



MICHAEL J. MAZARR, BRYAN FREDERICK, JOHN J. DRENNAN, EMILY ELLINGER,
KELLY EUSEBI, BRYAN ROONEY, ANDREW STRAVERS, EMILY YODER

Understanding Influence in the Strategic Competition with China



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Preface

Over the past two decades, China's role in the geopolitical landscape has grown, particularly as a result of the country's rising economic and military power. Thus, U.S. leaders now view China as a strategic competitor—one that seeks to upend the post–World War II liberal international order. An integral part of this competition is the contest for influence in the international system. This report examines China's drive for power and influence around the world and the results of those efforts. More specifically, we assess China's ability to use various mechanisms of influence to shape the policies and behavior of the 20 countries examined, as well as the lessons that these examples offer for the wider issue of influence in the United States' strategic competition with China. With this study, we aim to produce a transferable framework and other tools of analysis that can provide reliable means of assessing bilateral influence relationships in other cases.

The research to assess the factors described in this report was completed in mid-2020. The analysis here does not evaluate developments after that time. However, as of June 2021, we continue to believe that the basic findings in the report remain valid.

The research reported here was completed in June 2020 and underwent security review with the sponsor and the Defense Office of Prepublication and Security Review before public release.

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Summary

Issue

This deep-dive analysis represents one component of a larger study on the United States' strategic competition with Russia and China, which is the centerpiece of current U.S. national security strategy. In this component analysis, we assess the competition between the United States and China for influence in various countries around the world; specifically, we analyze how to understand that competition, indicators of current standing, and possible futures.

Approach

To analyze Chinese influence around the world, we used various criteria related to regional diversity and significance to U.S. and Chinese strategy. We chose to examine influence in 20 countries, including Australia, Brazil, Germany, India, Indonesia, Malaysia, Mexico, Nigeria, Thailand, and Vietnam, among others (the *focus countries*). To assess the degree of Chinese influence in these countries, we undertook two main tasks. First, we developed a conceptual framework for assessing how China seeks influence in specific relationships. Second, we used this framework to assess the status of Chinese influence-seeking using four main sources of data and qualitative insight:

1. We gathered available quantitative metrics that reflected the status of dozens of individual inputs and intervening factors (factors that affect how Chinese inputs affect outputs in the targeted country) across the focus countries and looked for correlations and other relationships among these variables.
2. We examined 12 case studies from the past decade of China's efforts to employ its tools of influence to achieve specific outcomes.
3. We drew on the research and interviews from recent RAND Corporation studies that included field research on various aspects of Chinese influence in nine of the 20 focus countries.
4. Finally, to assess some of the most-qualitative variables that demand in-depth, country-specific analysis, we conducted more-detailed field work to assess Chinese influence in Indonesia and South Korea.

The research to assess the factors described in this report was completed in mid-2020. The analysis here does not evaluate developments after that time. However, as of June 2021, we continue to believe that the basic findings in the report remain valid.

Findings and Conclusions

This research produced multiple findings and conclusions about China's efforts to influence countries around the world and how those efforts affect the strategic competition with the United States. Several of the most important findings are as follows:

- *The most effective source of influence in the various cases and data sources that we investigated was the weight of attraction of China's economy.* Countries' desire for trade, direct investment, technology transfer, and other economic benefits far outweighed other potential sources of influence, such as direct military threats or any form of the China model (e.g., development, sociopolitical). In addition, some of the most-powerful economic tools for coercive influence were tourism, foreign exchange student programs, and regulations on foreign companies investing in China—tools that China can meter and quickly reverse.
- *The most easily measurable components of influence—the inputs (e.g., trade, foreign direct investment, number of visits by senior officials, presence of an influence country's media)—are imperfect predictors of outcomes.* Powerful intervening factors in the targeted country, such as the role of specific interest groups, the head of state's preferences, and the current economic or political context, play a more decisive role in determining how much and what kind of influence the outside actor will ultimately have on the policies of the targeted state.
- *As a result, inputs are not necessarily the best indicators of potential influence and go only so far in defining the scope and severity of the influence challenge.* The route to key outputs, such as the geopolitical alignment of states, positive attitudes toward the influencer, or changes to specific policies in the targeted state, can be long, winding, and filled with barriers and unexpected variables. It has become common to count certain influence inputs and make at least implicit assumptions about the resulting trajectory of influence. But the connection between inputs and outputs is anything but linear, and our study suggests that the most-important factors determining outputs are often abstract factors highly resistant to quantitative assessment.
- *The second most effective source of influence was China's targeted, often clandestine outreach—sometimes with financial incentives—to specific leaders, elites, and opinion-shapers in targeted countries.* China has demonstrated significant capability to build sympathetic reservoirs of support among other countries' elites and public officials.
- *The contest for influence is primarily, indeed dominantly, nonmilitary in character.* Although China's growing military power does provide a backdrop to the influence competition, that power's direct effects are mostly limited to countries with which China has a direct territorial dispute. Few, if any, countries appear to be acceding to Chinese influence because they fear large-scale, direct Chinese military aggression. China's chief tools of influence-seeking and its main areas of competitive advantage lie in nonmilitary areas of statecraft: economic attraction and coercion; informational and narrative-shaping campaigns; clandestine efforts to manipulate local political processes; diplomatic engagements; efforts to enhance Chinese power in international organizations; and large-scale cultural engagements through student exchange programs, popular films, and other means. The contest for influence is first and foremost a nonmilitary endeavor and must be viewed as such. Thus, bolstering U.S. military capabilities in Asia is a useful step in some ways but cannot compensate for failures to address Chinese activities in other realms.

- *China faces a dilemma in exercising influence: The more strongly China tries to use its clout to force outcomes in other countries, the greater the backlash it foment and the more those countries reject its influence.* This partly accounted for the limited success of China's significant soft-power influence activities. The dilemma was even present for private-power activities but was especially true for coercive and public displays of power. This dilemma was very much in evidence, for example, in Southeast Asia, where reactions to Chinese maritime belligerence were overwhelming any positive influence results from Chinese investment, aid, propaganda, or other tools of statecraft. The United States can seek to intensify this dilemma with public diplomacy activities.
- *The most generalized geopolitical reaction to growing Chinese power is hedging.* Especially in Asia, countries both fear and respect Chinese power. Their preferred approach is to hedge—that is, to defend essential interests without unduly aggravating Beijing.
- Despite that predominant trend of hedging, *the general geopolitical alignment of the focus countries that we assessed for this study remains highly positive for the United States.*
- *The emerging competition for influence is not strictly government to government.* Increasingly, governments seeking influence in foreign countries operate in a complex network of nongovernmental organizations, interest groups, and empowered individuals.

Recommendations

Considering those findings, we recommend that the United States take the following steps to enhance U.S. strategies in the competition for influence:

- For countries that are the target of Chinese influence, continue to offer the credible promise of assistance when they stand up to Chinese coercion.
- Develop a comprehensive approach to understanding, tracking, and responding to China's targeted influence programs aimed at specific leaders or elites.
- Do much more to develop investment tools capable of offering countries an alternative to Chinese money—especially in infrastructure.
- Support independent research, journalism, and transparency initiatives focused on China's activities in key countries.
- Develop an influence strategy with a broader network (beyond journalists) to rally non-governmental sources of opinion and action in targeted countries.

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Abbreviations

ASEAN	Association of Southeast Asian Nations
COSCO	China Ocean Shipping Company
COVID-19	coronavirus disease 2019
EU	European Union
FBIC	Foreign Bilateral Influence Capacity
FDI	foreign direct investment
GDP	gross domestic product
IMF	International Monetary Fund
NATO	North Atlantic Treaty Organization
SIPRI	Stockholm International Peace Research Institute
THAAD	Terminal High Altitude Air Defense
UN	United Nations
UN Comtrade	United Nations International Trade Statistics Database
UNESCO	United Nations Educational, Scientific and Cultural Organization

Introduction

Over the past two decades, China's role in the geopolitical landscape has grown, particularly as a result of the country's rising economic and military power. Thus, U.S. leaders now view China as a strategic competitor—one that seeks to upend the post–World War II liberal international order. An integral part of this competition is the contest for influence in the international system. As part of a larger study on the United States' strategic competition with China and Russia, this report examines the contest with China for influence in countries throughout the world. Topics examined in the larger study include how to conceptualize the strategic competition, historical and theoretical perspectives on the current context, and priority areas for U.S. investment.

For this analysis of influence, we did not attempt to provide a model or index for comparing the overall influence levels of countries throughout the world.¹ Instead, we focus on a narrower piece of that landscape: China's drive for power and influence and the results of those efforts. More specifically, we assess the *dyadic influence relationships* between China and 20 countries of interest. Therefore, this analysis is not a bilateral comparison of U.S. and Chinese influence, although some of the data do offer a comparative lens. Rather, we assess China's ability to use various mechanisms of influence to shape the policies and behavior of the countries examined, as well as the lessons these examples offer for the wider issue of influence in the United States' strategic competition with China. With this study, we aim to produce a transferable framework and other tools of analysis that can provide reliable means of assessing bilateral influence relationships in other cases.

We chose to examine China's influence in the following 20 countries (the *focus countries*):

- | | |
|-------------|---------------|
| • Australia | • Laos |
| • Brazil | • Malaysia |
| • Cambodia | • Mexico |
| • Ethiopia | • Nigeria |
| • Germany | • Philippines |
| • India | • Singapore |
| • Indonesia | • South Korea |
| • Italy | • Sri Lanka |
| • Japan | • Thailand |
| • Kenya | • Vietnam. |

¹ The analysis differs in this sense from the very useful Foreign Bilateral Influence Capacity (FBIC) Index described in Jonathan D. Moyer, Tim Sweijs, Mathew J. Burrows, and Hugo Van Manan, *Power and Influence in a Globalized World*, Washington, D.C.: Atlantic Council, January 2018. For more on the FBIC, see Chapter Two.

