the Belt and Road Initiative (BRI)."

However, in discussions of this initiative, there is a notable absence of meaningful dialogue about Africa as a substantive participant. Instead, the discourse predominantly centers on the potential benefits the EU might derive from the program.

African states are not constrained to a binary choice between the EU and China, and more precisely, they are not passive recipients of assistance or conditions. Rather, African states are independent, equal international actors capable of making decisions by carefully weighing their own interests. This is reflected in the aforementioned Afrobarometer *public survey*, which found that 59% of respondents recognized China's influence in Africa as positive – only 1% higher than that of the United States despite China's extensive efforts in propaganda. This narrow margin suggests that, according to *Dr. Joseph Asunka*, "[African] citizens' ratings of each country may have less to do with the specific actions or investments of each – about which ordinary Africans may have limited information – but instead reflect an overall sense of whether external powers are generally **contributing to the well-being** of the respondent's country. [emphasis added]" Hence, whether cooperating with the EU or China, Africans' decisions are ultimately guided by their own inclinations.

More importantly, African states seek to *utilize* their cooperative relationships with China as a leverage to reframe their relationship with Europe. As *Obert Hodzi* observed, "African countries are demanding a paradigm shift to their donor-recipient relationship with the EU, which they claim is underpinned by European paternalism in Africa." His subsequent argument may provide fundamental insights into why Africa has opted to forge a close partnership with China:

> *"Reframing external perceptions of Africa constitutes one of the main objectives of the pan-African agenda to have relations with external actors based on **equality**. … The African solutions to African problems that China has rhetorically adhered to by not prescribing solutions to Africa's challenges epitomizes **the ideal** of an Africa able to resolve its problems and one that is **an equal partner** on the global stage. Thus … the [African Union] and its member states are emboldened by China's development trajectory and insistence on states' sovereign right to determine their own development path and set their development priority areas without EU interference. [emphasis added]"*

To put it simply, if the EU seeks to sustain and enhance its influence in Africa, it must *refrain from imposing conditions*, focusing less on didactic lessons such as good governance and human rights. This does not imply abandoning these principles – after all, no one would reject genuine good governance or the protection of human rights. Rather, it calls for a recalibration of priorities, with a greater focus on *listening to Africa's actual needs* and address them accordingly. Just as China has learned and adapted through its engagement with Africa, the EU needs to also embrace a process of learning and adjustment. More importantly, China-Africa cooperation appears to have already outlined a viable direction for the EU's necessary transformation.

[1] It is important to recognize the limitations of treating Africa as a single entity here, given the vast diversity among different African countries. However, examining aggregate figures provides a broad understanding of overarching trends and is a practical approach for a concise analysis.

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PLA in the Arctic: under the ice?

by Niklas Swanström

Keywords

Peoples Liberation Army (PLAN)

Arctic

China-Russia

Polar Region

Northern Sea Route (NSR)

ICBM

Civil-Military Fusion (CMF)

Dual-use

Intelligence

KEY TAKEAWAYS

- The Arctic presence of the PLA has evolved alongside Russia's power projection and strategic needs, as the PLA enhances its own capabilities in the region.
- China is advancing its technologies and combat capabilities for the Arctic's conditions, ensuring its ability to operate independently and alongside Russian forces. A main concern is the development of its nuclear capabilities and ICBM responses in the Arctic environment.
- The civil-military connection is evident and should be carefully considered when commercial enterprises are introduced in the Arctic.
- Natural resources play a pivotal role in the growing Chinese presence in the Arctic. Investments in LNG and minerals are closely linked to PLA operations.
- Technological developments for Arctic conditions are progressing rapidly, influencing not only regional security but also broader geopolitical dynamics.



Introduction

The People's Liberation Army (PLA)'s Arctic ambitions represent a significant expansion of Chinese military capabilities into polar regions, with interconnected aspects worth examining in detail. Turning the PLA into a "White Dragon" is a consequence of China's *Arctic policy*. Just in 2024 China steadily expanded its military influence in the Arctic region through a series of military drills, natural resource extraction ventures, polar research, fishing operations, and what has been seen among the Arctic states as staging *provocative events*. It is not only the growing Chinese presence in numerical terms but, more crucially, the depth of its presence and the Russian connection that is concerning. This paper primarily looks into the impact of PLA activities, but it is hard not to include dual-use operations.

The pattern of Sino-Russian military exercises in the Arctic has evolved significantly, starting with limited observer status for Chinese forces in Russian Arctic exercises and moving towards more integrated joint operations. The initial phase began with Chinese observers at Russian Northern Fleet exercises in the mid-2010s. This evolved into more direct participation, though initially limited to non-Arctic components of larger Russian exercises. A significant milestone was Chinese participation in *Vostok-2018*, which included elements in the Bering Sea and demonstrated the PLA's growing comfort with cold-weather operations. Joint naval exercises have progressively moved northward in the Arctic. The *2021 "Joint Sea" exercise* included elements in the Sea of Japan with cold weather components, and *by 2023, joint exercises* included specific Arctic scenarios, particularly focusing on escort operations along the Northern Sea Route and submarine-related activities that will enable China to operate under the ice-cap and ensure the Chinese Strategic Forces a nuclear second strike capability, intelligence gathering as well as challenging NATO presence.

More Bang for the Buck?

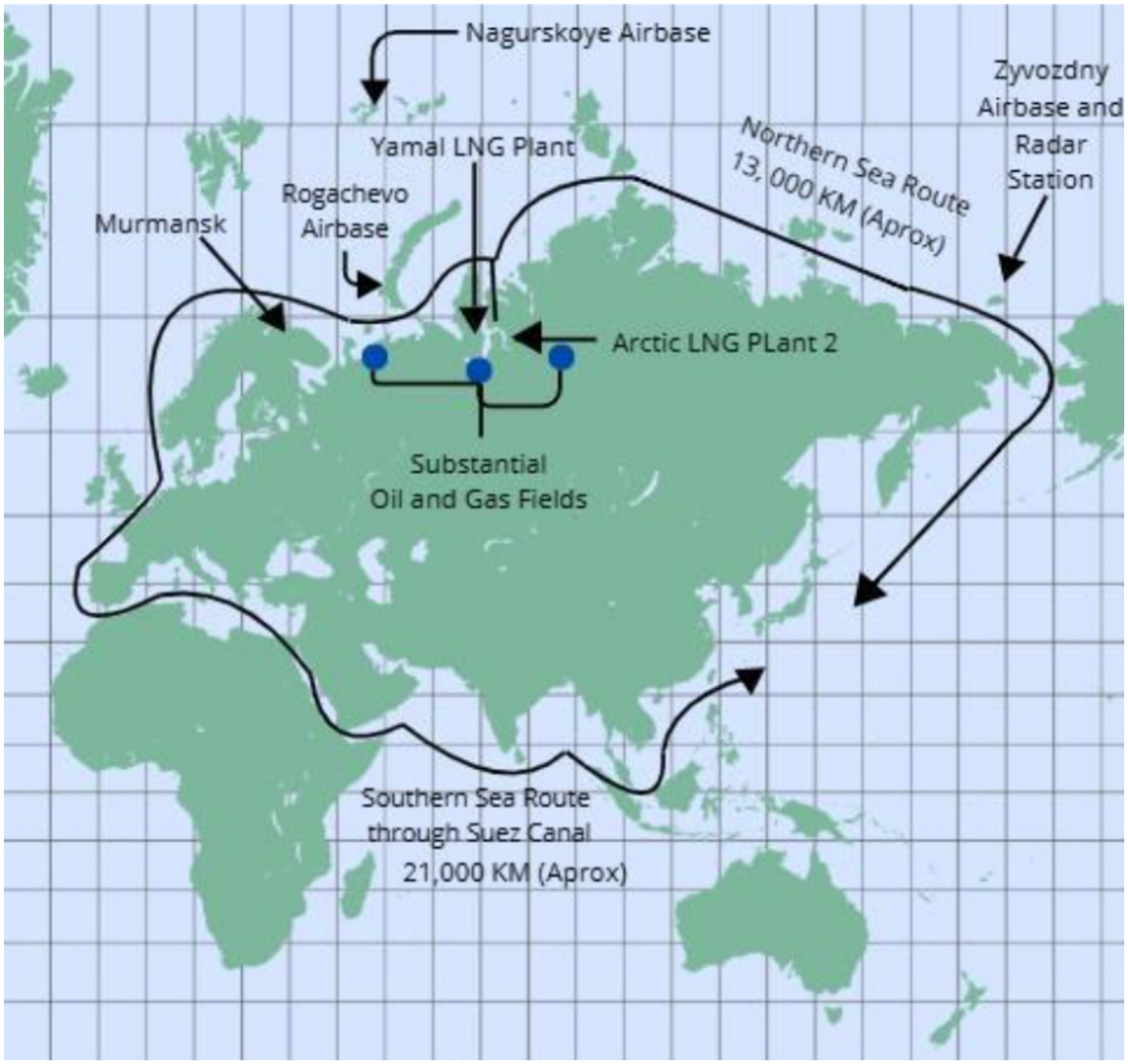
In terms of naval capabilities, the PLA Navy has made substantial investments in developing submarines and surface vessels that can operate in Arctic conditions. The type *095 nuclear submarine* is particularly important, as these vessels are specifically designed with under-ice operations in mind. This represents a major shift in Chinese submarine doctrine and capabilities, potentially allowing for deterrent patrols or intelligence gathering under Arctic ice and to ensure a second-strike nuclear capability for China. The PLAN has also been quietly upgrading its surface combatant fleet with ice-strengthened hulls and cold-weather systems while simultaneously developing civilian-military dual-use vessels, ranging from research vessels to "commercial" fishing vessels, that could provide logistics support in Arctic waters.

Militarily, in coordination with the Russian Federation, China has been able to expand its footprint into the Arctic region. In July 2024, Russia and China flew four strategic bombers over the Chukchi Sea and Bering Sea. It was the first time that these planes took off jointly from a Northern Russian air base and was also the first time that a *Chinese bomber* flew into the Alaskan Air Defense Identification Zone. In late September 2024, Russia and China ran their first joint coast guard patrol. China and Russia also conducted the large *North Joint 2024* military drill. These drills have focused on protecting Pacific and Arctic Sea routes from potential US attempts to block them. This consisted of two phases of training, anti-submarine measures and aerial defense. President Putin declared that it was the *largest military drill* of its kind in over thirty years. These exercises reflect a broader strategic alignment between China and Russia in the Arctic, though with clear Russian primacy in terms of experience and capabilities. The progression suggests a systematic approach to building Chinese Arctic military capabilities under Russian tutelage while strengthening regional joint operational capabilities. They also demonstrate joint Sino-Russian resolve regarding Arctic interests, particularly concerning the Northern Sea Route and resource development. This has implications for other Arctic stakeholders and suggests a long-term commitment to military cooperation in the region. The challenge is not least present for the EU and the Nordics when the US has seemed to distance itself from Europeand democratic states, in orderto align itself more with Russia and authoritarian states, at least in the White House. This bilateral cooperation has been essential for China to develop its own capability to operate independently, and even if the major concern put to date has been the Sino-Russian connection, the PLAN operations will increasingly have to be viewed from its own ability and operational capacity.

In regards to naval operations, there has been a focus on escorting merchant vessels through ice, under-ice, submarine operations, and anti-submarine warfare in *Arctic conditions*. These exercises have increasingly incorporated scenarios involving protection of maritime economic assets, particularly around energy infrastructure. Ground forces have expanded cold-weather training, including Arctic warfare techniques, survival skills, and logistics in extreme conditions. Chinese troops have trained alongside Russian Arctic specialists, gaining experience in polar operations. There has also been a growing sophistication in joint air

operations in Arctic conditions, including long-range aviation exercises and aerial refueling in cold weather environments. Recent exercises have included scenarios involving the defense of Arctic installations, such as *LNG facilities* at Yamal, and ports as Sabetta.

As a result, the PLA Forces have undergone significant adaptation to Arctic operations. This includes establishing specialized units trained for cold weather operations and developing equipment specifically designed for polar conditions. These units have conducted joint exercises with Russian forces in cold weather environments, suggesting a level of preparation for potential Arctic deployments. These forces' logistics capabilities have also been enhanced, with particular attention paid to the challenges of sustaining operations in extremely cold conditions. Much of China's changed military position in the Arctic has happened in the backwater of the full-scale Russian invasion of Ukraine, and it is unclear if this has been an advantage for China or if it has slowed down the PLA's march into the Arctic.



The strategic forces dimension should be particularly concerning for European observers, especially as the partnership and trust of the US has been severely damaged. China has shown increasing interest in Arctic trajectories for its strategic weapons systems, particularly ICBMs (intercontinental ballistic missiles), as these northern routes could potentially complicate missile defense systems as well as ensure a nuclear second-strike capability. There's also evidence of Chinese investment in early warning capabilities across the Arctic region, including radar systems and satellite coverage. The PLA particularly focuses on establishing control capabilities along the *Northern Sea Route*, viewing it as a critical strategic waterway for both commercial and military purposes. Technical cooperation eases this, and the wide array of exercises has served as platforms for testing joint communications systems in Arctic conditions, sharing ice navigation techniques, and developing common procedures for emergency response in polar environments. In addition, support operations with an increased focus on logistics chains exist, including establishing and operating temporary ice bases, refueling operations, and maintenance in extreme cold conditions. This includes testing of new cold-weather equipment and joint rescue operations.

Integration of Sino-Russian Civil and Military Capabilities

The integration of Sino-Russian civilian and military capabilities along the Northern Sea Route (NSR) represents a sophisticated blend of economic and security interests. This integration manifests in several interconnected ways, and often more than symbolically civilian. The development of ports along the NSR demonstrates this civil-military fusion approach. Ports like Sabetta and Yamal have been developed primarily for LNG exports. They include military-grade radar systems, expanded berths capable of accommodating military vessels, and sophisticated surveillance systems. Chinese investment in these facilities, mainly through the Belt and Road Initiative, has included dual-use technologies and capabilities for commercial and military purposes.

The joint development of maritime domain awareness capabilities combines civilian vessel tracking for commercial purposes with military surveillance systems. Chinese-provided satellite coverage, ostensibly for commercial shipping support, integrates with Russian military surveillance networks. This includes advanced radar systems, underwater acoustic monitoring arrays, and automated identification system (AIS) *tracking networks* that serve both civilian traffic management and military intelligence purposes.

The integration of security forces shows patterns that should be concerning. Russian military units providing protection for *energy infrastructure* increasingly train alongside Chinese security personnel, particularly around critical LNG facilities. These joint protection forces operate under civilian authority but maintain military capabilities and training. Chinese security contractors at key infrastructure points coordinate with Russian military units, creating a layered security approach.

Joint emergency response capabilities have been developed that combine civilian and military resources. This includes search and rescue operations, oil spill response, and ice-breaking capabilities. Chinese and Russian forces conduct regular exercises integrating civilian vessels and aircraft with military assets, mainly focusing on scenarios involving threats to economic infrastructure. These response capabilities are not necessarily a threat to Europe, on the contrary they could serve a civilian purpose. However, the covert operations combined with Russia's invasion of Ukraine should raise concerns in Europe.

The development of communication infrastructure along the NSR demonstrates sophisticated integration. Chinese-supplied communication systems serve commercial shipping but maintain military-grade encryption and security capabilities. These networks integrate with Russian military communication systems while supporting civilian operations, something that should be a concern for Europe.

Joint research and development programs, particularly in areas like ice navigation technology and *Arctic-capable sensors*, serve both civilian and military purposes. Chinese technical expertise in areas like satellite navigation complements Russian experience in Arctic operations, creating sophisticated dual-use capabilities. The mix of civilian and military capabilities also goes into the joint training programs on the military side, which increasingly integrate civilian and military elements. Exercise often involve scenarios protecting economic assets while simultaneously testing military capabilities. These include *protection of LNG terminals*, escort of commercial vessels, and response to hybrid threats against infrastructure.

The management of shipping along the NSR demonstrates sophisticated integration of civilian and military capabilities. Chinese commercial vessels operating along the route participate in Russian military exercises, while military vessels conduct escort operations under civilian authority. This creates a flexible force structure that can rapidly transition between commercial and military operations. Commercial operations serve as platforms for *intelligence gathering*. Chinese fishing vessels and research ships operating along the NSR are equipped with sophisticated sensor systems that feed into joint military networks. This creates a comprehensive surveillance capability while maintaining civilian cover.

Planned expansions of NSR infrastructure show continued integration of civilian and military capabilities. New ports and facilities are being designed with dual-use capabilities from the outset while existing infrastructure is being upgraded to support commercial and military operations. This integrated approach presents challenges for European observers, as it becomes increasingly difficult to distinguish between civilian and military activities. The sophisticated blend of capabilities suggests a long-term strategy to develop comprehensive control over the NSR while maintaining plausible deniability regarding military intentions.

Intelligence and technology

The intelligence and technical aspects of PLA Arctic capabilities are particularly sophisticated. Chinese civilian research stations in the Arctic region have dual-use potential for signals intelligence gathering. The PLA has invested heavily in polar-specific satellite coverage and has developed *Arctic-capable unmanned aerial* and *underwater vehicles*. These systems are supported by enhanced polar navigation capabilities, crucial for operating in the unique conditions of high latitudes.

Force projection elements have seen significant development, though often disguised as civilian infrastructure. The PLA has been establishing polar logistics bases under civilian cover, developing Arctic-capable amphibious forces, and enhancing its ability to conduct air operations in polar conditions. Perhaps most significantly, the PLA has been developing a specialized Arctic warfare doctrine, indicating serious long-term strategic *interest in the region*.

The combination of these capabilities suggests a comprehensive approach to developing Arctic military capabilities, often concealed behind civilian and scientific activities. The PLA's approach appears to be systematic and long-term, focusing on building the hardware and expertise needed for sustained Arctic operations. This military development parallels China's broader Arctic strategy, combining economic, scientific, and military elements to pursue what Beijing sees as its polar interests.

The focus on submarine capabilities stands out from a PLAN perspective, as it represents a potential challenge to NATO's traditional dominance of the underwater Arctic environment. The development of both nuclear and conventional submarines suggests an ambition to contest this strategic space actively. This naval development is complemented by sophisticated underwater surveillance systems and anti-submarine warfare capabilities, indicating a comprehensive approach to underwater operations in the Arctic.

Money instead of weapons, or both?

China has been expanding its trade and mineral extraction influence primarily through partnerships with an isolated Russia. The Arctic LNG 2 project is a Russian gas initiative that is the second largest on the Gyada peninsula. During 2022-2023, Novatek, Russia's liquefied natural gas (LNG) producer, secured orders for gas turbines and related technology from Chinese suppliers for its Arctic LNG 2 project. It was sanctioned on November 2023 and the Chinese companies *CNPC and CNOOC pulled out*, but *Wison New Energies* withdrew its support first on June 21, 2024 and in August a fleet of Chinese cargo ships delivered the *modules 1-3* power generation equipment to the site intentionally bypassing the sanctions. Despite U.S. diplomatic efforts to curtail this cooperation, China continued supplying the *equipment until January 2025*. At that point, new sanctions enacted at the end of Biden's term effectively

suspended the deliveries.

The Chinese company MCC International Incorporation set up a partnership with Polar Lithium. Polar Lithium is a Russian joint venture between the state-owned Rosatom and Nornickel (the world's largest nickel producer). They aim to develop the *Kolmozerskoye lithium deposit* located on the Kola peninsula. In June, Rosatom and Hainan Yangpu NewNew Shipping Co. Ltd agreed to ship goods from the Port of Archangelsk to China. This was followed by a similar agreement between Rosatom and NewNew to form a joint venture that aims to operate container vessels year-round on the Northern Sea Route (NSR).

Provocative Events on Svalbard

The Yellow River Research Station, located on the Norwegian archipelago of Svalbard, celebrated its 20th anniversary. To commemorate this the Chinese travel agency, Newayer, chartered a vessel for 183 tourists. At the research base, the tourists almost all wore matching red jackets and Chinese flags, when they visited the station. A *woman in a PLA uniform* stood saluting and taking pictures with the tourists. On her arm was a PLA ground forces patch. Eight tourists on the cruise were PLA veterans, with at least one still having an ongoing, yet not active-duty role with the PLA. Concerns were raised in Norway as military actions and symbolism are forbidden on Svalbard by treaty. *The Chinese embassy denied* all wrongdoing when questioned by the Norwegian government.

Russia has been testing the waters to potentially open its own research station in the abandoned mining town, Pyramiden, located on Svalbard. The Russians have floated this station as possibly international, and thus, Russia has approached several countries, including China. China has yet to know whether it would become involved if the *Pyramiden project* were to continue.

Activities with Dual Use Possibilities

Concerns have been raised that the research China is doing in the Arctic has dual use purposes and may be used for military means. At the Yellow River Station, the Chinese Research Institute of Radio Wave Propagation (CRIRP) has two ongoing projects until 2030. CRIRP is a subsidiary company of China Electronics and Technology Group Corporations (CETC), China's largest military electronics conglomerate. An expose article in *Newsweek* has highlighted this connection and has lead to further scrutiny *from international Western actors*. In the Chukchi Sea, the *Harbin Engineering University*, which has been frequently linked to the military sector, has been researching underwater acoustics. This is especially important in the use and monitoring of submarines.

China's Arctic fishing activities remain relatively limited compared to its global fishing operations, though they serve important strategic purposes beyond commercial fishing. The

primary connection to *PLAN operations* comes through dual-use capabilities and presence operations. China currently has a small but growing number of vessels operating in Arctic waters, primarily in the Barents Sea and off Greenland. These operations are often conducted through joint ventures with Russian companies or under agreements with Greenland. The actual catch volumes remain relatively modest, though China has been actively pursuing fishing rights in newly accessible Arctic waters as ice coverage decreases.

The PLAN connection manifests in several ways. The fishing vessels often serve as platforms for maritime domain awareness, equipped with advanced sensors and communication systems that can feed into PLAN's intelligence-gathering network. These vessels help establish patterns of presence and familiarize Chinese crews with Arctic operating conditions. Some fishing vessels are specifically designed with reinforced hulls and enhanced communication capabilities that exceed normal fishing requirements, suggesting dual-use roles. It should be noted that the usage of fishing vessels *is not specific to the Arctic*, but a rather normalized PLAN behavior.

The integration with PLAN operations appears most evident in three areas:

- First, fishing vessels help establish a legitimate presence in strategic areas, particularly along the Northern Sea Route and near critical chokepoints.
- Second, they provide platforms for gathering environmental and oceanographic data useful for submarine operations.
- Third, they help develop Arctic seamanship skills and cold-weather operating experience that benefit both civilian and military operations.

The connection between fishing fleets and naval operations is particularly evident in crew *training and technology* sharing. Many fishing vessel crews receive specialized training that goes beyond normal commercial requirements, including advanced navigation in ice conditions and sophisticated communications procedures. This training appears designed to support broader maritime operations beyond purely commercial fishing.

While China's Arctic fishing activities remain relatively modest compared to its global fishing operations, their strategic value appears to outweigh their commercial importance. The fishing fleet serves as a *key component* of China's integrated approach to establishing an Arctic presence and developing operational capabilities in polar waters.

It is worth noting that unlike China's distant water fishing operations in other regions, which often involve large fleets, Arctic fishing remains selective and strategic. This suggests a focus on presence and capability development rather than maximum resource extraction. This pattern aligns with broader PLAN objectives in the Arctic region.

Europe's reactions frozen in ice?

The European response in the Arctic has been slow and often too reliant on US military and political support. However, in light of the aggressive actions of the US president against European security and the very survival of Ukraine, little speaks for transatlantic cooperation in the coming years. Europe would need to develop its own Arctic strategy independent of US interests, and limit cooperation with the US if the transatlantic tension continues, or other relevant actors, including China when it suits its interest.

In regards to China and the PLA, the EU would need to strengthen its military capacity in the region to counter combined Sino-Russian military actions. It would require a substantial increase in Arctic-ready maritime and ground troops capable of countering refined military operations and operations other than war. The cooperation with UK would be of particular military interest. With the UKs proximity to the Arctic with useful logistical hubs in the North Sea, its naval capacity, and the common concerns cooperation would increase joint military capacity. Similarly, Norway and Iceland are crucial partners for EU in its counter strategy. The Nordics, and Arctic states, already being in close cooperation with Iceland and Norway this would not only be relatively easy, but also crucial to ensure the security of all partners in the Arctic. To some extent, this would be knocking on open doors, but with the insecurity of the US intentions with Europe and Greenland, it will be essential to expand intra-European cooperation.

There needs to be a better understanding of the interplay between military and non-military operations in the Arctic and the military implications for PLA. The ongoing and future possible usage of research facilities and commercial operations for military purposes is concerning, and the EU needs to closely monitor these and decrease the possible military impact. Much of the earlier studies have focused on the US or NATO, and it is increasingly important to narrow that to an extended European security.

Europe would need to strengthen its understanding of PLA, its operational capacity, and strategic thinking, which could be directed toward European interests. That should not necessarily be negative, on the contrary Europe should explore in what areas collaboration with PLA could be in Europe's interests, and decrease the Russian threat to European security, especially with American threats to European national sovereignty in the Arctic and in Ukraine.

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Open for Business? China's Inward Foreign Investment Charm Offensive

by Shaun Breslin

KEY TAKEAWAYS

- In February 2025, China's Ministry of Commerce issued a new Action Plan for Stabilizing Foreign Investment.
- The Action Plan forms part of a longer- term process of gradually opening up more sectors to foreign investment, and piloting reforms to partially liberalise previously closed areas (in the service sector, telecoms, education and healthcare).
- China's leaders are particularly keen to emphasise the "voluntary and unilateral" nature of these liberalising reforms, and to contrast them to protectionist moves in advanced Western economies.
- The 2025 Action Plan is an example of the performative element of administrative change and political action in China. It is best thought of as an attempt to send a message to outsiders to convince them of the leadership's intent to further open the economy, to make it easier to invest, and to guarantee the rights of both current and future foreign investors.
- There is a relatively strong belief (or perhaps hope) in China that the Trump presidency will result in Europeans seeking to reset Sino-European relations.
- Despite the messaging, it remains far from clear when or if new sectors will become truly open to foreign investment, and if guarantees and assurances will always be honoured.
- Many of the questions Europeans have long had about reciprocity and the openness of the Chinese economy essentially remain unanswered.

Keywords

Inward Foreign Direct Investment

Liberalisation

Opening up

Strategic Signalling

Messaging



Introduction

Despite the title, this is not a paper about actual investment in China. There are no statistics at all in what follows. To be sure, there is a discussion of some of the specific changes to the Chinese inward investment regime that have a very real impact on who can do what in which economic sectors in China. But the main concern is how these changes feed into a wider process of signalling and messaging; how China's leaders are trying to establish and disseminate an idea of an open Chinese economy that, in contrast to other key economies, is getting ever more open.

In many respects, this messaging is nothing new. For many years, annual government work reports and major party speeches have repeated China's leaders' commitment to further reform, opening up and liberalisation. It has become something of a dogma that has to be repeated irrespective of what is happening in the real economy. These major and mega events

are effectively a grand exercise in political marketing and selling the Party's preferred idea of what it is, what it stands for, what it wants, and what it will do to get what it wants.

In recent years, though, there has been an extra effort to promote and project the idea of China's openness and greater future liberalisation through a range of different mechanisms. These include continuing to use the above-mentioned big showpiece acts of political theatre that are a feature of Chinese political life. For example, Xi's speech at the 2022 Party Congress contained a section titled "Promoting High Quality Opening Up" which, among other things, emphasised steadily expanding "institutional opening up with regard to rules, regulations, management, and standards"; the need to expand the geographic penetration of foreign capital and "more widely open the central, western, and northeastern regions"; the importance of opening more sectors to foreign investment; and the need to "protect the rights and interests of foreign investors in accordance with the law, and foster a world-class business environment that is market-oriented, law-based, and internationalized". *[1]*

China has also introduced new laws, revised regulations, and in 2025, introduced a new special Action Plan to try and build confidence in China's present and future investment climate and regime. While some of these do contain detailed, specific and important policy changes, through the way that they are announced and reported, they are also individually and collectively designed to play a performative role.

This messaging is not just directed towards Europe. Indeed, parts of the message – the idea of China as following a very different path from the major western economies – seems to be primarily for audiences in the Global South. That said, there are potentially significant consequences of China's direction of travel (as announced by China) for Europe. On one level, if China does indeed move forward with opening new sectors to investment as it is promising to do, then this will contribute to making the more level playing field that European companies and countries as well as the EU have been asking China to create for some years. *[2]*

On another level, as China's relations with the US seem destined to remain at best uneasy and at worst conflictual for the foreseeable future, there is a hope in China that dealing with Europe might be a different story; that despite the differences between the two sides, at least some of the current economic problems might be fixable. This was the feeling even before Donald Trump's re-election in 2024. It's fair to say, however, that a Trump presidency is seen as having the potential to create common ground between China and Europe as both seek to navigate new global economic uncertainties that have their origins in the White House.

Saying, though, is not the same thing as doing, and despite some important changes, much of the levelling of the playing field is still at a very early and limited stage or remains a future aspiration. And trust is much easier to lose than to build. Given what has happened in the past (such as the party's attempts to discipline private sector actors in 2020) and the ongoing emphasis on ensuring China's national security, then there might not be a great deal of

confidence that foreign investors will have the promised future freedom to operate in China in the ways that they want to do. Indeed, if it hadn't been for past Chinese actions undermining trust and confidence and reducing expectations, then it wouldn't now need to do what it is doing to try to restore that very same certainty and optimism. Rather than focus on how the message is received, though, the main focus of the rest of this paper is on what that message is, how it is disseminated, and what actual changes have been made to the inward investment regime.

A New(ish) Message

The current attempt to present China as not just open to foreign investment, but more open now than ever before, arguably originated with the preparations to introduce a new Foreign Investment Law. *[3]* The Law, which was approved in March 2019 and came into effect on 1 st January 2020, was presented as the start of a new era of simplicity, replacing the three previous laws governing investment with a single shared legal framework. *[4]* It also claimed to guarantee foreign investors the right to equal treatment alongside Chinese companies, including in bidding for government procurement contracts, and providing enhanced protection for commercial and intellectual property rights. Foreign companies were also given new financial rights, including the ability to raise capital "by publicly issuing stocks, corporate bonds, and other securities" and also to transfer any money made in China out of the country in any currency.

Despite identifying itself as marking a key step forward in "the policy of liberalizing and facilitating investment", as an Ernst and Young analysis noted at the time, the law was actually rather "vague" and short on specifics. Nevertheless, as the report also noted, it served an important task of depicting China as moving towards ever increased openness in contrast to what was widely conceived at the time as a move in the other direction towards "more restrictive practices" in the US and the EU; *[5]* hence the idea of policy documents playing a performative role. Note that here, the direction of travel is depicted as the key rather than actual comparative levels of openness at any specific time. As noted elsewhere "power transitions are not just about what rising powers do or want. What existing powers do (or don't do) is important too" when it comes to shifting perceptions of China's relative global standing and reputation (not least within the Global South). *[6]*

Of course, it was not just China that had to either rethink economic priorities and strategies in 2020 as the pandemic resulted in lockdowns and disrupted economic flows across the world. But not every other country was also facing the same "complex international environment, geopolitical tensions and some countries'; attempt to oust China from the global supply chain" that Vice Premier He Lifeng said China was facing as it came out of the pandemic. This, He argued, made it "especially necessary" for China to be proactive in showcasing investment opportunities to global audiences as it tried to return to some sort of post-pandemic academic normalcy. *[7]*

He made these comments at the official launch of 2023 as China's "Year of Investment". Even though there were around 20 official Year of Investment events both in China and overseas, this was a project that seemed to pretty much pass under the radar of most foreign observers (and indeed apparently and anecdotally of many in China as well). So arguably more important in terms of establishing the idea of China's increasing openness and reliability - as well as making specific concrete changes - was the announcement of a new "negative list" the following year.

Cataloguing and Listing

For many years, China controlled who could invest how much in which sectors through The Catalogue Guiding Foreign Investment in Industry. The Catalogue, as it was generally known, was first published in 1995 and consisted of detailed breakdown of those sectors where investment was prohibited, restricted, permitted, or encouraged. Whilst some specifics were provided on the nature of the restrictions in The Catalogue, the full and detailed restrictions for each industry were found in the various and specific laws and regulations for that industry. And even in permitted sectors, the devil was often in the detail with limitations on what could be done often blurring the distinction between restricted and permitted sectors.

The Catalogue was first amended in 1997, and then more fundamentally altered in 2002 and 2005 in the wake of China's WTO entry. These later changes were meant to ensure compliance with the conditions of China's WTO entry. But as more industries and sectors moved from less to more open categories, these moves were often qualified by the addition of new conditions that limited the extent of new openness. In this respect, the performative impact of these two post-WTO changes was not so much to **reinforce** China's credentials as an ever more open economy, as to **question** real long term objectives and intent. *[8]*

After various subsequent amendments, The Catalogue was replaced by a simple Negative List of restricted and prohibited sectors in 2018. Well, sort of. There are actually two negative lists, one for the country as a whole, and a special second and shorter list for Free Trade Zones (which are more open than the rest of the country). There is also a separate "Catalogue of Encouraged Industries for Foreign Investment". Originally, there was also a further Catalogue with special encouragements for investments in China's Central and Western regions (as most foreign investment goes to China's coastal provinces), but this was rolled into a single encouraged industries catalogue in 2019. *[9]* So while the listing process may have been simplified, and China was keen to focus on the importance of the transition to a simple Negative List in and after 2018, things are not quite as simple as they the appear at first sight. The shadow of the old differential Catalogue system hasn't simply or entirely faded away.

Making and - arguably more important - announcing changes to the negative list provides the opportunity to showcase China's moves towards increasing openness. So, for example, the first Negative List in 2018 reduced the 11 prohibited manufacturing sectors in the final

version of The Catalogue in 2017 to eight. The number of prohibited manufacturing sectors was incrementally reduced in the 2019 and 2021 versions, with the final two removed in 2024, leaving the list of prohibited manufacturing industries totally empty. [10]

The actual and overall difference that moving from two to no prohibited manufacturing industries makes is questionable. But it was certainly a big symbolic move. And just in case people missed it, official China was keen to emphasise the importance of this move and its symbolism. The China Daily, for example, argued that the new and:

> *shortened negative list indicates China's firm determination to fulfill its commitment to further expand high-standard opening-up, and will contribute to a more favorable business environment and consolidate the confidence of foreign investors [emphasis added]*

Note here that increased investor confidence is being asserted by the China Daily as a future inevitability rather than evidenced by investors themselves. It also cited theNDirector of the China Institute of New Economy calling the new list:

> *a clear signal that it is dedicated to further opening up its economy to the outside world and creating a world-class and market-oriented business environment governed by a sound legal framework* [11]

In a similar vein The Global Times finished the year by lauding the "Landmark Policies" of 2024 that showed China "voluntarily and unilaterally" opening its economy to the rest of the world, and becoming especially open to developing economies. [12] It didn't specifically mention that other countries were not doing the same thing, but the contrast was there by implication.

The Global Times report also pointed to further opening and liberalisation to come, calling it a "key task" for 2025. Indeed, the importance of this task was flagged by Xi Jinping at the Central Economic Work Conference in December 2024, with a specific reference to "steadily" opening up the service sector to foreign investment and also developing pilot programmes in telecoms, education and healthcare. The "voluntary and unliteral" nature of these reforms was also noted at the Conference; [13] a message that China's leaders seem very keen to promote and one which has specific significance for EU-China relations (more on which later).

The Action Plan

Which brings us to February 2025 and the announcement of the Action Plan to Stabilise Foreign Investment. Much of the Action Plan is about improving the existing Investment structure and environment; enhancing the effectiveness of existing laws and processes, strengthening support for investors, simplifying and clarifying procedures and making it easier to do certain things (such as mergers and acquisitions with and of Chinese companies). There is also a focus on finding new ways of encouraging investors to come to China,

including changing the legal system to facilitate and encourage foreign equity investment in Chinese listed companies.

The main headline and significance of the plan (in performative ways at least) was that having gradually opened up the manufacturing sector in entirety, the Action Plan was a signal of intent to now do the same in remaining closed or restricted sectors. In the first instance, this entails experiments in "pilot areas" for the opening up of the telecoms, medical care (including wholly foreign owned hospitals) and biotechnology, with the Beijing Demonstration Zone "playing a leading role in expanding the opening up of service industries". Further down the line a plan will be developed for the "orderly expansion of autonomous opening-up in the fields of education and culture".