We selected the countries using four criteria. First, we sought some degree of regional diversity. Although many countries in Asia or near China are naturally important both to China and to U.S. efforts to compete with China, we wanted to ensure that our analysis considered countries across a wider range of regional contexts. Second, we looked for strategic significance, identifying the highest gross domestic products (GDPs) and military budgets in each region. We did so to focus our analysis on countries that seem likely to be important in the United States' competition with China. Third, we relied on existing RAND Corporation work on Chinese strategy to identify countries that appear to be high-priority targets of influence for China. Fourth, we sought to include countries that have been mentioned in at least one U.S. strategy document as being significant for U.S. national interests.

We do not claim that this roster of countries is globally representative of all influence relationships. We also do not claim that these countries represent the essential fulcrum of the strategic competition—although many of these states are critical players. We merely sought to identify regionally significant countries that are geopolitically important and meaningful in both U.S. and Chinese strategies. There are obviously many other countries of strategic significance to the United States and China; this analysis is meant to be illustrative, not comprehensive.

To assess the degree of China's influence in these focus countries, we undertook two main tasks. First, we developed a conceptual framework for assessing how China seeks influence in specific relationships. To develop this framework, we surveyed the existing literature on power and influence in international relations, looking particularly for any established models, frameworks, or other analytical tools for assessing these factors. We also reviewed existing RAND work and Chinese strategy statements to gather insights on the mechanisms of influence-seeking that China has employed in recent years.

The resulting framework identifies inputs, intervening factors, and outputs for assessing the status of Chinese influence and the relationships among these variables. *Inputs* are the potential sources of Chinese leverage or influence, such as economic dependence and diplomatic activity. *Outputs* are the targeted states' policies or changes in policy that China seeks to use its leverage to achieve. *Intervening factors* are the variables that affect how or to what degree Chinese inputs affect targeted states' policy outputs. The framework is discussed in detail in Chapter Three.

Second, we used this framework to assess the status of Chinese influence-seeking using four main sources of data and qualitative insight:

1. We gathered available *quantitative metrics* that reflected the status of inputs and intervening factors across our focus countries and looked for correlations and other relationships among these variables. Not all the variables could be estimated using available quantitative metrics, but these data did indicate the status of some key factors affecting Chinese influence. (Notably, however, we did not identify any quantitative metrics of output variables from our framework.)
2. We examined *case studies* from the past decade of China's efforts to employ its tools of influence to achieve specific outcomes. Cases include, for example, China's punishment directed at Norway and the Philippines during diplomatic crises and China's attempt to use economic coercion to force South Korea to refuse a deployment of U.S. Terminal High Altitude Air Defense (THAAD) anti-ballistic missile system batteries.

3. We drew on the *research and interviews from other recent RAND studies* that included field research on various aspects of Chinese influence in nine of the 20 focus countries.² Some of those studies included interviews with U.S. and partner-nation military and civilian officials, scholars, researchers, and others. In some cases, RAND researchers have investigated countries on multiple occasions.
4. Finally, to assess some of the most-qualitative variables that demand in-depth, country-specific analysis, we conducted *more-detailed field work to assess Chinese influence in Indonesia and South Korea*. These efforts involved research on the Sino-Indonesian and Sino-Korean relationships, as well as field work in Jakarta and Seoul, including multiple semi-structured interviews with Indonesian, South Korean, and U.S. officials and scholars on the goals of Chinese influence and the intervening factors that help determine its effectiveness.

Using the findings from this analysis, we draw conclusions about the status of Chinese influence in each of these cases and more-general conclusions about the progress of Chinese influence-seeking. The resulting conclusions are clearly subjective and offer inferential lessons from the qualitative and quantitative data gathered. Ultimately, any assessment of the degree of influence that a country has in another state is highly dependent on context, and the nature of the outcome that the country seeks to achieve must be based, to some degree, on subjective judgment. But we believe that this analysis offers two important contributions:

- a conceptual framework for considering the status of influence in any given case
- an expert judgment, grounded in both qualitative and quantitative assessments, on the status of Chinese influence-seeking in key countries.

One of the most important findings of this analysis is that the most easily measurable components of influence, the inputs (e.g., trade, investment, senior official visits, and propaganda broadcasts), are highly imperfect predictors of outcomes sought by the influencer. Powerful intervening factors in the focus country—such as the role of specific interest groups, the head of state’s preferences, and the larger economic or political context—play a more decisive role in determining how much and what kind of influence the outside actor will ultimately have on the policies of the targeted state. But the intervening factors are highly context-dependent and difficult to assess in general terms. In particular, few are connected to simple, reliable data sets; most require in-depth field work to identify and assess; and most involve highly subjective factors that must be qualitatively estimated with expert judgment.

Despite these difficulties, grappling with these intervening factors is also essential. Taking an analytic shortcut by treating the more easily quantifiable inputs as sufficient proxies for influence-related outputs is likely to confound attempts to anticipate the effects of Chinese influence-seeking on the policy choices of other states.

² See, for instance, Scott W. Harold, Derek Grossman, Brian Harding, Jeffrey W. Hornung, Gregory Poling, Jeffrey Smith, and Meagan L. Smith, *The Thickening Web of Asian Security Cooperation: Deepening Defense Ties Among U.S. Allies and Partners in the Indo-Pacific*, Santa Monica, Calif.: RAND Corporation, RR-3125-MCF, 2019. Several of these studies with field research have not yet been published, including three studies for the U.S. Air Force and one study for the U.S. Army.

Defining Power and Influence

To properly understand the concept of influence, it is essential to first define several related terms. This is especially true with the term *power*, which is often difficult to distinguish from *influence*. In fact, some scholars simply abandon the hope of distinguishing these terms and define them as essentially equivalent. In other cases, scholars of power and influence have not formally defined them as functionally equivalent but implicitly use them interchangeably, without defining either term.¹ To measure the effect of inputs and other variables on the outcome of influence, we required a precise definition of that term.

Modern Conceptions of Power

The concept of power is highly contested, and various scholars differ about the essential characteristics of this very abstract phenomenon.² There are many often somewhat obscure debates that populate these discussions of the definitions of power and influence; as one scholar has noted, “Power has always been one of those words that everybody uses without necessarily being able to define satisfactorily.”³ One definitional conundrum is the question of *ability* versus *achieved outcomes*. Some scholars make a strict distinction between concepts that refer only to the potential or ability to do something, distinguishing mere potential from the application of that theoretical ability in practice to achieve specific outcomes. A second debate, which is much more important for our purposes, is between direct and indirect effects. Some scholars contend that power is, by nature, a more direct, often coercive phenomenon and that influence primarily involves indirect effects.

In essentially all definitions, however, the baseline of a power relationship involves some causal connection between two parties. As Dennis Wrong puts it, “The most general sense of power views it as an event or agency that produces an effect on the external world. It is therefore obviously relational, postulating something that acts on its environment and brings about some change in it.” He goes on to offer a simple definition: “Power is the capacity of some persons to produce intended and foreseen effects on others.”⁴ Susan Strange offers a broad definition that still hews closely to original interpretations of power: “Power is simply the ability of

¹ Ruth Zimmerling, *Influence and Power: Variations on a Messy Theme*, Dordrecht, Netherlands: Springer, 2005, p. 5.

² Zimmerling, 2005, pp. 15–31.

³ Dennis H. Wrong, *Power: Its Forms, Bases, and Uses*, New Brunswick, N.J.: Transaction Publishers, 1995, p. viii.

⁴ Wrong, 1995, pp. ix, 2.

a person or group of persons so to affect outcomes that their preferences take precedence over the preferences of others.”⁵

In such understandings of power, one party is attempting to shape the behavior of the other party or achieve some other related end, and power is one way in which it does so; in particular, the exercise of power involves the intentional employment of specific tools to produce specific outcomes. Power can rarely be said to be a significant factor outside of a relational context between two or more parties. Even in the sense that a person has power over themselves, this still involves some presumed relationship between conscious and unconscious motives, even within the same person.

Beyond that relational aspect, one presumption of many definitions of power is that the two parties involved have some degree of conflicting interests, although not all scholars adhere to this. As the scholar Ruth Zimmerling puts it about one leading scholar’s thinking on the subject, “[Steven] Lukes defends the idea that a negative impact on one of the parties’ interests, and therefore conflict (if only latent)[.] should be a defining characteristic of power, against the rival views of [Talcott] Parsons and [Hannah] Arendt whose conceptions emphasize consensus and the pursuit of collective goods.”⁶

Perhaps the most traditional understanding of power is as a largely coercive enterprise. This is often called the first *face* or first *dimension* of power, and it essentially involves one party making a second party do something that it would not otherwise do. This definition presumes a direct conflict of *interests*, defined as explicit preferences, and one party’s ability to enforce its own conception of interests or preferences over the other party’s. The most prominent modern statement of this view of power is by Robert Dahl, and it has been used as the departure point by others.⁷ Harold Lasswell and Abraham Kaplan offered an even more pointed definition, calling power “a special case of the exercise of influence: it is the process of affecting policies of others with the help of (actual or threatened) severe deprivations for nonconformity with the policies intended.”⁸

Many early conceptions and definitions of power thus focused on the ability of one state or actor to force another state or actor to do something that it “would not otherwise do.”⁹ Max Weber describes power and influence similarly—as the “ability of an individual or group to achieve their own goals or aims when others are trying to prevent them from realizing them.”¹⁰ Elsewhere, he offered the definition that power is “any chance to impose one’s own will in a social relationship, even against resistance, regardless of what that chance is based on.”¹¹

A different conception of power has been offered in what has become known as the second face or second dimension. Peter Bachrach and Morton S. Baratz developed this concept. In many ways, this concept shares the essential assumptions of the first face of power—specifically, that power emerges in a relationship in which there are conflicting interests and values, and

⁵ Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy*, Cambridge, United Kingdom: Cambridge University Press, 1996, p. 17.

⁶ Zimmerling, 2005, pp. 34–35.

⁷ Robert A. Dahl, “The Concept of Power,” *Behavioral Science*, Vol. 2, No. 3, July 1957b.

⁸ Wrong, 1995, p. 21.

⁹ Robert A. Dahl, *The Concept of Power*, New York: Bobbs-Merrill, 1957a, pp. 202–203.

¹⁰ Max Weber, *The Theory of Social and Economic Organization*, New York: Free Press, 1947, p. 152.

¹¹ Zimmerling, 2005, p. 31.

the threat of force of some kind is used by one party to achieve effects in the other. Bachrach and Baratz suggest that “a power relationship exists when (a) there is a conflict over values or courses of action between A and B; (b) B complies with A’s wishes; and (c) he does so because he is fearful that A will deprive him of a value or values which he, B, regards more highly than those which would have been achieved by noncompliance.”¹²

This sounds very much like the first, more-coercive face of power, but Bachrach and Baratz add a more indirect mechanism for achieving those outcomes. They describe ways in which one party or state can enforce its will through control of the agenda rather than direct effect on the other party’s actions. This agenda-setting aspect is what differentiates the second face of power from the first. As they argue, “to the extent that a person or group—consciously or unconsciously—creates or reinforces barriers to the public airing of policy conflicts, that person or group has power.”¹³ It widens the scope of the concept of power from the direct dyadic relationship to aspects of the broader context or system that can constrain or shape behavior of the actors. This basic transition, from direct coercive effect on another to ways of shaping the larger environment to get what one wants, is the critical step in the broadening of the concept of power. We argue that this broader concept is also essential to understanding the competitive dynamics between the United States and China and that a strategy for influence must consider these contextual and systematic sources of power and influence.

Indeed, what has become known as the third face of power, as defined by Lukes, is grounded in the argument that even the second face of power does not broaden the definition enough. As Zimmerling has argued, Lukes believes that Bachrach and Baratz “[d]o not go far enough in their attempt to overcome the shortcomings of the one-dimensional view: there is still too much individual decision-making and too much visible conflict in their account.” She continues that, when Lukes breaks from a Weberian understanding of power as the ability to get someone else to do “something they would not otherwise do,” the key unexplored term in that phrase is *otherwise*.¹⁴ If an actor can restrict the beliefs and perceptions of another so that the targeted actor does not even conceive the capacity to take a certain action, stopping it from doing so no longer requires direct coercion.

The third face of power therefore looks to the realm of ideas and beliefs, as well as such processes as socialization and internalization, to examine how power can be indirectly wielded. Dennis Wrong puts the concept slightly differently by treating power as “a highly generalized capacity to produce effects or outcomes that would not otherwise have occurred.”¹⁵ Lukes also argues that a presumption of conflict is inaccurate: It is possible to wield power in ways that accord with others’ interests rather than necessarily opposing them. Apart from forcing someone else to do something, Lukes explains, one party “also exercises power over [another] by influencing, shaping or determining his very wants. Indeed, is it not the supreme exercise of

¹² Zimmerling, 2005, p. 37. See also Peter Bachrach and Morton S. Baratz, “The Two Faces of Power,” *American Political Science Review*, Vol. 56, No. 4, December 1962.

¹³ Peter Bachrach and Morton S. Baratz, *Power and Poverty: Theory and Practice*, New York: Oxford University Press, 1970, p. 8.

¹⁴ Zimmerling, 2005, p. 40.

¹⁵ Wrong, 1995, p. xx.

power to get another or others to have the desires you want them to have—that is, to secure their compliance by controlling their thoughts and desires?”¹⁶

As a result, Lukes argues that “Power is most effective when least observable.” By the same token, measuring material stocks of power is inadequate because “having the means of power is not the same as being powerful.” He argues, “We should search behind appearances for the hidden, least visible forms of power.”¹⁷

The third face of power has everything to do with “the ways in which one actor can impact . . . another actor’s understanding of their interests.”¹⁸ Our analysis of the contest for influence in a strategic competition, particularly in terms of assessments of the post–World War II position of the United States, make clear that this distinction is absolutely critical in understanding the true sources of international power and influence. The United States has achieved much of what it has since 1945 in precisely the ways that Lukes describes. In some cases, the United States clearly undertook direct coercion of others to get what it wanted. Much more commonly, however, the natural echo effects of its dominant economic power and that of its friends and allies, as well as conscious efforts to shape the global institutional context and promote specific norms and values, created a larger environment in which states viewed some actions and outcomes as inherently legitimate and feasible and others as inherently illegitimate and unfeasible not because of any direct exercise of power but because of these indirect effects of the larger paradigm.

One of the interesting aspects of power is that there are many ways or techniques of acquiring and expressing it. Some theories of power remain very narrow and limited in their understanding of these techniques—in particular, assuming that coercion is the only way for one actor to influence the actions of another. But the decision of how to build and employ power is one of the key strategic choices for any state or other actor. Any understanding of power that is helpful for conceptualizing the current strategic competition must take seriously this diversity of sources and techniques.

One way to measure the extent of power or its magnitude is to ask about the degree of conformity that an actor can demand of the target.¹⁹ If a state is merely asking another to take an action that is relatively low cost and uncontroversial among its domestic constituencies, even if the influencer gets what it wants, this does not necessarily signal a high degree of power. On the other hand, if the influencer is asking for something that is extraordinarily painful for the target to do but the target nonetheless does it, that signals a very high degree of power. This consideration would suggest that the United States and international economic institutions have had very high degrees of power at various points since the 1990s because they have been able to require many developing countries to enact extremely costly domestic economic reforms. But it is not yet clear that China’s power has forced other states to make very painful or challenging behavior changes.

¹⁶ Steven Lukes, *Power: A Radical View*, 2nd ed., New York: Palgrave Macmillan, 2005, p. 27.

¹⁷ Lukes, 2005, pp. 1, 70, 86. This idea is similar to Wrong’s notion of affecting another’s field or environment; see Wrong, 1995, pp. 28–29.

¹⁸ Valentina Feklyunina, “Soft Power and Identity: Russia, Ukraine and the ‘Russian World(s),’” *European Journal of International Relations*, Vol. 22, No. 4, 2016, p. 777.

¹⁹ Zimmerling, 2005, pp. 51–52.

Types and Categories of Power

More-recent analyses of power tend to emphasize nonmilitary and noncoercive sources. As explained in one analysis, “Power and influence are derived from more than just coercive military capabilities, but are exercised through networks of economic, political, and security interactions involving states as well as non-state actors. Influential states are able to effectively deploy a broader portfolio of instruments-of-influence to modify the beliefs and/or the behavior of other states.”²⁰

This changing emphasis from military to nonmilitary tactics led to Joseph Nye’s famous distinction between *hard* and *soft* power. The essential basis for the distinction is that “power resources”—the raw materials of power—do not tell the whole story about power relationships. Nye points to the importance of the second and third faces of power, noting, “I can also exercise power over you by determining your very wants. I can shape your basic or initial preferences.”²¹

Hard power is material power, military or economic, that achieves influence through direct coercion or reward. *Soft power* is “an ability to get what you want through attraction rather than coercion or payment”²² or “the ability to affect others through the co-optive means of framing the agenda, persuading, and eliciting positive attraction in order to obtain preferred outcomes.”²³ For Nye, soft power has three primary sources: culture, political values, and foreign policies.

Nye argues that a critical precondition for exercising soft power is the pursuit of *legitimate* policies: Attractive power cannot emerge from a history of illegitimate actions. “Soft power depends upon credibility,” he argues, “and when governments are perceived as manipulative and information is seen as propaganda, credibility is destroyed.”²⁴ Nye’s definition also suggests that states have great difficulty employing soft power in the explicit way that they employ hard power; instead, soft power is a natural outgrowth of a state’s attractiveness. “To convert soft power resources and tools into outcomes,” he argues, “requires the critical ability to create in the target perceptions of such qualities as benignity, competence, and charisma.”²⁵

One implication of soft power is that it is meant to be attractive and indirect. The use of direct economic coercion is not, therefore, a form of soft power and indeed would potentially risk the exercise of soft power in the targeted country by creating resentment and backlash.

Some analysts have referred to a related form of power termed *sharp power*, which has typically been defined as the use by authoritarian states of tools that interfere in another society’s functioning to promote favored narratives, cause disruption, or achieve other goals.²⁶

Another useful distinction in discussions of power is between coercive and legitimate power or authority. Both involve degrees of implied demand, but the coercive variety involves “cowering others into compliance,” whereas legitimate authority involves some degree

²⁰ Moyer et al., 2018, p. 4.

²¹ Joseph S. Nye, Jr., *The Future of Power*, New York: Public Affairs Books, 2011, pp. 9, 13.

²² Joseph S. Nye, Jr., *Soft Power: The Means to Success in World Politics*, New York: Public Affairs, 2004, p. 6.

²³ Nye, 2011, p. 21.

²⁴ Nye, 2011, p. 83.

²⁵ Nye, 2011, p. 100.

²⁶ See, for example, Christopher Walker, “What Is Sharp Power?” *Journal of Democracy*, Vol. 29, No. 3, July 2018.

of consent—an agreement that the state has an accepted position to set rules of the game. It is a “power relation in which the power holder possesses an acknowledged *right to command* and the power subject an acknowledged *obligation to obey*.”²⁷ This right to command comes, in part, from shared norms; legitimate authority typically is based on situations in which the parties have partly overlapping interests and find that certain norms are of mutual benefit.

Dennis Wrong argues that, in stable political orders, coercive power becomes transformed into legitimate authority.²⁸ The importance of legitimate authority to major powers is a key theme in recent international relations scholarship. To be legitimate, authorities are required to exercise power in a sustainable and affordable way. As Wrong puts it, “there are psychological pressures from both sides of the power relation to convert coercive into legitimate authority.”²⁹ This concept arguably throws important light on sources of U.S. power since the end of World War II: It is precisely because the United States has exercised a form of legitimate authority as opposed to coercive power that the U.S. role has not generated balancing.

Power in International Relations

The literature on international relations also provides many treatments of power relationships, although there is no simple or agreed definition.³⁰ Perhaps the most straightforward view comes from modern variants of realism, in which power is the essential objective in world politics. Many varieties of realism equate power with the material resources of a state—and, in some cases, explicitly with its political-military power.³¹ This approach guides the construction of most indexes of national power, which rely primarily on indicators of material power.³² Other variants of realism, including that of Hans Morgenthau, incorporate other foundations of power, such as “national character, popular morale, and the quality of leadership.”³³

Indeed, nonmaterial factors—such as personality, perception, reputation, pride, and identity—were part of international relations analysis long before modern realism, from Thucydides in ancient Greece through Morgenthau in the 20th century. International relations scholars have discussed many ways in which such nonmaterial factors form part of both a

²⁷ Wrong, 1995, pp. 41, 49.