Decoding the Message

The Action Plan, then, does not fundamentally change very much at all in specific details (with the possible exception of equity investment). But it does – or at least, is intended to do - four important things. Here, while the specific messages of the Action Plan are important in themselves, it is probably best to think about how they form part of a greater effort designed to get the same four messages across. The first is to reassure investors and give them confidence that China is a safe and profitable destination by pointing to the continual refinement of the investment climate and legal structure to make it easier for them to do what they want to do in China without fear of discrimination and government interference; or maybe more correctly, that should be not too much or undue government interference.

Here, what is being said to an international audience sits alongside a domestic facing campaign to give the same message to China's private sector. In 2023, the State Council issued guidelines with 31 measures to boost the private sector, and a new private sector protection bureau was established as part of the National Development and Reform Commission. *[14]* The draft of a new law "On promoting Private Economy" was introduced in December 2024, *[15]* and Xi's speech on "unswervingly consolidating and developing the public sector and unswervingly encouraging, supporting and guiding the development of the non-public sector" was published in the party's theoretical journal the following March. More important than the actual article itself was the fact that its publication was widely and loudly trailed in the state media, which is always a sign that the leadership considers it to have particular weight. *[16]* One by one the efforts of provincial governments to support and promote the private sector have been reported by the same state media. *[17]*

Second, China is not only open to foreign investment, but more open than ever before, and the trend is to open even further in the future. Moreover, this direction of travel will continue, so the message goes, despite economic and geopolitical tensions with the West (and particularly the US) that are often explained in China as an attempt to isolate it and prevent its further development. *[18]* Following on from this, the third is to present China as the polar opposite of

large Western economies. As Europe and the US move towards ever more protected economies, the message is that China is going the other way towards ever greater openness and freedoms for outsiders. This is a signal that seems to be primarily intended for audiences in the Global South. For example, at the Forum in China Africa Cooperation summit in September 2024, Xi did not just emphasis China's focus on "open and win-win" economic relationships in general (as he always does) but also announced a special openness to the poorest economies in the Global South:

> *China will voluntarily and unilaterally open its market wider. We have decided to give all LDCs having diplomatic relations with China, including 33 countries in Africa, zero-tariff treatment for 100 percent tariff lines. This has made China the first major developing country and the first major economy to take such a step.* [19]

Fourth, China is not doing this because it is being forced to do it, or as part of bilateral or multilateral negotiations and obligations. Rather, in words that have already appeared more than once in this paper, it is doing it "voluntarily and unilaterally". Or as Xi put it at the APEC Economic Leaders Meeting in November 2024 (covering the last three of these four objectives in two sentences):

> *Opening up is a distinct hallmark of Chinese modernization. China always promotes reform through opening up. We voluntarily subscribe to high-standard international economic and trade rules, adopt proactive measures for further opening up, and take systematic steps to further open the telecom, Internet, education, culture, medical service and other sectors.* [20]

Implications for Europe

The second and fourth of these objectives have specific relevance for Europe. The new areas slated for gradual opening include sectors where Europeans have long been keen to gain access to. Even though these sectors are still a long way from being open to Europeans, there is a hope in China that these moves will assuage some European concerns about the lack of reciprocity in investment access. That China is voluntarily and unilaterally making changes is also intended to help convince Europeans of China's long-term direction of travel and its trustworthiness.

Ideally, for the Chinese, these changes might convince the EU to re-open negotiations over the Comprehensive Agreement on Investment that were at the very least put on ice in 2021 due to political (rather than economic) conflicts over Xinjiang. Or if revisiting the agreement itself is not on the cards, then at least Europe might rethink some of its own restrictions on Chinese investment and trade; particularly, but not only, in the EV sector. But at the very least, the hope is that all that China has done since 2020 (and since 2023 in particular) shows, in the

words of the Chinese Ambassador to the EU, that "China's new economic development offers fresh opportunities for China-EU cooperation". [21]

The potential for this cooperation is contrasted with the potential for further discord and perhaps more in the EU-US relationship. The idea that shared problems with Trump's America will push Europe closer to China has become what one Chinese scholar called "a sort of common sense". [22] Whilst there is some logic to the argument, it is an understanding that seems to miss the very real and indigenous European concerns about the nature and impact of China's global role and rise, or the basic understanding in large parts of Europe that China is simply on the wrong side over Ukraine. And it remains questionable, to say the least, whether potential investors, governments, and the EU will be convinced and buy the message that is being sold.

Opening more sectors will be welcomed, but what is not at all clear is how far and how quickly they will be opened. And there is likely to remain a lack of confidence from both international investors and from within the domestic Chinese private sector that the government is really and unswervingly committed to supporting them and protecting their interests under all and any conditions. After all, as already noted, the reason that the leadership now needs a campaign to reassure the private sector is because of the way that private sector actors – including very high profile ones – have been treated in the relatively recent past.

And then there is the other side of Chinese legislative change and innovation to think about. At the same time as one part of the Chinese party-state emphasises openness and internationalism, another part has been emphasising national security. So in thinking about working in China in the future, the sort of messaging emphasised in this paper so far has to be balanced against those laws introduced over the last decade designed to given the state considerable power to assert itself in the name of national security. These include, but are not limited to, the National Security Law of 2015, the Cybersecurity Law of 2017, Measures for the Management of Scientific Data from 2018, the Data Security Law and the Personal Information Protection Law, both from 2021, the Revised Counter-Espionage Law of 2023, and the Revised State Secrets Law of May 2024.

Conclusion and Next Steps

Whilst Europe and China remain in dialogue trying to find some sort of common ground to resolve bilateral economic differences, there is no clear sign that the European side thinks that changes in China have gone far enough to resolve these differences here and now. As the EU Trade and Economic Security Commissioner Maros Sefcovic put it during a visit to Beijing in March 2025, the playing field still needed to be fully levelled. [23] Nor has the global economic turmoil originating from Washington DC been enough to put bilateral difficulties to one side to develop a shared Sino-European position and response. Though given the speed at which US economic policy seems to be changing, it's probably wise to provide the caveat "to

date" to any observation about the nature of economic change and the global order in Trump's new era.

Perhaps the key to future perceptions and relations will be how the announced experiments and pilot schemes play out. And also what happens when (or perhaps if) they break out of their initial limited scope to become normalised national policies. Signalling and messaging does have an important role to play, and the performativity of announcing policy changes and aspirations should not be ignored. But real trust and confidence comes from doing rather than saying; and not just doing, but doing with clarity and consistency. Moreover, not just doing during good times, but also when things get more challenging too.

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https://doi.org/10.31175/eh4s.0d53

Choosing to lose: how US and EU policy decisions contribute to greater Chinese influence in the Global South

by Jeremy Garlick and Anja Senz

KEY TAKEAWAYS

- Over the last ten years the USA and the EU have not been paying sufficient attention to rising Chinese influence in the Global South.
- Studying public opinion survey data reveals that there has been a swing towards China and away from the USA across parts of Africa, the Middle East, and Asia.
- This shift comes not from any shift in Chinese policy, but from what the West is – and is not – doing, most notably in connection with the conflicts in Gaza and Ukraine.
- Since Trump was inaugurated for the second time in January 2025, decisions to cut aid to the Global South, introduce tariffs, and walk away from global climate action are leaving even more of a vacuum for China to fill.
- In the context of rising Chinese and falling US engagement, Europe urgently needs to develop a clearer strategy in its relations with the developing world, focussing on smaller states as well as big players like India and Brazil.

Keywords

China-US Competition

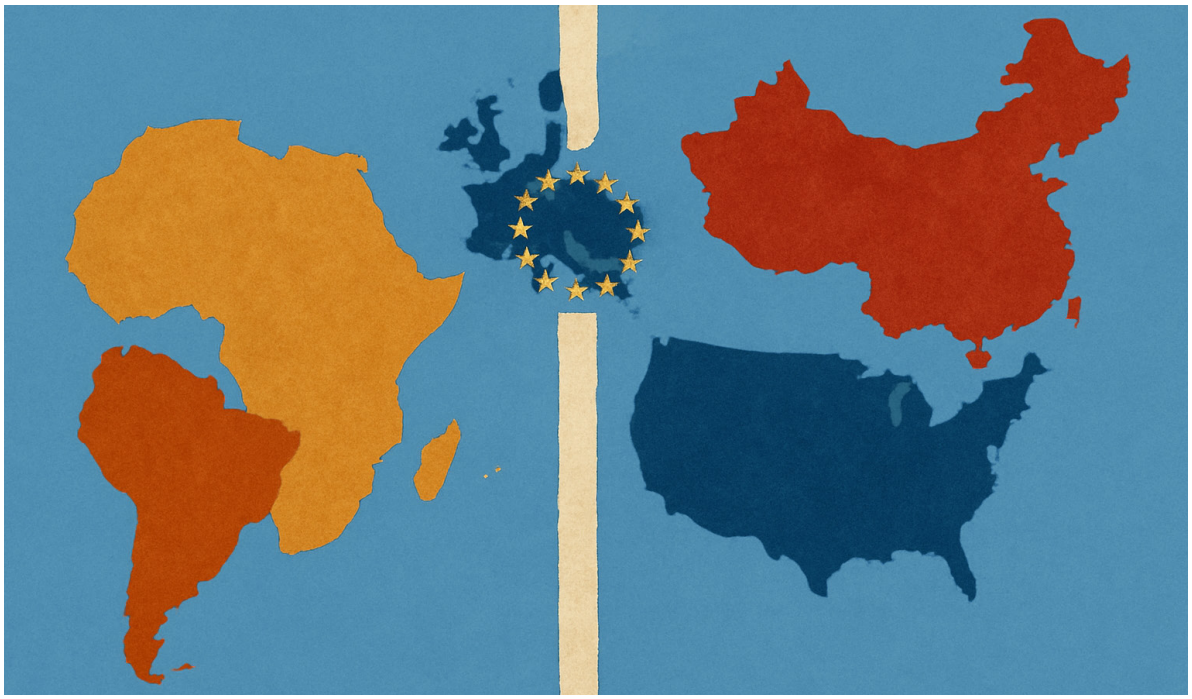
EU-Global South Relations

Soft Power

Trump 2.0

Climate Diplomacy

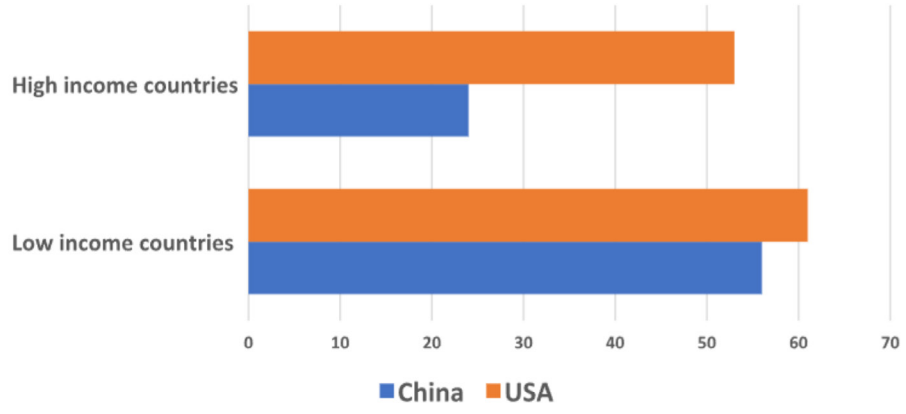
Belt and Road Initiative (BRI)



Introduction

There is a common perception in Europe and the United States that China's soft power charm offensive of the first two decades of the twentieth century has failed. The idea is that most people dislike China because of its human rights record, political system, and botched reaction to the COVID-19 pandemic, among other factors. However, the reality is somewhat different. Figure 1, based on survey data from 35 countries, shows that perceptions of China, while still lagging far behind the U.S. in high-income countries, are much more positive in the economically less developed nations of the Global South. China is not yet ahead of the USA in their bilateral competition for global influence and soft power, but it has closed the favourability gap considerably. In part, as this paper will reveal, this has been the result of negative responses in many parts of the Global South to US involvement in the Gaza conflict.

Figure 1: Percentage of people in high and low income countries with a favourable opinion of the USA and China



Source: Pew Research Center, June 2024 *[1]*

Data such as those in Figure 1, which present a very broad picture, need to be unpacked to reveal their cause and to understand differences between countries and regions. For instance, the Pew data reveal that the USA is less popular than China in Tunisia, Turkey and Malaysia, all majority Muslim countries. On the other hand, the USA has higher levels of favourability in Ghana, Colombia and India, which have very different cultural backgrounds and histories. Meanwhile, in many Global South countries Europe tends to be hobbled by memories of its colonial past, as well as the perception of the EU as Eurocentric and uninterested in committing to engagement with the developing world in any meaningful sense. *[2]*

While it is difficult to analyse all the reasons behind individual variations in a short paper such as this, it is possible to pinpoint at least some of the most significant factors in some countries and regions. It is also important to draw some conclusions about what Europe and the USA – or just Europe if the USA under the Trump administration cannot be persuaded to cooperate – need to do to compete with the rising Chinese influence. As the deliberately provocative title of this paper suggests, it seems to us to be the case that the USA and the EU are *choosing to lose influence* due to their inattention and lack of respect towards the Global South. In essence, China is being allowed to win by default. American and European neglect is creating an environment in which China's growing influence is facilitated through the absence of convincing or effective competing offers. In large part, US and EU inaction and lack of attention is contributing to China's success in cultivating close ties with countries and regions of the Global South.

The swing to China

There can now be no doubt that China's influence across the Global South is increasing. As previous papers in this project have shown, China is challenging the Western-led rules-based or liberal international order (LIO) with institutions *[3]* of its own such as the Shanghai Cooperation Organization (SCO) *[4]* and BRICS. *[5]* At the same time, the USA and the EU are contributing to China's growing soft power due to what they are perceived to be doing – or not doing. For instance, US financial support for Israel in its Gaza campaign has impacted perceptions of the US in many Muslim countries. *[6]* In addition, Europe's focus on the war in Ukraine, including global efforts to build alliances against Russia, has reinforced perceptions of Eurocentrism in other world regions in particular those marked by violent conflicts.

Perceptions of US and European neglect or lack of interest benefit China, which is greatly intensifying its trade relations with the Global South since 2020 *[7]* by investing through the Belt and Road Initiative (BRI) and other projects. *[8]* In contrast, the European Global Gateway Initiative, which has not been promoted effectively and has consequently not received much publicity, has not yet produced many results in terms of implemented investments and positive perception. The incoming Trump administration's decision to cut aid programmes in Africa and other parts of the Global South is also likely to be contributing to negative perceptions

While many people still have a favourable view of Europe, public perceptions of Europe in major countries of the Global South remain below the global average. [10] Many countries of the Global South—such as India, South Africa, and Brazil—have not aligned with Ukraine to the same extent as most European leaders. In many parts of the world, Moscow continues to be perceived as a counterbalance to American and European colonial influence. While countries in the Global South have avoided openly condemning Russia, they have likewise refrained from explicitly endorsing its full-scale invasion. Recent polling data shows a growing divide between Europe and the Global South regarding the war in Ukraine. Broadly speaking, countries in the Global South are primarily concerned with the economic repercussions of the conflict. [11]

While Europe and the United States seek to consolidate their stances against Russia, the West should endeavour to adopt a similar approach toward the Global South. The West could strive to align sanctions imposed on Russia with the priorities of the Global South while simultaneously increasing investment and fostering economic development in the Global South — an approach already pursued by China. [12]

The following sections outline perceptions of the USA, the EU, and China in key regions of the Global South: The Middle East and North Africa (MENA), Southeast Asia, South Asia, sub-Saharan Africa, Latin America, and the Pacific Islands. The intention is to demonstrate how perceptions of the West are in decline while China's stock is rising. The reasons for this are connected with what the West is and is not doing, rather than any significant change in China's long-term policy towards the Global South during the last few years.

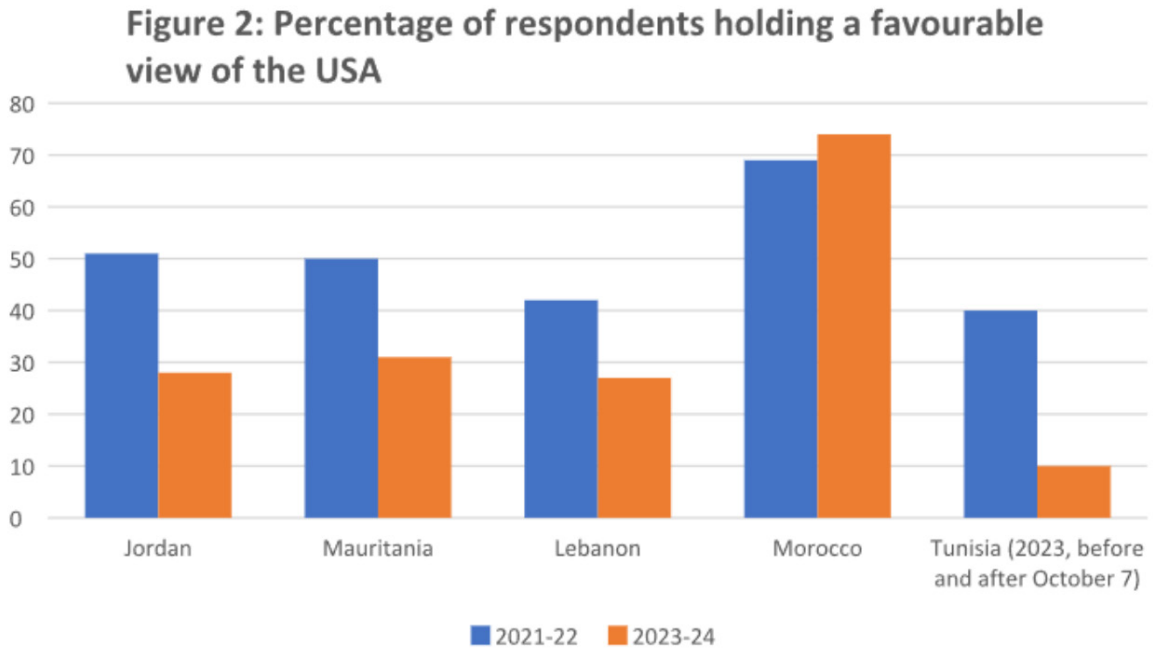
Views of the US in the MENA region

During 2024 two opinion polls were published which revealed a significant change in attitudes towards China and the United States in the MENA region. One was an Arab Barometer poll which compared opinions of China and the USA in 2021-22 with the years 2023-24. [13] The other was a report entitled The State of Southeast Asia: 2024 Survey Report conducted by the ISEAS – Yusof Ishak Institute in Singapore. [14] The two polls showed an overall shift in public opinion in favour of China and away from the US. The primary explanation for this was a simple one: US support for Israeli action in Gaza.

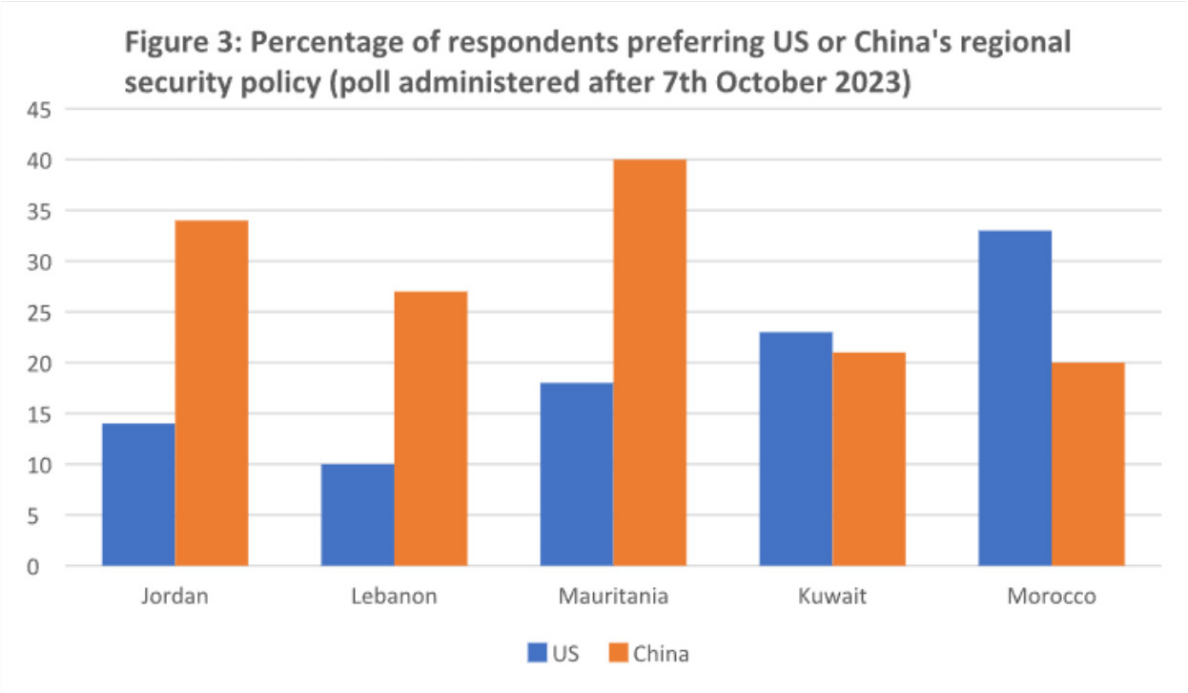
The Arab Barometer poll provides evidence of a drastic transformation in public views of the US. Most revealingly, a survey was conducted in Tunisia before and after the commencement of Israeli action in Gaza. [15] In the three weeks before 7 October 2023, 40 percent of Tunisians claimed to have a favourable view of the United States. However, by 27 October, less than three weeks after the Israeli military campaign started, just ten percent of Tunisians approved of the USA. In Jordan, the proportion of respondents viewing the US favourably fell from 51 percent in 2022 to 28 percent in 2023-24. In Mauritania, favourability declined from 50 to 31

percent, while in Lebanon it dropped from 42 to 27 percent. Only Morocco bucked the trend: there the US favourability rating improved from 69 to 74 percent (see Figure 2).

At the same time, perceptions of China improved substantially. However, this was apparently due more to negative perceptions of what the US was doing rather than anything China was doing. In all five countries surveyed, over half the respondents held favourable views of China. At the same time, very few respondents (less than fifteen percent) believed that China intended to defend the rights of Palestinians. In other words, respondents had a relatively good view of China even while they did not see any likelihood of Chinese material or diplomatic support for Palestine. This implies that the rise in China's favourability rating was mainly due to negative factors related to the US: the Israeli military occupation of Gaza and perceived US support for this action. Responses to the question "Which country has better policies for maintaining security in your region?", asked after the events of 7th October 2023, bear this out: in three of the five countries surveyed, despite respondents' reservations about China's approach to Palestine, China's security guarantees were perceived far more favourably than those of the US (see Figure 3).



Source: Robbins, Michael, Amaney A. Jamal, and Mark Tessler. 2024. "America Is Losing the Arab World and China Is Reaping the Benefits." Accessed March 29, 2025. *https://www.arabbarometer.org/media-news/america-is-losing-the-arab-world-and-china-is-reaping-the-benefits/.*



Source: Robbins, Michael, Amaney A. Jamal, and Mark Tessler. 2024. "America Is Losing the Arab World and China Is Reaping the Benefits." Accessed March 29, 2025. *https://www.arabbarometer.org/media-news/america-is-losing-the-arab-world-and-china-is-reaping-the-benefits/.*

Views of the US in Southeast Asia

In Southeast Asia, the picture was similar. When asked with which of the two global rivals the Association of Southeast Asian Nations (ASEAN) should choose to align, respondents in ASEAN countries leaned heavily towards the USA in 2023, with 61 percent selecting the US and only 39 percent choosing China. *[16]* However, one year later, the picture had changed radically: 50.5 percent chose China, while 49.5 percent chose the US. This swing to China was unequivocally caused by the situation in Gaza, since the three Muslim majority states in ASEAN – Malaysia, Indonesia and Brunei – all recorded 15-20 percent increases in their support for China, with over 70 percent wanting to align with China in each country. In both Indonesia and Malaysia, this represented a major shift, since a majority of respondents in both countries had favoured the US in 2021 and 2022.

These remarkable changes in the polling results indicate that relatively favourable perceptions of China in Muslim majority countries were influenced, in large part, by negative perceptions of US support for Israel rather than anything new that China was doing. China was winning primarily because the US had elected to support the Israelian government in the conflict with Palestine. In other words, in terms of how it was perceived in Muslim countries – representing around 2 billion people world-wide or 25% of the world population –, US support for Israel was gifting China a higher degree of favourability at American expense. Competition for soft power had become a zero-sum game which the US was losing. *[17]*

Comparing MENA and Southeast Asia

Obviously, countries in the MENA region are all Muslim majority except for Israel. However, the same cannot be said of Southeast Asia, where this applies to only the three countries already mentioned. So is support for the US higher in the non-Muslim ASEAN states?

In fact, the polling data from The State of Southeast Asia survey reveal that support for the US in some non-Muslim nations also fell from 2023 to 2024 as China gained in favourability. *[18]* For instance, the number of respondents in Cambodia selecting China rose from 27 to 45 percent, while in Laos the figure rose from 41 to almost 71 percent. In Thailand, 52 percent of respondents chose China over the US, compared to 43 percent the year before, and even in the conflict-ridden Myanmar the figure rose from 32 to 42 percent. Out of the ten ASEAN members, only in the Philippines and Vietnam did support for alignment with China fall, while in Singapore it was roughly the same.

What is happening here? Well, it seems clear that perceptions of China and the US in the Philippines and Vietnam are influenced by their disputes with China in the South China Sea. *[19]* On the other hand, Cambodia, Laos, Myanmar and Thailand do not have an interest in the South China Sea, and all have growing trade ties with China, being located in China's neighbourhood. *[20]* They are also receiving large Chinese investments. In these four cases, perceptions of the US are affected by its perceived lack of economic and diplomatic engagement in comparison to China's growing economic involvement. Only in countries where China was perceived as a direct military threat did support for alignment with the US increase. One can conclude that it is what the US is not doing in the region which is contributing to support for China – namely, the US is not being perceived as a reliable economic partner or as making a sincere effort to enhance diplomatic relations.

Views of China, Europe and the USA in South Asia

Compared to other external actors, such as the United States, China remains a relatively recent player in South Asia (except its engagement in Pakistan and the support for some Maoist movements). For much of its modern engagement, it was neither deeply integrated into South Asian economies nor of central strategic importance apart from the Sino-Indian border disputes. However, large-scale investment projects, educational collaborations, and political support for India's smaller neighbours have contributed to a growing appreciation of China in the region over the last decade. These initiatives have fostered more positive perceptions of China in the region.

What remains largely absent from major opinion polls and surveys on views of global actors becomes evident in interviews conducted across South Asia over the last years by one of the authors of this paper. Many people express deep dismay at Western, and particularly European, support for Israel. While the United States is often viewed with few illusions regarding its

global commitment to human rights, European states appear to be held to a different standard. Civil society actors, in particular, criticize what they perceive as Europe's failure to advocate for the people of Gaza.

A further game-changer in determining the extent of China's influence in South Asia and the Global South—and its implications for European standing—might be the new Trump administration. Since the U.S. president intends, among other measures, to impose various tariffs on the BRICS states, a certain rapprochement between China and India appears to be underway. Enhanced cooperation could help alleviate China's demand shortfall while simultaneously addressing India's supply challenges. However, it remains doubtful whether economic pragmatism can overcome the deep-seated mistrust between the two nations. *[21]*

The following analysis examines developments in India and Bangladesh as illustrative cases to highlight where the West has lost at least a degree of acceptance and reputation.

India

India presents a case study of the shifting political tectonics of South Asia. The Indian government, on the one hand, has sought closer cooperation with the United States, particularly within the framework of the Quad. At the same time, however, it has recently pursued diplomatic rapprochement and economic collaboration with China, despite underlying mistrust and persistent strategic competition due to ongoing border disputes. Thus, India's long-term position of non-alignment has been challenged, even if New Delhi seems likely to continue hedging between the U.S. and China. Opinion polls show that sentiment towards China has become more positive in recent years. While only 17% had a positive opinion of China in 2020, this figure rises to 24% in 2024. *[22]*

Given India's vastness, broad generalizations about the country should be avoided. Instead, two case studies—Kerala and the Northeast—can serve to illustrate the responses to recent developments and highlight the complex entanglements with China, too. Research indicates that the southern state of Kerala, currently governed by the China-friendly Communist Party of India (Marxist) [CPI(M)], did not respond unequivocally to the Gaza conflict. Rather, depending on factors such as professional engagements and contacts in the Gulf states, a pro-Palestinian anti-imperialist stance, religious affiliations, and labour migration to Israel, a range of political positions emerged—with a predominant emphasis on affirming Palestinian resistance rights. *[23]* Clearly, this has some impact on levels of support for the U.S. and Europe, which are seen as aligning with Israel.

The eight north-eastern Indian states maintain an ambivalent view toward China. On the one hand, there are deep-rooted ethnic and cultural ties to China and Southeast Asia, on the other, distrust due to ongoing border disputes and the historical experiences associated with them. In interviews conducted by one of the authors, both pro-Palestinian and pro-Israeli

positions have been expressed particularly within the larger predominantly Christian communities or those affected by ongoing violent conflicts, such as in Manipur. [24] With regard to China, it can be observed that some feel admiration for China's successful economic rise and try to put pressure on their own government by pointing out the attractiveness of China's development achievements – a factor that applies to many countries in the Global South and is easily overlooked in Europe and the USA in its contributing to the positive perception of China.

In contrast to the smaller South Asian states, India has been courted by the European Union (EU) since the end of the COVID-19 pandemic. Both India and the EU find themselves positioned between the USA and China on the global stage, seeking new partners for diversification in the face of concerns over economic dependency on China. [25] Despite some attempts at repositioning, the relationship between the EU and India remains relatively weak even with long-term and lately intensified negotiations over a free trade agreement. [26] India views the EU more as a trade bloc than a significant geopolitical actor and prefers to focus on strengthening bilateral relations with individual member states. [27]

Bangladesh

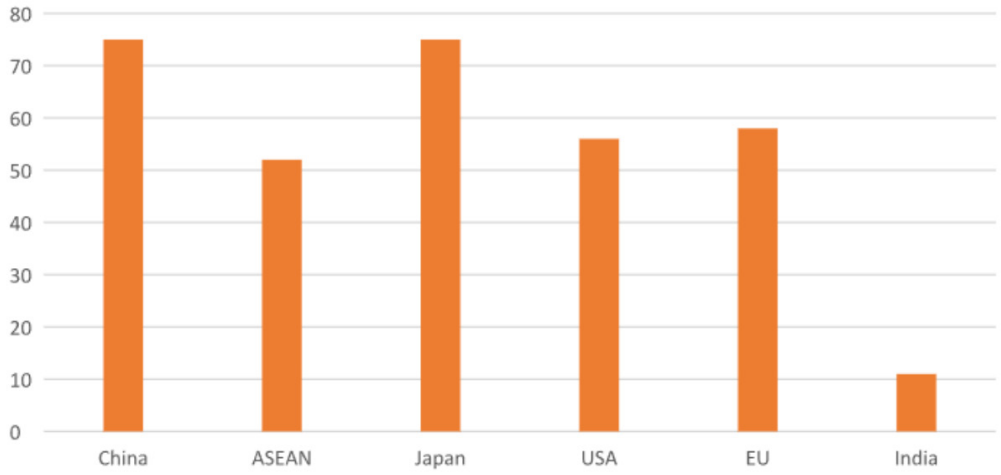
China was at first against the independence of Bangladesh and in favour for Pakistan, but has developed and maintained a relatively strong relationship with Bangladesh since the 1980s, a bond that has deepened in recent years, as described above. Interestingly, Chinese investments in Bangladesh—amounting to approximately $33 billion since 2009—are nearly equivalent to the investments China has made in the significantly larger India since 2006. [28] Bangladesh's relationship with the United States has been strained for some time, a dynamic that is also reflected in public perception. In a 2024 Pew research survey, public opinion in Bangladesh was divided: roughly half of respondents held a favourable view of the United States, while the other half expressed a positive perception of China. [29] This aligns with a broader trend observed in many middle-income nations, where a median of 56% view China more favourably than the United States.

However, the Israel-Gaza conflict appears to have provoked a further decline in opinions of the West. As a Muslim-majority country with strong ties to the Middle East—partly due to significant labour migration—Bangladesh has been profoundly affected by the events following October 7, 2023. [30] In numerous official statements, the country has called for a ceasefire, reaffirmed its support for Palestine, and strongly condemned the killing of civilians. [31] Numerous civil society actors from South Asia protested against the European and German stance by cancelling their participation in events as seen in the Global Assembly in Frankfurt. [32]

A survey conducted after the so called 'Monsoon Revolution' in July 2024 in Bangladesh, which was published in March 2025, offers the first clear evidence of a significant shift in public sentiment. [33] According to the findings, 75 percent of respondents view relations with

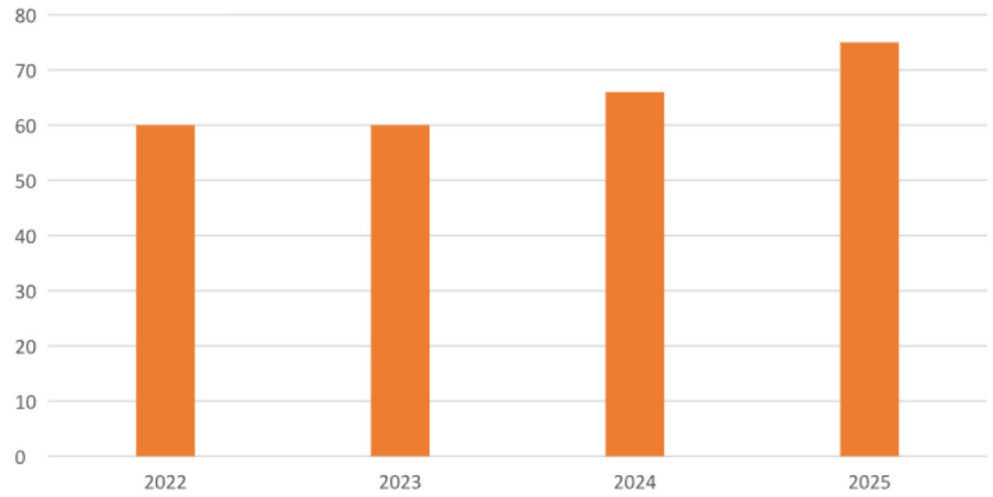
Beijing positively. Meanwhile, 56 percent maintain a favourable perception of the United States, and 58 percent hold a positive view of the European Union (EU). This result supports the argument that China is gaining a more positive image, while the US, if not outright losing, remains at the same level. In stark contrast, only about 11 percent consider relations with their immediate neighbour, India, to be good. The survey, which was also conducted in 2022 and 2023, reveals a steady increase in positive sentiment toward China. What is more, asked about the most favourite development partner, respondents ranked China (25%) far ahead of the US (15%) and the EU (9%). Beijing responded optimistically, framing the results as a promising sign for the further development of a comprehensive strategic cooperative partnership between Bangladesh and China.

Figure 4: Positive views of other countries among respondants in Bangladesh (March 2025)



Source: n.a. 2025. "Bangladeshis Rate Ties with China, India in Survey." bdnews24, March 11. https://bdnews24.com/bangladesh/650b87725caa

Figure 5: Favourable views of China among respondants in Bangladesh (2022-2025)



Source: n.a. 2025. "Bangladeshis Rate Ties with China, India in Survey." bdnews24, March 11. https://bdnews24.com/bangladesh/650b87725caa

The Pacific Islands, Latin America, and sub-Saharan Africa

Three other key regions in the Global South are Latin America, sub-Saharan Africa, and the Pacific Islands. In all of these China is working actively to expand its influence. At the same time, the actions – or inaction – of the U.S. and EU in these regions are playing into China's hands. Although it is still early to reach a definite conclusion, the second coming of Donald Trump as US president in January 2025 has arguably pushed the influence equation even further in China's favour.

Trump's move to drastically cut the budget for USAid immediately impacted the Pacific Islands, where some aid programmes are entirely reliant on US support. *[34]* It is estimated that thousands of Pacific Islanders are dependent on income from USAid. *[35]* Yet even before Trump, according to the Lowy Institute, China was providing more funding (US$4.5 billion) to the Pacific Islands than the US (US$3.4 billion). *[36]* After Australia, China is the second biggest nation-state provider of financial support to the Pacific Islands. Thus, the Trump administration's cuts are only likely to drive the Pacific Islands – including Papua New Guinea – further in the direction of future partnerships with China. Western fears that China will attempt to build both diplomatic influence and military bases in the region are thus only being stoked by the decisions emanating from Trump 2.0.