²⁸ Wrong, 1995, p. 86.

²⁹ Wrong, 1995, pp. 103–113.

³⁰ Michael Barnett and Raymond Duvall, “Power in International Politics,” *International Organization*, Vol. 59, No. 1, 2005, p. 39.

³¹ John Mearsheimer, *The Tragedy of Great Power Politics*, New York: W. W. Norton, 2001, p. 57.

³² See, for example, Hua Liao, Weihua Dong, Huiping Liu, and Yuejing Ge, “Towards Measuring and Visualizing Sustainable National Power—A Case Study of China and Neighboring Countries,” *International Journal of Geo-Information*, Vol. 4, No. 3, 2015; Ashley J. Tellis, Janice Bially, Christopher Layne, and Melissa McPherson, *Measuring National Power in the Postindustrial Age*, Santa Monica, Calif.: RAND Corporation, MR-1110-A, 2000; Paul M. Kennedy, *The Rise and Fall of British Naval Mastery*, London: Ashfield Press, 1983, pp. 264–265, 337–340; Norman Z. Alcock and Alan G. Newcombe, “The Perception of National Power,” *Journal of Conflict Resolution*, Vol. 14, No. 3, 1970; Gregory F. Treverton and Seth G. Jones, *Measuring National Power*, Santa Monica, Calif.: RAND Corporation, CF-215, 2005; Erich Weede, “China and Russia: On the Rise and Decline of Two Nations,” *International Interactions*, Vol. 29, No. 4, 2003; and F. C. German, “A Tentative Evaluation of World Power,” *Journal of Conflict Resolution*, Vol. 4, No. 1, 1960.

³³ Simon Reich and Richard Ned Lebow, *Good-Bye Hegemony! Power and Influence in the Global System*, Princeton, N.J.: Princeton University Press, 2014, p. 28.

nation's objective power and its perceived power. Perception is especially important: A significant theme in recent studies is that power is a highly perceptual factor; it exists to the degree that others perceive that it exists. Taken to its logical conclusion, this emphasis points to a highly sociological conception of power—as the ability to rally support to narratives or shared meanings.³⁴

Some scholars contend that, as Klaus Knorr put it, “Power arises from an asymmetrical independence.”³⁵ This argument has been developed especially in terms of trade: When one party depends more on an economic relationship than another party does, that asymmetrical tie offers power to the side that is less dependent. The substantial literature on interdependence that emerged beginning in the 1970s, and especially with the publication of Robert Keohane and Joseph Nye's *Power and Interdependence*, addresses the relationship between power and trade dependence. Later generations of work on interdependence focus on its relationship to the incidence of war, but works on the original approach examine whether such dependence represents a usable form of power (and influence). In a 1945 book, Albert Hirschman argues strongly that it does, stating that “the influence effect of foreign trade” arises when one party is more desperate to sustain a bilateral trading relationship.³⁶

Subsequent research suggests, however, that the connection between interdependence and power is not always straightforward. Most generally, objective measures of potential power, such as the materiel strength of a nation, do not always correlate reliably with achieving intended outcomes.³⁷ As Susan Strange explains, “enormous capability is not always translated into power over outcomes.”³⁸ In one analysis from bargaining theory, R. Harrison Wagner argues that an asymmetrical economic relationship will produce leverage only when “the exchange of economic resources for political concessions make[s] both parties to a relationship better off than they would be if they bargained over the distribution of the gains from the economic relationship alone.”³⁹ The issue is not just potential economic power; there must also be specific situations in which the parties can “trade economic resources for political concessions.”⁴⁰ Quite simply, political factors on one or both sides may obstruct the relationship between asymmetrical power and outcomes.

One important 2016 argument points out that power, especially soft power, is likely to be employed more effectively when the two states involved have some degree of shared identity. “Actor B's interpretation of their interests,” Valentina Feklyunina argues, “is likely to be more compatible with actor A's interests if there is a compatibility between their socially

³⁴ Alister Miskimmon, Ben O'Loughlin, and Laura Roselle, *Strategic Narratives: Communication Power and the New World Order*, London: Routledge, 2013.

³⁵ Klaus Knorr, “International Economic Leverage and Its Uses,” in Klaus Knorr and Frank N. Trager, eds., *Economic Issues and National Security*, Lawrence, Kan.: University Press of Kansas, 1977, p. 102.

³⁶ Albert Hirschman, *National Power and the Structure of Foreign Trade*, Berkeley, Calif.: University of California Press, 1945, p. 17.

³⁷ See, for example, Bruce Russett, “The Mysterious Case of Vanishing Hegemony; Or, Is Mark Twain Really Dead?” *International Organization*, Vol. 39, No. 2, 1985; and Susan Strange, “The Persistent Myth of Lost Hegemony,” *International Organization*, Vol. 41, No. 4, 1987, pp. 553–554.

³⁸ Strange, 1996, pp. 18–19.

³⁹ R. Harrison Wagner, “Economic Interdependence, Bargaining Power, and Political Influence,” *International Organization*, Vol. 42, No. 3, Summer 1988, p. 462.

⁴⁰ Wagner, 1988, p. 473.

constructed identities.” Soft power, she suggests, is more likely “to be present in a relationship between actors who broadly see themselves as part of the same socially constructed reality.” She concludes, “We can expect that the weight of state A’s soft power will be greatest when its collective identity narrative is accepted, to one extent or another, in all major identity discourses in state B.”⁴¹

Concepts and Definitions: Influence

Although the aforementioned definitions of power and related concepts helped frame the analysis in this report, the true subject of our analysis is not power but rather the even more abstract concept of influence. In searching for existing definitions and interpretations of *influence*, we found that the term is undertheorized, ill-defined, and often employed in vague and imprecise ways. Thus, developing a precise understanding of the concept is essential to assess the status of the competition in this area. Zimmerling argues, “Although the unproblematic use of the term influence in ordinary language suggests that there must be some shared understanding of its meaning, this common core is hard to pin down with any degree of precision.”⁴²

Basic dictionary definitions offer an essential idea that influence is about having some effect on others. As Lexico puts it, influence is the “capacity to have an effect on the character, development, or behavior of someone or something, or the effect itself.”⁴³ The Cambridge Dictionary similarly states that influence is “the power to have an effect on people or things, or a person or thing that is able to do this.”⁴⁴ Many definitions very explicitly note that influence involves achieving effects without force and often indirectly. For example, Merriam-Webster refers to the concept as “the power or capacity of causing an effect in indirect or intangible ways” and as “the act or power of producing an effect without apparent exertion of force or direct exercise of command.”⁴⁵

In addition to exploring these basic definitions, we sought definitions that distinguish influence from power. As noted earlier, many scholars simply treat the two terms as effectively equivalent. Some other scholars look at one as a subset of the other.⁴⁶ In such approaches, influence is typically viewed as the broader concept and power as a more direct, coercive subset of influence. That is, power is influence using the threat of sanction, some contend. Other approaches treat the terms as related but distinct elements of a causal chain. For example, some

⁴¹ Feklyunina, 2016, pp. 777, 780.

⁴² Zimmerling, 2005, p. 4. For a nonscholarly treatment on influence, see Robert B. Cialdini, *Influence: The Psychology of Persuasion*, New York: HarperCollins, 1984.

⁴³ Lexico, “Influence,” webpage, undated.

⁴⁴ Cambridge Dictionary, “Influence,” webpage, undated. Dictionary.com similarly suggests that influence is “the capacity or power of persons or things to be a compelling force on or produce effects on the actions, behavior, opinions, etc., of others” (Dictionary.com, “Influence,” webpage, undated).

⁴⁵ Merriam-Webster, “Influence,” webpage, undated.

⁴⁶ Wrong, 1995, pp. ix–xi, notes that *power* is often used “as a near-synonym for influence, control, rule, and domination,” which are, in fact, very different concepts; later, he refers to *influence* as a “weaker, blander” term than *power* is. Wrong suggests that influence is a “more all-embracing concept” and contends that the employment of power is distinguished by “intentionality.”

scholars argue that influence is the practical result of power being exercised. In this sense, influence is the actualization of power.⁴⁷

One of the interesting questions in this definitional dialogue is whether influence can exist without power. As Zimmerling rightly explains, arguments that “there can . . . be no influence without power” seem to miss cases in which an actor can have extraordinary influence without any traditional form of power. Thought leaders, for example, have no direct ability to make others do anything, yet their ideas can have tremendous influence all over the world. Thus, if we are interested in behavioral outcomes, we have to take seriously sources of influence well beyond the sorts of actors that traditionally wield power.

Earlier, we discussed the nonmilitary or nonmaterial factors of power, and nonmaterial aspects are even more important for influence. As Simon Reich and Richard Ned Lebow argue, one “conceptual confusion of realism stems from its tendency to conflate power and influence in order to reduce both, as far as possible, to material capabilities. . . . This orientation attempts to reduce politics to a technical problem, in keeping with a long-standing and broader American tradition.” The authors further contend that power is demonstrably distinct from influence, in part, because “the translation of power into influence is far from automatic.” Such efforts can be very expensive, they note, and often fail. Israel, for example, “continually flouts the U.S. administration’s wishes.”⁴⁸

Reich and Lebow particularly emphasize the significance of persuasion—that is, “efforts to convince others that it is in their interest to do what you want them to do”—as the most important and effective form of influence. Persuaded people or groups are willing to support goals and actions without the degree of backlash common to coercion. The authors describe particular aspects of successful persuasive strategies as follows:

Material capabilities can be critical, but so is the wise choice of goals and political skill in the form of coalition building and maintenance. Persuasion is greatly assisted by past successes in cooperation and leadership, which create a degree of trust and propensity to cooperate again. Of equal importance, cooperation helps to build shared, if not common, identities that make cooperation and persuasion more likely in the future.⁴⁹

Persuasion, they conclude, “ultimately rests on the notion of legitimacy,” which underpins the perceived authority of persuasion.⁵⁰

Zimmerling attempts to resolve this definitional confusion between power and influence by offering the following: She defines social *power* as “the ability to get *desired outcomes* by making others *do* what one wants, i.e., by somehow (no matter how) imposing one’s own *preferences* on them.” And she defines social *influence* as “the ‘ability’ to affect others’ *beliefs*, that is, their knowledge or opinions either about what *is* or about what *ought* to be the case, about what is (empirically) true or false or what is (normatively) right or wrong, good or bad, desirable or undesirable.”⁵¹

⁴⁷ Zimmerling, 2005, pp. 105–109, 122–123, 127–128.