In Latin America, a region with an already checkered history vis-à-vis the United States, a similar story has quickly appeared in the wake of Trump's inauguration. Within hours of becoming president, Trump ordered the forced deportation of Latin American immigrants back to their home countries, often in handcuffs. *[37]* For instance, in Colombia the rough treatment of those sent back to their home country on military flights in January 2025 played into China's hands. On 26 th January, mere days after Trump became president, the Chinese ambassador to Colombia tweeted that Sino-Colombian relations had reached their "best moment." *[38]*

In November 2024, a new Chinese-built megaport was inaugurated at Chancay in Peru. *[39]* Meanwhile, Trump announced 25 percent tariffs on imports of foreign steel, impacting Brazil, which is the second largest overseas supplier of steel to the US. *[40]* As a result, the Brazilian government immediately accelerated its plans to direct more trade through the new Peruvian port. *[41]* Discussions with China are under way to construct a trans-continental railway from the Brazilian coast to connect with the port at Chancay. *[42]* Since trade data shows that South American countries exported twice as much to China as to the US in 2023, Trump's measures serve only to force US-Latin American trade relations to a still lower level than previously, benefitting China – and its image as a reliable partner – in the process. *[43]*

In sub-Saharan Africa, the impacts of Trump's cuts to USAid are yet to be seen. However, the biggest effect is likely to be in healthcare. While China has been primarily investing under the label of the BRI in African infrastructure *[44]* – ports, railways, energy plants, dams and

roads – the main focus of the US has been on providing medical aid to Africans. [45] In the wake of Trump's USAid cuts, there are fears that there will be no more money for antiviral drugs to combat HIV and Aids. Cases of chronic diseases such as diabetes and cancer are also rising, putting further strain on local healthcare systems. [46]

The USAid cuts will therefore contribute not only to increased deaths, but also the termination of many healthcare professionals' positions. According to a February 2025 report in The Guardian, termination notices have been sent to organisations in South Africa, Malawi, Tanzania, Zimbabwe, Lesotho, Eswatini and Zambia, as well as to the United Nations programme UNAids. [47] This is already causing African countries to start searching for alternative sources of funding in Asia. South Korea, Japan and China have already begun stepping into the breach, providing assistance during recent disease outbreaks. [48]

In other words, cuts in US aid – and possibly, according to a draft report leaked in April 2025 [49] , even diplomatic missions – to sub-Saharan Africa and other Global South regions are likely to leave another gaping hole which other nations, including China, will be asked to fill. As far as questions of US or Chinese influence are concerned, Trump's USAid cuts are more likely to benefit China than the US.

Conclusion

To sum up, surveys, interviews and other data from many regions of the Global South demonstrate a steady rise in China's image, with a concomitant decline in the favourability of the USA and Europe. The reasons behind this are connected to China's significant efforts to strengthen its ties with actors in these regions in recent years. However, there are three other factors which have contributed to the relative soft power gains made by China: the situation in Gaza, the war in Ukraine, and the perception on the part of Global South countries of a lack of respect and attention granted to them by Washington and Brussels.

Opinion polls in the MENA and Southeast Asian regions reveal a swing towards China in some countries, particularly those with majority Muslim populations, nudging overall opinion to turn in Beijing's favour. In South Asia, while China's relations with Bangladesh are now considered close, India has been cautious in its responses to China's overtures. However, the EU and the USA have hardly benefited from this. In the Pacific Islands, Latin America, and sub-Saharan Africa, the Trump administration's cutting of aid seems to be causing the image of the USA to decline further. In the meantime, China, which is continuing its investments both under the label of BRI and without it, stands to enhance its image and influence in these regions further thanks to perceptions of American neglect or decline and its own rise.

The incoming Trump administration's undermining of the rules-based international order in favour of 'America first' leaves an opportunity for Europe to rebrand itself. European governments and the EU now have a clear chance to commit to long-term engagement with the

Global South. However, for Europe to enhance its global influence, it must adopt a more strategic, coherent, and proactive approach while striking a balance between economic pragmatism, strategic autonomy, and diplomatic engagement. Moving beyond Eurocentric perspectives, it should engage with an increasingly self-confident Global South—Africa, Latin America, and Asia—on an equal footing. Strengthening its international standing requires fostering attractive economic partnerships, implementing carefully planned infrastructure investments, and providing pragmatic development assistance. *[50]* Additionally, reducing dependence on Chinese supply chains while offering viable alternatives to developing nations would reinforce Europe's role in the global economy. Maintaining leadership in climate diplomacy and renewable energy, including support for the Global South through climate financing, would further enable Europe to set global standards and position itself more competitively in an emerging new world order.

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Keeping Moscow Onside – Beijing's Main Priority in Ukraine

by Sebestyén Hompot

KEY TAKEAWAYS

- Beijing regards Moscow as its long-term strategic partner in reshaping the international order and therefore has no serious intention of contradicting Moscow's interests in Ukraine. Despite the contradictions with Beijing's emphasis on territorial sovereignty as a key principle of the international order, it has provided vital economic and diplomatic support to Moscow in waging its war against Ukraine.
- Ending the war in Ukraine is not a priority for Beijing, and it will not act against Moscow's interests to bring this about.
- The Ukraine war is mainly utilised by Beijing in multilateral forums to criticise the US-led "liberal international order" and present its own approaches to global governance, especially its "Global Security Initiative", as a more viable alternative to preserve global peace.
- Despite scepticism in the West and among its allies in the Indo-Pacific region, China's narratives about the war have found a more receptive audience among Global South elites, as seen in joint declarations between Beijing and various Global South governments regarding the war.
- China's approach to the Ukraine war indicates that the willingness to improve relations with Europe is not prioritised at the expense of keeping Moscow onside. This remains true despite the major changes brought by US President Donald Trump's unpredictable foreign policy.

Keywords

Ukraine War

Peace Negotiations

China

Russia

Donald Trump

European Union



Introduction – Beijing's vision of a new global security order

Russia's full-scale invasion of Ukraine in February 2022 occurred at a time when Beijing had already been working on promoting its newest vision of a future global order through a series of "Global Initiatives". The "Global Development Initiative", introduced by Xi Jinping in 2021, was the first installment of this tripartite series. The "Global Security Initiative" (GSI) was put forward by Xi Jinping at the annual Bo'ao Forum in April 2022, approximately two months after Russia launched the full-scale invasion of Ukraine. [1] In 2023, this was also followed by the so-called "Global Civilisation Initiative" introduced by Xi Jinping.

While Xi Jinping did not mention the Ukraine war in his keynote speech at the Bo'ao Forum 2022, where the Global Security Initiative was announced, it was already referenced in some early key documents under the names "Ukraine crisis" (乌克兰危机) and "Ukraine issue" (乌克兰问题). Such documents include an article by Foreign Minister Wang Yi published in the People's Daily a few days after Xi's keynote speech at Bo'ao 2022. [2] A longer elaboration of the Global Security Initiative is found in a so-called "concept paper" (概念文件) published by the government-owned Xinhua News Agency in February 2023. [3]

The Global Security Initiative set the main guidelines for China's approach to the Ukraine war in the subsequent years. The main principles, such as the dual emphasis on upholding the principles of territorial sovereignty as found in the U.N. Charter, while at the same time calling for the respect of "legitimate security concerns" (合理安全关切) of other states, were laid down in the speeches and documents related to the Initiative. In 2024, a major progress

report on the implementation of the GSI was published by the China Institute of International Studies (CIIS) and other state-affiliated think tanks, praising the supposed successes of the GSI. Here, the two principles are also mentioned side-by-side. [4]

Beijing's approach to Ukraine's territorial sovereignty thus represents a major contradiction in the Chinese government's self-framing as respecting and upholding the UN Charter on territorial sovereignty. Beijing regularly promotes itself as a defender of sovereignty in the UN. [5] The Chinese leadership is especially vocal about the principle of territorial sovereignty when it comes to defending its territorial claims over Taiwan. [6] An overview of China's UN voting patterns by the Germany-based Mercator Institute for China Studies (MERICS) indicates that, to some extent, Beijing has distanced itself from Moscow in UN votes in recent years. [7] Yet, Beijing's lack of willingness to put any significant diplomatic and economic pressure on Moscow regarding Ukraine, and its refusal to publicly criticise Moscow for launching the full-scale war, indicate that *realpolitik* still takes precedence over principle-based considerations among China's leadership.

Position papers and statements on the war

Since Russia's full-scale invasion of Ukraine in February 2022, Beijing has issued several key documents introducing its position on the Ukraine war. One of the early documents was the so-called "Four Shoulds" (四个应该) published in March 2022. The document emphasised the broad principles of respecting territorial integrity, upholding the UN Charter, respecting the "legitimate security concerns" of other parties, and supporting all efforts leading to peace. [8]

In February 2023, Beijing released a "12-point position paper" on resolving what is officially called the "Ukraine crisis" (乌克兰危机). In official Chinese sources, the document can be seen as a further elaboration on the principles emphasised by Beijing in the earlier "Four Shoulds". Some of the points include generally agreed-upon principles such as the avoidance of using nuclear weapons in the conflict and the avoidance of targeting nuclear facilities as part of the conflict. Others are more specific to the advancement of Beijing's own geopolitical agenda, such as the points emphasising the "abandoning of Cold War mentality [and of military 'bloc formation']" and "stopping unilateral sanctions". The document does not represent a "peace plan" as it avoids outlining any concrete steps leading to the end of hostilities. [9]

The subsequent issuing of a "Four Principles" statement by Beijing following Xi Jinping's meeting with German Chancellor Olaf Scholz in April 2024 included the security of trade routes and supply chains as one of the four principles. [10] The so-called "Six-Point Consensus" jointly issued by the Brazilian and Chinese governments in May 2024 reiterated largely the same positions as the earlier documents. It was nevertheless seen as an important step for Beijing to gain the official support of a major Global South nation and BRICS member state. [11] Meanwhile, in September 2024, Ukrainian President Volodymyr Zelensky rejected the six-point statement in a speech given at the UN, criticising it for its pro-Kremlin biases. [12]

Beijing's "Peace Diplomacy"

Apart from the position papers and official statements, since 2023, Beijing has dispatched its "Special Representative for Eurasian Affairs," Li Hui, four times to visit Russia, Ukraine, and a number of European and other states to advance negotiations on ending the Ukraine war. The first two missions of Li Hui involved negotiations in Kyiv, Moscow, Brussels, Berlin, Paris, and Warsaw. Li's diplomatic missions were met with a high degree of scepticism among analysts in EU countries. His perceived close ties to Moscow, including his 10-year-long appointment as PRC ambassador in Moscow, were highlighted in this context. Besides that, the "window-dressing" nature of the engagements, with little substantial effort to bring an end to the conflict, was also noted by various observers. [13]

It is telling in this context that the last two trips of Li Hui did not involve Ukraine, Russia, and European nations but Global South nations instead. Beijing's intention to push for peace in Ukraine is questionable in light of this, while its intention to capitalise on the war to build its image as a "responsible stakeholder" in the Global South seems to be an important factor. Global South leaders who subscribed to Beijing's narratives likely had economic motivations as well, such as concerns about rising wheat prices as a result of the war. [14] Li Hui's visits to Turkey, Egypt, Saudi Arabia, the UAE, Brazil, South Africa, and Indonesia involved further statements on the importance of finding a negotiated solution to the war and voiced concerns about its global spillover effects. [15] While doing little in terms of achieving peace in Ukraine, Beijing thus scored diplomatic gains among Global South elites via Li Hui's shuttle diplomacy. This was also demonstrated by the subsequent establishment of a "Friends for Peace" group in the UN involving 17 Global South countries, co-chaired by Chinese FM Wang Yi and his Brazilian counterpart Mauro Vieira. [16]

Lack of economic and diplomatic pressure on Moscow

From the EU's point of view, China's approach to the Ukraine war should be evaluated not only based on what the Beijing government did but also on what it did not do. Beijing never issued a clear condemnation of Moscow for the full-scale invasion of Ukraine and increased its economic interaction with Russia in the subsequent years. In 2024, China-Russia trade hit a record high, based on Chinese customs data. [17] Meanwhile, in Chinese government sources, the bilateral relations between the two countries were regularly described as "maintaining normal ties" [18] with Moscow, and as "not targeting / not affected by any third party". [19]

Since Russia's full-scale invasion of Ukraine and the storm of Western sanctions on Russia, China has also proved crucial to Russia's wartime economy by providing a large amount of civilian-military dual-use goods. Based on data from the General Administration of Customs of the People's Republic of China (GACC) analysed by MERICS, the main dual-use goods exported to Russia by China include "general computing and telecommunications hardware", "advanced electronic and communication components", and "semiconductor and electronics

manufacturing and testing components". [20] The definitions of "dual-use goods" here are based on the Common High Priority Items (CHPI) List, a collaborative effort developed by the United States, the European Union, the United Kingdom, and Japan. [21]

By exporting large amounts of dual-use goods, Beijing aims to support Moscow's war efforts in Ukraine while at the same time not crossing the red line of being a direct military supporter of Moscow. Becoming a direct military supporter of Moscow would likely provoke a major sanctions war between Beijing and the West and its allies in East Asia. Unlike North Korea and Iran, countries that have been under Western sanctions for decades, Beijing apparently sees too much economic risk in this scenario. Meanwhile, in the autumn of 2024, an increasing number of intelligence sources indicated that Russia is producing some of its military drones in a Chinese factory. [22]

The Chinese and Russian governments' bilateral exchanges reached an especially high level since the full-scale invasion of Ukraine. Putin and Xi met or spoke via phone ten times between February 2022 and February 2025, and their foreign ministers met or spoke via phone almost on a monthly basis during the same time period. This is more than with any other foreign counterpart for both countries. [23] At the same time, exchanges between Beijing and the Ukrainian leadership were by far more limited. Xi has had one phone conversation with Zelensky since the outbreak of the full-scale war. The only in-person high-level meeting of a Ukrainian foreign minister with their Chinese counterpart was during former FM Dmytro Kuleba's meeting with Wang Yi in July 2024. During his trip to China, Kuleba was not received in Beijing but in Guangzhou instead, after visiting Hong Kong as part of his trip. [24] Kuleba and Wang had some further in-person meetings on the sidelines of multilateral events, such as the Munich Security Conference 2024. [25]

Apart from the economic support, indirect military support, and the high frequency of top-level bilateral exchanges between Moscow and Beijing, the Chinese leadership has also actively supported Moscow in multilateral forums. Moscow has thus managed to maintain a high visibility among non-Western nations via Chinese-initiated multilateral institutions such as BRICS+ [26] and the Shanghai Cooperation Organization (SCO). [27] The most prominent recent multilateral forum was the 2024 BRICS Summit held in Kazan, Russia, also attended by Indian PM Narendra Modi and other top leaders from various member states. The summit highlighted the absence of Moscow's isolation from Global South countries and the major role played by Chinese-initiated institutions in this regard. [28]

This was further demonstrated by Xi Jinping being Putin's guest of honour at the 80th Victory Day parade in Moscow. Brazilian President Lula da Silva and more than 20 other world leaders were also received by Putin during the Victory Day festivities, with Slovakia's PM Robert Fico being the only EU leader among Putin's guests. [29]

Latest trends since Donald Trump's return to power

Since Donald Trump's return to power and his push for a quick end to the Ukraine war, the actions and statements of the Trump administration on the issue have dominated much of the international media attention. Beijing's actions are currently receiving little attention, and the Chinese leadership has mostly been in a reactive mode on the issue. Chinese government officials, including FM Wang Yi, have made some statements calling for Europe's participation in the Ukraine peace process. [30] Meanwhile, Beijing's decision to appoint Lu Shaye, a controversial "wolf warrior" diplomat who earlier called into question the sovereignty of Central Asia's post-Soviet states, as the new Special Representative for European Affairs sends an arguably less friendly message to Brussels. [31] Lu also made some comments aimed at highlighting transatlantic divisions, calling Washington's treatment of its allies "appalling", while at the same time reiterating the call for Europe's participation in Ukraine's peace negotiations. [32]

Beijing's main priority, however, remains keeping Moscow as a close ally and avoiding a "reverse Kissinger" scenario, where the U.S. aligns with Russia to counter China. [33] While many analysts see this analogy as flawed [34], The comparison to the 1970s U.S.-China rapprochement against the Soviet Union is widely discussed now and seems to worry China's leadership as well. Xi Jinping's phone call to Vladimir Putin on the third anniversary of Russia's full-scale invasion of Ukraine indicates that Beijing wants to make sure Moscow will not leave its orbit. On the same day that leaders of several Western countries (not including the US) were in Kyiv to mark the third anniversary of the war, China's top leader used the occasion to reaffirm the strong ties between Beijing and Moscow. While commending dialogue between Washington and Moscow, as well as the positive steps towards peace in Ukraine, the readout by China's Ministry of Foreign Affairs of the phone call also emphasised that China and Russia "cannot be moved apart". [35]

Conclusion – What to Expect?

The Chinese government's approach to the Ukraine war is part of Beijing's long-term strategy to curb what is seen as the "global hegemony" of the United States and build an alternative global order more suitable to Beijing's worldviews and interests. The partnership with Moscow plays an important role in this, and the Ukraine war is seen mainly from this perspective in Beijing.

Achieving peace in Ukraine is not a priority for Beijing, and the war is mainly referenced in multilateral forums by Beijing to popularise its own approach to global security. This approach, which in recent years has been summarised in the "Global Security Initiative", promotes the idea that US hegemonism and NATO expansion are at the core of global conflicts, while Beijing offers a better alternative for global peace and prosperity. Despite scepticism in the West and among its allies in the Indo-Pacific region, Beijing's world-making efforts

have had more success in the Global South, as also seen from joint statements issued on the Ukraine war by China and the governments of various Global South countries.

The recent trends since Donald Trump's return to power indicate that Beijing also has an interest in utilising transatlantic divisions for its own benefit. Meanwhile, the main priority of the Chinese leadership remains to preserve its close ties with Moscow. Maintaining dialogue with Beijing and emphasising the EU's position about the Ukraine war is important, but Europe should not be naive about Beijing putting any major effort into bringing a just end to the war. Beijing will likely continue to provide crucial economic and diplomatic support to Russia, while it will not take decisive steps towards ending the Ukraine war in any way that seriously contradicts Moscow's interests.

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Sino-Russo-Iranian Tech Cooperation as Threat for the EU: Systemic Approach

by Malgorzata Abassy and Weronika Krupa

EXECUTIVE SUMMARY

The strategic convergence between Russia, Iran, and China poses a growing systemic threat to the European Union. Despite differing regional agendas, these three powers are increasingly aligned in key areas such as cybersecurity, military technology transfers, intelligence cooperation, and disinformation campaigns. Their coordinated efforts undermine the EU's critical infrastructure, weaken its strategic autonomy, and erode trust in democratic institutions by targeting sectors such as energy, finance, healthcare, and electoral integrity. Although the EU has implemented sanctions and reinforced its cybersecurity framework, it continues to address these actors largely in isolation, failing to recognize the cumulative security impact of their trilateral cooperation. Particular vulnerabilities include the transfer of advanced knowledge and dual-use technologies via academic and industrial partnerships with China, the use of hybrid warfare tactics by Iran—including cyberattacks and propaganda—and Russia's ongoing infiltration of European digital networks and information ecosystems. To address this, the EU must adopt a coherent, forward-looking strategy that moves beyond fragmented responses. This entails the establishment of a centralized threat assessment hub coordinating intelligence from Member States, the restriction of academic and technological partnerships with high-risk third countries, the reinforcement of cyber resilience through joint infrastructure protection drills with NATO, and the creation of a targeted investment mechanism to reduce dependency on foreign critical technologies. These concrete instruments, when integrated, can strengthen Europe's defense capabilities, reduce strategic dependencies, and safeguard its democratic and technological sovereignty.

Keywords

Sino-Russian-Iranian Cooperation

Military Technology Transfers

Cybersecurity

Disinformation

Intelligence Cooperation

POLICY RECOMMENDATIONS

- The EU should adopt a coherent strategy to counter foreign interference, especially considering threats originating from China, Russia and Iran.
- The EU should implement the European Parliament's recommendations on protecting democratic processes from disinformation, fake news and external influence.
- It is imperative to strengthen the EU's cyber defense systems, boost resources to counter cyberespionage by China, Russia and Iran and deepen its cooperation with NATO on critical infrastructure protection.
- The balance between cooperation and protection must be upheld, especially in light of the academic and cultural cooperation with countries such as China.



Introduction

The growing cooperation between China, Russia, and Iran in the fields of cybersecurity and intelligence represents a systemic threat to the stability and security of the European Union. Although these three states differ in their geopolitical priorities, they converge around a shared strategic objective: to weaken the European Union by destabilizing it across multiple domains, ranging from military pressure to technological interference. This trilateral alignment is underpinned by several key mechanisms, including the exchange of intelligence, the transfer of advanced technologies, coordinated cyberattacks, and mutual political and technological support. China, in particular, provides Russia and Iran with dual-use technologies—such as semiconductors, surveillance systems, and software employed in intelligence operations—thereby acting as a technological enabler for their subversive agendas. Joint efforts extend to the realm of information warfare, notably disinformation campaigns aimed at undermining democratic institutions within the EU and eroding the political and social cohesion of its member states. While Russia plays a leading role in launching cyberattacks and penetrating Western institutions, Iran contributes through both cyber capabilities and ideological amplification, particularly via proxy networks and targeted disinformation.

disinformation. China, meanwhile, facilitates systemic disruption through long-term knowledge and technology extraction, and by enabling the operational capacity of its partners through advanced infrastructure. Thus, each actor contributes differently: Russia leads tactical cyber aggression, Iran amplifies narratives and supports militant proxies, and China sustains the strategic backbone through access, innovation, and industrial leverage. Although the EU has acknowledged some of these risks, significant blind spots remain—particularly in areas of academic, technological, and economic cooperation—where mechanisms of infiltration often go unnoticed. These blind spots are systematically exploited, not only through espionage and disinformation, but also through legitimate-seeming collaborations in science, trade, and infrastructure. Against this backdrop, the coordinated actions of Russia, Iran, and China constitute one of the most pressing challenges to European security, necessitating a comprehensive and unified response.

Evidence and dimensions of the tripartite cooperation

An analysis of available sources indicates that the cooperation between Russia, Iran, and China stems from a shared strategic calculus. Each of these states views the European Union as a geopolitical adversary and a structural barrier to the realization of their respective ambitions on the international stage.

Cybersecurity: Russia, Iran, and China – Cooperation and Threats to the European Union

In recent years, trilateral cooperation in the cyber domain has intensified. Russia, Iran, and China have been exchanging cyber technologies, conducting joint hacking operations, coordinating ransomware attacks, and launching disinformation campaigns targeting strategic sectors of the EU economy. This section examines the mechanisms of this cooperation in order to identify the key threats and their implications for Europe's digital security.

Russia, Iran, and China are actively developing joint cyberattack strategies. In January 2025, Iran and Russia signed a comprehensive strategic partnership agreement that includes provisions for cybersecurity collaboration. This agreement focuses on coordinated efforts to counter the misuse of information and communication technologies and to manage national internet segments, thereby expanding state control over the digital space *[1]* . Meanwhile, China and Russia have deepened their cybersecurity partnership by aligning their technical capacities and legal frameworks. Their goal is to promote a new cyber order based on state sovereignty and collective security, positioning themselves as leaders in the global digital arena *[2]* . The U.S. Office of the Director of National Intelligence (ODNI) has consistently identified Russia, China, and Iran as persistent cyber threats. According to the 2025 Threat Assessment Report, these states possess both the technical capabilities and political intent to launch operations targeting critical infrastructure and democratic institutions. The 2025

Threat Assessment highlights these nations' capabilities and willingness to launch cyber operations that could disrupt U.S. national security [3] . Iran has implemented Russian techniques to mask cybercrime and is using China's digital surveillance model to create its own sanctions evasion and surveillance systems [4] . Between 2021 and 2024, cyberattacks by Iranian hackers increased by 40%, with the majority targeting EU state institutions and the financial sector. China, in turn, provides Russia and Iran with advanced espionage technologies and tools that are used to attack European critical infrastructure systems [5] . In 2022, Chinese surveillance systems enabled the infiltration of European telecommunications networks and financial services. In addition, Russia and China regularly launch cyberattacks on the European energy, financial and transport sectors [6] . In 2023, more than 60% of cyberattacks against EU institutions originated from entities linked to Russian and Chinese cybercriminal groups. One of the most destructive attacks was the infection of the power system in Central Europe, which led to many hours of power outages [7] . Iran also plays a key role in the development of cybercrime in the EU. In 2022, Iranian hackers launched 140 ransomware attacks on organizations in the EU, generating financial losses of more than €1.2 billion. These attacks mainly affected the health, banking, and transportation sectors, and were designed to encrypt data and extort ransom [8] . Russian and Chinese intelligence agencies cooperate intensively in the areas of cyberespionage, data interception and infiltration of EU information systems [9] . In 2023, 25% of detected data breaches in the EU resulted from actions sponsored by third countries, mainly China and Russia. Iran provides hacking tools to take over administrative accounts in European organizations [10] . One of the examples is the 2023 operation in which Iranian hackers used forged security certificates to gain access to EU banking systems, causing the data of 4 million users to be leaked. In addition to the hacking attacks, Russia, Iran and China are conducting coordinated disinformation campaigns to further destabilize Europe [11] . In 2022, more than 500 disinformation campaigns were detected that aimed to undermine EU citizens' trust in their governments and international institutions. In 2023, a media campaign was organized to spread information about alleged "secret agreements" between EU governments and pharmaceutical corporations [12] .

In conclusion, Russia, Iran, and China are not only exchanging technologies to facilitate cybercrime but are also executing coordinated digital operations that directly threaten the European Union. The greatest danger lies in the proliferation of ransomware, cyberespionage, and disinformation activities—tools deliberately used to destabilize the EU economy and disrupt societal cohesion by undermining trust in public institutions and critical sectors such as healthcare.

Knowledge and Technology Transfer: Cooperation between Russia, Iran, and China and the Threats to the European Union

The transfer of knowledge and technology between Russia, Iran, and China constitutes a key pillar of their joint strategy to enhance geopolitical influence and mitigate the impact of

Western sanctions. This cooperation operates through formal state partnerships as well as informal and opaque channels—including "private" actors, front companies, and academic institutions—often routed through jurisdictions such as Hong Kong to mask state involvement. China, for example, has provided Russia with critical components such as microelectronics and processors essential for the production of missiles and precision-guided munitions. In exchange, Russia has shared advanced military technologies with China, including submarine and stealth capabilities. Similarly, Iran has supplied Russia with ballistic missiles, potentially receiving sensitive technological assistance in exchange *[13]* . The consequences of this strategic partnership are particularly severe for the European Union, which academic, research, and industrial institutions are not only targeted directly, but are often exploited through seemingly legitimate joint projects. The European Parliament has explicitly acknowledged that foreign interference and espionage activities have intensified within EU academic institutions, with China, Russia, and Iran identified as primary perpetrators. *[14]* Due to the strategic value of their advanced scientific research and technological innovation, these institutions have become prime targets for foreign intelligence activities. The European Parliament has acknowledged that EU universities are being targeted by foreign interference and espionage, notably from China, Russia, or Iran. These actions calling for concrete actions such as stricter eligibility criteria for EU-funded research projects, the creation of a centralized risk assessment mechanism, enhanced background checks for foreign-affiliated researchers, and stronger enforcement of export controls in sensitive technological domains. Despite warnings from MI5 about potential espionage threats, several British universities have continued collaborations with Chinese institutions linked to the defense sector *[15]* .

Russia and Iran have been developing intensive academic and research cooperation for years. Between 2017 and 2019, more than 35,000 Chinese students studied in Russia, and more than 20,000 Russians studied in China *[16]* . This figures, while notable, remain significantly lower than Chinese student populations in countries such as the United States (over 350,000 during the same period) and in Germany (over 35,000 annually), highlighting the strategic—not commercial—dimension of these cooperation. Exchange programs include fields such as artificial intelligence, cryptography, and advanced information systems, which can have both civilian and military applications. As part of the Shanghai Cooperation Organization University and BRICS University, these countries fund research on cybersecurity, quantum engineering and military systems *[17]* . While presented as academic partnerships, they serve as mechanisms for the transfer of strategic knowledge that may be leveraged in hybrid warfare. For the European Union, such cooperation poses a growing threat, as it facilitates the accumulation and circulation of sensitive expertise among actors known to challenge the international rules-based order. The integration of academic infrastructure into broader geopolitical strategies risks undermining Europe's technological edge and security architecture.

The European Union finds itself at the center of global technological competition. In 2023, as many as 25% of cyberattacks on academic institutions in the EU were aimed at stealing

quantum engineering and artificial intelligence research [18]. The leakage of such technologies may result in a significant increase in the military potential of Russia, Iran and China, which in the long run will weaken the strategic advantage of the West.

Transfer of Military and Industrial Technologies

A key pillar of strategic cooperation between Russia, Iran, and China is the transfer of military and dual-use industrial technologies. China has supplied Russia with 90% of imported microelectronics components, which are crucial for the Russian defense industry [19] . In addition, China has provided Russia with parts for missile systems and drones, helping to modernize its military equipment [20] . Iran also plays a significant role in the Russian defense industry, providing Moscow with more than 4,600 Shahed drones that have been used on the Ukrainian front [21] . In return, Russia provides Iran with radar systems, combat aircraft, and air defense technologies [22] . In addition, Iran and Russia have started building a drone factory in Tatarstan, which is expected to produce 6,000 drones by 2025 [23] . Not only the military sector, but also the industrial sector is the subject of intensive cooperation. China has increased its share of the Russian machinery and machine tool market from 13% in 2017 to 90% in 2023 [24] . This dependency allows Russia to evade Western sanctions and keep military production high. Iran and Russia are also working on payment systems that bypass SWIFT, allowing them to trade in rubles and riyals [25]. Such mechanisms weaken the effectiveness of EU sanctions, increasing the economic self-sufficiency of these countries.

Sino-Iranian support for Russia

After Russia's invasion of Ukraine in 2022, cooperation on the sharing of military and industrial technologies between Russia, China and Iran has become a key element of the Kremlin's survival strategy, which has come under Western sanctions. Iran provides Russia with drones, China supports the modernization of the Russian defense industry, and Moscow returns the favor by providing advanced military technologies to partners. As a result, the threat to both the stability of the region and European security is increasing [26]. China is the most important supplier of electronic components to the Russian defense industry. In 2023, 90% of the microelectronics imported by Russia came from China, which was crucial for the modernization of its armed forces [27] . China also supplies ball bearings, machine tools, and precision machinery, which are essential for the production of tanks and combat aircraft [28] . In addition, Russia and China are developing cooperation in the production of combat drones. In the first half of 2023, Chinese companies provided Russia with drones worth $14.5 million. Although Beijing officially denies reports that it directly supports the Russian military, an analysis of import statistics indicates that military equipment arrives in Moscow through intermediary companies in Hong Kong [29] . Iran, in turn, plays a key role in supplying Russia with combat drones. Since 2022, Moscow has received at least 4600 Shahed-136 drones, which have been used to attack Ukrainian cities and critical infrastructure [30] . In 2024, Iran

has also supplied Russia with 400 Fateh-110 ballistic missiles, capable of striking targets at distances of up to 700 kilometers (approximately 435 miles).

In an effort to reduce dependence on external suppliers, Russia and Iran have jointly initiated the construction of a drone production facility in Tatarstan, with a projected output of 6,000 drones annually by 2025. These new industrial facilities are expected to enable Moscow to sustain its military operations in Ukraine, while simultaneously enhancing Iran's capacity to expand arms exports to other countries in the Middle East. Moscow, however, is not merely a beneficiary in this partnership; in exchange for drones and missiles, it provides Iran with advanced radar systems, combat aircraft, and sophisticated air defense technologies. Iran received Russian attack helicopters, radars and fighter planes, which significantly increased its defense capabilities *[31]* . In 2023, Iran assisted Russia in constructing a drone production facility in Yelabuga, located in the Alabuga Special Economic Zone, with the aim of producing approximately 6,000 Shahed-136 drones by mid-2025. The facility is intended to ensure a continuous supply of drones for Russia's military operations in Ukraine, while simultaneously enhancing Iran's capacity to increase arms exports to other Middle Eastern countries *[32]*. Given Tehran's ambitions to become a dominant power in Central Asia, strengthening its military potential should not be underestimated. Iran views the region as a strategically vital sphere of influence. According to the Institute for the Study of War, Tehran considers much of Central Asia to be part of its "near abroad"—a space where it seeks to assert both cultural and strategic presence. This perspective drives Tehran's efforts to establish a stronger presence in the area *[33]*. Russia, in turn, shares its expertise in the modernization of drones and missile systems, enabling Iran to improve its indigenous technological capabilities. As a result, Tehran is not only reinforcing its own defense posture, but also expanding its ability to export modern weapons systems to partners such as Syria and the Yemeni Houthis. China also benefits from this trilateral exchange. It continues to gain access to advanced Russian military technologies, particularly in the areas of aircraft engines and missile systems. Notably, more than 40% of China's current fighter jet fleet still relies on Russian engines *[34]*. While Beijing has taken steps to reduce this dependency, including efforts to develop its own advanced propulsion technologies, it remains unable to achieve full self-sufficiency in this sector *[35]*.

The transfer of military technology between Russia, Iran and China poses a serious threat to the European Union. In 2023, Russia used Chinese components to modernize more than 200 tanks and produce modern fire control systems. This enhancement of Russia's offensive capabilities risks escalating conflicts in Eastern Europe and further deteriorating the security situation in Ukraine. Iran, in turn, may utilize newly acquired technologies to threaten European maritime infrastructure in the Mediterranean and to advance its missile program—developments that raise significant concerns for both the EU and NATO. In January 2025, the Islamic Revolutionary Guard Corps (IRGC) conducted the "Prophet Muhammad" naval exercise in the Persian Gulf. The exercise featured the deployment of

advanced combat drones such as the Mohajer-6 and Ababil-5, equipped with AI-enhanced Qaem and Almas missiles. These systems successfully destroyed simulated targets, demonstrating Iran's growing capacity to integrate artificial intelligence and high-precision technologies into its military operations [36] . In March 2025, Iran participated in the "Security Belt-2025" joint naval exercises alongside Russia and China in the Gulf of Oman. The drills involved more than 20 warships and featured a series of coordinated operations, including simulated maritime attacks, joint search and rescue missions, and vessel inspection procedures. The primary objective was to enhance military interoperability among the three states and to signal their increasing coordination in strategic maritime zones [37] . Iran has also incorporated Russian-made long-range air defense systems, such as the S-300, into its own military exercises. In February 2025, these systems were deployed to intercept simulated hostile targets, demonstrating Iran's growing capacity to integrate advanced foreign technologies into its national defense architecture [38].

The trilateral military-technical cooperation between Russia, Iran, and China—particularly in the field of weapons systems and joint exercises—carries significant implications for global and regional security. Such developments are particularly alarming in light of Iran's provision of ballistic missiles to Russia and China's continued supply of dual- use components that are critical to sustaining Russian defense production [39]. In this trilateral framework, China provides Russia with key electronic components, Iran supplies drones and ballistic missiles, and in return, Moscow shares advanced military technologies with both partners. This reciprocal exchange has significantly enhanced the military capabilities of all three countries. Moreover, their increasingly assertive defense and foreign policies pose a growing challenge to the stability and security of the European Union.

Espionage: Cooperation between Russia, Iran, and China and Its Threats to the European Union

Intelligence cooperation between Russia, Iran, and China represents one of the most critical threats to the security of the European Union. This trilateral partnership has intensified efforts to spy on European governmental, academic, and corporate institutions. The scope of this cooperation encompasses a wide range of intelligence practices, from traditional methods such as agent recruitment and institutional infiltration to advanced cyber techniques, including data exfiltration and the manipulation of public opinion through social media platforms. Key mechanisms driving this partnership include the coordinated exchange of surveillance technologies, the execution of joint cyber operations, and mutual support in orchestrating large-scale disinformation campaigns. Collectively, these activities pose an escalating threat to the internal stability and strategic autonomy of the European Union and its member states. The European External Action Service (EEAS) identifies Russia and China as the principal foreign actors engaged in information manipulation that undermines both EU security and democratic governance. According to EEAS reports, such activities involve

space [40]. A joint report by MERICS, Chatham House, and the German Marshall Fund analyzes the growing strategic alignment between China and Russia and its implications for European security. The report underscores the deepening cooperation in the fields of military technology, cybersecurity, and disinformation—areas that collectively pose a destabilizing risk to the European region [41]. Moreover, Russia, Iran, and China are engaged in regular intelligence exchange, which enhances their capacity to conduct coordinated operations against the European Union and NATO structures more effectively. Intelligence documents from 2023 reveal that Tehran and Moscow are conducting joint operations to infiltrate Western academic and research institutions [42]. In turn, the Chinese Ministry of State Security (MSS) cooperates with the Russian FSB in analyzing the activities of European foreign policy think tanks [43].