⁴⁸ Reich and Lebow, 2014, pp. 31, 34–35.

⁴⁹ Reich and Lebow, 2014, p. 35.

⁵⁰ Reich and Lebow, 2014, p. 36.

⁵¹ Zimmerling, 2005, p. 141.

One of the helpful aspects of these definitions, an aspect that Zimmerling investigates in some detail, is that they emphasize the critical importance of the relationship among beliefs, preferences, and behavior. As much social science theory has shown, the relationships among these factors are complex and contingent. But in trying to exercise power and influence, a state must develop a theory of how beliefs, preferences, and behavior relate to one another and how the state is trying to use each component to affect the others to achieve a desired outcome. For example, as China seeks to exercise influence in Asia, how does it balance emphasis between beliefs and simple incentive-based behavior? Do senior Chinese officials believe that they must shape beliefs, or is their theory of power and influence based largely on shaping other countries' incentives in a case-specific, short-term, and transactional manner?

As suggested earlier, this is one of the fundamental questions that the United States must consider when thinking about the strategic competition for influence today. In recent decades, the United States' dominant competitive advantage in influence-seeking has been its complete hegemony over most of the longer-term, normative influences on preferences and therefore on behavior. It is possible that China could gain much more-significant influence in short-term transactional ways without significantly undermining this fundamental paradigmatic advantage for the United States. But the evidence on this score is highly incomplete, and it is not clear whether there is a tipping point at which the accumulation of merely incentive-based transactional influence can fundamentally disrupt an existing normative order that is exercising longer-term influence over preferences and behavior.

Existing Literature on Influence

Foreign Bilateral Influence Capacity Index

One of the most well-developed existing indexes of influence is the FBIC Index developed by Jonathan D. Moyer and colleagues in 2018. They sought to develop a foreign influence index partly because of the absence of an agreed concept. As they explain in their report,

Conspicuously absent in popular and scholarly debates is an understanding of what international influence is. Beyond anecdotal evidence or broad-brushed descriptions of the utility of 'soft,' 'smart' or 'civilian' power, there is simply neither a clear concept nor a systematic measurement of international influence derived from relational dependence.⁵²

The Moyer study differs from our approach in an important respect. The FBIC Index is designed to produce an annual measurement of potential international influence wielded by each state. It is not an explicit assessment of dyadic influence relationships but rather a generalized study on the shares of global influence held by important countries. However, the indicators used are bilateral and dyadic and thus can contribute to analysis of those types of relationships.

An important aspect of the Moyer study's treatment of influence is the focus on what the authors term *potential influence*. As they conclude, "the concept of influence is best expressed in terms of state A's potential capacity to influence state B rather than through the analysis of

⁵² Moyer et al., 2018, p. 4.

actual outcomes.”⁵³ That is to say, that study is concerned with uncovering sources of potential influence rather than describing a process by which influence produces specific results. In this sense, it represents a very helpful but self-consciously limited study of the inputs to influence rather than a more comprehensive model of the process of influence development in specific countries. In part, the authors take this approach because, as they argue, outcomes can be the result of many factors, and sometimes efforts to achieve influence can produce unanticipated and even undesired change. Thus, they recognize that the causal process of influence is extremely difficult to fully delineate and even more difficult to forecast.⁵⁴

Moyer and colleagues proposed a specific relationship between power and influence, partly based on this focus on potential influence. The study “conceptualizes influence as a force that transforms into power when actor A actively (and successfully) utilizes it to modify the behavior of actor B.”⁵⁵

Based on this understanding, the FBIC Index employs two broad categories of indicators to generate its overall measures. One category is *bandwidth*—the total size of an economic or political relationship between two countries. The other is *dependence*—the degree to which one side or the other depends on economic or military relationships for its well-being. Table 2.1 lists the variables that the FBIC Index uses to produce its overall numbers, as well as the weights for those variables. The index applies the relative level of importance to each variable, which then shapes the final numbers in the index. For example, among the bandwidth components, the index gives the largest weight to total trade between the countries, at 35 percent, compared with total arms transfers, weighted at 8 percent. The values for these weights can be argued—for example, giving shared intergovernmental membership more value than military alliances seems to us an odd choice—but the weights provide transparency into how the final index measures are developed.

Table 2.1
Variables Used in the Foreign Bilateral Influence Capacity Index

Bandwidth		Dependence	
Variable	Weight (%)	Variable	Weight (%)
Total trade	35	Total trade as % of GDP	28
Intergovernmental membership	19	Aid as a % of GDP	21
Trade agreements	14	Total trade as % of trade with state B	16
Military alliances	13	Arms imports as % of arms imports with state B	13
Level of political representation	11	Aid as % of aid with state B	12
Total arms transfers	8	Arms imports as a % of military stock with state B	10

SOURCE: Moyer et al., 2018, pp. 9–10.

⁵³ Moyer et al., 2018, p. 7.

⁵⁴ This fact does raise concerns with the overall results of that study. If the true sources of influence are unknown, there is no basis to understand which indicators to include in the index—and, even more so, no basis to assign relative weights of importance. In other words, the relative importance of a military alliance versus total trade may be dramatically different between two countries—yet the FBIC Index assigns these variables the same weights for all of its focus countries.

⁵⁵ Moyer et al., 2018, p. 6.

Using the variables and weights identified in Table 2.1, the authors applied the influence index, which produced interesting findings about the distribution of global influence over time. In the FBIC calculations, the United States was the most influential country in the world, but its proportion of global influence had shrunk, from more than 25 percent in 1963 to just more than 11 percent in 2016. Meanwhile, China, which was not even in the top ten global influencers through 2000, jumped to fourth place in 2016. Another interesting trend was the dispersion of influence: In 1963, the top three influencers held more than half of global influence. By 2016, that proportion had fallen by half. And, following the United States' 11-percent share in 2016, there were seven other countries with shares of between 4 and 8.6 percent of global influence. Furthermore, the FBIC Index indicated that Russia's influence has declined significantly since 2000.

As mentioned, Moyer and colleagues recognize that the causal process of influence is extremely difficult to predict, so they did not attempt to create a comprehensive model of the process of influence development in specific countries. Their concerns are valid, but understanding the potential inputs to influence gets a decisionmaker only so far. In trying to understand the competition with China for influence across the world, the United States needs to know a good deal about potential inputs, but it must also have a more comprehensive sense of the causal processes involved. We know that, when it comes to influence, the relationship between inputs and outputs is anything but linear. In many cases, if influence were measured solely by inputs, the United States ought to have had very significant influence in states where, in practice, its ability to shape outcomes has been strictly limited. Therefore, we have tried to assemble a framework that ties together inputs and outputs, as well as the intervening factors that help determine the relationship between the two. That causal dynamic is entirely contingent on the circumstances in specific countries. No generalized theory of the relationship between particular inputs and particular outputs is likely to be valid, but, with the analysis in this report, decisionmakers can have a better understanding of the landscape of variables involved and some historically informed insights about how some of those variables tend to interact.

Theory of Change

Another approach to understanding the generation of influence is the effort by Samantha Custer and colleagues at the College of William and Mary's AidData research lab to build a "theory of change" to capture the effects of Chinese public diplomacy activities. The authors' theory suggests that, by developing influence over specific behaviors and policy outcomes via public diplomacy, China aims to create what the authors term a *good-neighbor effect*, which is a combination of (1) favorable public opinion about China and (2) the alignment of leaders and elites with China's foreign policy goals. The authors begin with a hypothesis of a linear relationship: Intensified public diplomacy activities ought to boost good-neighbor scores.⁵⁶

What we find interesting about Custer and colleagues' general approach to influence is the theory of change that they lay out. The theory begins with inputs—that is, resources applied (in the public diplomacy sphere) to people, communication channels, networks, and other tools. These investments then create activities—exchange programs, information

⁵⁶ Samantha Custer, Brooke Russell, Matthew DiLorenzo, Mengfan Cheng, Siddhartha Ghose, Jacob Sims, Jennifer Turner, and Harsh Desai, *Ties That Bind: Quantifying China's Public Diplomacy and Its "Good Neighbor" Effect*, Williamsburg, Va.: AidData at William and Mary, 2018, pp. 1–2.

channels—designed to produce “short-term, direct results.” Those results include awareness (of China’s positions), interactions, greater understanding, attraction (interest in the people and culture of China), and value-based enticement (targeted countries get value from the interactions). From there, those outputs produce outcomes—support for Chinese positions, adoption of Chinese values and beliefs, co-optation of elites, and collaboration on specific issues. Finally, the outcomes result in impacts that China desires—for example, the targeted country’s interests better aligning with China’s interests, behavior that matches Chinese objectives.⁵⁷

The resulting analysis from Custer and colleagues provides a very useful way of conceptualizing how investments in influence eventually make their way into states’ behavioral changes. However, it is important to stress that this causal chain remains a hypothesis or theory. There is no empirical data suggesting this specific causal relationship, and, in many cases, it appears that the route from inputs to outcomes and eventually impact can involve jumping around among many different factors rather than building in a linear way from A to B. Nonetheless, this approach is enormously helpful in providing a set of potential variables to consider when building a theory of influence.

Theoretical Review: Lessons and Implications

Our review of the theoretical and empirical literature on power and influence offers several lessons:

- Influence can be both direct, open, and coercive or indirect, ideational, and implicit. It is not yet clear which form carries more weight in the long term.
- Direct coercion tends to generate resentment and backlash and appears to have limits as an ongoing strategy for influence.
- The input variables affecting influence, and their relative importance, are likely to differ greatly from one case to another.
- Interdependence, or even a largely one-way relationship of dependence, can have complex and sometimes counterintuitive implications for the degree of influence held by the stronger state in the dyad. Sometimes, profound dependence can produce resentment and lead to rejectionist behavior by the focus country.

These lessons add up to one profound overarching conclusion: Having high levels of inputs for potential influence (e.g., alliance memberships, ownership of debt, military aid, language prevalence) does not necessarily provide the influencer state with unquestioned control over targeted countries. The route from potential to actual influence is complex, rocky, strewn with land mines, and anything but straight or linear. In assessing the degree of emerging Chinese influence in many countries, it is critical not to draw simplistic linear conclusions from the levels of particular inputs.

⁵⁷ Custer et al., 2018, p. 5.

Framework for Assessing Chinese Influence

In this chapter, we discuss the framework we developed to summarize and explain Chinese influence efforts. The framework is based on our review of the related literature (outlined in the previous chapter), our discussions with U.S. State Department officials who have closely observed Chinese influence campaigns, our review of China's official statements regarding its own influence campaigns, and an earlier analysis of overlapping U.S. and Chinese interests and goals.

Framework Components and Variables

The framework has three essential parts: inputs, intervening factors, and outputs. *Inputs* are the raw material of power and influence, including the steps and actions that China takes to attempt to increase its influence over other countries. *Intervening factors* then determine whether and when those inputs have the desired effect on *outputs*—the ultimate policies, positions, or actions that China is seeking to affect or achieve in a targeted state.

The separation of inputs, intervening factors, and outputs in our framework is crucial. As described in Chapter Two, some influence analyses simply measure Chinese inputs, such as trade flows and investments. But after analysis of all three parts of the framework, our research strongly suggests that it is the intervening factors—typically connected to political, economic, social, cultural, and informational dynamics in the focus country—that play a decisive role in determining the degree of influence that an outside actor will have.¹

In some cases, intervening factors—such as the number of elites or government officials the outside power can persuade, coerce, or tempt into supporting its interests—can accelerate the influence-seeking process. In other cases, such as in strong national or local regulatory regimes, intervening factors can impede that process. One of the dominant findings of our analysis is that any effort to understand Chinese influence-seeking must consider the role of intervening factors. The character of the outcomes sought also plays a role in the likelihood that they will be achieved. For instance, asking a country to end its diplomatic recognition of Taiwan is an entirely different prospect from demanding that a country end an alliance relationship with the United States. Thus, some combinations of inputs and intervening factors will be enough to achieve some policy outputs but not others.

¹ As Michael Barnett and Raymond Duvall put it, a framework to understand power in international relations must take account of “the kinds of social relations through which power works; and the specificity of social relations through which effects on actors’ capacities are produced” (Barnett and Duvall, 2005, p. 42).

Our framework for conceptualizing influence is shown in Figure 3.1, where, beneath each of the three components of the framework, we also provide the initial set of variables on which we gathered data for this analysis.

As shown in Figure 3.1, we divided Chinese inputs into categories, such as economic, security, diplomatic, and informational. When developing this framework, we identified another way to categorize the inputs by dividing them based on the degree of directness of

Figure 3.1
Framework for Conceptualizing Influence

Inputs: activities that might be influential

Economic

- Trade: Total, % of targeted state GDP, trade
- Trade agreements and treaties
- Economic aid and % of GDP and of total
- FDI and % of GDP and of total
- Short-term capital flows
- Ownership of debt
- Role in strategic sectors and industries
- % of tourists in targeted state
- Threats of cuts to trade: boycotts, investment cuts, sanctions; limits to market access

Security

- Shared threats and interests
- Military alliance with targeted state
- Military threats against targeted state
- Arms transfers and % of total
- Security aid and % of total
- Security cooperation programs

Diplomatic

- Diplomatic representation
- Membership in shared international organizations

Informational

- Media and propaganda
- Cyber tools for attack or manipulation

Intelligence and Clandestine Activity

- Covert or clandestine operations: funding political parties, bribery, extortion, direct action
- Intelligence-gathering on or around target

Cultural

- Historical and cultural ties, language prevalence
- Music, film, and literature prevalence in targeted state

People-to-People

- Exchanges of personnel
- Student exchanges

Normative Factors

- Inherent attractiveness of the national model
- Legitimation strategies
- Value alignment

Intervening factors: conditions governing the degree of influence

Shared values and cultural experiences

- Regime type
- Bilateral history of relationship (discord or friendship)
- National policies related to shared values (e.g., human rights)
- Public opinion in the targeted country toward the influencer country
- Overlapping political culture
- Popular culture ties
- Language ties

Common interests, purposes, or perceived threats

- History of alignment or contestation
- Identity narratives
- Active territorial disputes
- Views on major security issues
- Economic interests
- Attitudes (popular and official) on whether China's power is a threat or benefit to the targeted state

Implicit societal influence, or soft power

- Credibility of the influencer's promises or threats

Mastery of the local context in the targeted state

- Degree of the influencer's effective collective mobilization (e.g., diplomatic representation, United Front Work Department activities)

Vulnerability of the targeted state to outside influence

- Degree of corruption in the political system
- Role of elites in supporting Chinese influence
- Measures undertaken to protect the political system from foreign influence

Domestic and international context

- Current global economic and political context
- Political and economic condition of the targeted country (stable or unstable, in crisis or a period of strength)
- Internal ethnic and societal stresses

Outputs: goals the influencer is attempting to achieve in the targeted state

- Policy or strategy change demanded
- Political cost imposed on the targeted government
- Economic cost imposed on the targeted state
- Shift in public opinion toward China

NOTE: The variables in this figure were derived from the literature on power and influence, studies of current Chinese influence-seeking, and case studies of Chinese influence in specific countries, as described in this report. FDI = foreign direct investment.

the Chinese action involved (not shown in the figure). This distinction may be important for analysts and policymakers because it may shape the options available to the United States when trying to counter China's efforts.

In this alternative categorization of inputs, or Chinese activities, we distinguish three types. The first type, *public power*, is direct coercive activity designed to achieve a specific result. Such activities can range from efforts to force a rival claimant out of contested territory to punishments designed to deter unwanted behavior in the future.² Activities in this category are close to traditional definitions of the first face of power—direct coercion or reward to change behavior. We examine many of these Chinese efforts in brief case studies later in this report.

The second type of input, *private power*, involves more-personal, long-term campaigns to influence outcomes by gaining leverage with specific individuals and interest groups in the targeted society. These activities still represent a form of power as traditionally understood—the direct, intentional effort to change the behavior of another.

The third, wider category of inputs, which we term *generalized influence*, involves China's efforts to build more-abstract forms of credibility, legitimacy, and thus influence by constructing economic networks, investing in rival international institutions, providing aid and investment, and conducting elaborate cultural and ideological outreach. With activities in this third category, China still aims to underwrite influence in the targeted country. For example, if most of that country's elites can be recruited to believe that China's development model offers their country the best path forward, that will have important effects on the competition for influence even though China is not necessarily exercising direct actions to produce specific outcomes. These categories are summarized in Table 3.1.

These three categories of inputs reflect the importance of the direct versus indirect types of power and influence described in the literature review in Chapter Two. Each category must be assessed to gain a comprehensive view of any influence competition, and U.S. efforts to counter these activities are likely to vary by category. As noted earlier, both public and private power involve the direct and intentional use of threats or promises to affect behavior and policies. But public power represents the classic form of state-to-state power plays—threatening consequences or offering benefits to other governments, often very publicly, to share policies. Private power activities are direct but involve the clandestine manipulation of levers of influence within the targeted country.³ Generalized influence activities are indirect. Our examination of the current contest for influence therefore focuses on assessing Chinese progress, as well as the state of the overall influence competition, in these three categories of inputs.

² These distinctions also have much in common with Wrong's tripartite approach to power—force, manipulation, and persuasion (see Wrong, 1995, pp. 21–34).

³ In this sense, it has much in common with Dennis Wrong's category of "manipulation," which he defines as trying to shape another's "field" by "acting on information, rewards, and deprivations" (Wrong, 1995, p. 28).

Table 3.1
Forms of Chinese Inputs for Influence

Input Type	Definition	General Examples	Recent Chinese Cases ^a
Public power	The direct, intentional, and open employment of tools of statecraft directed at other states to affect specific policies or decisions through coercion or reward	• Threats of military force to deter conflict or force a rival to back down • Offers of economic aid in exchange for policy changes • Threats of economic sanctions to change policies	• Salmon boycott targeted at Norway • Closure of borders with Mongolia • Economic penalties imposed on South Korea
Private power	The direct, intentional, but private or clandestine use of threats or rewards to manipulate the views or actions of specific individuals to shape policies or decisions of other states	• Bribes of senior officials • Interventions in foreign election processes • Payments to researchers, scholars, and nongovernmental organizations • Engagements with specific interest groups in the targeted country	• Cambodia election interference • Sri Lanka bribery and election issues • Engagement of Indonesian economic interests • Investments in Africa aimed to create individual leverage
Generalized influence	The indirect shaping of beliefs, views, or preferences of others through one's own general policies, outreach, or other actions unrelated to a specific desired output	• Investments in exchange programs or cultural centers • The success and attractiveness of one's system • Efforts to build a global economic order that generates support for one's values	• Confucius Institutes^b • Expanded media presence • Investment in major motion pictures • Training of foreign economic officials

^a See Chapter Seven for details.

^b Confucius Institutes are educational outposts found at colleges and universities around the world. They are funded by the Chinese government and promote pro-Beijing positions and research while offering classes on Chinese language and culture.