Cyberspace has become a central domain of intelligence cooperation between Russia, Iran, and China [44]. In 2023, Chinese state-sponsored hackers conducted 104 cyberattacks targeting European government institutions and high-tech corporations [45]. In one of the largest attacks in 2022, Chinese cybercriminals broke into the systems of the EU's technology research agency, stealing data on artificial intelligence and cryptography [46]. Simultaneously, Russian hackers—often operating in coordination with Iranian cyber units—have conducted operations against European critical infrastructure. In a high-profile case, they infected power grid systems in several EU member states, causing regional disruptions. Analysts from Europol and NATO report that recent cyberattacks attributed to Russia, Iran, and China have not only disrupted critical economic sectors in the EU but have also exposed vulnerabilities in the Union's defensive and response mechanisms—suggesting a potential intent to probe Europe's cyber resilience [47]. According to Europol's 2025 annual report, the European Union is facing an increase in politically motivated cyberattacks and sabotage, primarily driven by state actors such as Russia [48]. The report details how "hybrid threat" networks are increasingly collaborating with organized crime groups to destabilize the EU. These operations include sabotage, arson, cyber intrusions, data theft, migrant smuggling, and other forms of strategic criminal activity. EU and Polish officials have publicly cited examples of recent cyberattacks on hospitals and acts of arson linked to Russian military intelligence. The report further highlights the evolving nature of these threats, emphasizing the use of artificial intelligence in cybercrime and the recruitment of young people for online fraud schemes. Europol warns that such hybrid threats are designed to undermine democratic institutions, social cohesion, and the rule of law within the European Union [49]. In December 2024, NATO announced a series of new measures aimed at strengthening the protection of Europe's critical infrastructure, following a wave of sabotage-related incidents, including data cable disruptions in Sweden, Finland, and other locations. NATO Secretary General Mark Rutte identified Russia and China as potential sources of these threats and stressed the importance of enhanced intelligence sharing and infrastructure defense across member states. As part of these efforts, a dedicated maritime exercise known as "Frozen Winds" was conducted, involving the use of underwater drones and minesweeper vessels to improve detection and monitoring capabilities in vulnerable maritime zones. These initiatives reflect NATO's

growing recognition of thestrategic risks posed by state-sponsored cyber and hybrid operations aimed at destabilizing the region [50].

China and Russia have been conducting intelligence operations for years, the aim of which is to acquire modern technologies from Europe. Since 2000, 224 cases of Chinese espionage against Western scientific institutions and technology companies have been documented [51]. An example of such an operation was the infiltration of a German university of technology in 2021, where Chinese agents obtained data on modern materials for semiconductor production [52] . Iran, in turn, uses its intelligence networks to obtain knowledge from European technical universities. Between 2019 and 2023, Iranians conducted infiltration operations at least 10 universities in the EU, which allowed them to gain access to research on missile technologies [53]. Russia, Iran and China regularly recruit agents in Europe, using various methods of pressure. In 2022, a Russian spy network in EU institutions was discovered that had access to classified documents on sanctions imposed on Moscow [54]. China, in turn, infiltrates European technology corporations, recruiting employees to illegally transfer patents and industrial secrets. Between 2015 and 2021, more than 1200 cases of intellectual property theft were disclosed by European courts [55]. Russia, Iran and China are conducting coordinated disinformation operations aimed at weakening the unity of the European Union. In 2023, the European External Action Service (EEAS) documented over 750 incidents of Foreign Information Manipulation and Interference (FIMI) within the European Union. These coordinated disinformation campaigns were designed to erode public trust in EU institutions, undermine support for sanctions against Russia, and destabilize the political landscape of member states [56]. In 2023, Russian influence operations reached more than 50 million users in Europe [57]. Iran focuses on anti-EU propaganda, especially in the context of Middle East policy. In 2022, Iranian state media conducted a disinformation campaign against EU sanctions imposed on Tehran [58]. In April 2025, the French government formally accused the Russian military intelligence agency, GRU, of orchestrating a series of cyberattacks between 2021 and 2024. These attacks targeted various French entities, including government ministries, local authorities, aerospace and financial sectors, and notably, an organization involved in organizing the 2024 Paris Olympic and Paralympic Games. The French cybersecurity agency, ANSSI, reported that these cyberattacks were carried out by the hacking group APT28, also known as Fancy Bear, which is linked to the GRU. The primary objective of these operations was intelligence gathering, particularly in the context of Russia's ongoing war in Ukraine. The French Foreign Ministry specifically identified GRU Unit 20728 as responsible for these activities. France condemned these destabilizing actions and emphasized its commitment to collaborating with international partners to counter such malicious cyber behavior [59].

The intelligence cooperation between Russia, Iran, and China constitutes one of the most serious and multidimensional threats to the European Union. Their coordinated activities encompass cyberattacks, academic infiltration, agent recruitment, and large-scale disinformation campaigns targeting critical institutions and societal trust. In response, the

European Union must significantly enhance its security posture by strengthening counterintelligence capabilities, investing in cybersecurity and data protection infrastructure, and adopting a more strategic approach to limiting foreign influence in key economic and political sectors.

The European Union's Response to Trilateral Cooperation between Russia, Iran, and China

Strategic Awareness of the Threat

The European Parliament report (A9-0164/2022) draws attention to the growing awareness of the threats posed by Russia, China, and Iran to the European Union's security and democratic resilience *[60]*. However, the report also highlights a persistent gap between the recognition of specific risks and the acknowledgment of the broader strategic challenge arising from the trilateral cooperation among these actors. According to the document, Russia's war against Ukraine has fundamentally reshaped the EU's security outlook, leading to an unprecedented mobilization of military, economic, and diplomatic resources. The report identifies China's economic and diplomatic support for Russia as a potential long-term threat to European security. Iran's destabilizing role is also addressed, particularly in relation to arms transfers to Russia and state-sponsored cyber activities. Nevertheless, the European Union's institutional response remains selective and, at times, fragmented. In response to China's indirect support for Russia's war effort, the EU has introduced targeted sanctions against Chinese entities involved in the provision of dual-use goods to Russia. These steps, while significant, have been implemented with caution—reflecting the Union's broader strategic considerations and complex economic interdependence with China. Notably, in 2024, the EU proposed new sanctions on Chinese companies supplying sensitive technologies to Russia, marking a deliberate shift towards more assertive policy measures *[61]*.

The European Union's awareness of the threat posed by the trilateral cooperation between Russia, Iran, and China is reflected in its measures across five key areas: sanctions and countermeasures, military and intelligence cooperation, cybersecurity, diplomacy, and economic policy. However, given the EU's strong identity as an economic bloc, addressing these security challenges often requires reconciling protective measures with entrenched business interests. Recent policy debates highlight the need for clearer legal frameworks and stronger enforcement mechanisms to ensure that security imperatives are not overridden by economic considerations—particularly in sensitive sectors such as energy, critical technologies, and infrastructure. Recognizing the growing challenge to its security and strategic autonomy, the EU has adopted a broad set of measures aimed at limiting the influence of these actors and reducing their ability to carry out aggressive operations. A central pillar of this strategy involves the imposition of economic and financial restrictions. These measures include asset freezes and travel bans targeting individuals and entities supporting Russian aggression, the disconnection of Russian banks from the SWIFT system, export bans on military and

dual-use technologies, as well as trade restrictions in the energy, transport, and raw materials sectors [62]. In addition, the European Union is cooperating with global digital platforms to curb the spread of false or misleading content promoting Russo-Chinese narratives—particularly those that delegitimize EU's support for Ukraine, portray Western sanctions as ineffective, and amplify anti-NATO sentiments. Since 2022, this cooperation has intensified in response to coordinated disinformation waves following Russia's full-scale invasion of Ukraine and amid China's parallel efforts to frame the EU as economically dependent and geopolitically divided. This initiative complements broader disinformation countermeasures and reflects the EU's commitment to safeguarding the integrity of its information environment [63].

The third pillar of the Union's strategic response involves sanctions targeting Iranian entities responsible for arms transfers. These measures address Iran's active support for Russia, including the delivery of combat drones and technological assistance to its defense sector. The EU has imposed restrictions on Iranian companies involved in the production and export of weapons and has banned the export of technologies that could reinforce Iran's military capabilities [64]. In addition, the European Union has strengthened intelligence cooperation with the United States and the United Kingdom to more effectively monitor and counter Iranian activities in the military and intelligence domains. This coordination focuses on three key priorities: deepening strategic ties with NATO, enhancing transatlantic intelligence sharing, and advancing the EU's strategic autonomy in the field of defense. Within the broader framework of EU–NATO cooperation, particular emphasis has been placed on improving the coordination of military operations, including the development of rapid response capabilities among member states [65]. A third joint EU–NATO declaration is planned with the aim of strengthening the coherence and coordination of collective defense efforts across Europe [66]. In parallel, the European Union is working to enhance intelligence sharing between member states and EU institutions. Notably, recent reports emphasize the need to increase both the financial and technological capacities of EU-level intelligence structures. This is part of a broader effort to reinforce the Union's strategic autonomy—understood as the ability to act independently in defense matters while maintaining strong partnerships with NATO and other allies. The importance of investing in the European defense industry and developing military capabilities based on domestic resources is also highlighted [67]. The European Union has also taken concrete steps to strengthen cybersecurity and counter hybrid threats, particularly in response to Russian and Chinese state-sponsored disinformation and cyberattacks. As part of its efforts to combat disinformation, the EU is reinforcing the role of the East StratCom Task Force, which monitors and counters coordinated propaganda campaigns originating from Russia and China. For example, in 2024, the Task Force exposed multiple disinformation waves related to EU sanctions policy and vaccine safety, highlighting how false or manipulated content is used to amplify hostile narratives. The Task Force distinguishes between broader strategic narratives—such as framing the EU as weak or divided—and specific disinformation incidents that involve verifiably false claims designed to mislead or incite public distrust. [68]

To counter the manipulation of public opinion through social media and other dissemination tools, the EU is also developing strategic communication frameworks aimed at increasing societal resilience to external influence [69] . Established under the NIS 2 Directive, the European Cyber Crisis Liaison Organization Network (EU-CyCLONe) facilitates cooperation among national authorities responsible for cyber crisis management. The network is designed to ensure a coordinated and timely response to large-scale cybersecurity incidents across the European Union [70]. Recognizing the growing threat landscape, the EU has emphasized the need to further enhance its defense capabilities against cyberattacks. This includes the development of a systemic approach to early threat detection and response mechanisms, involving all member states in a unified framework [71]. In its foreign policy, the European Union also highlights the importance of reducing economic dependence on China—particularly in critical areas such as supply chains, advanced technologies, and access to rare earth elements. To address this, the EU is working to diversify sources of raw materials and strengthen its own industrial base. At the same time, it underscores the need to intensify cooperation with democratic partners to avoid strategic dependencies on authoritarian regimes. This multi-dimensional support for Ukraine is not only a response to Russia's direct military aggression but also forms part of the EU's broader strategy to counter the systemic threat posed by the trilateral alignment of Russia, Iran, and China, which jointly seek to undermine European security and stability. Parallel to these efforts, the EU has consistently provided support to Ukraine in the form of military, financial, and humanitarian assistance. This includes arms deliveries under the European Peace Facility (EPF), reflecting a broader commitment to regional security and stability. As part of a broader assistance package, the so-called "Team Europe"—comprising the European Union and its Member States—has mobilized a total of €143 billion in support of Ukraine. This amount includes macro-financial assistance, allocations from the Ukraine Facility, humanitarian aid, and military support delivered both through the European Peace Facility (EPF) and directly by individual Member States [72]. In the field of humanitarian assistance, the European Union has delivered over 154,000 tonnes of in-kind aid, including medical equipment, field hospitals, temporaryshelters, school buses, ambulances, and nearly 8,900 power generators. This support has beencoordinated via the EU Civil Protection Mechanism, with the participation of 35 countries [73].

Deficits in Threat Perception and Strategic Awareness

There are several areas in which the European Union has yet to fully recognize or respond to the long-term threat posed by the trilateral cooperation between Russia, Iran, and China. The first area of concern lies in the absence of a decisive EU response to China's dual strategic role. Despite China's consistent support for Russia—both economically and diplomatically—the EU remains reluctant to frame China as a systemic adversary. As a result, critical economic dependencies persist, particularly in the fields of advanced technology and strategic raw materials, while the Union lacks a long-term strategy to reduce these structural vulnerabilities. The second area relates to the EU's limited response to Iranian hybrid tactics.

While official documents acknowledge Iran's activities in cyberspace, its military partnerships, and its provision of unmanned aerial vehicles (UAVs) to Russia, the corresponding EU countermeasures remain fragmented and insufficient. However, the most fundamental weakness is the lack of a unified recognition of the coordinated threat posed by the trilateral cooperation itself. Although the EU acknowledges interactions among Russia, Iran, and China, it continues to address them primarily in bilateral or isolated terms. Consequently, there is no comprehensive EU policy framework that accounts for the cumulative and systemic impact of their strategic alignment on European security.

Recommendations

To effectively address the complex and evolving threats posed by foreign interference—particularly from the People's Republic of China—the European Union must adopt a coherent and forward-looking strategy. Such a strategy should integrate existing policy instruments, promote institutional alignment, and enhance coordination among Member States and EU bodies. The following recommendations outline concrete measures aimed at strengthening the Union's resilience against disinformation, espionage, and other forms of hybrid interference.

First, the European Union should take active steps to counter foreign interference by implementing the recommendations and initiatives outlined in the various European Parliament resolutions concerning interference in democratic processes within the EU, including disinformation.

Second, the European Union should pursue a more coordinated and strategic approach to the protection of critical infrastructure at the EU level, particularly in response to growing risks associated with Chinese influence. This includes limiting external control, countering hybrid threats such as cyberattacks, disinformation campaigns, surveillance of the Chinese diaspora, and espionage operations originating from and taking place within the EU. This approach must prioritize security considerations over purely economic interests and involve close cooperation with international partners to promote a global, open, stable, and secure cyberspace. To that end, the EU should increase resources allocated to both EU institutions and Member States for defending against cyberespionage conducted by the People's Republic of China and formally call on China to cease such activities.

Furthermore, the EU should enhance cooperation with NATO and like-minded partners to reduce the risk of espionage and interference in critical infrastructure—particularly assets with military relevance. Finally, Key EU institutions—such as the European Commission and its executive agencies managing Horizon Europe and other research frameworks—should be urged to halt funding and collaboration with Chinese companies involved in sectors of critical and strategic importance, including artificial intelligence, quantum computing,

semiconductors, and cybersecurity. Recent reviews have shown that several Chinese entities have participated in EU-funded projects despite growing security concerns. *[74]*

Finally, the European Union should ensure a unified and coherent approach to cultural and academic cooperation with China, with safeguards in place to prevent undue influence stemming from Chinese financial involvement. This includes investigating the current state of research cooperation between EU and Chinese institutions to ensure that such partnerships are not being exploited as channels of foreign interference by the People's Republic of China.

While the EU should continue to monitor allegations that Confucius Institutes have been used to disseminate propaganda and restrict academic freedom, greater emphasis must be placed on addressing broader and more impactful channels of influence—such as state-sponsored partnerships with major research institutions, technology transfer through joint ventures, and covert operations involving Chinese enterprises embedded within critical infrastructure sectors. In addition, ongoing scrutiny should focus on how Chinese state-linked actors may exert indirect influence over research agendas, funding streams, and self-censorship practices within European higher education institutions—particularly in areas related to sensitive topics such as human rights and technological cooperation. Enhanced transparency around partnerships and funding sources remains crucial to safeguarding academic integrity.

Conclusion

The trilateral alignment of Russia, Iran, and China presents a multifaceted and evolving threat to the European Union's security, stability, and strategic autonomy. While these actors pursue distinct national agendas, their overlapping interests—whether in the realm of cyber warfare, disinformation campaigns, military cooperation, or economic leverage—create a cumulative destabilizing effect. Russia remains the primary source of direct military aggression and tactical cyberattacks; Iran reinforces destabilization through proxy networks and ideological amplification; and China plays a critical role by facilitating technological advancement, strategic infiltration, and economic entanglement.

The European Union's response has developed across several dimensions: reinforcing cybersecurity and counterintelligence, strengthening its cooperation with NATO and like-minded partners, rethinking its approach to foreign influence in critical sectors, and supporting Ukraine as a frontline of defense against systemic aggression. However, gaps remain—notably in balancing economic interests with security imperatives, ensuring resilience against sophisticated hybrid tactics, and maintaining unity among Member States in the face of complex external pressures. Going forward, the EU must continue to sharpen its threat perception, streamline its policy instruments, and foster a culture of strategic foresight. Only a coordinated and comprehensive strategy, acknowledging the distinct yet complementary roles of Russia, Iran, and China, can safeguard Europe's democratic institutions, technological sovereignty, and geopolitical stability.

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[3] See, Anonymous. "ODNI 2025 Threat Assessment Notes Threats from Russia, China, Iran, North Korea Targeting Critical Infrastructure, Telecom", Industrial Cyber, 2025, https://industrialcyber.co/reports/odni-2025-threat-assessment-notes-threats-from-russia-china-iran-north-korea-targeting-critical-infrastructure-telecom/, last accessed 24.04.2025.

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[5] See, "PRC State-sponsored Cyber Activity: Actions for Critical Infrastructure Leaders", Cybersecurity & Infrastructure Security Agency (CISA), 2024, https://www.cisa.gov/sites/default/files/2024-03/Fact-Sheet-PRC-State-Sponsored-Cyber-Activity-Actions-for-Critical-Infrastructure-Leaders-508c_0.pdf, accessed 24.04.2025.

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China's Military-Civil Fusion in Space: Strategic Transformations and Implications for Europe

by Fatoumata Diallo

KEY TAKEAWAYS

- China's Military-Civil Fusion (MCF) strategy is a multi-purpose tool to enhance national power, accelerate technological innovation, and drive industrial and economic development.
- MCF has reshaped China's space sector, driving rapid innovation and fostering the rise of private commercial space actors aligned with national security and industrial goals.
- Europe has already been outpaced by both China and the U.S. in key space capabilities, weakening its defense posture and reducing its strategic influence in a domain that is increasingly shaping the broader geopolitical balance.
- Without credible capabilities, the EU risks being sidelined from setting the rules and standards in the space domain, limiting its ability to defend strategic interests and values.
- Dependence on U.S. space providers challenges the EU's strategic autonomy, undermining secure, independent access to space, at a time of growing uncertainty over the future of the transatlantic security alliance.
- Drawing lessons from China's model, the EU must accelerate innovation and better mobilize its private space sector to secure a competitive and autonomous position the global space race.

Keywords

Military-Civil Fusion

Space Security

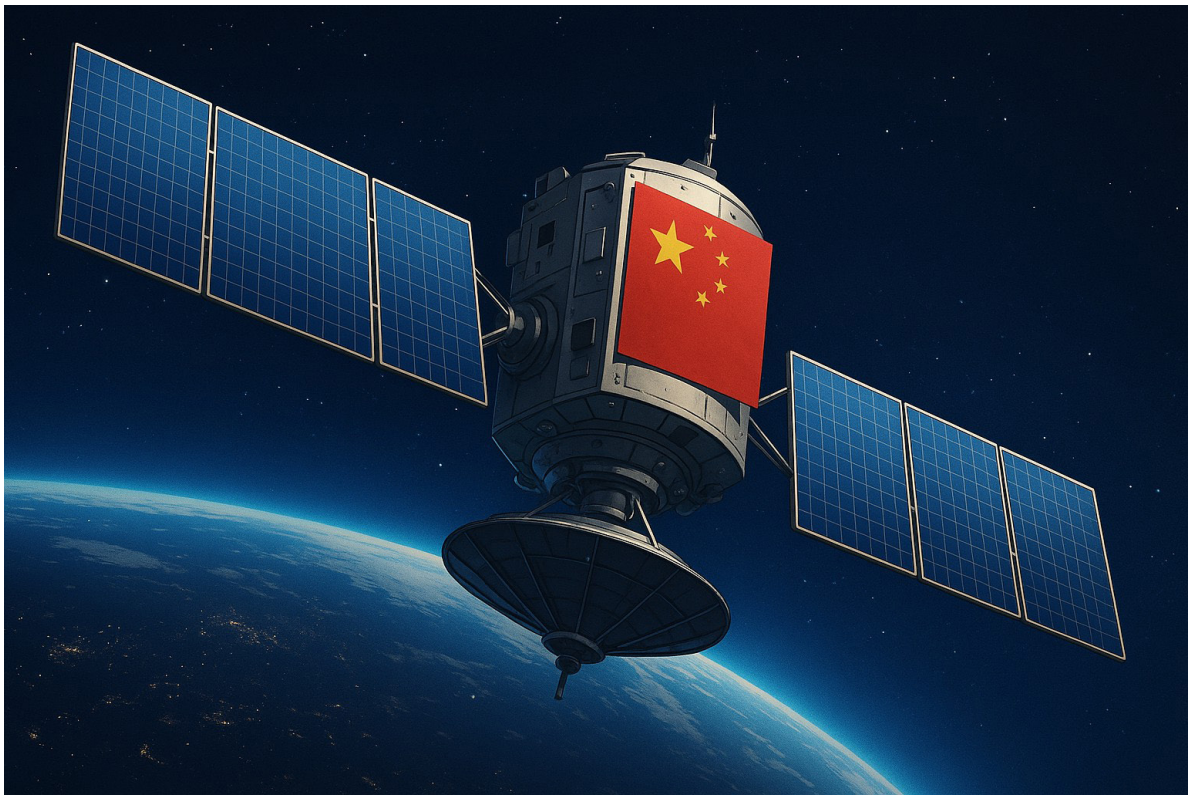
Aerospace

Dual-use Technology

Strategic Autonomy

Technological Competitiveness

China-EU



Introduction: Understanding China's Military-Civil Fusion Strategy

In 2015, President Xi Jinping elevated Military-Civil Fusion (MCF) to a national-level policy, transforming it from a narrow, compartmentalized effort into an in-depth, system-wide strategy at the center of China's national development agenda.

While the idea of drawing on civilian technology for military purposes - and vice-versa – is not new, Xi's vision for MCF has sought to go further, aligning national defense capabilities with broader economic and social development, technological, and security objectives. *[1]* On the one hand, this entails a strategic push to "coordinate economic construction and national defense construction," *[2]* with both serving as interdependent and mutually reinforcing engines of national power. On the other hand, MCF supports the broader goal of building a "techno-security state", positioning cutting-edge technology as central to China's military strength, strategic advantage and global influence. Within this approach, MCF is positioned as a key instrument to transform the People's Liberation Army (PLA) into a world-class, high-tech force able to operate in informatized conflict environments. *[3] [4]*

Under the direction of the Central Commission for Integrated Military and Civilian Development (CCIMCD), Xi's MCF strategy has sought to effectively break down institutional barriers between civilian and military sectors; leverage civilian innovation for military modernization; accelerate dual-use and multi-use technology in critical emerging fields and encourage private sector participation in defense-related R&D. As such, MCF goes well beyond the

traditional notion of "dual-use". It deliberately blurs the lines between military, civilian and commercial domains, creating an integrated ecosystem designed to advance China's goals on multiple fronts: strengthening military capabilities, driving technological self-reliance [5], fueling economic growth, and expanding China's global influence.

The space domain has become a key area where this fusion strategy plays out. Through MCF, China is harnessing commercial innovation to expand its space capabilities, with private companies now playing a pivotal role in developing dual-use technologies that advance national security interests.

These shifts carry important implications for the European Union (EU), raising urgent questions about strategic autonomy, technological resilience, and Europe's ability to shape the norms and power dynamics of the evolving space domain.

China's MCF in the Space Domain: Shifting From State-led to Commercially Driven

China's leadership views space as an increasingly decisive domain for national security and a key emerging arena for strategic competition. [6] Leadership in space is considered critical not only to achieving operational superiority, but also to adapting military power to the demands of informatized warfare and reinforcing strategic deterrence. Science and technological innovation in the space and aerospace sectors have thus become integral to the country's MCF efforts. [7]

Traditionally, large state-owned enterprises (SOEs), notably China Aerospace Science and Technology Corporation (CASC) [8] , China Aerospace Science and Industry Corporation (CASIC) [9] have formed the backbone of China's space sector. The space ecosystem also integrates key government agencies, including the China National Space Administration (CNSA) [10] and the State Administration for Science, Technology and Industry for National Defense (SASTIND). [11] Academic institutions such as the Harbin Institute of Technology [12] and Beihang University [13] have similarly become major research hubs, contributing to advancements across fields ranging from satellite design to space-based weapons systems. [14] In line with the broader goals of the MCF strategy, major SOEs and their subsidiaries tend to operate at the intersection of civilian and military development. [15] For instance, CASC functions under the direction of State-owned Asset Supervision and Administration Commission of the State Council (SASAC) [16] but also maintains close operational ties to the Central military Commission (CMC) [17] through the Equipment Development Department. This ecosystem has enabled the development of critical space infrastructure and technologies that are designed for multiple overlapping applications across military, commercial and civilian domains.

Among these, satellites stand out as the most vital space assets, enabling secure communications, intelligence gathering and precision targeting – capabilities that have become essential in modern warfare. Notably, a critical pillar of China's satellite infrastructure is the Beidou Navigation System (BDS) – a global satellite-based network used for positioning, navigation and timing (PNT) services. Illustrating the MCF strategy, Beidou -primarily developed by CASC and its subsidiary Chinese Academy of Science and Technology (CAST) - serves a broad range of civilian applications including precision agriculture, smart cities and intelligent transportation. Yet, it also plays a central role in China's military modernization efforts under the MCF strategy, enabling enhanced joint combat, battlefield intelligence and weapon precision strike capabilities through improved positioning and time synchronization. *[18]* Starting in 2027, China plans to deploy an upgraded generation of Beidou satellites, offering enhanced real-time positioning and timing services. This improved system is expected to strengthen civilian applications while significantly boosting the PLA's ability to conduct precision strikes, unmanned operations, and networked joint missions. *[19]* Beidou's growing sophistication and global reach could gradually challenge U.S. dominance in satellite navigation by offering an alternative to the GPS system.

Recognizing that space-based intelligence and information dominance are critical enablers for modern warfare, China has also prioritized the development of high-resolution remote sensing satellites in its MCF strategy. *[20]* Remote sensing refers to using satellites equipped with cameras and sensors to collect images and data about the Earth's surface from orbit, without needing physical contact or observation on the ground. These systems are a core source of Geospatial Intelligence (GEOINT), which support the detection, mapping and monitoring of terrain, infrastructure and military activity. China's Yaogan and Gaofen remote sensing satellites use advanced imaging technologies (Synthetic Aperture Radar), enabling detailed observation including at night and through cloud or smoke. Their high resolution allows for the identification of objects as small as military vehicles or equipment, giving China a powerful tool for Intelligence, Surveillance, and Reconnaissance (ISR). For instance, Gaofen-4&7 satellites can provide real-time, high-resolution images enabling the military to monitor foreign military bases, track troop and vehicle movements, follow naval vessels, detect missile sites, and map critical infrastructure. *[21]* The Yaogan-30 satellite cluster complements these capabilities by collecting electronic and signal intelligence (ELINT/SIGINT), *[22]* helping to locate radar systems, communication networks, and other electronic military signals. *[23][24]*

Furthermore, the ability to repair, refuel or reposition satellites in orbit (in-orbit servicing) as well as to manoeuver satellites into close proximity with others (rendezvous and proximity operations) is becoming essential for ensuring the resilience of critical space infrastructure and maintaining operational continuity in a conflict. China has been actively developing these capabilities, particularly through its Shijian satellites series. The Shijian-21 satellite demonstrated the ability to dock with and relocate another satellite using a robotic arm-moving

a defunct satellite to a graveyard orbit. [25][26] Although part of a debris removal operation, concerns have been raised about the potential counterspace implications of such capabilities to disrupt or disable adversary satellites in a conflict scenario. [27]

The effectiveness of satellites depends on the ability to launch and sustain them into orbit. Launch capabilities are therefore critical to maintaining space superiority, enabling the deployment, replacement, and long-term sustainment of space infrastructure. China has focused on developing robust launch systems and vehicles. [28] The Long March rocket series forms the core of its state-developed launch capabilities, supporting a wide range of missions from the deployment of civilian space infrastructure to the launch of military payloads. [29]

Despite notable progress, China has early on recognized that state-led capabilities alone were insufficient to meet the scale, speed and cost-efficiency required to compete in today's space environment. Building and expanding space infrastructure – particularly large-scale satellite constellations – is both financially demanding and technically complex. These challenges have driven China to increasingly leverage private sector participation and commercial innovation to accelerate breakthroughs in space technology and reduce costs. Following Beijing's 2014 decision to open the industry to private capital [30] , the MCF strategy played a critical role in fostering the rise of private commercial space actors, aligning their growth with national industrial and security priorities. [31]

The success of U.S. firms, particularly SpaceX, further accelerated this paradigm shift, reinforcing China's efforts to integrate private space development with national security objectives. The company's breakthroughs in rocket recycling technology, heavy lift launch vehicles and low Earth orbit (LEO) broadband satellite constellation, notably, have served as a benchmark in the industry. [32] The role of Starlink in the Ukraine War has shed light on the rising strategic value of LEO constellations in modern conflict, particularly in securing communications, supporting unmanned operations, and ensuring information resilience against cyber and electronic warfare threats. [33]

Building on these developments, China has increasingly focused on the deployment of its own LEO constellations. The "Guowang" project - planned to include 13,000 satellites - represents the state-led component, while the private sector is advancing parallel efforts through initiatives such as GalaxySpace's Qianfan (Spacesail) mega-constellation. It has set ambitious targets including the launch of 648 satellites in 2025, global coverage by 2027, and the deployment of 15,000 satellites by 2030. [34] The expansion of such constellations has intensified competition over finite space resources critical to satellite communications, particularly orbital slots and radio-frequency spectrum. [35]

Beyond broadband communication, China's private sector is also advancing its Earth Observation (EO) capabilities. For instance, Chang Guang Satellite Technology (CGST) has developed the Jilin-1, currently the world's largest commercial sub-meter EO constellation.

CGST plans to network 300 satellites by 2027, significantly enhancing China's capacity for persistent surveillance, dynamic target tracking, and real-time ISR operations. [36] The constellation's strategic relevance was already demonstrated in 2016, when Jilin-1 satellites captured high-definition images of U.S. naval vessels at the Philadelphia Naval Shipyard. [37]

Another key area of focus for private companies is the development cost-effective and/or reusable launch vehicles [38] - a critical capability to strengthen strategic leverage by reducing launch costs, increasing operational flexibility and enabling a rapid reconstitution of space assets in a conflict scenario. [39] Space X has set the standard for reusability in 2017, when it successfully launched and landed a previously flown Falcon 9 booster, marking the first reuse of an orbital-class rocket. [40] This has allowed the company to significantly reduce costs compared to traditional expendable systems and achieve a higher launch frequency. For instance, Falcon 9 launches are priced at around USD 62 million, whereas traditional expendable rockets such as the Atlas V or Europe's newly introduced Ariane 6 are estimated at approximately USD 150-200 million and EUR 75-115 million respectively. [41] In 2024, SpaceX also achieved a record-breaking 133 successful orbital launches using the Falcon series, against 20 for other U.S. space actors and only 2 for European firms. [42] Besides developing medium-lift vehicles, which offer more flexible use and faster deployment, Space X is also investing in super-heavy launch vehicles critical to build satellite constellations. Its Starship rocket [43] - still under development- aims to be fully reusable and capable of carrying over 100 tons to LEO - which would represent a game-changing increase compared to traditional rockets.

Although China's private sector still lags behind the U.S. in launch reusability, operational speed and heavy-lift capabilities, it is advancing at a fast pace to emulate Space X's model. Galactic Energy has demonstrated consistent launch performance with its Ceres-1 [44] and is now developing a reusable medium-lift rocket (Pallas-1). [45] Space Pioneer is developing a partially reusable medium-to-heavy lift rocket targeting a 17-ton payload to LEO (Tianlong-3). [46] Meanwhile, LandSpace became the first company to orbit a methane-fueled rocket in 2023 (Zhuque-2) [47] and is now developing a fully reusable heavy-lift vehicle (Zhuque-3) to support rapid constellation deployments. [48] With this momentum expected to grow further - driven by strong state policy support and financial incentives [49] , China's private space sector is likely to significantly lower its cost of access to orbit, speed up satellite deployments, and strengthen the resilience of its space infrastructure - with important implications for the future balance of power projection in space.

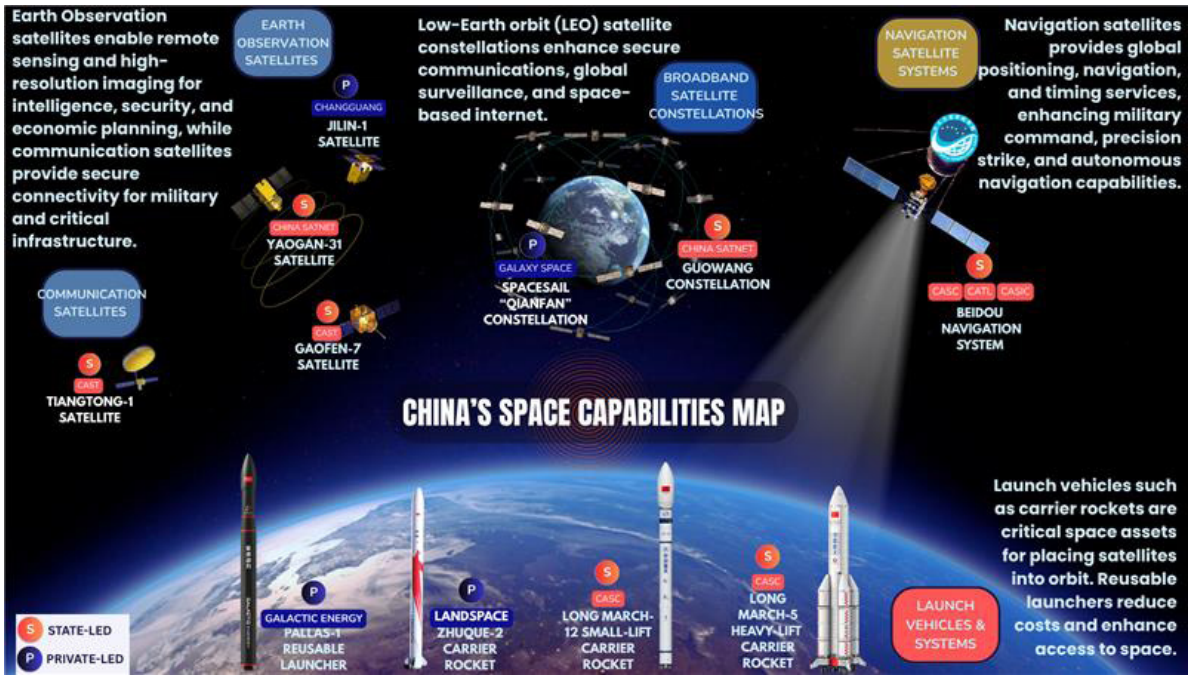


Figure: Overview of China's Space Capabilities

Strategic Implications for Europe

China's rapid advances in the space domain and its efforts to catch up with the United States carry important implications for Europe's future space power and strategic autonomy. While the U.S. is likely to retain overall leadership in the near term, China's accelerating progress - particularly in launch services, satellite constellations, and operational tempo - is steadily narrowing the gap and reshaping the competitive landscape. *[50]*

In contrast, Europe's capabilities are increasingly falling behind both China and the United States, raising concerns about its ability to maintain autonomous access to space and safeguard critical space-based infrastructure. This is due in part to structural limitations. The European space sector remains fragmented across national and institutional lines, underfunded relative to its ambitions and lacking private sector involvement.

Without significant investment and innovation, Europe risks deepening its strategic dependence at a time when space capabilities are becoming central to defense, crisis management, and technological sovereignty.

Control of space assets - including communications, intelligence, surveillance, and positioning systems - will be critical for future warfare. Space superiority will directly impact operational effectiveness, resilience in conflict scenarios, and the ability to sustain independent decision-making. A continued erosion of Europe's space capabilities would not only weaken its defense posture but also reduce its strategic influence in a domain that is increasingly shaping the broader geopolitical balance.

As technological competition intensifies, leadership in space will also determine who sets the norms, standards, and rules that govern future activities in this domain. Without credible space capabilities, Europe risks being sidelined from these critical discussions, limiting its ability to shape an international order aligned with its interests and values. Meanwhile, China has been expanding space cooperation with countries in Africa and Latin America through the Belt and Road Initiative (BRI), strengthening its geopolitical influence and role in shaping global space governance.