Going back to Figure 3.1, the variables for the second component of the framework, intervening factors, reflect the conditions governing the degree of influence over the targeted state. These variables are as follows:

- *Shared values and cultural experiences*, which create a predisposition to agree in the absence of countervailing factors. For the United States, examples of this variable include shared democratic values with key allies and a shared historical experience of war with Europe, South Korea, and Australia.
- *Common interests, purposes, or perceived threats*, both general and specific, which establish a basis to persuade the target of influence that a course of action is in its interests. Examples include common interests in a stable economic order and shared perceptions, especially with many Asian countries, of a threat perception from China.
- *Implicit societal influence, or soft power*. In Nye's classic understanding, a country's soft power rests on the attractiveness of its sociopolitical model and cultural values.
- *Mastery of the local context in the targeted state*, including detailed understanding of the sinews of power and influence.

- *Vulnerability of the targeted state to outside influence*, including measures of corruption and the role of foreign communities and political influence.
- *The domestic and international context*, which can provide factors either supportive or destructive of influence. An economic crisis, for example, could increase leverage in resolving international financial issues because it highlights common interests in a stable outcome.

These types of intervening factors show the complex nature of determining how Chinese efforts to achieve influence (or inputs) may or may not be translated into changes in the targeted state's behavior (or outputs). The targeted state's willingness to go along with Chinese pressure, or to resist it, will be determined not only by the nature of the current and prior relationship between the targeted state and China but also how skillfully China is able to apply its pressure to key actors and stakeholders in the targeted country, as well as the attitudes of third parties and other trends or events taking place in the international system at the time. Although the intervening factors described in Figure 3.1 are not exhaustive, they are illustrative of the complexity involved in translating influence inputs to outputs, and they show how and why it is inadequate to measure only inputs when attempting to quantify Chinese influence.

Methodological Challenges to Measuring Influence

Notwithstanding the complexities of our proposed framework and the acknowledged difficulties we have in providing a simple answer to the question of how much influence China has in particular countries, we believe that the approach we have laid out, or one similar to it, is the most accurate and realistic way to approach this effort. More-simplistic or more-quantitative efforts would suffer from substantial methodological shortcomings. For example, it would be too simplistic to think of this competition as a zero-sum contest for a singular measurable good. In fact, influence is a complex, multifaceted phenomenon that cannot be reduced to one or even a few factors. Any such study would risk producing misleading findings: What can be counted is not always what is most important, and some index approaches can hide many assumptions in a model of how several measurements sum to an overall number. Any effort to measure Chinese influence requires dealing with multiple methodological challenges:

- The main variables at stake—power, influence, coercion, and others—remain disputed and, in some cases, poorly conceptualized.
- Reliable, comprehensive data are difficult to obtain in many categories.
- Some of the best-counted things, such as United Nations (UN) votes, are least indicative of true alignment.
- Variables chosen as proxies for qualitative factors are often highly imperfect representations of the factor we are trying to assess.
- Some apparently important Chinese goals (e.g., getting focus countries to rescind recognition of Taiwan as a sovereign entity) are not good indicators of overall degrees of influence, because they represent low-cost actions for the focus countries.
- The U.S. geopolitical experience is that theoretical inputs to influence often exaggerate real power. Dependency, for example, does not necessarily equal influence (and can become reverse leverage).

- China's relative rise in economic heft means that its influence will be growing, so the key is to distinguish the expected from the threatening.
- Most countries are determined to hedge in the U.S.-China competition, so decisive patterns often will be hard to see.
- Distinguishing systemic and permanent positions from personality-dependent, regime-dependent, temporary trends (such as opinion toward a specific country at a certain moment in time) can be difficult or even impossible.
- The true causal process from input to output is hugely complex and dependent on many variables internal to the targeted country; in other words, influence is very context-dependent.

Because of these methodological challenges, a purely quantitative analysis using measurable inputs can go only so far in conveying the true scale and degree of influence that China or any other state may be acquiring.

To address these concerns, we made several conscious choices in our approach to assessing influence. For instance, this analysis is not designed to produce single-point, summative assessments of the competition for influence. As Nye argues, "Any attempt to develop a single index of power is doomed to fail because power depends upon human relationships that vary in different contexts."⁴ Thus, different factors will be decisive in different contexts and at different moments. Specific indicators can be combined, but adding various factors together to suggest where the United States and China stand—either in a specific country or globally—on some measurable spectrum of influence is not something the analysis can support. In some cases, we developed an index, such as the compatibility index or the alignment index, to give an imperfect but useful sense of a specific sub-variable, but these cannot be rolled up into one universal measurement or model.

Instead, we used an approach common to many RAND studies that assess large qualitative questions with analysis grounded in many indicators; the approach is diverse and gains traction on the larger issue through many discrete lenses. In this study, our goal is to shed useful light on the competition for influence and offer findings that can shape policy responses. We do this by examining many factors relevant to the influence competition—through the three framework components of inputs, intervening factors, and outputs—and comparing their various messages. In the following chapters, we describe our assessments of each of these components.

⁴ Nye, 2011, p. 5.

Measuring Chinese Influence: Inputs

As noted in our discussion of the framework in Chapter Three, we divided the variables that affect Chinese influence into inputs, intervening factors, and outputs. In some cases, a given variable could conceivably belong in more than one of these categories. For example, China's activities to affect public opinion, such as its significant investments to engage the elites in all 20 of our focus countries, must be counted as inputs. But the resulting views of those elites can be both an intervening factor and an output variable.¹ In addition, public opinion on the degree of the Chinese threat shapes how susceptible the focus country's political system is to Chinese influence and is thus an intervening factor, but improving public opinion of China is also an output that Beijing seeks.

Notwithstanding these complexities, in this chapter, we review the status of several Chinese inputs across many economic, diplomatic, informational, cultural, and other categories in our 20 focus countries. In Chapter Five, we review intervening factors, and in Chapter Six, we review outputs.

Economic Variables: Trade and Foreign Direct Investment

To assess potential Chinese economic influence in the focus countries, we examined dozens of independent economic variables, including trade, FDI, overseas development assistance, tourism, and official loans. The mechanisms of such economic influence are as follows:

- attractive economic measures, such as overseas development assistance and trade agreements
- hybrid economic measures, such as politically conditioned loans and investments
- coercive economic measures, such as trade and investment restrictions, sanctions, popular boycotts, reductions in tourism, and business restrictions.²

We do not include here the full range of research that we found on China's economic input variables; rather, we include only the findings that emerged as most significant in assessing China's influence. When the data highlighted countries that were not among our 20 focus

¹ That is to say, elite views function as an intervening factor that determines how well China can translate its influence activities into results (inputs to outputs), but China also conceives of the degree of elite support as an intended outcome, or output, of its efforts.

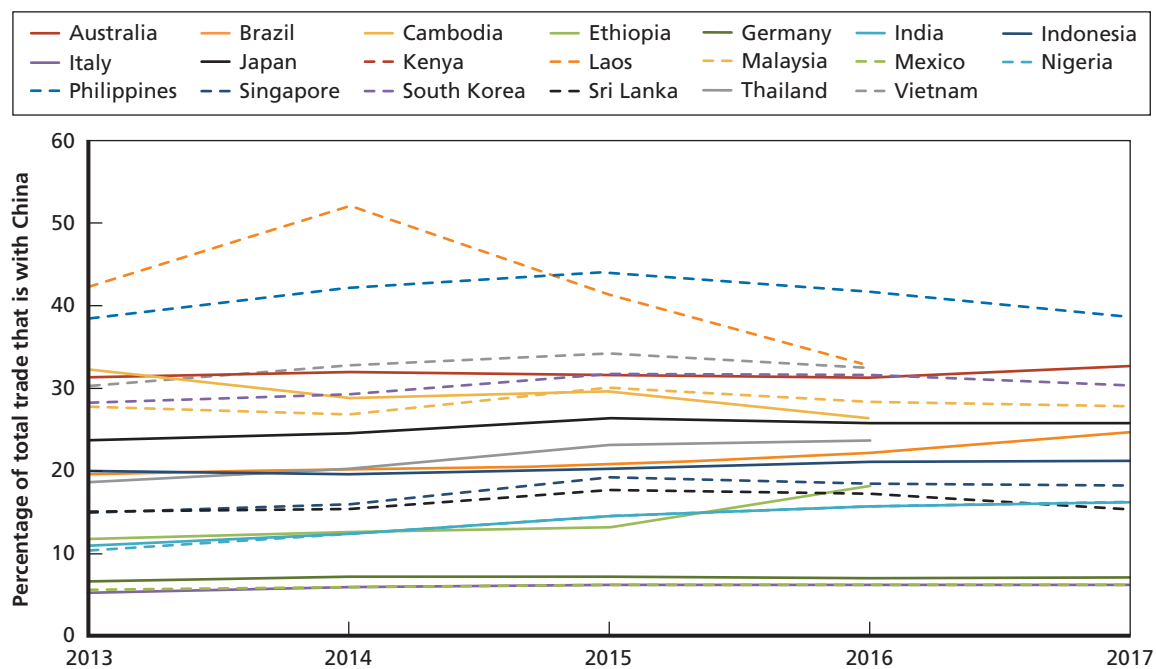
² The mechanisms of influence are derived, in part, from Peter Harrell, Elizabeth Rosenberg, and Edoardo Saravalle, *China's Use of Coercive Economic Measures*, Washington, D.C.: Center for a New American Security, June 2018.

countries (see Chapter One), we include those other countries for comparative purposes. The discussion and figures in this section offer the most important highlights of this analysis.

A few countries are deeply dependent on China for trade; many are somewhat dependent. Figures 4.1 through 4.3 show data on Chinese trade relationships with the focus countries, including the relative dependence of those countries on Chinese trade. From this analysis, several highly dependent countries stand out: Myanmar, Laos, Vietnam, South Korea, Australia, Cambodia, Malaysia, and Japan.³ Brazil is also surprisingly—and increasingly—dependent on Chinese trade. Broadly speaking, these results are not surprising; the countries deeply dependent on trade with China are well known.

Figure 4.1 shows the percentage of each focus country's total trade that is with China, and it offers a comprehensive summary of the countries' trade dependency. The figure generates a complex picture with many countries represented, but a broad pattern of the focus countries' degree of dependence begins to emerge. In Figure 4.2, for each country whose percentage of trade with China is more than 30 percent of its total trade, we show the percentage of the country's total exports that go to China.