Besides these considerations, China's rise in space highlights the urgent need for Europe to boost its space capabilities and technologies to secure strategic autonomy. The conflict in Ukraine has demonstrated that space assets - particularly satellite communications, intelligence, and surveillance are critical for modern warfare and national resilience. Notably, satellite communications were among the first targets in the early stages of the war. *[51]* EU Defence and Space Commissioner, Andrius Kubilius, emphasized the importance of securing Europe's autonomy in space, warning that "In times of crisis, we cannot afford to be too dependent on countries or companies from outside the EU." His advocacy around the "White Paper for European Defence - Readiness 2030" reflect the growing integration of space into the EU's common defense agenda.

Russia's increased efforts to coordinate with China in the space domain adds to Europe's strategic concerns. While cooperation on satellite navigation predates the war, Western sanctions on Russia's aerospace sector have made such partnerships more strategically relevant. In 2022, the two countries agreed to construct a Chinese ground station in Russia's Obninsk as part of broader efforts to align the Beidou and GLONASS navigation systems. *[52]* This could enhance Russia's operational resilience in conflict scenarios and complicate efforts to disrupt its space-enabled military capabilities. *[53]*

There have been recent efforts to boost EU space resilience, including the notable announcement of the IRIS² multi-orbital satellite constellation involving around 290 satellites in December 2024. The deployment is set to start in 2029 with up to 13 Ariane 6 launches, while services provision is scheduled to start in 2030. *[54]*

Yet Europe's ability to deliver on these ambitions faces real risks. Persistent delays in the Ariane 6 program and the grounding of Vega-C have exposed critical gaps in Europe's launch capabilities. *[55]* Europe currently operates only expendable launchers and lacks a reusable system, putting it at a disadvantage. *[56]* This has already forced the bloc to turn to non-European providers, including a €180 million agreement with SpaceX to launch four Galileo satellites - an arrangement that will expire in 2027. *[57]* Without credible launch options, Europe risks deepening its reliance on U.S. capabilities for access to space, with direct consequences for the continuity of essential programs like Galileo and the timely deployment of IRIS².

Initiatives like MaiaSpace's partially reusable launcher [58] , ESA's Themis program, Space Rider, and the CALLISTO demonstrator are important first steps. Yet, bridging the strategic gap will require not only technological progress but also sustained political will and accelerated investment. As China's rapid development of a competitive commercial launch sector showed, mobilizing a broader, more dynamic private sector will be crucial for Europe to build the resilient, independent space access it needs. This also calls for more integrated EU-level approaches, including common procurement policies and harmonized priorities among Member States to enhance the coherence, scale and competitiveness of the EU's space sector.

Category	Usage	State-Led Projects	Commercial/ Private-Projects	Why it matters for Europeans?
SATELLITES				
Earth Observation Satellites (EO)	Satellites that take pictures/ videos of Earth for monitoring military, environment, disasters, agriculture.	Gaofen satellites (CAST)	Chang Guang (Jilin-1), Genesat, MinoSpace, ADA Space	Expands China's global surveillance. • Europe faces ISR and commercial EO competition (e.g., vs. Copernicus).
Communications / IoT Satellites	Satellites providing internet, mobile, or IoT connections across wide areas.	Zhongxing (ChinaSat), Tiantong mobile systems	GalaxySpace (Qianfan LEO), Commsat, MinoSpace, ADA Space	Strengthens China's communications resilience Challenges. • Europe in broadband/IoT markets; raises dual-use risks.
Navigation / Positioning Satellite Systems	Satellite systems like GPS, used for precise location, timing, and guidance.	BeiDou global system (CAST, CASIC, CETC)	X	Gives China military and civilian navigation independence. • Europe must secure Galileo's global role
Space Environment (SSA) Satellites	Satellites tracking space weather, radiation, and debris to protect other satellites.	Space debris/ weather monitoring (SOEs)	Emposat	Improves China's space awareness, protecting its assets. • Europe needs strong SSA to safeguard orbits and monitor Chinese activities.
On-orbit Services / Operations	Systems that can repair, refuel, upgrade, or deorbit satellites while in space.	Early R&D by CASC, CAST	Few private players yet, but emerging startups	Enables longer satellite life, flexible military operations. • Europe needs to monitor dual-use potential and develop its own capabilities for resilience.
Launch Vehicles				
Small/Medium Launchers	Rockets that launch small or medium satellites; fast, flexible access to space.	Long March 6/11 (CASC), Kuaizhou (CASIC)	Space Pioneer (Tianlong-2), Galactic Energy (Ceres-1), i- Space, Ming Kong	Boosts China's ability to quickly launch/replace satellites. • Europe must improve fast-launch capacity for resilience and military readiness.
Reusable Launchers	Rockets designed to land and be reused, lowering costs and increasing launch speed.	Early research at CASC	Galactic Energy (Pallas-1), i-Space (Hyperbola-2), Deep Blue Aerospace (Nebula-1)	Cuts China's costs, increases operational speed. • Europe needs investment in reusability to stay competitive and secure flexible space access.

Heavy-Lift / Advanced Fuels	**Large rockets that carry heavy payloads or use cutting-edge fuels like methane.**	**Long March 5/7/9 (CASC)**	**LandSpace (Zhuque-2, methane), Orienspace (Gravity-1 heavy-lift)**	**Supports strategic payloads, lunar and military missions. • Europe needs Ariane upgrades and/or joint heavy-lift programs to match capabilities.**

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Standing firm and reducing reliance on the US: how China is handling Trump's trade war

by Yu Jie

KEY TAKEAWAYS

- China's responses to the second Trump administration consist of two long-term strategies and a set of short-term negotiation tactics. Long-term, Beijing has pivoted its economy, driven by domestic innovation, and is expanding its capabilities in strengthening its critical mineral supply chain. It has diversified its trade and diplomatic engagements with non-Western countries.

- China has adopted stalling trade negotiation tactics with Washington as Beijing aims to bide the time to focus on economic rebalancing and breaking technological chokepoints. Sticking points in the ongoing trade talks have prompted both a new line-up in China's negotiation team and a shift in the institutional balance of power in Beijing.

- China has also taken a 'carrot and stick' approach to communicate with its other major trading partners, including the EU, other traditional allies of the US and most parts of the Global South. It pays close attention to trade talks between other third countries and the US as to whether they have agreed a 'China clause' that would harm Beijing's interests.

Keywords

China-US trade war

Export Controls

Tariff

Rare Earths

Chinese Elite Politics



Introduction

While the rest of the world is still adjusting to US president Donald Trump's 'reciprocal tariff' announcement on 3 April 2025 and is preparing for compromises, his Chinese counterpart, President Xi Jinping, has remained defiant.

Xi has taken a leaf out of Trump's playbook, applying a 'maximum pressure' approach to the current trade negotiations with the aim of forcing the other side to yield first. His defiance has so far paid off in terms of gaining strong domestic support and strengthening his power and authority within the Communist Party of China.

Yet despite the tough words from Beijing, the strategy being followed – that is, 'fighting but not breaking off' – was formulated after Trump's first trade war against China in 2018. *[1]* That five-word strategy means that while China and the US compete intensively over geopolitical and technological issues, Beijing probably still wants to work with Washington on matters involving fentanyl, terrorism and military communication.

Within China, the prevailing – and bleak – assessment is that the country faces a protracted competition with the US. *[2]* Beijing sees clear evidence of a containment strategy in Washington's intensifying efforts to maintain its own technological supremacy, curb China's access to global markets and build a coalition of allies to tackle the 'China challenge'. Some of China's current responses to Trump date from his first term in office and have continued ever since.

China's responses to the Trump administration so far consist of two long-term strategies and one set of short-term negotiation tactics. One long-term strategy, which is economic restructuring, is already under way: China is pivoting the domestic economy, driven by domestic

China's responses to the Trump administration so far consist of two long-term strategies and one set of short-term negotiation tactics. One long-term strategy, which is economic restructuring, is already under way: China is pivoting the domestic economy, driven by domestic innovation, and is expanding its capabilities in strengthening critical mineral supply chains in high-tech sectors. The second long-term strategy is to reduce its reliance on exporting to the US market and to offset this by diversifying trade with non-Western countries. Beijing has devised further resources to engage with the non-Western world to seek out new markets and strengthen diplomatic ties.

Its short-term trade negotiation tactics with Washington aim to find a level of 'cold peace' while biding its time to focus on economic rebalancing and breaking technological chokepoints. Chinese officials believe that Beijing is in a stronger position than Washington to withstand short-term pain. *[3]* That is largely due to China's political system, in that its leaders can marshal resources to mitigate tariff impacts without worrying about a public backlash, unlike President Trump. But Beijing also needs a plan to offset the current economic disruption.

This policy brief will analyse China's responses to the US tariff war in the short term. It also identifies and examines the key personnel in China who have shaped negotiations so far. Finally, it offers initial assessments on the global implications of the current China–US standoff, drawing on a combination of public statements and recent private conversations with Chinese and Western policy practitioners.

Diversifying trade with Global South

The tariff stand-off between China and the US has pushed their economic de-coupling to new heights. Their tit-for-tat exchanges should not be seen as economic irrationality but a reflection of the already extremely difficult bilateral ties between Beijing and Washington. China's increasing commercial competitiveness is now a significant source of tension. Any previous benefits of the US–China relationship, such as on trade and investment, have rapidly diminished.

Trade figures reveal that the two countries simply do not need each other to the same degree as they once did. Exports to the US from China by 2024 made up only 13 per cent of Beijing's total export value in contrast to 20 per cent back in 2018. *[4]*

Beijing experienced a harsh version of Trump's 'art of the deal' during his first term in office. Having strongly expected Trump, as a former businessman, to craft a more China-friendly policy, Chinese policymakers and the strategic community were shocked by his trade war against them from March 2018 onwards. Trump's first term began the pursuit of a China containment strategy which then accelerated under the administration of Joe Biden with bipartisan support in the US Congress.

Learning the lessons of 2018, China has since sought diversify its imports from the US and to

reduce its economic ties, including trade and investments to the US. Most notably, Beijing has drastically begun to shift its imports away from the US. China's agricultural imports from the US mostly include soybeans, sorghum and meat products, which were steadily declining during Trump's first term. [5]

At the same time, Beijing has expanded its agricultural imports from Brazil, Argentina and Russia. [6] Brazil, for example, has now become the largest source of agricultural imports for China. Such diversification is partly in response to Xi's drive to improve the country's food security. China may also use the prospect of buying more US agricultural products as leverage in talks with the US, given that a large proportion of Trump supporters are in the agricultural export sector.

Pivoting to self-reliance in tech and rare earth export control

Underlying US–China rivalry is a race for global technological supremacy, with each country looking to target the other's supply-chain vulnerabilities.

President Xi has shifted China's top priorities from nominal economic growth to technological breakthroughs, food security and building an economy largely driven by domestic demand and supply. Exports remain crucial to fuel the economy, but the export revenue contributed to China's economic growth has declined steadily in recent years. The types of exports have changed significantly too.

Two successive US administrations – Trump 1.0 and that of Joe Biden – have waged a tech war against Beijing, in pursuit of securing a US technology monopoly over China, despite the cultural and political differences between the two countries. Chinese leaders are frustrated that the highest-value elements of the country's tech sector continue to come from overseas suppliers and are therefore exposed to geopolitical tensions. [7] As such, innovation and technological prowess are of critical importance to Xi's response to the US containment.

China's flagship industrial initiative 'Made in China 2025' also concludes this year. Since 2015, the initiative has sought to achieve a mass-scale upgrade of China's manufacturing capabilities over 10 years. [8] The policy focuses on increasing the export of high-end tech components and reducing the production of consumer basics. The aim has been to ensure China's self-reliance and positioning as a global leader in 10 core strategic innovation sectors.

The initiative is one of the several crucial steps taken by the Chinese government in recent years to strengthen the country's scientific innovation capacity. It has also shifted manufacturing exports into higher-value sectors such as electric vehicles and drones. Hence, this manufacturing shift has become a source of tension in both advanced economies and several large Global South countries which are also seeking to boost their own industrial capacities.

Beyond the pursuit of technological self-reliance, China has also expanded the scope and the duration of export controls over critical minerals. Beijing began tightening its control over rare earths during the Biden administration, in response to the US 'small yard, high fence' controls of high-tech sector exports to China. Between 2023 and 2025, China gradually imposed more restrictions on exports, ranging from gallium to graphite, to the US and other countries. [9] It considers rare earth export control as one of most effective ways to signal to Washington how much damage Beijing can do in disrupting the global supply chain for the high-tech sector.

After Trump's 3 April tariff announcement and the increased tariffs on Chinese products, the Chinese Ministry of Commerce (MOFCOM) imposed export restrictions on seven rare earth elements and magnets used in the defence, energy and automotive sectors. [10] The new restrictions require companies to secure special export licences to export minerals and magnets. These are not blanket bans to prevent Chinese companies from exporting rare earths to foreign entities. Instead, they require companies to apply for a licence to export rare earths.

Judging from details provided by MOFCOM, Beijing considers that this latest export restriction will serve as a trump card in trade negotiations with the US and other countries. China will pause rare earth exports while the new licensing system comes into force which will inadvertently increase the pressure on exporters to apply for the licences. The licensing system also gives Beijing more clarity over which companies have applied for the specific types of licences, enabling it to analyse the exporters and the end-users. This might potentially disrupt the rare earths supply to some US firms, which were prohibited by the Chinese from receiving civil/military dual-use goods from 4 April 2025. [11]

The licensing system may remain dynamic in terms of approval criteria and quantity of exports. This may persuade other countries to collaborate with China on other trade and investment-related issues to prevent rare earth supply disruption in those countries.

Changing the guard and toughening negotiation position

Judging from meetings in Geneva and London, a significant personnel shift has occurred since 2018 at high levels in Beijing regarding who deals with the US on trade-related matters. Sticking points in the recent tariff talks have also prompted China to make changes in their negotiating team. The changes have in turn led to a shift in the balance of institutional power within Chinese government departments. The changes also signal that, unlike in 2018, Beijing is in no hurry to make a quick deal with Trump.

In 2018, Xi appointed the then vice premier Liu He, a senior financial specialist and confidant, to lead the trade negotiations with Robert Lighthizer, the then US trade representative. Wang Shouwen, an economist and chief negotiator from MOFCOM, worked with Liu on the US negotiations. Both officials have strong academic backgrounds in economics with substantive educational exposure to the US. Both were keen to apply their macroeconomic expertise in

the trade talks. [12]

Eight years later, Beijing's trade negotiation team has totally changed in terms of professional background and outlook on the US. He Lifeng, the current vice premier and probably one of the closest allies of Xi from his early career, is now representing Beijing to deal with the White House on economic and trade issues. [13] Despite being a lesser-known figure in the Western media and strategic community compared to Liu, He Lifeng's influence on Xi should not be underestimated.

Like Liu, He Lifeng earned a PhD in economics at Xiamen University. But unlike Liu, He Lifeng has extensive experience in governing several coastal provinces and municipalities in China. [14] Many of the regions he governed rely most on manufacturing exports to generat local GDP, so He Lifeng is well-versed on the critical importance of exports and manufacturers to the overall Chinese economy. Liu He was a scholar, financial specialist and central government administrator with no governing experience in the country. He was more likely to view trade disputes through the lens of deficit and surplus in nominal terms. But He Lifeng, with permission from Xi, will unwaveringly argue to preserve China's well-established export sector.

The 'right-hand men' of both lead negotiators also deserve a closer look to understand China's shift in priorities between 2018 and now. Wang Shouwen was the chief trade negotiator working alongside Liu He in 2018 and was vice minister at MOFCOM for nearly a decade. As noted in press coverage, Wang was expert in macroeconomics and numbers but less so regarding legal documents and treaties. [15]

In March 2025, Wang was removed from his post and replaced with Dr Li Chenggang, Beijing's ambassador to the World Trade Organization and another veteran trade negotiator with a PhD in law. [16] Beijing has never given a clear explanation for Wang's sudden removal.

Li's appointment makes up for the previous team's lack of legal expertise among the senior negotiators. For the US, Lighthizer and his successor Jamieson Greer are both practising lawyers. Some extended back-and-forth on the choice of vocabulary in each round of negotiation now looks likely.

With a different lead in place on the Chinese team, the weight of institutions which deal with US–China trade has also shifted. Liu He's previous stint at the Ministry of Finance (MOF) gave it a strong mandate to set the actual percentage of tariff during the 2018 negotiation. MOF acted as the front-running ministry in parallel with MOFCOM. Liao Min, vice finance minister and someone favourable to Western investors, played a significant role in adjusting tariff levels at the 2018 negotiations.

Various public sources on the current talks suggest that MOF is a less important player under He Lifeng's negotiation team. Liao Min, the vice finance minister has had almost no media exposure since the negotiation started. Instead, MOFCOM and its chief trade negotiator Li

Chenggang now lead the actual negotiation and handle press interviews. MOFCOM also retains almost all power in deciding the rare earth licensing approvals for foreign companies and other punitive trade measures.

Such an institutional power shift largely reflects the ways in which the 2025 trade negotiations between the two countries have changed focus. China's trade surplus with the US is a thorny issue for the Trump administration, yet China's near-monopoly of rare earth supplies and its mechanism to further tighten control over these has alarmed Washington. In addition to the pursuit of tech self-reliance, Beijing's targeted export controls over critical minerals have bolstered its defiant negotiating position. Instead of seeking to purchase more US exports, China is now asking the US to remove semiconductor export controls – the table has turned.

Global implications

This policy brief has given much attention to China's position, personnel and responses to the US during current trade tensions. China's aims and responses will have long-lasting impacts on the rest of the world, both for traditional allies of the US and for most of the Global South where Beijing is keen to strengthen its ties.

Regardless of the final agreement over trade, difficult and competitive bilateral ties are here to stay for China and the US. Trade disputes seem to be the least difficult elements to manage in their relations. For Chinese leaders, Trump's unpredictability on trade could have negative spillover effects in other areas of tension, such as Taiwan, the South China Sea and nuclear arms control. Beijing also fears that any final trade agreement with Washington could be too fragile for both sides to uphold.

So far, the Trump administration is still unclear about its Asia policy in this second term. A purge within the National Security Council has removed a cohort of policy professionals with Asia expertise. It would not be surprising if Trump decided to combine security-related issues with grievances over the trade surplus to drive a grand bargain with Beijing over a final trade agreement, if needed.

For China, other negative spillover effects might arise as the Trump administration exerts strong pressure on its allies – many of which are also major trading partners with China – to build a united front against Beijing in trade and security. Another key reason for China to remain defiant over tariffs is to send a strong signal to its major trading partners that Beijing can afford to say no. As the first and only country to stand up to Trump's tariff coercion, China ranks as an undisputed equal to the US in the great power game.

When communicating with its major trading partners, China has adopted a 'carrot and stick' approach. Which of the two Beijing chooses to offer depends largely on how close each country is in terms of security and political ties with the US. The closer a country is to the US over

economic and hard security, the more likely China will send warnings and sound tough. 'Carrots' are likely to be sent to those partners largely in the Global South.

Beijing is paying close attention to ongoing trade negotiations by the US with Australia, the EU, Japan and South Korea; all have had critical trade ties to China but are also close long-term US allies. Beijing will watch keenly to see if any final trade agreements reached include a 'China clause' which would potentially harm China's economic interests.

For example, Beijing has already criticized the UK government after it concluded a trade deal with the US which agreed to rule out Chinese exports in any supply chain of their critical national infrastructure. *[17]* For the UK, it is easier to agree such terms as its physical trade and economic connectivity with China are much smaller than those of other US allies. Given Beijing's reaction to that deal, it remains to be seen what types of deal the EU and other advanced economies will reach over tariffs with the Trump administration.

Conclusion and policy recommendations

The rest of the world is pondering how long the two largest economies will take to reach a trade deal. So far, Beijing looks set to continue its stalling approach when it comes to the negotiations and communication tactics. Neither side is willing to compromise on chips and rare earth export controls. Both sides are unlikely to craft a final trade deal that would make their overall bilateral relations take a positive turn.

The EU's intentions regarding Trump remain unclear, either on trade or transatlantic ties. The EU has its own trade disputes with China. Both have become high-end major manufacturing powers that are vying for competition in European and global markets. The EU's trade irritants with China will outlast this US administration. It would be worthwhile for the EU to formulate a trade policy on China on its own terms, not just according to what Trump demands from China.

Beijing's current trade negotiation tactics with the US might well be applied to the EU as well as to other close US allies. While Washington deals with Beijing on individual terms, the EU could work together with China's other major trading partners in the West to come up with a joint negotiation position over subsidies, market entry and export control.

Brussels also needs a laser-focused approach on the sectors where it wishes to reduce its China exposure and, on the areas, where work with Beijing can continue. De-risking is a recent phenomenon but is much easier said than done.

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Greening the Red Giant: China's Quest for a Sustainable Future

by Anja Senz

Keywords

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Green Technology

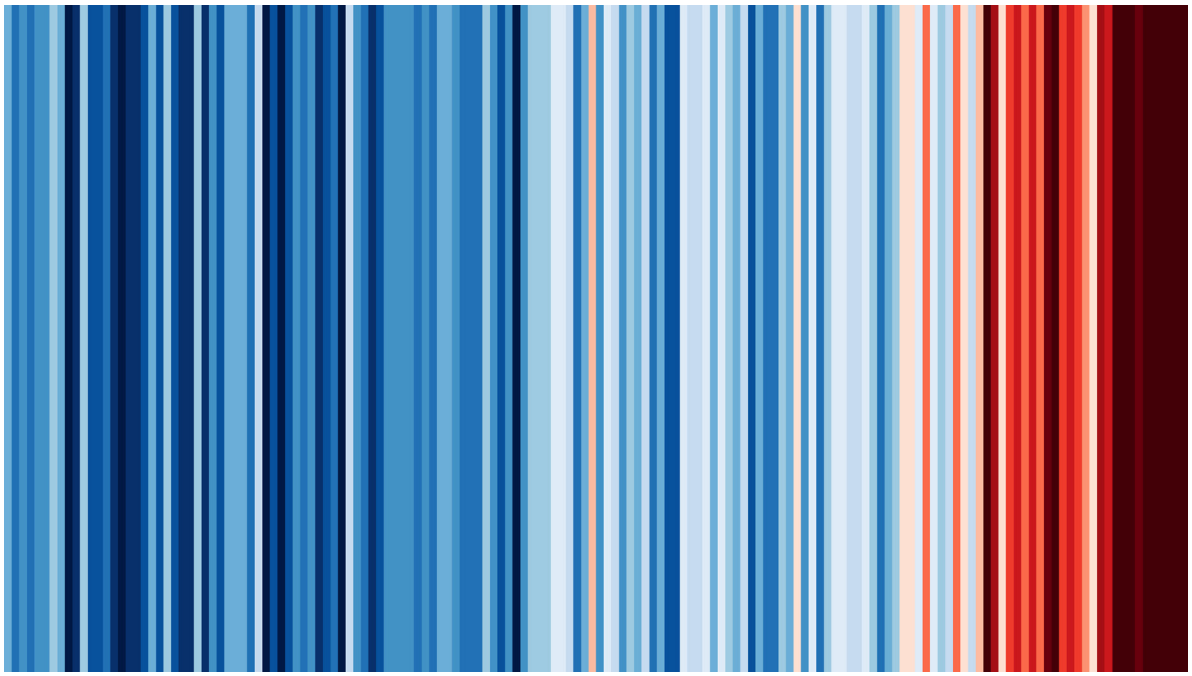
CO_2 Emissions

Climate Transformation

Renewable Energy

ABSTRACT

China is facing significant environmental and climate challenges. Its current development is characterised by increasing coal use, energy-intensive technology growth, and limited transparency regarding climate policy progress. As the world's leading emitter, China has a substantial global carbon footprint. The Chinese development in the field of climate action is often portrayed too optimistically in Europe, overlooking many of China's domestic constraints and systemic challenges. A lack of reliable and transparent data with regard to China's actual environmental and climate policy progress complicates assessments and fact-based policy-making. Europe should adopt a cautious and strategically calibrated approach towards China with regard to climate cooperation, engaging selectively only in areas where cooperation clearly aligns with European interest, without abandoning its own global climate responsibilities.



Climate stripes of China: Professor Ed Hawkins (University of Reading)
https://showyourstripes.info/s/asia/china/all

Introduction

Since the 1980s, China has undergone rapid economic development, which gradually integrated the country into the global market and was accompanied by enormous environmental degradation. Large-scale infrastructure projects, forced industrialization and resource extraction, urbanization, and intensified agricultural production have had a significant impact on the ecosystem. As a result, China consistently ranks low in international environmental indices, such as the Environmental Performance Index of the *Yale Center for Environmental Law & Policy*, [1] although some areas like air pollution appear to be slowly improving in recent years.

As the world's largest CO_2 emitter, the country also makes a substantial contribution to climate change. Despite investments in renewable energy, coal consumption in China remains high and is increasing in absolute terms. Furthermore, economic growth continues to take precedence over ecological considerations. The state-driven emphasis on digitalization and emerging technologies such as artificial intelligence is – aside from its social and ethical implications – very resource- and energy-intensive. At the international level, China is not only the largest emitter of green-house gases but also leaves a significant carbon footprint through its trade and investments.

China's per capita greenhouse gas emissions currently amount to approximately 9 tons. This corresponds to almost 30 percent of the globally emitted greenhouse gases. [2] Between 1990 and 2021, the country's emissions increased by an average of 4.7 percent. 85.5 percent of

China's greenhouse gas emissions are carbon dioxide (CO_2) and 8.3 percent are methane (CH_4); 3.9 percent are nitrous oxide (N_2O). Since 2006, China's five-year plans have set the goal of reducing harmful greenhouse gas emissions and promoting renewable energy.

Development of Chinese CO_2 emissions

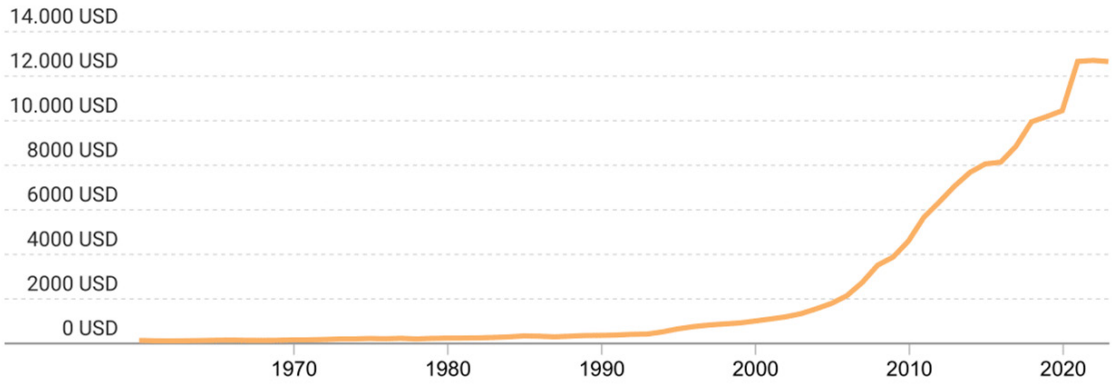
Although China rejected binding climate protection measures at the 2009 Copenhagen Climate Change Conference, it began changing its position and presenting itself as an international pioneer in climate protection in subsequent years. At the beginning of the 2000s, Chinese leaders promoted the concept of "common but differentiated responsibility", which asserts that developing countries should prioritise economic development. As industrialised countries had been emitting greenhouse gases for a longer time, they were responsible for leading the way in climate protection and supporting developing countries through technology transfer and environmental funds. *[3]* Already under international pressure due to its high emissions, China emphasized its position by forming coalitions with other countries: first the "Group of 77", then the "BASIC" (Brazil, South Africa, India, and China), and finally the "Like-Minded Developing Countries". *[4]* At the 2013 climate negotiations in Warsaw (COP19), China nonetheless agreed to the framework of Intended Nationally Determined Contributions (INDCs), committing to self-determined national measures for emissions reduction. In 2015, it set national targets through 2030, which were updated in 2020. These include raising the share of non-fossil fuels in primary energy consumption to around 25%, reducing carbon intensity — CO_2 emissions per unit of GDP — by more than 65% from 2005 levels, and increasing forest stock by 6 billion cubic meters compared to 2005. *[5]* However, China's shift is only partly driven by climate ambitions; more crucial is its strategic interest in leading emerging markets for "green technologies" *[6]* such as renewables, lithium-ion batteries, and electric vehicles.

The relationship between economic development and environmental degradation has been discussed internationally for many years under the theoretical framework of the "environmental Kuznets curve". According to this approach, environmental damage initially increases with economic growth as production and consumption expand, but then falls again once a certain level of per capita income is reached, as societies begin to invest in environmental protection and clean technologies. However, due to the large number of influencing factors, it is difficult to determine the exact gross domestic product (GDP) per capita value at which the trend reverses. Studies on China also show that, after the aforementioned increase and subsequent decrease in environmental degradation, it can increase again due to rebound effects. *[7]* Therefore, the assumption of positive environmental effects through progressive economic development and growing prosperity is not clearly verifiable.

Another consideration focuses on the decoupling of economic growth from CO_2 emissions. Thus, GDP can continue to grow while emissions decrease or at least do not increase further.

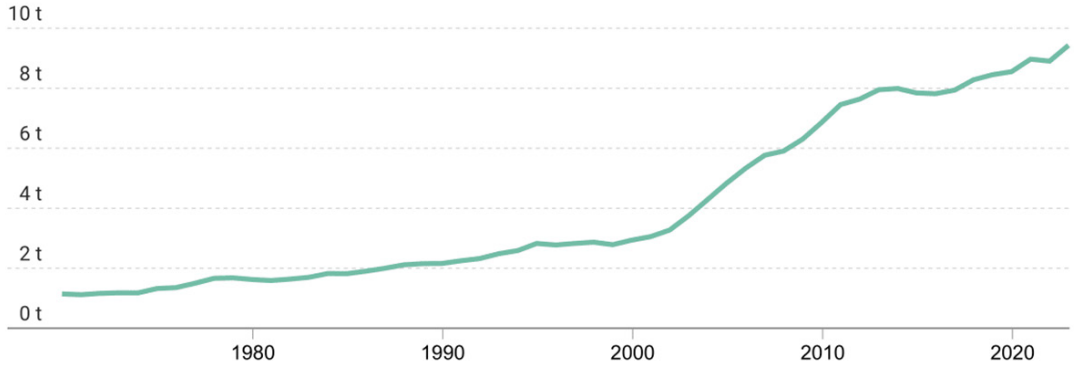
This decoupling can be achieved, for example, through expanding renewable energy sources, improving energy efficiency, and developing "green technologies". China, as the following descriptions will show, has implemented many of these measures. However, contrary to the public discourse, it is unlikely that China has already reached its CO_2 peak. [8] Nevertheless, studies conclude that relative decoupling of emissions from GDP can be observed in China, i.e. emissions are growing more slowly than GDP. However, there are significant regional differences regarding the dependence of economic development on available fossil fuels [9] , and China's current economic challenges complicate assessments even more. [10] The country is undergoing a long-term restructuring of its economic model, shifting from cheap mass production to sectors characterized by advanced technology, innovation capacity, and sustainability. Additionally, new import-export structures are evolving in terms of volumes and partner countries. The consequences of the COVID-19 pandemic and geopolitical tensions with the United States present further challenges. The resulting slowdown in economic growth therefore makes it difficult to clearly assess the long-term development of greenhouse gas emissions.

Fig. 1: Development of GDP per capita in PR China (2023)



Source: World Bank: People's Republic of China - Data Commons. Available online at https://datacommons.org/place/country/CHN?hl=de, checked on 6/24/2025.

Fig. 2: CO_2 Emissions per capita in PR China (2023)



Source: World Bank: People's Republic of China - Data Commons. Available online at https://datacommons.org/place/country/CHN?hl=de, checked on 6/24/2025.

In conclusion, it is clear that there is a correlation between economic growth and CO_2 emissions (see Figures 1 and 2) and it is not evident that an improvement is occurring. Only in the mid-2010s, CO_2 emissions temporarily levelled off to some extent, due to changes in the economic structure, some progress in energy efficiency and investments in renewable energies. Examples of this include the closure or modernisation of old, inefficient coal-fired power plants and steelworks, an anti-corruption campaign that limited local industrial production, and a fall in CO_2-intensive cement production. However, these effects were temporary and not indicative of far-reaching decarbonisation, as the data from subsequent years (2018 onwards) demonstrates.

China's vulnerabilities

Possible effects of climate change have been discussed in China already for over two decades and dealt with in national climate reports and the reports of the Intergovernmental Panel on Climate Change (IPCC). The country is affected by rising temperatures, droughts and, in its southern parts by floods and storms. China's densely populated and economically important coastal agglomerations, where around a third of China's gross domestic product is generated, are particularly at risk. According to calculations, China's economic output could shrink significantly by 2050 due to the effects of climate change. *[11]* Depending on the assumed impact, conservative estimates suggest a loss of between 2% and 10% of GDP. However, environmental stress is not a new phenomenon in China, and a distinction must be made between challenges caused by natural environmental conditions and anthropogenic problems.

China is the fourth largest territorial state in the world at 9.6 million square kilometres in size. The country's area spans across multiple climate zones with significant elevation variations, a 14,500-kilometer-long coastline, and inhospitable regions such as high mountain landscapes and deserts, which cover about two-thirds of the land. With an estimated population of 1.41 billion people, it is the most populous country in the world after India (1.45 billion). Some 90 percent of the population resides in the eastern parts of the country, in regions that historically had fertile farmland and abundant rainfall. These areas are characterized by intensive agricultural use and high population density. The rapid economic development of the last four decades primarily took place along the east coast, with its provinces thriving and strongly integrated into the global market, while the western regions are less populated, less developed, and therefore economically less advanced in comparison. Overall, however, the nature-induced challenges across China have intensified due to industrial development, urbanization, and changing consumption patterns.

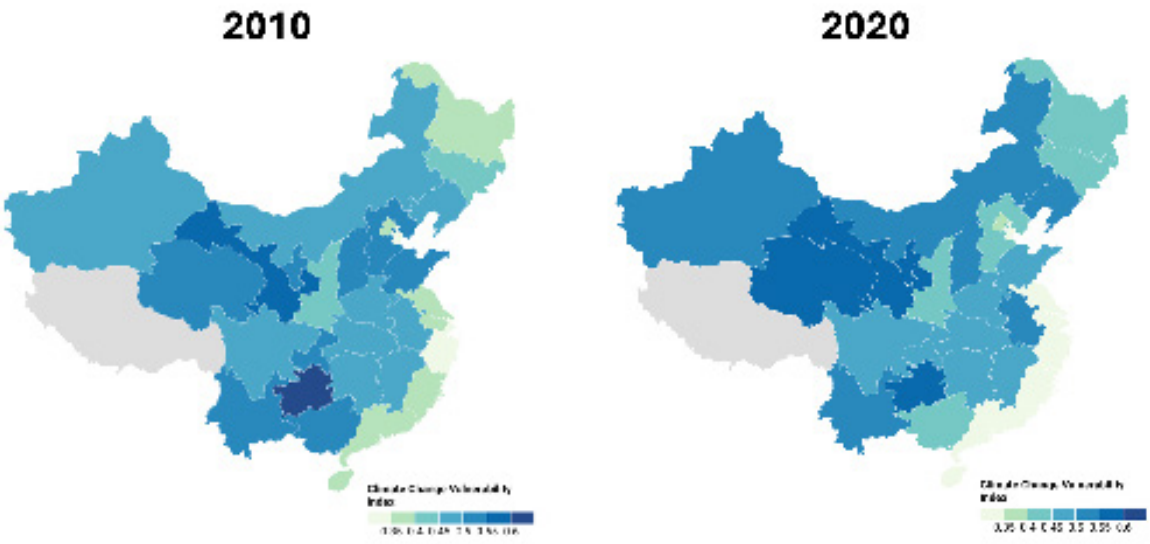
The arable land has long been in an unfavourable ratio to the population size, and it has significantly shrunk due to economic development. Between 2013 and 2019, the arable land decreased by 5%, and more than a third of the remaining land is now affected by degradation, acidification, and salinization. The ancient industrial regions in Northeast China and the industrial centres along the Yangtze and Pearl River Delta have long been subjected to

the impacts of acid rain, chemical pollution from agriculture, industry, and mining, as well as inadequate waste management. However, efforts to control and reduce these issues have shown progress, with a declining trend in soil contamination over the years. [12] The annual rate of loss of arable land has accelerated, increasing from 6 million mu in 1957-1996 to over 11 million mu between 2009 and 2019. [13] To maximize yields on the remaining lands, fertilizer application has been intensified. By 2018, it was 6.4 times higher than in 1978, yet the resulting grain yield in 2018 was only 2.2 times that of 1978. Both the loss of productivity and adherence to the officially defined "red line" of 120 million hectares — the minimum area of cultivated land deemed essential for food security — are regularly monitored by the government, [14] as pressure to convert available land for further economic development remains high.

In addition to the soil, the air and water in China are also heavily polluted. In the mid-2000s, China's environmental authority first pointed out that environmental degradation could cancel out the positive effects of economic growth, as the costs were almost equal to the value of annual economic growth. [15]

The effects of climate change are already being felt in many regions of China as the graphic below shows. Forecasts predict that temperature rises in China will exceed the global average, extreme weather events will increase significantly, and risks will be unevenly distributed regionally. As in other regions of the world, low-income populations in China will be particularly hard hit because they generally live in areas with poorer infrastructure and lack the resources to prepare themselves. [16]

Fig. 3: Development of Climate Change Vulnerability in Chinese provinces



Source: Li, Qin; Zhu, Lei; Shi, Xunpeng (2024): Measuring regions' vulnerability and adaptation to climate change in China: An application of hybrid assessment approach. In Sustainable Development 32 (4), pp. 3115–3132.

Nevertheless, the Notre-Dame Global Adaptation Initiative Index (ND-GAIN), that rates 192 countries based on their vulnerability to the impacts of climate change and their adaptation readiness, sees China as having a low vulnerability and good level of preparedness. The economic resources and infrastructure of the country are key factors in this assessment, including coastal protection measures to safeguard land and ports from rising sea levels and typhoons, transportation systems to maintain supply chains during extreme events, and energy systems to ensure socio-economic stability. These enhance China's resilience to climate change. *[17]*

Environmental policy and administration

Until the mid of the 1970s, China had no environmental administration and therefore no systematic approach to addressing environmental issues. Although environmental protection offices emerged at the beginning of the reform and opening-up period in the 1980s, they were unable to act effectively due to their weak position within political structures and their poor financial and technical resources. However, by the mid-1990s, around 2,200 environmental monitoring stations existed. The State Environmental Protection Agency (SEPA) finally received its own budget in 2007. Previously, it had been financed by fines levied for industrial pollution, among other things. This meant that it was ultimately financially dependent on environmental offences. In 2008, the agency (SEPA) was upgraded to a ministry, which was then reorganised in 2018 as the Ministry of Ecology and Environment (MEE). Relatively independently of environmental governance, China had a National Coordination Group for Climate Change (NCGCC) that organised its participation in climate negotiation processes.

Key state actors in the field of climate change today include the Ministry of Ecology and Environment, which has been responsible for the national adaptation strategy since 2018, the National Development and Reform Commission (NDRC) and the National Energy Administration (NEA). However, there is a vast array of other actors – state-owned enterprises, provinces, and cities – with diverse interests that operate within a complex matrix of vertical and horizontal governmental competencies.

This reflects the economic and social dynamics that unfolded following the transition from a planned to a market economy in 1978. Liberalisation and decentralisation – i.e. the transfer of responsibilities to subordinate levels of government – granted lower levels of government greater decision-making autonomy. The local authorities were given a certain degree of autonomy, with the aim of facilitating economic development that was tailored to the specific conditions of each locality. Although the overarching priorities and growth targets were set by the political leadership, there was a clear allocation of responsibility for local development to the cadres at the local level. Indeed, these measures successfully stimulated economic dynamism, but also led to local self-will and promoted a certain degree of administrative fragmentation. Concurrently, enforcing policies, laws and minimum standards on a nationwide scale became more challenging. The current political leadership has been countering

A key element in the management of local cadres was the "Cadre Performance Evaluation System", which initially defined growth targets as career-relevant in the 2000s. However, it has since been modified to encompass environmental targets as well. Research has indicated that this measure has the capacity to exert a favourable influence on the development of local CO2 emissions, provided that there is enhancement in the effectiveness of environmental management over the entire term of office of a cadre. This would imply that implementation of measures is not confined to those that appear opportune in the short term, and that environmental protection is factored into the enhancement of the location's attractiveness for investment. *[18]*

With regard to the legal framework, the Environmental Protection Law originally enacted in 1989 was revised in 2015. Among other changes, it introduced mandatory environmental information disclosure and expanded the authority to impose fines on polluting enterprises. *[19]* According to Chinese lawyers who represent companies facing such accusations, these provisions have been enforced with increasing rigor in recent years. In addition, the 2018 Environmental Impact Assessment Law requires that potential ecological consequences of construction projects be evaluated and approved in advance. A constitutional amendment in 2018 elevated the importance of environmental protection by assigning the State Council responsibility for "directing and managing [...] ecological conservation" (Art. 89). However, neither an individual right to environmental protection nor a corresponding state duty is enshrined in the constitution. In contrast to the rights-based and court-centred models of liberal constitutional states, it can be concluded that China's constitutional framework primarily considers environmental protection to be the state's responsibility. *[20]*

As shown above, the field of environmental and climate protection in China has been characterised by continuous bureaucratic restructuring. While the party-state experimented with various regulatory approaches and market mechanisms during the Reform and Opening period (1978–2012), ecological issues have been increasingly subject to party discipline since 2013, a period characterised by a personalised concentration of power. *[21]* For many decades, environmental and climate protection were not significant factors for political career and job promotion opportunities, as economic considerations and local protectionism dominated. The centralization of the last decade now coordinates environmental issues more strongly at the national level and enforces environmental standards more rigidly. However, this simultaneously reduces the former embedding of environmental bureaus in the respective local administrations and inhibits exchanges at the provincial, municipal, and county levels that would enable locally acceptable compromises between ecological and socio-economic concerns to be found.

Environmental and climate discourse in China

"Ecological civilisation" has become a central term in the ideological repertoire of the Chinese leadership since the 18th Party Congress in 2012. It is meanwhile integrated into the state's

modernisation goals and has even found its way into the preamble of China's constitution. It complements environmental and climate policies and the related public discourse by adding a "moral" dimension, burdening consumption with ecological considerations. Consumers are thus encouraged to act ecologically to support the state's environmental and climate protection goals. New catchphrases, such as the often-used reference to "clear water and green hills that are mountains of gold and silver", aesthetically enhance the topic and are intended to verbally mitigate the more rigid demands of environmental and climate protection against the background of the objective of a "beautiful nature".

Until approximately a decade ago, climate change was widely viewed within China as a Western strategy aimed at hindering the country's development. More recent surveys, however, suggest a growing public awareness of the impacts of climate change and an increasing willingness among the population to prioritize environmental protection over purely economic interests. Despite this shift in public perception, climate change is still rarely framed as a national concern in mainstream media; instead, it is predominantly depicted as an international issue. Surprisingly, climate change also remains underrepresented on social media, even though its effects are becoming increasingly visible. *[22]* For political leaders, this framing offers strategic advantages: It allows to position China as a leader in international climate diplomacy and a representative of the Global South—particularly in light of the political vacuum expected after 2025, following the Trump administration's withdrawal from the global climate agreement. On the foreign policy front, this serves to enhance China's soft power by showcasing leadership on a critical global challenge. Domestically, the government can use the country's rising international prominence to bolster national pride and its legitimacy. *[23]*

Paths to Decarbonization

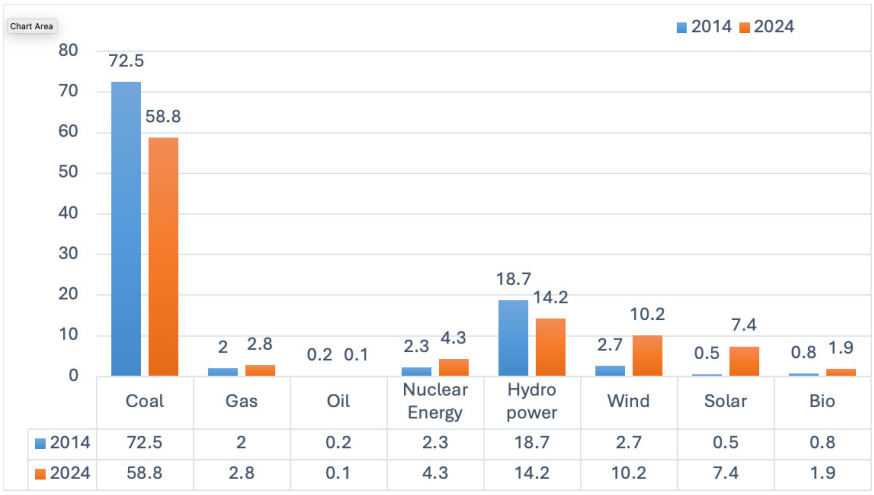
China accounts for around a quarter of global energy consumption, and more than half of the world's coal is mined and used in China. *[24]* Coal power dominates with a current share of 58,8 percent in the energy mix (see Fig. 4). Therefore, the long-term transition to renewable energies and the regulation of the domestic coal industry are central for China's ecological balance. The political aim is to cap coal capacity at 55 percent in the energy mix (see Fig 5 and 6).

However, the coal sector is not easy to regulate. It is not only a major employer, but also represents powerful state-owned enterprises. Furthermore, mine closures or power plant shutdowns have socio-political consequences, particularly in regions overly dependent on coal. *[25]*Additionally, the difficulty of expanding electricity grids and connecting solar and wind energy suppliers, the regulated electricity price, and the central government's purchase quotas for coal-fired power plants are making it difficult to switch from fossil fuels to renewable energy sources. Interventions in the industry inevitably impact electricity and consumer prices, leading regulatory attempts to face various resistances. Measures such as the introduction of stricter limits and efficiency standards for power plants are often only implemented half-heartedly.

The 14th Five-Year Plan (2021-2025) envisions expanding further coal-fired power plants with a capacity of 200 gigawatts. While electricity consumption declined in major industrial and emerging economies due to the pandemic, it increased in China. Following significant power outages, 2022 saw the approval for constructing numerous new coal-fired power plants with a total volume of 106 gigawatts. As renewable energies are being expanded at the same time, the relative target of the energy mix described above still can be maintained.

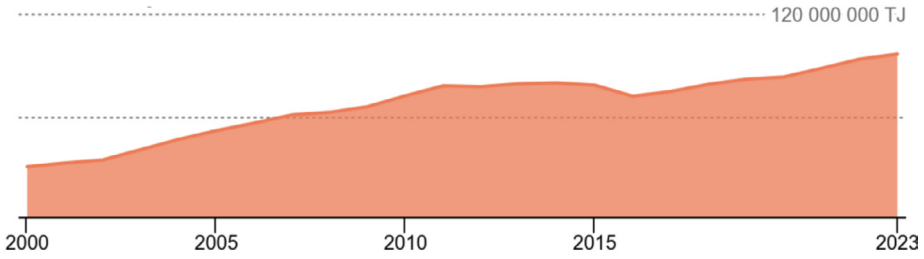
Another way to reduce harmful emissions is to introduce carbon markets. China began implementing an Emissions Trading System (ETS) in 2011 with regional pilot programmes; nationwide implementation followed in 2021, with gradual expansion into various sectors over the coming years. This incentivises companies to reduce emissions and invest in modern technologies. *[26]* Unlike the coal industry, where change is met with resistance in various forms, the renewable energy sector's problems lie more in the misallocation of resources, such as the misuse of subsidies, and grid connection issues. The rapid expansion of solar energy in China, for example, is leading to grid bottlenecks and overproduction — the energy generated exceeds available storage and transmission capacities. Thus, the development of new solar power stations appears to be encountering difficulties due to concerns regarding profitability and market volatility. In order to improve grid capacities and increase the reliability of the energy supply, investments totalling 750 billion euros are planned by 2030 to improve the feed-in of renewable energies. *[27]* Published in August 2024, China's White Paper on Energy Transition outlines numerous positive developments in the construction of a new energy system and the modernisation of energy management. It demonstrates that China's energy transition is an integral component of the country's long-term development strategy. The ultimate goal is to achieve a low-carbon future, with the shift from resource-intensive to innovation-driven models at the forefront. Over the past ten years, China has successfully increased its share of renewable energy and reduced its coal consumption. The country is also investing in green energy both nationally and internationally, promoting global sustainability goals. *[28]* While there is no doubt that China is trying to change course in the energy sector, it still faces many challenges, as outlined above. In comparison to other countries that have often been slow and delayed in their commitment to the development of green technology, China has attained a distinctive global standing through substantial investment, scaling, cost reduction, and robust export activities. However, this development should not be mistaken for a green transition, but rather represents the integration of green technologies into China's broader geopolitical agenda.

Fig 4: Chinese electricity consumption (share of energy sources in %)



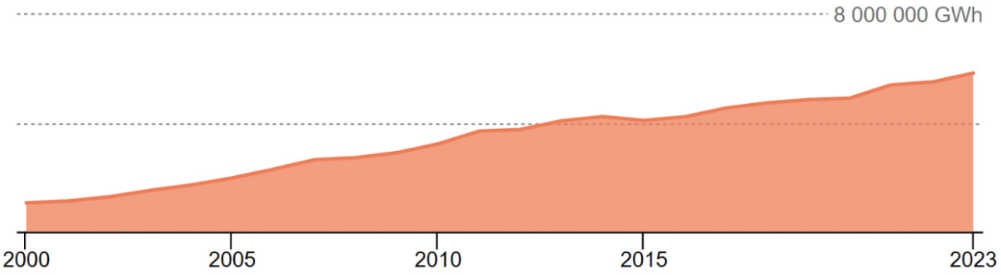
Source: International Energy Agency (2025): Global Energy Review 2025. Available online at https://iea.blob.core.windows.net/assets/ff5e4f91-815f-4f48-874d-4c1da760dded/GlobalEnergyReview2025.pdf, checked on 6/24/2025.

Fig. 5: Total coal production, China



Source: International Energy Agency (2025): Country Report China, 2023, Available online at https://www.iea.org/countries/china/coal (under CC BY4.0)

Fig. 6: Electricity generation from coal, China



Source: International Energy Agency (2025): Country Report China, 2023, Available online at https://www.iea.org/countries/china/coal (under CC BY4.0)

Infrastructure, Transportation, and Urban Planning

In addition to addressing challenges within the energy sector, achieving the climate goals necessitates to identify transformation pathways for the transport and logistics sectors, the construction industry and for existing buildings. The government is actively promoting the expansion of electromobility [29] and granting local authorities the freedom to experiment with so-called "ecocities" and green building technology in pilot areas and model regions. Consequently, many projects have emerged across the country's approximately 650 cities, characterised by labels such as *green, eco, sustainable, low-carbon, intelligent, or smart*. However, experts are sceptical about their success. [30] These initiatives often merely mask the urgent need for improvements to the functionality of urban areas and infrastructure, while in other instances they obscure failed construction projects, such as the *Mentougou Eco-Town* near Beijing, which never progressed beyond the planning phase.

Cement is one of the most widely used building materials in the world. It is produced in almost every country and is central to the development of infrastructure (roads, bridges, buildings, etc.). Carbon dioxide is primarily produced as a by-product of the chemical conversion process during clinker production, a key component of cement. The global cement industry accounts for around 7–8% of global CO_2 emissions per year. According to data from the Carbon Disclosure Project, which lists the historical CO_2 emissions of 122 of the world's largest emitters, the Chinese cement industry has contributed significantly to global emissions: Between 2016 and 2022, it emitted 8.16 billion tonnes of CO_2, accounting for 3.2% of total global emissions. [31] In 2023 alone, China's cement industry emitted 718 million tonnes of carbon dioxide, compared to 177 million tonnes in India, 39 million tonnes in the US, and 106 million tonnes in Europe. [32]

According to a study in the journal Nature, China is responsible for approximately 50% of emissions from global cement production due to its economic growth, rapid industrialisation and urbanisation, and its over 1,000 cement plants. [33] Recently, it has been announced in an action plan of the government that China aims to reduce CO_2 emissions from the cement industry by around 13 million tons between 2024 and 2025 through industrial upgrading and equipment renewal in the sector. According to this roadmap, half of China's cement clinker production capacity in key regions for air quality improvement will be transitioned to low-emission processes by the end of 2025. Furthermore, it is projected that 80% of the country's total cement clinker production capacity will have completed this transformation by 2028. [34] Since 2018, regulations have already restricted the expansion of new cement capacity. In December 2020, the Ministry of Industry and Information Technology (MIIT) proposed a further tightening of these rules: for every new tonne of capacity added, 1.5 tonnes of outdated facilities must now be shut down, up from the previous requirement of 1.25 tonnes. The objective is to progressively decrease overall cement capacity, thereby addressing the significant overcapacities in the cement sector that have persisted for approximately 15 years, with excess capacity currently standing at around 40-50% above

actual demand. This overcapacity largely stems from state-supported infrastructure development since the 2000s, when the construction sector was used as a growth driver. There are a number of other factors that must be considered in this regard, including the long operational lifespan of cement plants, local misincentives and market distortions. [35]

The various projects in the fields of renewable energy, e-mobility, urban planning and the cement sector have one thing in common: they are all subject to the political goal of becoming a global technology and market leader through innovations in these fields. They also aim to position China as well as possible in key markets, such as the automotive industry, through new drive technologies in international competition. China's climate strategy and the associated transformation paths are therefore subordinate to the national development goal of transitioning to a modern digital economy and making China a "socialist world power" by 2050. However, further digitalisation increases energy consumption through data centres, networks, and the production of devices, constituting a new, significant source of greenhouse gas emissions.

China's CO_2 exports

In September 2021, the Chinese president announced to the United Nations that China would no longer finance coal-fired power plants abroad. According to calculations by the Centre for Research on Energy and Clean Air, at that time, 104 coal-fired power plants in 26 countries were planned or under construction with Chinese financing or company stakes; only 13 per cent of these were almost complete. The potential to avoid emissions was therefore significant. However, there remain still many grey areas in the construction and operation of coal-fired power plants, for example as part of industrial parks and other newly launched industrialisation projects. Moreover, China's influence extends beyond the energy sector of the Global South.

For many countries, China has become a reference point for their own development, which is likely to hinder the general transition to a low-carbon economy. Those in power often view pollution and climate-damaging emissions as a necessary price to pay for their country's development. Consequently, the cost of development is determined in relation to China's experience, focusing on rapid industrialisation and fossil fuels. In many countries, the initial investment in renewable energy is often not prioritised due to the short-term profit expectations of international investors, the focus on fossil fuel-based infrastructure, and the availability of comparatively cheap domestic fossil fuel resources.

Europe and China

In view of the aforementioned points, it is evident that Europe is confronted with several significant challenges of Chinese climate policy:

A key part of China's climate strategy is focused on shifting emissions (within the country and to other countries) rather than reducing harmful greenhouse gases. Although China's exports of CO_2-intensive products (e.g. solar panels) appear to be in line with a climate-friendly agenda, closer analysis shows that the country is actually exporting CO_2-intensive value-added: the production of a "green end product" in China is associated with high CO_2 emissions. While China does export "green" products, the production process often has a negative impact on the climate due to the country's reliance on Chinese coal energy. This is driven by the global trend of relocating production to regions where manufacturing costs are lower, though these regions often have a higher environmental impact. It is therefore crucial to take a differentiated view of Chinese developments and the available information in order to understand the "green paradox" of current Chinese development.

A significant proportion of China's targets (climate neutrality "by 2060", emissions peak "before 2030") are not only established at a later date than in many other countries, but also remain (legally) non-binding. This is coupled with an ambitious rhetoric that primarily serves to cultivate China's international image, while the actual progress in decarbonisation remains limited. It is evident that Chinese decision-makers prioritise economic and industrial policy goals over climate and environmental protection, especially in economically weaker provinces or during periods of economic downturn. Despite the existence of a legal framework in China comprising numerous environmental and climate protection laws and regulations, deficits in implementation and monitoring, especially at the local level, remain. This has resulted in inconsistent climate protection measures across different regions. Furthermore, given the challenges associated with independently verifying China's emissions data and reports, a lack of transparency has a detrimental effect on the possibility of trust-based cooperation for Europe. Finally, in the global marketplace, the state-sponsored support of Chinese enterprises has the effect of creating market distortions and facilitating the development of a leading global position in specific technologies and standard-setting. In summary, the issues of rhetoric and greenwashing, along with the lack of commitment and transparency, represent significant challenges to cooperation. Europe should therefore adopt a realistic and cautious approach towards China. While China is a key player in global climate policy, the risks of cooperation must be taken seriously. A combination of security and economic policy vigilance is recommended, alongside with selective cooperation that protects European interests while maintaining own global climate responsibilities.

Conclusion and recommendation

China has undergone an interesting development with regard to environmental and climate issues: After a period of self-sufficiency and "home-grown" environmental problems under Mao, China began to import environmental degradation from other countries in the 1980s as part of the mass production of cheap consumer goods for the global market. When production sites were relocated to China, the environmental costs and greenhouse gas emissions were also outsourced. Progressive economic development and ever-greater integration into

world trade from the 2000s onwards, coupled with increasing Chinese foreign investment, ultimately resulted in the country becoming an exporter of environmental problems.

As shown above, however, China has made some progress in environmental and climate protection in recent years. It has invested in renewable energy and "green technologies", promoted the decarbonisation of industry, and set targets for reducing greenhouse gas emissions and achieving climate neutrality. Environmental legislation has been tightened, and guidelines are being enforced more stringently. The CO_2 intensity per unit of GDP has decreased.

China's modestly improved environmental performance in recent years, combined with the global search for viable pathways to ecological transformation, has sparked an international debate over the merits of authoritarian environmental governance. One side, drawing on examples from China and East Asia, argues that "authoritarian environmentalism" represents a plausible alternative to democratic models by enabling the swift and centrally coordinated implementation of necessary. *[36]* The opposing view criticizes China's eco-authoritarianism as overly top-down, metrics-driven, and technologically focused, suggesting that it primarily serves as a tool for population control. From this perspective, concerns are raised about the long-term sustainability of such an approach to environmental and climate protection, due to its lack of public participation, transparency, and accountability. Many harsh climate measures — business closures, winter heating bans, the simple relocation of polluting companies from cities to rural areas, and large-scale monitoring of local waste separation as part of the enforcement of environmental standards — annoy the people and turn them against the goals of environmental and climate protection. Better results could be achieved if citizen-led environmental initiatives and projects acted as partners with government environmental protection measures. *[37]*

Another strand of the debate concludes that there are no generalisable differences in environmental balance or capability between democratic and authoritarian developmental states in East Asia. *[38]* From this perspective, the concept of "developmentalism", a technocratic and growth-oriented approach intended to solve current and future problems, is significant. A focus on unconditional further economic growth coupled with innovation, which is intended to develop or secure competitiveness and at the same time serves legitimacy, leads to investments in "green technologies". Therefore, business-friendly East Asian governments contribute to environmental policy improvements, regardless of the political system. From this perspective, the "authoritarian advantage" assumed in the above debate can be called into question.

As the largest CO_2 emitter and a major industrialized country, China is an indispensable player in global climate policy. However, significant transparency deficits, considerable regional variations in implementation within China, the ongoing high relevance of coal-based electricity, the increasing export of Chinese CO_2 emissions through foreign investment and the relocation of production facilities, as well as China's strategic economic behaviour, require

a cautious and vigilant EU stance. The EU should safeguard its strategic interests without harboring naive expectations regarding reciprocity and accountability, nor making too many concessions based on China's perceived importance in climate policy.

The findings outlined above provide the foundation for the following policy recommendations for Europe:

- Require transparency: An independent review of China's emissions and environmental data should be a prerequisite for closer cooperation.
- Cautious cooperation: Cooperation should be linked to verifiable progress and clearly serve European interests.
- Strive for autonomy: European capabilities should be developed to reduce dependence on Chinese supply chains (with regard to "green technologies").
- Ensure fair competition: Instruments such as the Carbon Border Adjustment Mechanism (CBAM) should be employed to prevent market distortion.
- Remain unfazed by greenwashing and the "green paradox": China's portrayal of itself as an investor in "green technologies" and a "climate leader" should be viewed with scepticism to avoid giving too much attention to Chinese national status management in relation to genuine progresses in decarbonisation.

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[6] The term green technology can be misleading, as it implies environmental friendliness without taking into account the full ecological impact of production, resource extraction, and disposal. What is more, there is no exact definition for technologies to be described as "green". The term is therefore placed in quotation marks below.

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The Fourth Phase in the Taiwan Strait Military Standoff: Emerging Dynamics and the Prospect of War

by Yifei Zhu and Jingdong Yuan

KEY TAKEAWAYS

- The cross-strait military standoff has entered its fourth phase—a "renewed cold war"—following China's military drills in 2022, signaling heightened risks for armed confrontation.
- Military exercises, force deployments, and arms buildup among China, Taiwan, and the U.S. are intensifying, creating a vicious cycle of escalating tensions.
- China's gray-zone tactics against Taiwan—including military exercises, patrols, coast guard surveillance and intrusions, and cyber operations—have become routine occurrences.
- Economic interdependence, which once served as a crucial buffer against conflicts, is becoming less effective in this role.
- The prospect of a war at a definite point in the near future remains not high, as the escalating tensions suggest China's strategy of maximizing pressure on Taiwan to force negotiations rather than following a set timeline of military operations.
- To address the rising but not imminent risks, the EU should develop a coordinated strategy for a Taiwan contingency, focusing on leveraging its unique position to mediate peace between the rival parties.

Keywords

Taiwan Strait

Military Standoff

Renewed Cold War

Prospect of War



The geographical locations of China (People's Republic) and Taiwan (Rep. China) as depicted on The World Turned Upside Down, a sculpture at the London School of Economics campus. (Credit: Yifei Zhu)

Introduction

The military standoff across the Taiwan Strait is a defining characteristic of China-Taiwan *[1]* relations—commonly known as cross-strait relations. It emerged from the end of the Chinese Civil War in 1949—when the People's Republic of China (PRC) was established on the Chinese Mainland and the Republic of China (ROC) government relocated to Taiwan—and persists to this day. Although no major military conflicts have occurred between the two sides since then, crises across the Taiwan Strait have taken place several times, and the risk of war has never completely disappeared. In recent years, the Taiwan Strait has once again become an international flashpoint, which The Economist described in 2021 as "the most dangerous place on earth." *[2]* Several of Europe's core interests are closely tied to this region, despite the geographic distance and Europe's far more limited influence compared to that of the U.S. From an economic perspective alone, China ranks among the largest trading partners for many European countries, while Taiwan serves as a vital supplier of high-tech products, particularly advanced semiconductors. Should a war break out—especially with U.S. intervention—it would undoubtedly trigger severe economic repercussions throughout Europe. *[3]*

In this paper, we analyze the features of the current stage of the military standoff through longitudinal comparison and examine the prospect of war at a specific point in the near

future—particularly 2027, a timeframe that has attracted significant media attention. With the latest developments of the situation in mind, we aim to provide European readers with a concise yet incisive analysis that will hopefully stimulate policy discussions.

Military standoff has entered a new phase

Based on the intensity of military rivalry, [4] we divide the cross-strait standoff into four phases.

The first phase spans from 1950 when the ROC lost control of the entire Mainland to 1958 when the PRC failed to capture the islands of Kinmen and Matsu. [5] During this period, the military standoff and mutual isolation across the strait took shape, though sporadic fighting still erupted in coastal areas. The second phase of "Cold War" from 1958 to 1979 saw a reduction in direct military conflicts, yet both sides actively prepared to use force against each other. Military relations thus remained tense with occasional armed skirmishes, while economic and societal exchanges were completely severed. The standoff entered a third phase of "Cold Peace" after Beijing announced a major policy shift to "peaceful reunification" in 1979. Except for the 1995–96 missile crisis, overall tensions decreased significantly, and military frictions largely subsided. The accompanying resumption of civilian contacts spurred enormous economic and societal interactions, leading to increasing integration across the Strait.

However, without a formal armistice or other peace-building arrangements, the armed forces on both sides continued to build up their military capabilities against each other. Over the past two decades, particularly since President Xi Jinping took power in 2012, Beijing has significantly reformed the military institutions and strengthened the armed forces (the People's Liberation Army, PLA), leading to a growing advantage over Taipei. [6] Cross-Strait relations took a nosedive in2022, when Beijing launched large-scale military exercises in response to U.S. House Speaker Nancy Pelosi's Taiwan visit, effectively threatening to encircle and blockade the entire island of Taiwan. For the first time, the People's Liberation Army (PLA) conducted live-fire exercises in six designated zones surrounding Taiwan and launched 11 ballistic missiles into waters around the island. In an equally unprecedented move, PLA aircraft also entered Taiwan's air defense identification zone (ADIZ), with several crossing the median line of the Strait—an unofficial boundary that both sides had previously respected to prevent escalation. [7] Unlike the 1995–96 crisis which quickly subsided, tensions in the Taiwan Strait have continued to rise since then.

We therefore argue that the cross-strait military standoff has entered a fourth phase of "renewed Cold War", in which the shadow of armed confrontation looms large.



Feature 1: Combat readiness is accelerating

A defining characteristic of this new phase is the intensifying tempo of military exercises, force deployments, and arms buildup among the three key players—China, Taiwan, and the U.S., driving the tensions into a vicious cycle of escalation.

Among others, Beijing's military operations are the main cause of heightened tensions. Its perception of deepening "seccessionist activities in Taiwan and external intervention" have pushed the PLA from a deterrence posture to combat-ready preparation. The Eastern Theater Command, which is primarily responsible for Taiwan operations, is swiftly accelerating equipment deployment across key cross-strait domains, including missile systems, naval and amphibious equipment, fighter jets, and unmanned aerial vehicles. *[8]* According to a recent remark by a senior Taiwanese military official, "the PLA's air force and missile units have improved to the point where they could switch from peacetime to war operations any time".*[9]*

Since the 2022 drills, Beijing has established a periodic and multi-tiered exercise program around Taiwan, with an estimated 7% of its annual defense budget—around USD 15 billion—spent on Western Pacific exercises in 2023 alone. *[10]* The PLA has conducted at least one major, named, multi-day exercise each year, with additional drills responding to Taiwan-related political events or perceived provocations. *[11]* Notable operations include the Joint Sword series (2023–2024) and the Strait Thunder in 2025. These drills have grown increasingly sophisticated, featuring integrated operations across military branches such as the carrier battle group and missile brigades. Regular PLA aircraft patrols crossing the Strait's median line have also become almost a daily routine, reflecting Beijing's enhanced control over the Strait's airspace. A total of 3,070 sorties were recorded in 2024, *[12]* with formations ranging from single aircraft to sophisticated reconnaissance-strike systems that integrate fighters, anti-submarine aircraft, and drones. *[13]*

In response to Beijing's mounting pressure, Taipei has significantly increased its defense spending with President Lai indicating further increases from the current 2.45% to 3% of GDP, focusing primarily on developing asymmetric combat capabilities across all military branches. [14] Arms procurement from the U.S. has reached record highs in both amount and sophistication, including missile systems, advanced fighter jets, and drones. [15] Military exercises are also expanding in scale and transformed in nature, with growing emphasis on battlefield reality. The Han Kuang exercises—Taiwan's biggest annual drills—has reached unprecedented levels in scale and intensity, evolving into a platform for testing joint operations under simulated wartime conditions. The 2024 iteration marked the first "unscripted and realistic" drill, making it the most combat-like exercise in years. [16] To counter PLA exercises, the Taiwanese military has announced that starting in 2025, it will conduct "immediate combat readiness drills" to strengthen deployment capabilities and implement "unplanned readiness exercises" based on threat levels. [17]

The U.S., as a decisive player, also has increasingly redirected its global military focus toward the Taiwan Strait. President Joe Biden repeatedly stated that U.S. forces would come to Taiwan's defense in the event of a conflict, effectively undercutting the long-standing policy of strategic ambiguity. Washington continues to facilitate arms sales to Taiwan, with the 2022 Taiwan Policy Act authorizing USD 6.5 billion to accelerate the island's military modernization. [18] However, there have been significant delays and persistent backlogs of U.S. arms deliveries to Taiwan, partly due to the war in Ukraine and chronic shortfalls in American defense production capacity. [19] It has also intensified military posture in the region by deploying additional troops and missile systems to Japan and the Philippines—two long-standing allies located near Taiwan. In parallel, it actively conducts joint military exercises with these and other regional partners, strengthening combined operational capabilities and reinforcing deterrence against China. [20]

Feature 2: Gray-zone conflicts become routine

Alongside tensions in traditional security domains, gray-zone conflicts—activities that exist between clear-cut war and peace—have become routine. Without sparking actual war, they are employed by states and non-state actors to probe rivals' resolve and capabilities. They are deliberately ambiguous and provocative, open to different interpretations based on perspective. [21] As these cross-strait conflicts continue, they not only heighten mutual hostility but also increase the likelihood of accidental or unintentional military clashes.

The PLA's military exercises and patrols themselves belong to gray-zone tactics, as they deliberately avoid direct attacks on Taiwan's military facilities or population centers. However, they carry clear intimidation intent, as Beijing stated that the PLA's activities aimed to deter and provide countermeasures against Taipei's provocations and Washington's interference. [22]

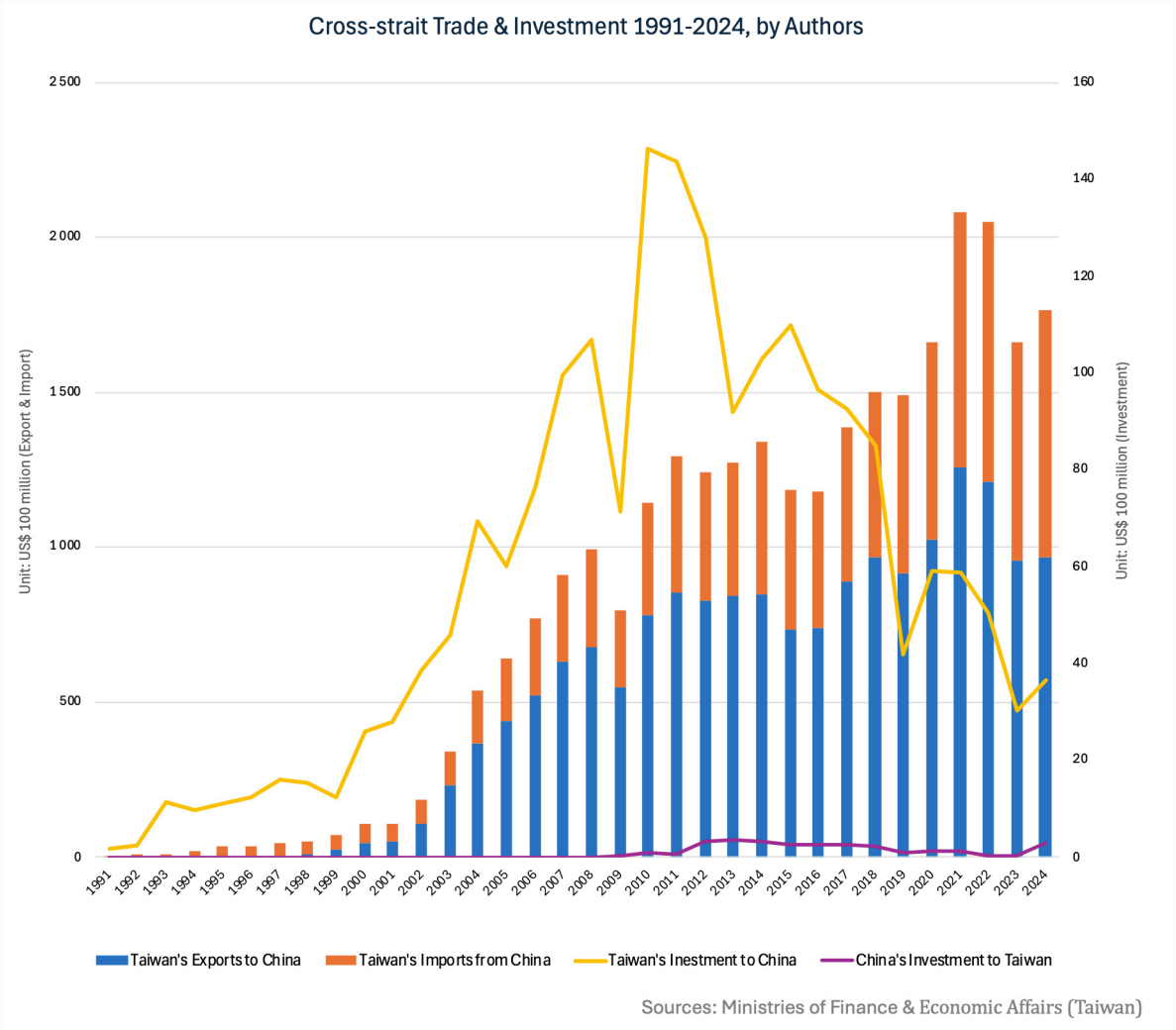
At the same time, Beijing is steadily eroding the median line's effectiveness by repeatedly crossing it, thereby expanding its control over the Taiwan Strait while reducing Taipei's strategic depth. In fact, control over the Strait's airspace and waters has always been determined by military strength because no formal agreement has ever established the median line, making compliance entirely voluntary for each party. In this context, Beijing's actions increasingly test the limits of both Taipei and Washington, while providing valuable combat training for PLA frontline units. Moreover, frequent military operations compel Taiwan's forces to conduct constant monitoring and interception missions, which is draining their limited resources and personnel.

Another source of grey-zone conflicts comes from the clashes of maritime law enforcement. A 2024 incident near Taiwan's Kinmen islands prompted Beijing to reject Taipei's administrative authority over the islands' waters by deploying regular China Coast Guard (CCG) patrols in waters that Taipei had designated as prohibited and restricted zones. Since then, CCG vessels have routinely entered Kinmen's waters, creating frequent standoffs with their Taiwanese counterparts. Statistics indicate that CCG vessels conduct 2 to 4 monthly patrols, deliberately sailing along maritime boundaries—a strategy that avoids direct escalation while maintaining a distinctly provocative posture. These activities have grown more diverse, extensive and random, leaving Taiwanese Coast Guard disadvantaged in both equipment and personnel, struggling to maintain an effective response. *[23]* Beijing has steadily expanded its de facto administrative control through these actions, raising concerns about potential expansion of this pattern to other Taiwanese waters. More worrisome is the fact that the CCG has started synchronizing its operations with PLA exercises in the Taiwan Strait. This was starkly demonstrated during the "Joint Sword-2024B" exercises when CCG -2901, the world's largest coast guard vessel, simultaneously appeared in Kinmen waters. *[24]*

Cyber operations represent the third major arena. According to an official report, Taiwan's government networks endured an average of 2.4 million daily cyberattacks in 2024—more than twice the number from the previous year—with most attacks originating from Beijing's cyber forces. Targets evolved from conventional government websites to critical infrastructure, specifically telecommunications operators, transportation systems, and defense supply chains. *[25]* In February 2025, Chinese vessels damaged two undersea cables linking Taiwan to its outer islands in quick succession. Given these cables' vital importance for communications, Taipei asserted that these incidents were deliberate and calculated actions by Beijing, likely a rehearsal for isolating Taiwan by cutting off its external communications. *[26]* Beijing utterly rejected these accusations, asserting that Taipei was deliberately spreading disinformation to heighten cross-strait tensions. *[27]* As a countermeasure, it issued two rounds of arrest warrants in 2025 targeting more than 20 members of Taiwanese army's cyber warfare units, accusing them of conducting sustained attacks against network systems in mainland China and Hong Kong. *[28]*

Feature 3: Buffering role of economy is diminishing

Economic ties between Taiwan and China have grown exponentially since the 1980s as part of the global production chain, in which Taiwanese companies invested in China to produce goods primarily for the U.S. and European markets. [29] The resulting economic interdependence across the Strait served as a crucial buffer against potential conflicts during the third phase of the cross-strait standoff. This was primarily because China needed Taiwan's capital and technology for its development while seeking integration into the U.S.-led global economic system. This dynamic is effectively demonstrated by the 1995–96 Crisis. While Beijing's limited military capabilities helped prevent conflict, its unwillingness to risk damaging economic ties with Taipei and Washington proved equally decisive. [30] Another motive stemmed from Beijing's belief that growing economic integration between the two sides would ultimately lead to political unification. [31] Beijing was thus reluctant to use force that might disrupt economic ties, preferring instead to utilize economic means to advance its Taiwan agenda.



However, this economic buffer is now losing its effectiveness. Beijing has become more willing to demonstrate military strength with less concern for its impact on cross-strait trade.

Within China, skepticism toward the long-standing strategy of using economic integration to promote unification is growing, as are voices calling for its abandonment. [32] Two structural changes underpin this shift. China's industrial upgrading has transformed the once complementary economic relationship with Taiwan into an increasingly competitive one. Amid U.S.-China decoupling, Taiwanese firms are aligning with U.S. sanctions, while the Taiwanese government is actively promoting the diversification of supply chains away from China. [33] As a result, although overall trade volume remains high, Taiwanese investment in the mainland has declined sharply, and its exports continue to fall. [34] The weakening of interdependence may not be beneficial for peace. If China ceases to depend on or loses access to Taiwanese chips, for instance, the strategic leverage that Taiwan's semiconductor industry once provided would diminish. [35]

2027: Countdown to war?

In 2017, Admiral Philip Davidson, Commander of U.S. Indo-Pacific Command, testified before Congress that China would be capable of launching a military invasion of Taiwan by 2027, an assessment later reinforced by his colleagues in the intelligence, military, and other government agencies. The so-called "Davidson Window" has since drawn widespread attention from global media outlets and governments. Beijing explicitly denied the claim, with Xi Jinping himself personally rejecting any specific timeline during a 2024 summit with U.S. President Joe Biden. U.S. officials later clarified that being ready to invade is different than having plans to invade, as there was no definite indication that China would attack Taiwan by 2027 despite the PLA's ongoing military modernization. [36]

While war remains a possibility, Beijing's actions suggest a strategy of maximizing pressure on Taipei to force negotiations rather than following a set timeline for war. Beyond the lack of evidence for military mobilization, Beijing's authoritative Taiwan policy documents continue to emphasize "peaceful reunification and one country, two systems" as the core approach. [37] Three factors support this assessment. First, Taipei is unlikely to cross Beijing's red lines through constitutional changes that would sever cross-strait connection—the legal threshold is too high, and Taiwan lacks domestic consensus for such moves. Second, Beijing still sees economic integration as a viable path to unification, as shown by its ongoing policies promoting "cross-strait integrated development" targeting Taiwanese citizens and businesses. Third, the potential costs of war remain too high for Beijing. It would face not only significant casualties and economic disruption, but also likely direct confrontation with Washington and sanctions from its major trading partners such as the EU. [38]

That being said, when might Beijing resort to military actions? How likely are these scenarios to materialize in the coming years?

1. When peaceful reunification becomes impossible, specifically if Taiwan amends its constitution to formalize independence or if cross-strait economic integration collapses. As discussed previously, this possibility remains low.

2. When Washington chooses not to intervene militarily, or Beijing gains sufficient capabilities to prevent intervention. Given Taiwan's geopolitical and economic significance, Washington is unlikely to remain passive. U.S. and its allied forces in the region still maintain military superiority over the PLA, though the advantage is diminishing.

3. When the cross-strait military balance shifts decisively in Beijing's favor—even assuming U.S. and allied intervention—allowing for swift occupation at minimal cost. There is no evidence that Beijing is close to acquiring the capability or confidence to achieve such a swift victory.

4. On top of military capabilities, when domestic political imperatives dictate that China resort to force to take Taiwan, and as Beijing develops sufficient resilience to withstand potential sanctions, making the economic consequences manageable. This possibility is relatively high, as the Chinese economy has demonstrated remarkable resilience despite pressures from US President Trump's tariff war.

How Europe should respond

EU member states maintain their own "One China" policy as they have official relations with Beijing, do not recognize Taipei diplomatically, and remain ambiguous about Beijing's sovereignty claims over Taiwan. Nevertheless, their strategies to addressing escalating tensions in the Taiwan Strait are becoming increasingly divergent. France, Germany, and the EU adopt a cautious approach: emphasizing peace, opposing unilateral changes to the status quo, while avoiding measures that might provoke Beijing. The Czech Republic and Lithuania are strengthening their substantive relations with Taipei, which lead to frequent clashes with Beijing. In contrast, Hungary's stance increasingly aligns with Beijing, endorsing the latter's "One China" principle and unification claims.

This divergence may limit the EU's influence on this matter as a unified entity, but it could also provide policy flexibility that earns recognition from the rival parties. In that sense, while we recognize the need for the EU to develop a coordinated strategy for a Taiwan contingency, we suggest the focus should be to leverage Europe's unique position as an influential third party, serving as a peacemaker between Beijing, Taipei and Washington. Moreover, policymakers should recognize that the EU lacks not only the capability to exert military deterrence against Beijing, but possibly also effective economic leverage as long as Trump remains in the White House.

Finally, the EU should approach the cross-strait issues within the broader context of its Indo-Pacific Strategy, which places greater emphasis on the region's security and prosperity, including the importance of upholding the rules-based order and managing disputes through dialogues, which Europe has had experiences acquired during the Cold War and remains recognized as a normative power promoting peaceful resolutions of disputes. The EU should actively engage in strengthening regional institutions and promoting measures that can

mitigate and prevent disputes from escalating to serious military conflicts, from the South China Sea to the cross-Strait relations. This way, it can and should present itself as an interested, neutral, and acceptable partner working with countries to maintain the region's peace and prosperity as a whole rather than being perceived as a party to the existing disputes and having to choose side.

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Stalemate or a step ahead? How China manages relations with the EU and its member states in light of transatlantic frictions

by Yu Jie

KEY TAKEAWAYS

- Chinese specialists on Europe agree that the alliance nature of US–EU ties will not change even though President Donald Trump's diplomatic approach has so far undermined some elements of the transatlantic partnership. Yet the wider strategic community disputes whether a worsening US-China relationship will automatically lead to better EU-China relations.
- Most Chinese policymakers see ties with Europe through the lens of Washington's China containment strategy. Neither Beijing nor Brussels appears to have the political will or the policy flexibility to pursue a realistic re-set to its much-strained ties.
- China's present economic approach towards the EU derives from its current domestic economic model, which is driven by domestic innovation and the upgrading of its manufacturing exports. This upgraded export-led model has become a key source of tension with Europe, in contrast to the stabilizing effect that the previous low-cost manufacturing-led model had on the relationship.
- China has devised dual-track tactics in dealing with the EU and its member states. On the one hand, Beijing continues to engage in a war of words with the EU; on the other, it employs a tactic of either engaging with or neglecting a member state, based on that state's economic complementarity with China, its stance on the war in Ukraine and its geography.

Keywords

China

Europe

EU

Trade War

US-China Relations

Ukraine



Introduction

The recent EU-China summit was meant to mark 50 years of diplomatic ties, but was not celebrated with much fanfare. Gone are the heydays of economic globalization, when China was seen as an indispensable investment destination. Instead, the mood among European leaders has been to 'de-risk' from China – that is, move investments and supply chains away from the world's second largest economy. China is now considered 'a systemic rival'.

International commentators and some Chinese observers have speculated whether a temporary breakdown in transatlantic relations might offer an opportunity to reset Beijing's ties with the European Union (EU) and some of its member states. However, neither Beijing nor Brussels appears to have the political will or the policy flexibility to pursue such a reconfiguration.

Regardless of the new US administration's opinion of Brussels, China's relationship with EU institutions – and with several key member states – remains in stalemate. In many respects, it has further deteriorated due to ongoing trade disputes and Beijing's stance on the Russian invasion of Ukraine.

Much ink has been spilled on how Europe's policymakers and its strategic community perceive China. Yet it is equally critical to understand how China views Europe, and the key factors that are driving Beijing's current hardened approach towards the continent.

Many policy practitioners from China view its relations with the EU and the majority of its member states through the lens of US–China competition. This is despite the fact that it remains unclear what kind of trade deal and level of security cooperation Brussels will agree to with the Trump administration (particularly given the latter's unorthodox approach to the transatlantic partnership). There is perceived to be little indication that China's strained ties with Europe could improve.

This policy brief aims to address three key areas: first, it gauges the debate on Europe within the Chinese strategic community since President Donald Trump's inauguration; second, it analyses Chinese policymakers' responses to EU institutions, on issues of both trade and politics; finally, it examines the tactics that Beijing has been using to engage specific EU member states in an effort to counterbalance increasingly vociferous criticism of China from Brussels. This analysis draws on a combination of public statements and recent private conversations with Chinese and European policy practitioners.

Beijing debates its view on Europe

While European commentators were reeling from Trump's unorthodox approach to European security and tariffs, the Chinese strategic community held extensive discussions on whether Trump's return would serve as an opportunity to reset Beijing's ties with the EU and some member states.

Overall, neither Chinese specialists on Europe nor policy makers necessarily view the temporary breakdown of the transatlantic alliance under the second Trump administration as an opportunity to repair China's fraught ties with Europe. Policymakers in China not only view ties to Europe through the lens of Washington's China containment strategy, but equally believe that Europe has misread China's strategic intent.

Xi himself issued stern words to the EU on the bloc's trade protectionism and diplomatic stance during the July 2025 summit. 'China-EU relations are not targeted at, subjugated to, or controlled by any third party, both sides should foster a correct perception of each other." – an unusually strong line for Beijing to take on the EU. *[1]*

Chinese specialists on Europe have debated the extent to which Europeans can attain so-called 'strategic autonomy', and whether Trump's 'reciprocal tariff' could provide an impetus

for Beijing and Brussels to find a compromise over existing trade disputes over electric vehicles (EVs) and renewables.

The consensus among these specialists is that the alliance nature of US–EU ties will not change even though Trump's diplomatic approach has so far undermined some elements of their partnership. Instead, Europeans may become even tougher on China or forge a united front with Trump to slow down China's technological progress and undermine Beijing's growing influence in the Indo-Pacific region. *[2]*

Apart from the US factor, many Chinese specialists on Europe believe a worsening US-China relationship will not automatically lead to better EU-China relations. *[3]* This is partly due to existing grievances on both sides regarding trade, human rights, and the EU's push for de-risking from China. They find it hard to see where the impetus for improvement would come from.

'Strategic autonomy' has become a buzzword among Chinese policymakers and the strategic community since it was first referred to by France's President Emmanuel Macron. *[4]* Yet, Beijing has always adopted a particular interpretation of the term. In the eyes of most Chinese commentators, 'strategic autonomy' signifies Europeans' desire to craft their own foreign policy by reducing the influence from Washington.

However, an influential Chinese specialist on Europe recently warned that 'strategic autonomy advocated by the Europeans is not only targeted at its ties with the US, but, more importantly, it equally aims at reducing dependency away from China'. *[5]* Instead of the old adage of 'cooperation and win-win', this specialist cautioned that the Chinese strategic community should view and analyse Europe without so much wishful thinking. In other words, there are real indigenous reasons why China-EU relationships remains at a stalemate regardless of who is in the White House.

Contrary to these cautious words, other Chinese commentators and media outlets seem to have become far more optimistic about a meaningful rapprochement between Beijing, Brussels and several European capitals in light of Trump's return. An editorial in China Daily, the state media outlet, argued that 'the pathway to European autonomy means a break with the familiarity of playing second fiddle to the US. But partnership with China offers a pragmatic way to reduce the risks'. *[6]* Several commentators not specialist in European affairs took an even more favourable view that the two economic blocs would be able to capitalize on the temporary breakdown of transatlantic ties and forge a better economic relationship. *[7]*

China's position on the war in Ukraine has been a catalyst for growing hostility towards Beijing in Brussels and several other European capitals in recent years. As Russia's assault on Ukraine continues, China's seemingly pro-Russia neutrality is deepening European grievances. *[8]* This has led to a diplomatic impasse between Beijing and much of Europe. *[9]* Neither side believes it has acted wrongly, resulting in a persistent cognitive dissonance that continues to shape and complicate decision-making on both sides.

Yet, the more that Chinese diplomats and scholars provide explanations, the greater the frustration in the Europeans' response. The extent to which Beijing can balance its economic and diplomatic support for Russia with its desire to maintain stable relations with Brussels and some European capitals is highly uncertain. This uncertainty has also triggered a sense of frustration within the Chinese strategic community. [10]

Staying defiant towards Europe on trade disputes

Contrary to some commentators' expectations of a rapprochement with Europe, policymakers in Beijing have responded defiantly to its ongoing trade disputes with the EU, which range from EVs and cognac to medical equipment. Xi showed no interest in travelling to Brussels to celebrate 50 years of diplomatic ties between China and the EU, which is the clearest signal yet to illustrate Beijing's hardening approach to Brussels. [11]

In 2020, China surpassed the US to become the EU's top goods trade partner. Its exports to Europe peaked in 2022 and have declined slightly since. Chinese exports to Europe consistently outpaced its imports from Europe, resulting in a widening trade surplus that reached more than €300 billion by 2024. [12] Manufacturing products dominate 97 per cent of China's total exports to the EU, including electrical machinery and telecoms equipment. [13] This pattern of Chinese manufacturing dominance presents EU policymakers with a critical challenge if they want to de-risk from China. It also highlights the structural importance of China's export-driven manufacturing base in the country's overall economic cycle.

Judging by the data from the past five years, both Beijing and Brussels have increasingly relied on trade dispute mechanisms to defend their markets from each other's products. During this period, Beijing launched seven trade investigations and World Trade Organization (WTO) disputes, while the EU Trade Commission initiated 11 cases against China. Notably, three of these disputes were launched after the start of Trump's second term. [14]

China's present approach to the EU on the economic front derives from its current domestic economic model, driven by domestic innovation and the upgrade of its manufacturing exports. This upgraded export-led model has become a key source of tension, meaning that some elements of their economic ties can no longer serve as a stabilizer in its overall relationship with Brussels and major European economies. Some Chinese companies are in brutal competition with their European peers, both in Europe and developing countries, partly boosted by state subsidies and partly by tough domestic competition inside China. At the heart of this friction lies a structural economic challenge: both China and Europe produce similar goods and are competing for global manufacturing dominance.

China has so far offered few concessions to the EU's complaint about 'overcapacity' of EVs and other sectors where Beijing is keen to nurture commercial success. These products are part of the so-called 'new productive forces' with which China intends to drive its economy, [15] while also becoming the main source of export-led earning for the country. China has not

shied away from using tit-for-tat approaches to respond to the EU, nor has it been subtle in its communication with the EU institutions and member state governments.

Beijing has strategically targeted sectors involved in its trade dispute with Brussels. In recent cases, China imposed steep tariffs on French cognac and pork imports from the EU. [16] The former was a direct response to EU tariffs on Chinese electric vehicles, which were strongly backed by France. [17] Although cognac is a major French export, it is relatively less popular among Chinese consumers compared to other types of liqueur. As a result, the higher tariff on cognac has not caused concern among average Chinese households. Pork product imports from the EU account for only a small proportion of China's overall pork demand because the country sources imports from various regions to meet the needs of what is the world's largest pork-consuming population.

Beijing's defiant stance towards the EU on trade shows no sign of easing, even as it engages in equally intense negotiations with the US. The latest flashpoint involves medical devices, with the EU barring Chinese manufacturers from bidding on public procurement contracts. [18] In response, China implemented a tit-for-tat measure, restricting European medical device-makers from accessing its public procurement market, which is valued at more than €5.3 billion. The EU's recent cancellation of its High-Level Economic and Trade Dialogue with China in June 2025 – just ahead of the annual China-EU leaders' summit – further underscores the growing deadlock between the two sides over trade and economic grievances. [19] Regardless of the changes in US administrations, both China and the EU appear to have shifted from collaboration to a more confrontational, stonewalling approach.

Beijing's war of words over Russia's invasion of Ukraine and selective engagement with EU member states

Beyond the ongoing trade disputes, China's position on Russia's invasion of Ukraine has further worsened its ties with EU institutions and some of its member states. European leaders sent a stern warning that one of the biggest stumbling blocks for China–Europe rapprochement is China's perceived support for Russia's assault on Ukraine.

Several recent trips by Chinese leaders to Europe were intended to prevent further damage to ties with the continent since Russia's full-scale invasion of Ukraine began in 2022. [20] Yet Beijing's efforts did not go down well with the Europeans, most of whom perceive Russia and its allies in black-and-white terms. The more that Beijing tries to explain its relationship with Moscow, it seems, the deeper the mistrust Europe feels towards it. The EU's talk of 'de-risking' economically with China, is also a direct result of Beijing's position on the war.

Since 2022, there have been numerous occasions when Chinese diplomats attempted to justify Beijing's position on the war to European governments. These include a phone call between Xi and Zelenskyy, and the issuing of an official position paper on the war in Ukraine. [21] However, both sides remain unsatisfied. The Europeans hold a firm belief that

China is justifying its wrongdoing while Beijing insists that the war in Ukraine is a European matter that has nothing to do with China.

As the impasse persists, China has devised dual-track tactics to deal with the EU and its member states simultaneously. On the one hand, Beijing continues to engage in a war of words with the EU – most recently involving a tense discussion between the Chinese Foreign Minister Wang Yi and Kaja Kallas, the EU's de facto foreign minister and an outspoken critic of Russia. *[22]* On the other hand, Beijing is also engaging with member states that are less concerned by Russia's military assault and China's economic competition. *[23]*

There are four categories of EU member states with which China has devised a tactic of either engagement or neglect. Beijing has chosen its tactics based on the economic complementarity of individual states with China, their stance over the war in Ukraine and their geography. The first category of member states includes those that are economically well established and are strongly supportive of NATO and Ukraine, most notably France, Germany and the Netherlands. While Beijing has had ongoing trade tussles with all these countries, it also maintains a continuous political dialogue with them. The Chinese government's engagements with these countries remain frequent even if there are substantive disagreements over trade and war in Ukraine.

The second group of countries are mostly located in Central and Eastern Europe. Beijing is taking an approach of neglect towards this group, as they are the most vociferous critics of China's position on Ukraine. They include the Czech Republic and Poland. In the most extreme case, Beijing has downgraded its diplomatic ties and cut off trade with Lithuania due to its strong support for the incumbent Taiwanese government under the Democratic Progressive Party.

The third group consists of countries with which China has a rapport both economically and politically, namely Hungary and Slovakia. Beijing sees both countries as offering favourable economic conditions for Chinese companies' overseas expansion. But Beijing's increasingly frequent engagement with the two countries has stoked more fear than assurance in Brussels, further straining its relations with EU institutions.

The fourth group presents the greatest challenge for Beijing to navigate, as they are considered 'swing states' in China's relations with Europe, most notably Italy and Spain. While both have been less vocal in their support for Ukraine, their positions on economic issues with China have diverged. In a recent vote by the European Council on a proposal made by the EU Trade Commission to impose punitive tariffs on Chinese EV exports, Italy backed Brussels, whereas Spain voted against the measure.

The Italian prime minister Giorgia Meloni has sought to strike a delicate balance between maintaining ties with Beijing and aligning with Donald Trump, with whom she shares a similar political outlook. Meanwhile, her Spanish counterpart Pedro Sánchez has moved

closer to China, a position that has enraged Brussels. Yet Sánchez's own political instability at home has made Beijing contemplate how long support from Spain can last.

Conclusion

The ongoing economic and geopolitical disputes signal that China's relationships with Europe remain strained, regardless of shifting dynamics within the transatlantic alliance. While some European leaders view their ties with China through the lens of the war in Ukraine, their counterparts in Beijing interpret China's relations with Brussels and other European capitals primarily through the prism of the US containment strategy against China.

Beijing is unlikely to shift its defiant stance towards the EU on trade disputes, given its growing competitiveness in high-end manufacturing exports and ongoing efforts to rebalance its economy at home. Nor should there be any expectation that China will ease controls on critical minerals for European companies to any large extent, particularly those operating under growing political pressure from EU institutions.

China firmly views its relationship with Moscow in light of its prolonged competition with the US, even if maintenance of such close ties will continue to anger Brussels and some European capitals. Some in Europe hope that Beijing will change course on the war in Ukraine to help undo the damage done to its European relations. But, while China has so far shown willing to restrain Putin from entertaining the deployment of nuclear weapons, European leaders cannot expect China to side with them on the war itself.

Moving forward, any rapprochement would require leaders in both China and Europe to reconfigure their current approaches. China cannot simply rehash appeals for 'win-win cooperation' that have little resonance in large parts of Europe. And Europe must have a realistic assessment of the extent to which it can magically change the Chinese government's outlook and political choices.

As the Chinese economic model evolves, and with its position on war in Ukraine unchanged, both Beijing and European leaders will need to find a new set of terms and conditions to frame their relationship with each other.

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The Logic of China's AI Regulation and Its Implications for the European Union transatlantic frictions

by Łukasz Gacek

KEY TAKEAWAYS

- Ensure effective implementation and enforcement of the AI Act: The EU should prioritize consistent application and monitoring of its regulatory framework, as only credible enforcement can strengthen its position as a global normative actor in AI governance.
- Build technological sovereignty: Long-term investment in strategic technologies – particularly semiconductors, computing infrastructure, and open AI models – is essential to reduce Europe's vulnerability to external pressures and to maintain the capacity to shape standards independently.
- Advance technology diplomacy: The EU should actively promote its rights-based regulatory model, deepen cooperation with democratic partners, and strengthen its negotiating capacity within multilateral forums.
- Offer credible alternatives for the Global South: Providing infrastructure and governance solutions grounded in transparency, accountability, and human rights can counter the diffusion of authoritarian digital models while enhancing Europe's normative appeal.
- Increase engagement in international standard-setting processes: Active participation in ISO, ITU, UNESCO and similar organizations is critical to defending European principles of interoperability, transparency, and accountability against competing frameworks promoted by China.
- Develop systematic monitoring of authoritarian digital models: The EU should establish analytical tools to identify and assess the spread of China's regulatory and infrastructural frameworks, enabling proactive protection of the democratic digital order and anticipation of geopolitical risks linked to global technological fragmentation.

Keywords

Artificial Intelligence Regulation

China AI

European Union

AI Governance

Human Rights



Introduction

China's model of artificial intelligence (AI) regulation constitutes a coherent, comprehensive, and highly centralized system in which technology is subordinated to the strategic interests of the state. Within this framework, AI is treated simultaneously as an economic resource, a tool of national security, and an instrument of social control. The system rests on the integration of legal, institutional, and technological components into a unified governance mechanism for this emerging technology. Its legal architecture encompasses both overarching provisions, establishing the foundations of digital security and detailed sectoral regulations targeting technologies with significant social impact. A common feature across these instruments is strict oversight of data, algorithms, and research processes. Chinese authorities embed this control in a narrative of "digital sovereignty" and the protection of the public interest, but in reality it legitimizes extensive state intervention in information flows. This model not only structures China's domestic innovation ecosystem but also serves as a vehicle for projecting influence internationally. For the European Union, the Chinese model illustrates a state-centric approach to technological governance that may challenge Europe's rights-based standards. Grasping these dynamics is crucial for reinforcing the EU's regulatory capacity and advancing transparent, democratic frameworks for AI.

Political and Strategic Drivers of AI Development in China

China's strategy for AI development has been permanently tied to the goals of state modernization and technological autonomy. The New Generation Artificial Intelligence Development Plan (2017) *[1]* identified AI as a key pillar of the economy, national security, and defense, as

well as a tool for gaining advantage in geopolitical competition. It set out a three-stage roadmap: catching up with global leaders by 2020, achieving major technological breakthroughs by 2025, and becoming the world's leading AI power by 2030.

Beijing has constructed a top-down governance model in which political priorities determine the direction of research and deployment, while central authorities integrate the public, private, and academic sectors into joint strategic projects. This approach was exemplified in Chinese leader Xi Jinping's speech of October 2018, in which he described AI as a key driving force behind a new round of scientific and technological revolution and industrial transformation. The political framing of AI as an "important strategic lever" (重要战略抓手) served as a signal for the intensification of both regulatory and investment efforts *[2]*. This message was reiterated and reinforced in Xi's June 2024 address, which elevated AI to the rank of a transformative factor capable of reshaping the global technological and civilizational order. Xi emphasized that its impact extends beyond the economy and society to include models of civilizational development *[3]*. The importance of AI was also underscored in the 14th Five-Year Plan (2021-2025) *[4]*, which listed AI as one of the pillars of the digital economy, alongside big data, blockchain, cloud computing, and cybersecurity. The complementary 14th Five-Year Plan for Digital Economy Development *[5]* called for the integration of AI into critical sectors such as smart cities, public administration, industry, and mobility.

Taken together, these elements reflect a consistently implemented vision of state dominance over AI, in which regulatory frameworks enable broad interpretations of concepts such as national security and the public interest. This flexibility allows central authorities to shape norms while simultaneously intervening in the circulation of information.

Pillars of China's AI Legal Order

At the core of China's domestic legal framework for artificial intelligence lies the conviction that AI constitutes strategic infrastructure, something that must be designed and governed in a manner that reinforces state sovereignty, social stability, and long-term technological autonomy. This principle finds institutional expression in an expansive set of horizontal frameworks that underpin regulatory oversight of data, algorithms, and digital processes.

According to official documents, the Cybersecurity Law (2016) *[6]*, which elevated cyberspace to the status of a component of national security, framing it as a domain of sovereignty. The law harmonized compliance requirements for digital products and services with national technical standards while institutionalizing the principle of data localization and the protection of critical information infrastructure. It also signaled the need for legality and proportionality in the processing of personal data. Complementing this institutional structure, the Data Security Law (2021) *[7]* introduced a comprehensive approach to data governance based on risk classification, mandatory incident reporting, risk assessments, and compliance with the principles of legality and public interest protection. The law restricts cross-border data transfers and underpins China's active participation in shaping international standards.

A further cornerstone is the Personal Information Protection Law (2021) [8], which strengthens state control over cross-border data flows by imposing requirements for local storage and government authorization for data sharing.

Operationalizing Control: Sector-Specific Technology Regulations

The operationalization of China's data governance principles is achieved through a range of implementing instruments. Beijing frames these measures as advancing ethics and transparency in data governance, emphasizing user protection, minimization of data use, and shared responsibility across government, enterprises, organizations, and citizens. For instance, The White Paper on the Protection of Personal Information in Mobile Internet Applications (Apps) (2021) [9] emphasizes transparency in data collection, minimization of data use, and technological oversight of apps, while assigning shared responsibilities to government, enterprises, organizations, and citizens. These principles are further developed in the Cybersecurity Standard Practice Guide – Guidelines for Self-Assessment of the Collection and Use of Personal Information by Mobile Internet Applications (Apps) (2020) [10], which require informed user consent, prohibit manipulative consent practices, and mandate that users be given the ability to delete or modify their data.

However, this rhetoric contrasts with the practical function of these instruments, which is to expand state capacity to monitor digital activity, enforce compliance obligations, and strengthen political oversight. By institutionalizing mechanisms of consent and transparency, the state positions itself as the ultimate guarantor of digital rights, while simultaneously consolidating control over the circulation of information. This logic is further entrenched in the Regulations on the Administration of Network Data Security (2024) [11], which introduce supervisory mechanisms applicable to both domestic and foreign entities. Officially, these measures are justified as strengthening data security and ensuring accountability of online platforms. In practice, however, they impose new obligations that bind private-sector actors more closely to the state's regulatory apparatus, requiring them to monitor user activity, remove non-compliant applications, and issue social responsibility reports.

Similarly, one of the most restrictive regulations in the biometric sphere – the Measures for the Security Administration of the Application of Facial Recognition Technology (2025) [12] – is framed as a privacy safeguard by mandating local processing of biometric data and explicit user consent. Yet, while presented as privacy protections, these measures ultimately operate as a powerful instrument of surveillance and centralized control over biometric information.

Together, these legislative measures form a coherent system that integrates sectoral and general regulations with enforcement mechanisms, thereby reinforcing China's institutional and technological architecture of oversight. The horizontal framework is further operationalized through vertical sectoral rules that translate general principles into specific applications. In the area of algorithmic recommendation systems, lawmakers not only prohibit the

manipulation of public opinion but also establish a registration infrastructure for systems with "significant social impact" and introduce multiple supervisory instruments. Due to the somewhat vague legal categories, however, these measures leave wide scope for discretionary interpretation by regulatory authorities.

Algorithmic Regulation and Generative Systems

Within China's integrated framework for steering the digital future, sector-specific regulations operationalize the horizontal legal architecture in the context of concrete technological applications and risks. Their adoption represents a shift of regulatory emphasis to the application level, following a logic of prevention, accountability, and social mobilization. These instruments function as mechanisms of oversight for specific segments of the AI ecosystem.

A landmark development was the Interim Measures for the Administration of Generative Artificial Intelligence Services (2023) *[13]*. According to the Chinese government's official narrative, the measures are designed to balance the promotion of innovation with the safeguarding of security, ensuring transparency in content and data sources. In practice, however, they institutionalize a system of strict state supervision, granting authorities wide-ranging powers to inspect training data and audit algorithms. Crucially, the measures also apply extraterritorially to providers offering services within China, thereby extending Beijing's regulatory reach beyond its borders.

Their implementation was reinforced by the Basic Security Requirements for Generative Artificial Intelligence Services (2024) *[14]*, which mandate regular self-assessments, content labeling, and risk management from the design stage of AI models. Although formally a technical standard, in practice this document functions as a quasi-regulatory and enforcement tool, enabling monitoring and early-warning mechanisms against systemic risks. A similarly detailed regulatory architecture has emerged around deepfakes. The Provisions on the Administration of Deep Synthesis of Internet Information Services (2022) *[15]* impose supervisory duties on providers of synthetic content, requiring content identification, user verification, and active measures against disinformation. These provisions also integrate AI into China's state-led ideological infrastructure.

Further measures include the Provisions on the Administration of Algorithmic Recommendation for Internet Information Services (2021) *[16]* and the Guiding Opinions on Strengthening the Comprehensive Governance of Algorithms for Internet Information Services (2021) *[17]*. Together, they establish standards of supervision and accountability, coupled with requirements for algorithm registration and disclosure. These measures, and related supervisory practices, such as the obligation imposed on companies like Alibaba, Tencent, and ByteDance to disclose core algorithms—demonstrate the growing integration of private-sector actors into the state's regulatory apparatus. Despite occasional tensions, this cooperation has evolved into a mechanism of institutional learning that strengthens the state's regulatory capacity and adaptability.

Ethics and Trustworthiness as the Foundation of China's AI Model

Official Chinese documents characterize ethics and trustworthiness as the foundation of China's AI model. While Beijing presents these measures as advancing responsible and transparent governance, in practice they function as instruments of oversight and political control. Within China's integrated AI governance system, ethics, transparency, and trustworthiness permeate all levels of technology regulation. From data security and algorithmic architecture to sector-specific applications, ethical components are embedded in nearly every regulation and reinforced by dedicated normative instruments. Collectively, they underpin China's evolving concept of "trustworthy AI" (可信人工智能), a notion that legitimizes the extension of state authority rather than protecting individual rights.

The first systematic attempt to articulate this approach was the Cybersecurity Standard Practice Guide – Guidelines for Ethical Norms of Artificial Intelligence (2020) *[18]*, which identified five core categories of risk: loss of control, societal threats, violations of individual rights, discrimination, and lack of accountability. The document also called for the creation of an ethical ecosystem encompassing developers, operators, and users of AI systems. This was followed by the Ethical Norms for the New Generation of Artificial Intelligence (2021) *[19]*, which expanded on the idea of "human-centered AI" (以人为本). These norms emphasized the protection of individual rights, transparency of system operations, the prohibition of discrimination, and the obligation to inform users about the use of algorithms.

At the level of technical standardization, the White Paper on the Standardization of Artificial Intelligence Security (2018, updated in 2021 and 2023) *[20]* has remained a key reference, defining five essential qualities of AI: reliability (可靠性), transparency (透明性), explainability (可解释性), fairness (公平性), and privacy protection (隐私性). Complementing this, the Guidelines for Building a National New Generation Artificial Intelligence Standard System (2020) *[21]* present standardization as a coordination tool for the entire sector—from basic research to industrial deployment.

The culmination of these efforts came with the White Paper on Trustworthy Artificial Intelligence (2021) *[22]*, which argued that AI systems must be transparent, predictable, resilient to errors, and understandable to both users and operators. Among its priority values were responsibility, fairness, data protection, and the prevention of discrimination. Although Chinese authorities emphasize ethics and trust in framing these measures, their practical effect is to reinforce regulatory control and consolidate political authority. Yet as China's online population surpassed one billion (close to 80% of the population) and generative AI tools spread rapidly, societal concerns have grown regarding the processing of personally identifiable data and information gathered from intelligent devices capable of analyzing user behavior and emotions. In this context, the regulator's process of institutional learning plays an increasingly important role. Obligations such as algorithm registration, regular consultations with major technology firms (e.g., Alibaba, Tencent, and ByteDance), and the development of supervisory tools have strengthened administrative capacities, clarified intervention

points, and standardized procedures such as algorithm security self-assessment reports. While officially presented as mechanisms that strengthen ethics and transparency, many of these regulations remain broad in scope and lack detailed implementation mechanisms. Their primary function is to reinforce state legitimacy in AI governance and to support a broader strategy of systemic oversight. Their domestic orientation and limited references to international standards (e.g., ISO, IEC), however, risk undermining interoperability and contributing to further fragmentation of the global regulatory ecosystem.

Ultimately, China's integrated system of AI regulation is built on the consistent subordination of technology to state objectives, combined with the development of detailed instruments of control and legitimization. This model not only organizes the domestic innovation ecosystem but also serves as a tool of international expansion through the export of norms, standards, and technological values to other countries. For the European Union, understanding this system is of critical importance, both in terms of the threats it poses to the democratic digital order and for its implications in shaping global regulatory frameworks.

Digital Authoritarianism and the Export of China's AI Model

While China's regulatory system is primarily designed to consolidate state control over the domestic AI ecosystem, its logic does not stop at the national level. The same principles of sovereignty, security, and state-led governance that structure internal regulation are increasingly projected outward. What emerges is a dual strategy. AI as a tool of modernization and legitimacy at home, and as an instrument of influence and norm diffusion abroad. This external dimension has been described as a form of "digital authoritarianism," through which China exports not only infrastructure and technology but also the regulatory logic and values that underpin its domestic system.

A key vehicle for this expansion is the Digital Silk Road (DSR), formally incorporated into the Belt and Road Initiative. It involves large-scale investments in cross-border fibre-optic cables, undersea networks, data centres, and satellite channels, designed to build an "Information Silk Road" with China at its centre. By offering low-cost access to infrastructure, Beijing positions itself as a primary partner for developing countries with limited alternatives *[23]*.

Artificial intelligence plays a pivotal role in this strategy. Chinese enterprises such as Huawei, ZTE, Hikvision, Dahua, CloudWalk, and Yitu export surveillance systems, biometric identification tools, and smart city platforms. These technologies are frequently installed under DSR projects and are often deployed in authoritarian regimes, where they can be used for political control and social monitoring. Open-source and inexpensive AI models, such as DeepSeek, further reinforce China's capacity to spread its standards, enabling adoption even in states with limited technological resources. This expansion is not only economic but also normative. By delivering integrated infrastructure and governance solutions, China promotes weaker standards of data protection and embeds its state-centric model of oversight abroad.

Confirmed incidents, such as the transfer of African Union data to Shanghai, illustrate the security and sovereignty risks that accompany such projects. The result is structural dependence on Chinese providers, erosion of transparency, and diminished regulatory autonomy in many Global South Countries [24] [25].

While China promotes the Digital Silk Road as a pathway to connectivity and shared prosperity, in practice it operates as both a technological and geopolitical instrument. It enables the export of AI-driven surveillance and projects China's state-centric governance model abroad. Through this dual track, Beijing strengthens its position as a leading technology partner for developing states while extending its normative influence well beyond its borders.

Externalising China's Regulatory Preferences

China seeks to build its own ethically and culturally embedded path of AI development, explicitly distancing itself from Western universalist frameworks. In Beijing's narrative, AI governance should not constrain innovation but instead guarantee technological progress pursued for the common good of humanity. Artificial intelligence is presented as a central arena of technological and ideological competition with the West, where normative claims play a decisive role. In Beijing's narrative, AI is portrayed as a tool for redistributing opportunities, reducing inequalities and building a more just international order. Yet this discourse ultimately serves to strengthen China's position as the advocate of the Global South and to promote its state-centric governance model internationally. It highlights values such as community, data sovereignty, and cultural as well as linguistic adaptation of AI models, contrasting these with the universal standards promoted by Western actors. This rhetoric centers on the notion of "true multilateralism" (真正多边主义) and the vision of "building a community with a shared future for mankind" (共同构建人类命运共同体), with the United Nations positioned as the primary coordinating platform.

A central expression of this ambition was showcased at the World Artificial Intelligence Conference (WAIC) in Shanghai in July 2024, during which participants adopted the Shanghai Declaration on Global AI Governance [26]. The declaration called for the "healthy development of AI, ensuring AI safety and building a common future for mankind," echoing China's preferred narrative of AI as a global public good. However, the declaration remained vague, lacking operational detail, and served mainly to legitimize China's leadership role in shaping global norms.

At the WAIC in July 2025, held alongside a high-level governance meeting, Premier Li Qiang presented AI as a new driver of economic growth and daily life. He framed China's agenda around three themes: inclusiveness, innovation, and global governance. The vision stressed open access and technology sharing with the Global South, joint research and talent exchange, and the creation of international regulatory frameworks. A key proposal was the establishment of a Global AI Cooperation Organization (世界人工智能合作组织) as a permanent platform to coordinate regulation and development at the international level [27]. Taken

together, these initiatives underscored Beijing's ambition to institutionalize its leadership and to position its model as an alternative to Western-led forums such as the G7 or OECD.

At the international level, China positions the UN as the cornerstone of its strategy for shaping global digital governance. China's multilateral strategy centers on the UN, which it portrays as the legitimate forum for inclusive digital governance. In July 2024, the UN General Assembly adopted a resolution on Enhancing International Cooperation on Capacity-Building of Artificial Intelligence [28], co-sponsored by China and backed by 143 states. It stressed the need to empower developing countries in global governance and to equip them with resources for effective participation. By working through the UN, Beijing seeks to reinforce its legitimacy and project itself as the advocate of the Global South. On the surface, this strategy highlights inclusivity, but in practice it embeds China's state-centric governance model into global debates.

Strategically, these initiatives demonstrate China's effort to externalize its state-centric governance model by embedding it within multilateral frameworks. While framed in terms of inclusivity, equality, and cooperation, they serve clear strategic objectives: counterbalancing Western influence in standard-setting, legitimizing digital sovereignty, and securing international recognition for China's approach. This trajectory poses a direct challenge for Europe and other democratic actors, who must respond by advancing credible alternatives that align rights-based values with effective governance structures.

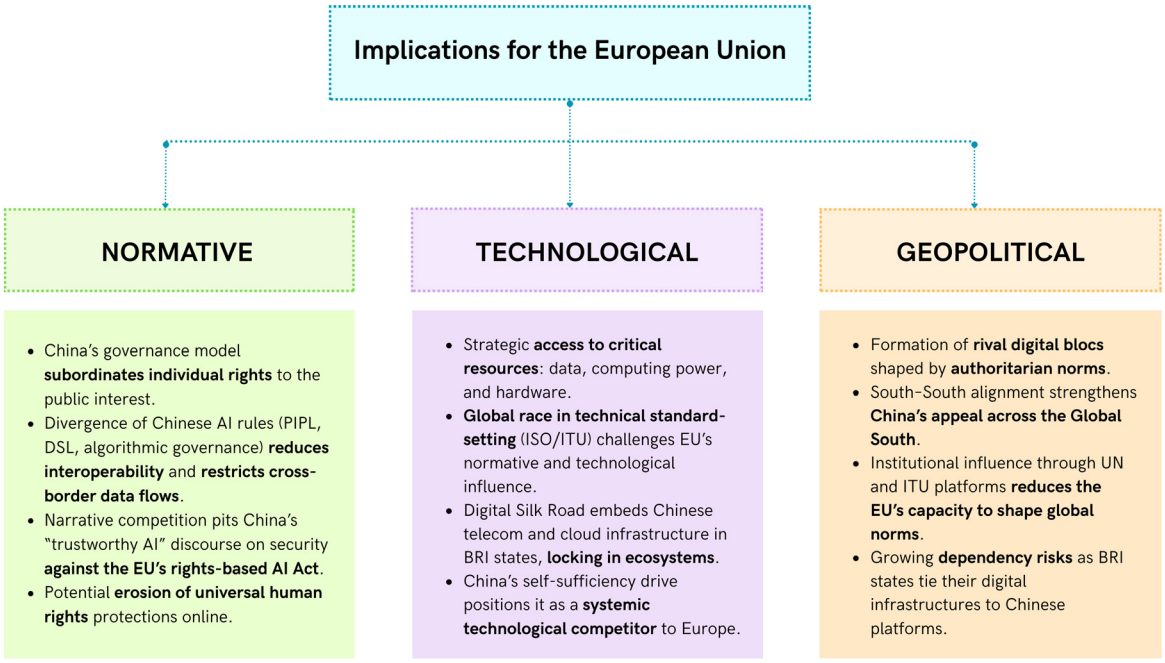
Implications for the European Union

The diffusion of China's AI regulatory model carries significant normative, technological, and geopolitical consequences for the European Union. On the normative level, China's approach challenges the universality of principles such as privacy protection, freedom of expression, and transparency of digital systems. Beijing promotes an alternative paradigm in which individual rights are subordinated to the public interest. This risks eroding the fragile international consensus on the protection of fundamental human rights in the digital domain. In practice, the export of this model in the form of regulations or technical standards may lead other states to adopt frameworks that curb civil liberties in the name of efficiency and security.

In the technological sphere, the contest extends beyond leadership in language models or generative systems to include access to critical resources such as data, computing power, and hardware components. Particularly important is China's drive for self-sufficiency in key inputs (notably semiconductors) and the development of its own infrastructural standards (e.g., 5G networks, smart city systems), which increasingly compete with European solutions on the global stage. On the geopolitical front, the expansion of Chinese regulatory and infrastructural models across the Global South risks creating rival digital blocs dominated by authoritarian norms and values. China's ability to combine technological offerings with political and financial incentives enhances its appeal to authoritarian governments and states

with weaker democratic institutions. This strategy undermines the EU's capacity to forge broad international coalitions around an open internet, interoperable standards, and transparent AI governance.

China's activism in international organizations (e.g., ITU, ISO, UNESCO) further enables it to shape global technical and ethical frameworks, often in ways that conflict with Europe's principles of transparency and accountability. The European Union must respond to these challenges through layered political, legal, and technological action. First, it is essential to consolidate its own regulatory framework by swiftly and effectively implementing the AI Act, coupled with robust enforcement mechanisms. At the same time, the EU must invest heavily in strategic technologies, including semiconductors, computing infrastructure, open AI models, and high-reliability systems, in order to reduce external dependencies and enhance technological sovereignty. Equally important is technology diplomacy: deepening cooperation with democratic partners, promoting the European regulatory approach, and offering developing countries credible alternatives in both infrastructure and governance. These alternatives should be grounded in transparency, accountability, and the protection of human rights.



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Diplomatic charm offensive and hard line on security: China's evolving approach to Asia under the second Trump administration

by Yu Jie

KEY TAKEAWAYS

- China seems to view President Donald Trump's return as a genuine opportunity to deepen its engagement in Asia. But its current approach to major Asian powers is not entirely a deviation from past strategies. Beijing pursues a dual approach, largely running its neighbourhood policy through economic statecraft coupled with security coercion on certain flashpoints.
- China's diplomatic outreach to major Asian powers from late 2024 marked a notable shift toward a charm offensive, easing away from the combative 'wolf warrior' rhetoric of recent years. Its warm diplomatic rhetoric was coupled with its long-standing practice of economic statecraft by increasing trade and investments.
- China has maintained a notorious hardline stance on security issues – most notably in the South China Sea and the Taiwan Strait. But it has been less proactive when regional conflicts have flared in its immediate neighbourhood and acted more as a passive security guarantor than an active mediator.
- China might be eager to gain greater prominence in regional security affairs in an ideal scenario. But its reluctance to mediate regional conflagration highlights an enduring challenge: translating economic statecraft into effective political influence.

Keywords

China

ASEAN

Economic Statecraft

Asian Security

China-US Relations



Introduction

Most Asian countries, including China, appeared unsurprised by the Trump administration's dismantling of the existing global order, during its first six months. Unlike its often-fruitless back-and-forth with Europe, Beijing seems to view Trump's return as an opportunity to deepen its engagement in Asia – and as a potential triumph of Xi's vision of 'Asia for Asians.' It wants to profit from the US's policy inconsistency in Asia to advance China's interests and

influence in the region.

International commentators concur that Beijing has pursued a dual approach in its engagements with major Asian powers: a diplomatic charm offensive and a hardline stance on security. However, there is debate over which approach has dominated during 2025. And in reality, the two approaches are not mutually exclusive.

Beijing's current approach to Asia has not entirely deviated from its past strategies. It largely runs its neighbourhood policy through economic statecraft coupled with security coercion on certain flashpoints. Its foreign affairs priority remains managing its ties with all its Asian neighbours.

On diplomacy, it has largely practised economic statecraft, alongside a selective charm offensive to Asian countries, and has seen a marginal improvement in its ties with India, South Korea and Japan – which traditionally have difficult ties with Beijing. Its economic statecraft has done some heavy lifting through regional Free Trade Agreements (FTAs) and the Regional Comprehensive Economic Partnership.

On regional security engagements, China's approach remains unchanged. On the one hand, Beijing continues to conduct military exercises and coastal guard parades in the troubled waters in the South and East China seas. On the other, it avoids stepping into conflicts in which it is not directly involved.

This policy brief aims to address three key areas: first, it examines China's renewed diplomatic charm offensive with key Asian powers and how successful this has been since president Donald Trump's inauguration; second, it analyses Beijing's continuous hardened stance towards key regional flash points; finally, it gauges the wider global implications of China's dual approach to major Asian powers and how effectively this can counterbalance the US's regional engagements and influence. This analysis draws on a combination of public statements and recent private conversations with Chinese and Asian policy practitioners.

A selective diplomatic charm offensive

For the Chinese leadership, the purpose of foreign policy is the creation of an external environment that enables domestic economic development. This conservative maxim goes back to Deng Xiaoping and continues to be upheld by the current leadership.

A week after the Trump administration's 'reciprocal tariff' announcement in April 2025, China called an impromptu meeting of its all-powerful Politburo and Chinese ambassadors stationed abroad. In its third iteration after Xi came to power in 2012, the purpose of such convening was to assess China's relations with its neighbours. The seniority of those who attended reflected the sense of crisis that had penetrated the country's leadership.

Judging from the official readout after the conclave, Beijing believed that relations with its

neighbours were 'the best in the recent centuries', but 'many neighbour flashpoints are rapidly evolving together with global power shift'. [1] More to the point, the meeting confirmed that China's strategic orientation remains focused on its own region, the Asia-Pacific. [2]

The overseas travel schedules of China's top leaders reveal a telling signpost of how much importance Beijing assigns to a region on its diplomatic agenda. Current Chinese leaders have made frequent trips within Asia, particularly to Southeast Asia. Between 2020 and 2025, President Xi Jinping and Premier Li Qiang – China's second-in-command – visited the region four times each. Notably, each made a trip to Southeast Asia following Trump's 'reciprocal tariff' announcement.

China's diplomatic outreach to major Asian powers from late 2024 marked a notable shift away from the combative 'wolf warrior' rhetoric of recent years. Beijing's new charm offensive has primarily targeted India, Japan and South Korea, some of the US's closest security partners in the region.

India, a country with a fast-growing economy which seeks its own strategic autonomy, was an ideal candidate for a charm offensive, with good results. Most strikingly, Beijing and New Delhi reached a border agreement in late 2024, aimed at de-escalating the long- standing tensions which date back to 2020. Beijing's diplomacy towards New Delhi included high-level meetings and resumption of people-to-people exchanges between two Asian economies. The meeting between Chinese president Xi Jinping and Indian prime minister Narendra Modi at the Shanghai Cooperation Organisation Summit at the end of August 2025 marked the culmination of efforts by both countries to reset relations. [3] The Trump administration's punitive reciprocal tariff on India's exports added a further impetus for New Delhi to engage with Chinese leaders. [4]

Such efforts aim to stabilize China's relations with other countries in preparation for a more volatile relationship with the US. Tighter foreign investment restrictions in the West have also prompted Beijing to deepen its engagement with many non-western countries.

Moving to Northeast Asia, China also capitalised on opportunities to re-connect with Tokyo and Seoul, albeit with modest success. Like India, Japan is part of the US-led Quad grouping, which is intended to counter Beijing's growing influence in the region. From late 2024, senior Chinese officials restarted regular meetings with their Japanese counterparts. The Japanese foreign minister was invited to visit Beijing in late December 2024, the first visit of its kind in five years. Beijing and Tokyo also reached several agreements in re-launching their people-to-people exchange and Japan offered visa-free travel for Chinese tourists. [5]

South Korea was plunged into political turmoil in December 2024 when the disgraced president Yoon Suk Yeol was impeached. The new president, Lee Jae Myung, is perceived as less of a China hawk compared to his predecessor. President Xi Jinping had a phone conversation with Lee Jae Myung within in a week of his inauguration, suggesting that Beijing views the

change of leadership in Seoul as an opportunity to stabilise bilateral ties. [6]

Beijing's recent engagements give the impression that its relations with India, Japan and South Korea have taken a positive turn on the periphery, in part capitalizing on the erratic and unpredictable approach of the second Trump administration toward its Asian partners. Yet each of the three still faces ongoing frictions with Beijing that are unrelated to the intensifying China–US rivalry. It remains to be seen how far Beijing's selective charm offensive will go in fostering stronger ties with these three major economies, even if no one expects they will side with China on most strategically important matters.

Consolidating economic influence

China continues its strong trade and investment engagements with all ASEAN partners, exercising its well-versed economic statecraft to consolidate its influence in the region. Most notably, Beijing has leveraged a network of free trade agreements and regional trade frameworks, such as the Regional Comprehensive Economic Partnership (RCEP), to strengthen its economic ties within the region. Beyond RCEP, the China–ASEAN Free Trade Agreement is the most salient regional-level free trade agreement. Its most significant trade negotiations with ASEAN is the China–ASEAN FTA upgrade (Version 3), which concluded in October 2024, well before the introduction of Trump's 'reciprocal' tariffs. [7]

In 2023, China's total trade with ASEAN surpassed $911 billion, up from $444 billion a decade earlier. [8] This amounted to 15.5 per cent of China's total trade, up from 12 per cent in 2013 and 9 per cent in 2005. [9]

Hard line on regional security

Alongside its diplomatic charm offensive toward major Asian economies in response to the Trump administration's erratic regional approach, Beijing has maintained a notorious hardline stance on security issues – most notably in the South China Sea and the Taiwan Strait. It has reinforced this position through military drills, paramilitary activities, and strong rhetoric from senior diplomats criticising the Philippines, Taiwan and other parties involved.

China's veteran foreign minister, Wang Yi, reprimanded the Philippines and Taiwan on numerous occasions between late 2024 and 2025. Philippines, a close US ally, has frequently been singled out as Beijing's primary target on the South China Sea. At the annual foreign ministers' press conference during Beijing's annual National People's Congress, Wang likened the China–Philippines dispute to a shadow play, with a thinly veiled swipe at the US-led West. 'The script is written by external forces, the broadcast outsourced to Western media, and the plot always centres on smearing China', he said. [10]

On Taiwan, Wang has not only criticised the incumbent Taiwanese government, led by the Democratic Progressive Party (DPP), but has asserted that parts of Japanese political

establishments maintain ties with 'Taiwan independence forces'. He rejected the idea that a Taiwan contingency is a Japan contingency asserted that it would invite trouble for Japan itself. [11]

Beijing's hardline rhetoric has been matched by frequent military and paramilitary activities on both flashpoints in 2025. In early April, the People's Liberation Army (PLA) Eastern Theater Command – which includes land, naval, air, rocket, and coast guard forces – launched a large-scale joint military exercise around Taiwan and nearby islands such as the Matsu and Kinmen islands, code-named 'Strait Thunder 2025A'. [12]

The scale and complexity of the two-day military drill was far greater than previous similar activities, and included an operation with Beijing's latest aircraft carrier, Shandong. [13] Some analysts believe it was intended to enhance operational dominance rather than merely sending political warnings to the incumbent DPP government. [14] It marked a shift from random military posturing and demonstrated enhanced PLA readiness and strategic coordination, signalling a new normal of continuous pressure on Taiwan rather than sporadic displays of strength.

Moving to the South China Sea, China continues to practise 'grey zone' exercises, including ramming and water-cannon use by coastguards and militia. Such activities are intended to assert control without triggering full-scale conflict. China's paramilitary presence is mostly near Scarborough Shoal and the Second Thomas Shoal. These actions are part of a broader strategy of asserting dominance in disputed maritime zones by the South China Sea and have prompted both diplomatic backlash and deeper regional defence cooperation, especially from the Philippines and Japan.

An invisible mediator

Despite maintaining a hardline stance on these two geopolitical flashpoints, China has been less proactive when other regional conflicts have flared. In such moments, it has acted more as a passive security guarantor than an active mediator. In May and July 2025, clashes took place between India and Pakistan and between Cambodia and Thailand, both in China's immediate neighbourhood. Instead of a rapid shuttle diplomacy with all parties involved, Beijing chose to play a quiet game.

There are several reasons for Beijing's reticence. It has long been a strong advocate of the principle of non-interference in foreign affairs; therefore, being an active mediator contradicts what it supports. China's close ties with Pakistan and cosy relationships with both Thailand and Cambodia make it hard to take sides. In addition, Beijing is afraid of entanglements in regional conflicts which might cost it both economically and diplomatically.

During the India–Pakistan clash, China did not take part in any mediation process beyond calling for restraints and dialogue. [15] Its 'all-weather' partnership with Pakistan, and being

the country's largest defence supplier, both limited its capacity to engage with any meaningful meditation. But it did keep communication channels open with both countries.

In the Thailand–Cambodia conflict, Beijing came across as a quiet influencer rather than an outspoken mediator. It continues to support Phnom Penh both economically and diplomatically, meanwhile reassuring Bangkok of its friendship to avoid pushing Bangkok closer to Washington.

President Trump appeared more eager than his Chinese counterpart to take an active mediating role in both conflicts, even as the White House signalled a retreat from global leadership. While Beijing's influence is expanding across several domains in Asia, its reluctance to mediate highlights an enduring challenge: how to translate economic statecraft into effective political influence.

Global implications

China clearly understands the opportunity brought by President Trump's inward-looking foreign policy orientation and obsession with a 'maximum pressure' approach to the US's trading partners in the region. Beijing has so far capitalised on Trump's rhetoric by doubling down on its diplomatic charm offensive and strengthening its existing trade and investment toolkits with major Asian economies. In contrast to Trump's unpredictability, Beijing has offered stability and consistency.

Judging by the frequency of recent engagements in Asia, China's renewed diplomatic charm offensive has, to some extent, been effective. Its economic statecraft has successfully aligned with the domestic political economies of many Asian powers. By offering trade and investment opportunities, Beijing has, perhaps inadvertently, bolstered the legitimacy of some of its Asian trading partners' regimes through the promise of prosperity creation.

China has consistently articulated a 'development-driven' foreign policy, which the majority of Asian countries welcome. This stands in contrast to the 'values-driven' diplomacy advocated by the United States and Europe. As a result, Beijing has found a receptive audience in Asia for the delivery of its various 'Global Initiatives'. But this move began well before President Trump's second term commenced.

While Beijing has capitalised on President Trump's erratic approach over trade and diplomacy, it still falls short of raising its profile as a regional security manager. Its continued assertiveness in the Taiwan Strait and the South China Sea may deepen mistrust and suspicion from its Asian partners, casting a long shadow over Beijing's regional ambitions.

In the broader context of US–China strategic rivalry, China might be eager to gain greater prominence in regional security affairs. By doing so, Beijing could further consolidate its influence in both South and Southeast Asia, while advancing its Global Initiatives. But having observed the US, China knows that becoming a global superpower would draw it

into regional conflicts that it would rather avoid.

Policymakers in the United States and Europe must recognize that talk of 'de-risking' by Asian political elites reflects a fundamentally different attitude toward China. For these countries, the decision to pursue even closer economic and diplomatic ties with Beijing is shaped less by values than by pragmatism — and, to some extent, by a sense of inevitability stemming from their geographical proximity to China.

The participant lists of both the 2025 Shanghai Cooperation Organisation Summit and Beijing's Victory Day parade tell a similar story, with many Asian countries represented at China's showcase events. *[16]* Yet it would be a mistake to assume that these countries fully subscribe to Beijing's diplomatic narratives or have collectively decided to confront the West in the region. Rather, many seek to expand their range of options in navigating the complex intersection of geography and geopolitics.

The war in Ukraine and the ongoing Israel–Gaza conflict have left some Asian countries seeing the West as hypocritical and holding double standards. Regardless of the Trump presidency, these dynamics have already provided China with room to manoeuvre in regional diplomacy. Judging by Beijing's recent diplomatic efforts, its rivalry with the US-led West is likely to persist.

It remains unclear how China intends to develop its role in Asian security: whether it seeks to play a more active part in regional peace-making, and how it plans to amplify the voices of Asian countries. In other words, will China move beyond portraying itself as a stabilizing force in international affairs, and will it match words with deeds and act as a true regional security manager, extending its influence beyond its economic superpower status? President Trump has certainly given Beijing an opportunity, but China will move into this space with utmost caution.

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The Queer Firewall of China – Exploring LGBT+ (in) visibility in the Chinese digital sphere

by Weronika Krupa

Keywords

LGBT+ China

Queer Activism

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Censorship

RedNote

WeChat

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Douyin

KEY TAKEAWAYS

- The Chinese social media environment is of dual nature, simultaneously providing a space for queer expression and limiting it through censorship.
- Social media is a key factor enabling bottom-up mobilisation and activism among queer Chinese individuals.
- As Chinese social media platforms (such as RedNote) become increasingly popular in the West, it is crucial to understand the way in which their users navigate between freedom of expression and censorship.
- The examples of WeChat, Weibo, RedNote or Douyin highlight the managerial practices and strategies of mass-scale social media platforms and bring to light how systemic inequalities may translate into the digital realm.



Introduction

While for many Chinese netizens, social media acts solely as a mean to share their private lives with the wider public, for some, it embodies a truly revolutionary tool for community organising, characterised by a peculiar duality between freedom of expression and the government-imposed limitations. A gateway for not only activism, but specifically for education, inspiration, culture and community-building among marginalised groups, social media offers an opportunity to connect and establish grounds for cooperation among individuals while simultaneously battling the restrictive nature of the Chinese digital sphere. A prominent example of this duality is the online presence of the *Chinese LGBT+* (lesbian, gay, bisexual, transgender, intersex, queer/questioning, asexual and other terms) community, which utilises social media platforms to spread awareness on queer issues, normalise non-heteronormative identities within the digital mainstream, mobilise LGBT+ people and their allies in collective action and, oftentimes, simply make a living. This article strives to provide a critical take on queer visibility and lack thereofin the Chinese digital sphere. It will present the ways in which Chinese social media offers both opportunities and challenges to its queer netizens, providing fertile ground for community-building and activism, while also limiting said activities through censorship and platform regulations.

Platform overview

This article will examine the queer activity in the Chinese digital sphere. While it will focus on some of the major social media platforms operating in China, it will not be able to cover all of the PRC's existing online domains. Instead, this article wishes to focus on the following digital platforms:

- *Weibo*（微博）– a microblogging service resembling X;
- *WeChat* (微信）– the main communication tool in China, allowing for messaging, payments and network curation through posting;
- *RedNote* (小红书) - a social networking platform resembling Instagram, which has been the centre of online attention since the brief 2025 US TikTok ban, when many American users "migrated" to the Chinese platform;
- *Douyin* (抖音）- a video sharing platform.

Online LGBT+ culture – regulations and censorship

Social media allows for LGBT+ creators to share their joys and struggles publicly, thus actively engaging with the vibrant online community, increasing the visibility of LGBT+ identities and normalising them in mainstream culture. However, LGBT+ users face severe restrictions and censorship while engaging in online content creation. While not all Chinese platforms are equally restrictive of LGBT+ content – RedNote stands out as one of the most liberal domains – the highly constraining online environment in China has de-facto forced the creation of online slang, which allows users to identify themselves as LGBT+ indirectly.

Queer online terminology

Without having openly discouraged the promotion of queer content, the most popular Chinese social media platform, WeChat, has come under scrutiny for censoring LGBT+ creators after deleting several LGBT+ student accounts from its servers back in 2021. Moreover, the 2021 document 'Rules for Review Standards for Online Short Video Content' has forbidden the promotion of content that 'promotes unhealthy and non-mainstream views on love and marriage' on digital domains. This regulation has paved the way for further censorship on video sharing platforms such as Douyin. Simultaneously, a previously common lesbian hashtag "les" has disappeared from Weibo in 2019, forcing users to turn to online jargon, spawning the hashtag's abbreviated version - "le". The aforementioned instances are only a small set of examples highlighting the wider restrictive digital environment in China, with numerous platforms and domains sharing a similar struggle with LGBT+ content visibility. As a result, queer Chinese netizens have resulted to using distinctive online terminology to avoid the far-reaching censorship practices. Thus, platforms such as Douyin saw an emergence of ambiguous terms such as #陈乐 ('deriving from the name of Chen Le, a prolific lesbian influencer), #彩虹 ('rainbow') or #拉拉（slang word for 'lesbian', originating from the work

of Taiwanese lesbian writer Qiu Miaojin), hinting at the creators sexual or gender identity through subtext or cultural connotations. The terms commonly used within the Chinese queer communities also found their way into the digital realm - with labels such as "T" (from 'tomboy' - masculine), "P" (from 婆 - pó, meaning 'wife' - feminine) or "H" (androgynous) being present both on social media and dating apps. Creators also resulted to "self-censoring", utilising ambiguous phrases and hashtags that can be used to describe both friendships and relationships, avoiding statements which could directly imply same-sex attraction. This obscure online jargon has not only allowed for users to avoid censorship, but also, ironically, has contributed to the curation of online LGBT+ culture, represented by a new set of terminology, hashtags, memes and cultural references. The queer online language has expanded despite – and perhaps partly because of – the highly restrictive regulations and censorship present on the Chinese social media platforms.

Normalisation of queer identities

Social media – for some, a space for self-expression and community building, for many even a mean of earning an income – benefits the Chinese LGBT+ community in a number of ways. A relatively liberal platform, RedNote, has emerged as somewhat of a safe space for many transsexual individuals, who utilise the domain to express their identity and advocate for their rights. On account of the convenient recommendation algorithm and the rather liberal set of regulations on RedNote, hashtags such as #跨性别 or #Transgender raise public awareness on trans issues, while similar terms face censorship and restrictions on other platforms like WeChat or Weibo. Harsh restrictions and censorship have also entered video sharing platforms such as Douyin through the 2021 'Anti-Sissy' Campaign which - despite originally being addressed at television broadcasters, instructing them to "resolutely put an end to sissy men and other abnormal esthetics" - has made its way into social media as well. The "Anti-Sissy" Campaign has taken its toll on Chinese LGBT+ influencers, many of whom have since transformed their online presence to a more gender-conforming image. Some creators even issued official apologies after having their Douyin accounts deleted. While social media platforms such as RedNote allow for Chinese LGBT+ individuals to express themselves authentically (or quasi-authentically), sharing advice on the gender transition process or simply describing their everyday lives, the top-down systemic regulations – often not even directed at social media specifically, as in the case of the 2021 "Anti-Sissy" Campaign" - fuel the growing hostility towards queer people online. Here, social media acts as both a basis for normalising queer identities within the wider public and an obstacle for LGBT+ people wishing to express themselves authentically. This peculiar duality has led queer content creators to using online jargon, suppressing their identities through ambiguous modes of expression or even transforming their online presence into a heteronormative one. As such, social media has served both as a platform enabling and restricting queer visibility, as a result of the distinctive combination of company regulations and top-down governmental, systemic influence.

Online activism and queer mobilisation

Aside from its power to normalise LGBT+ identities and introduce queer expression into mainstream culture, social media allows for marginalised individuals to actively advocate against systemic inequality and oppression. The queer online presence can, of course, be focused solely on sharing information about the individuals' life, or an entirely different topic whatsoever, but in face of systemic oppression even the private lives – and therefore online personas – of queer individuals become highly politicised, pushing LGBT+ persons towards activism more often than their heteronormative, cisgender peers. As such, while entering the online domain, queer folk navigate the aforementioned social media visibility and censorship and translate their engagement in activism and advocacy onto the digital realm.

Qiu Bai and other examples

The most prominent example of Chinese queer activism online is perhaps the case of Qiu Bai (秋白), a university student from Guangzhou who turned to social media to take a stand against academic textbooks, which – despite the 2001 removal of homosexuality from the list of mental illnesses in China - have described homosexuality as a mental disorder. The student, using the pseudonym Qiu Bai on online forums, sued the Chinese Ministry of Education (中国国家教育部) four times and has engaged with the broader public through online platforms, advocating for queer issues and organising online campaigns or offline actions. Qiu Bai's legislative struggle against the Education Ministry between 2015-2016 has gained additional exposure through her "#hashtag events", such as the #MyLoveLetterToThePrincipal action, where students were encouraged to send postcards to their principals, expressing their thoughts on LGBT+ rights, or the "#IHaveHomosexualClassmatesStopTextbookDiscrimination" action, which saw university students leave objects related to LGBT+ advocacy outside of their principal's office). Thanks to her activity on Weibo, Qiu Bai managed to mobilise university students across China in collective action, which oftentimes departed the online domain and resulted in physical demonstrations. While a noteworthy case of online LGBT+ activism in China, Qiu Bai is only one of the many instances where queer Chinese netizens utilised the digital domain to champion for their rights. A RedNote user, Li Shuning, under the nickname "Rainbow Lawyer" (彩虹律师) has gained significant online visibility by posting videos offering legal advice for LGBT+ people on issues such as marriage with non-Chinese nationals, inheritance and guardianship procedures. Meanwhile, a Chinese activist group Queer Squad (based in Germany) has used social media, namely RedNote, to popularise their events and actions. Queer Squad organisers saw nearly double the amount of participants in their events since switching from WeChat to RedNote, further proving that when Chinese social media acts as a tool for community organising, it does so in an unequal manner, with some platforms providing a more liberal space than others. The instances of Qiu Bai, the Rainbow Lawyer and Queer Squad visualise social media as a tool for legislative and political advocacy in a country where such instruments are relatively sparce.

Online activism and systemic change

The case of Qiu Bai highlights the importance of the digital sphere within the topic of LGBT+ activism in China. With online platforms such as Weibo, Qiu Bai was able to engage numerous individuals in her 'hashtag events' and public actions. While her case certainly shows how digital activity translates into and supports the real-life activism of queer users (just as Qiu Bai's online campaigns brought widespread attention to her suing the Chinese Ministry of Education), the direct result of such online actions remains a crucial question. Through the means of social media, the young activist mobilised users in political activism through crowdfunding activities, on-campus actions and offline protests. Qiu Bai managed to combine the power of digital connectivity with the momentum of her legislative battle against the Ministry of Education. However, in defiance of her widespread support, or perhaps in light of it, her case failed. Facing online censorship and political pressure, many of her fellow activists gave up on their work. Qiu Bai has herself faced, on one hand, support from the wider community and even some of the textbook authors (one of whom decided to eradicate the homophobic statements), and on the other extreme political pressure, with professors advising her not to speak to foreign journalists. Qiu Bai's case exposes the critical role of social media as a rare tool for Chinese citizens to organise and exert pressure on their government. Nonetheless, it also remains a symbol of the systemic disadvantage posed on LGBT+ individuals in light of the Chinese political environment. Qiu Bai's efforts, albeit unsuccessful from the legislative perspective, did bring people together in both online and offline LGBT+ activism. Even without being used as a tool for political mobilisation, social media still allows for LGBT+ individuals to share information about their lives online, providing a source of emotional backing to its queer audience. As such, social media remains a tool for Chinese LGBT+ individuals to gain visibility and support in mainstream society. While it certainly cannot resolve systemic inequality and oppression, the digital sphere may be used to highlight such issues, actively mobilising netizens in collective action without the guarantee of substantial legislative or political change.

Conclusion

The cases described above, ranging from the everyday use of social media by LGBT+ individuals to the active employment of the online domain for activism and political action, highlight the remarkable duality of the digital realm in China. From one point of view, social media offers Chinese LGBT+ users a platform to gain visibility, create communities, curate a culture and engage in political activism. From the other, queer Chinese netizens find themselves struggling against extreme censorship and harsh platform regulations. The opportunity for community-building and political organising in Chinese social media is relative, limited and controlled. For every time an LGBT+ individual may use the online domain to their advantage, another one finds their account suspended or the rules tightened. For every trans influencer sharing their life on RedNote, there is another one changing their language or appearance to fit the heteronormative example set by the "Anti-Sissy Campaign" on Weibo or Douyin. And

while activists such as Qiu Bai may utilise the online sphere to bring further attention to their cause, their work remains limited by the top-down regulations and systemic inequalities. While certainly not challenging the rule of the CCP directly, and thus still not considered a subject for all-out censorship (LGBT+ content is, after all, still available on Chinese social media, be it openly or through subtext), queer content in the Chinese digital sphere experiences a myriad of responses ranging from public encouragement and support to harassment or discrimination. As such, for Chinese LGBT+ people, social media both enables and restricts queer visibility, community-building and mass mobilisation. With Chinese online platforms such as RedNote becoming more and more popular outside of the sinosphere, it is critical to highlight the way in which Chinese social media simultaneously benefits and challenges marginalised groups, specifically, the LGBT+ community.

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