Figure 4.1
Total Trade with China, Each Focus Country, 2013–2017

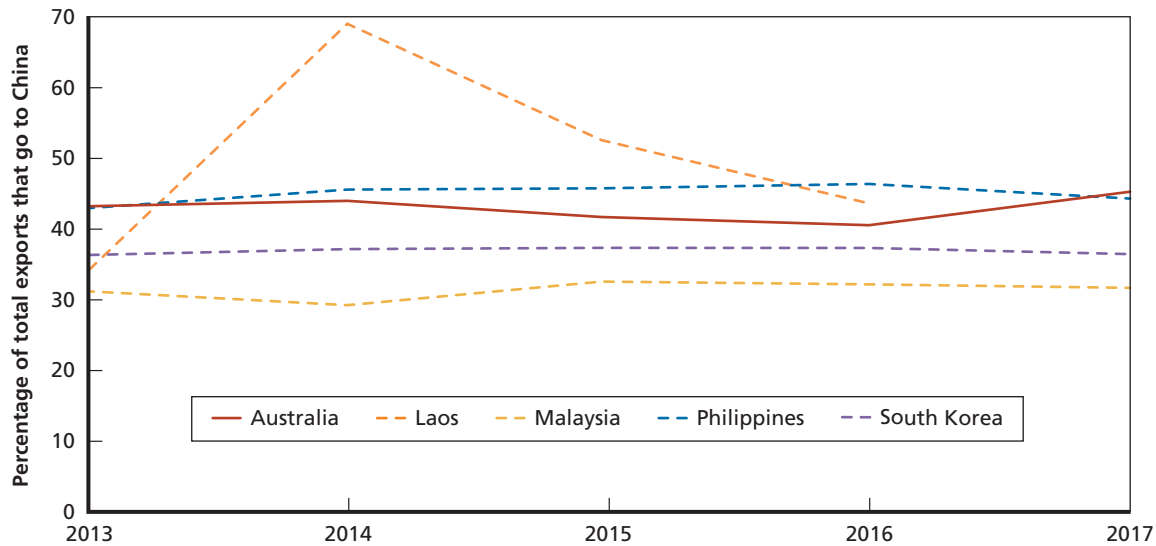


SOURCE: United Nations International Trade Statistics Database (UN Comtrade), web tool, undated.

NOTE: We did not have 2017 data for Cambodia, Ethiopia, Laos, Thailand, or Vietnam.

³ Many of these countries—including South Korea, Vietnam, and Cambodia—are also highly trade-dependent in general: Their total trade is more than 100 percent of their GDP. A combination of overall trade dependence and a dependence on China for that trade creates the highest potential influence in economic terms.

Figure 4.2
Dependence on China for Trade Exports, Select Focus Countries, 2013–2017



SOURCE: UN Comtrade, undated.

NOTE: We did not have 2017 data for Laos.

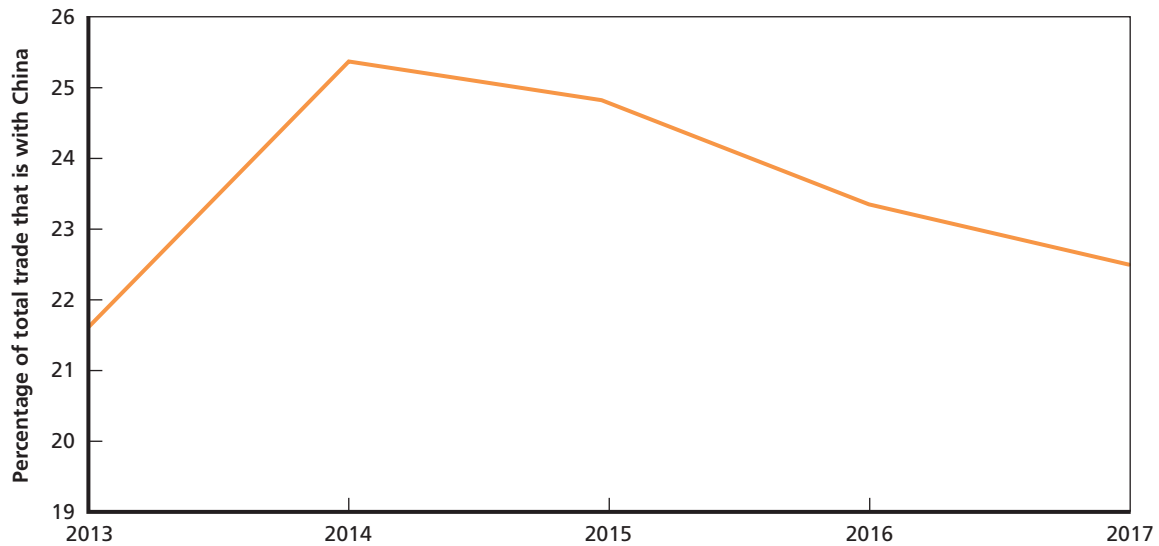
Among countries not represented in our 20 focus countries, the states in the Pacific Island Forum (e.g., Fiji, Samoa, the Solomon Islands, and Tonga) are becoming heavily dependent on China for trade. For instance, China is now the nations' leading trade partner, and its trade with the island nations has grown 400 percent over the past decade. China's FDI in the region was \$2.8 billion in 2016, up 173 percent since 2014. Its relations with the island nations are not equal, however: Nearly 70 percent of China's FDI in 2016 went to Papua New Guinea, and 72 percent of its total trade with Pacific Island Forum nations is with Papua New Guinea and the Marshall Islands.⁴

Overall levels of global dependence on China for trade are no longer rising across the board. Given China's economic rise, it is to be expected that many countries' level of economic engagement with China would have grown significantly over the past three decades. However, looking at roughly the past decade, trade and FDI dependence on China has mostly plateaued and in, some cases, even fallen back. This trend can be seen in Figure 4.3, which shows the percentage of total trade that is with China, averaged across all 20 focus countries for each year.

China's investments through the Belt and Road Initiative and other mechanisms have been enormous but still represent a modest proportion of many countries' FDI inflows. Figure 4.4 displays Chinese FDI as a percentage of recipient countries' total FDI inflows—that is, the percentage of each country's incoming FDI that comes from China. As the figure suggests, in most cases, those percentages remain relatively small. Even by 2018, most countries received the lion's share of their FDI from non-Chinese sources.

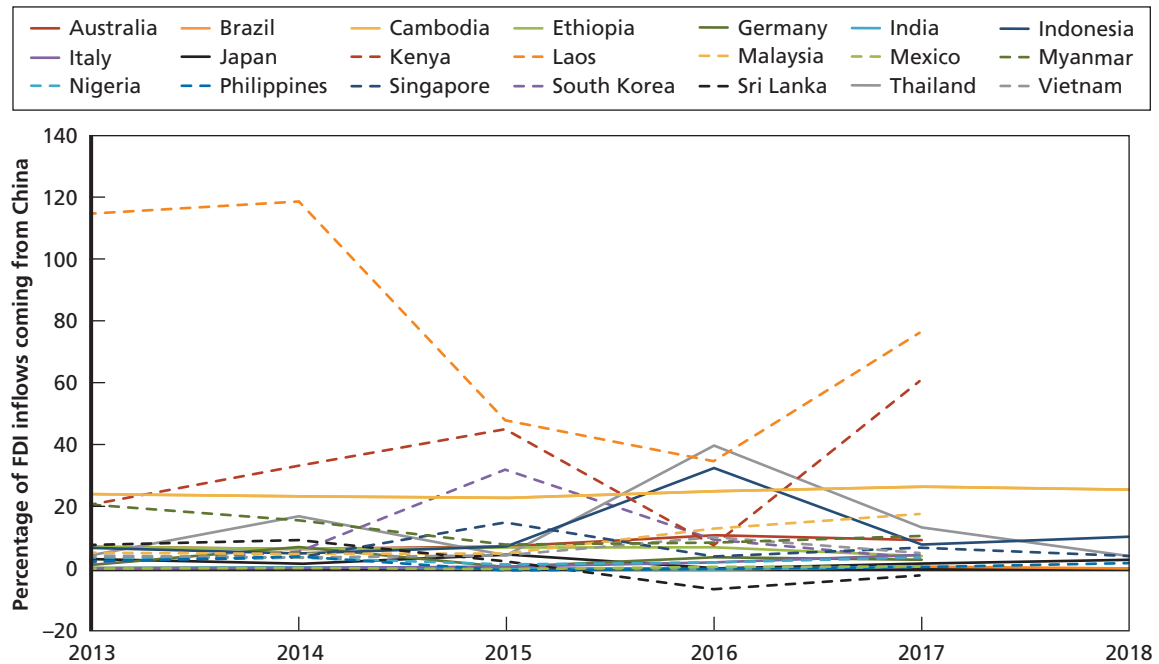
⁴ Ethan Meick, Michelle Ker, and Han May Chan, *China's Engagement in the Pacific Islands: Implications for the United States*, Washington, D.C.: U.S.-China Economic and Security Review Commission, June 14, 2018, pp. 7–10.

Figure 4.3
Total Trade with China, Average Across All Focus Countries, 2013–2017



SOURCE: UN Comtrade, undated.

Figure 4.4
Incoming Foreign Direct Investment from China, Each Focus Country, 2013–2018



SOURCE: World Bank, “World Development Indicators,” data set, last updated September 2019a.

The figure may underestimate the significance of Chinese FDI, including Belt and Road investments, for at least three reasons. First, China's overall investment totals have been immense, and despite the relatively small percentage of inflows those investments represent, they are still important. Second, for a select group of developing nations, especially in Africa, large Chinese investments are a critical source of project funding even if most FDI is still coming from other investors. Third, Chinese investments have focused to a significant degree on infrastructure projects, which are both critical to many developing countries' growth plans and generally ignored by other FDI providers. The promise of Chinese investments is therefore a more significant source of influence than the percentage of inflows might suggest.

China's economic relationship with Latin America is an important emerging variable. China's merchandise trade with Latin America has grown by more than 18 times since 2000. China is now Latin America's second-leading trade partner behind the United States, representing 9 percent of Latin America's exports and almost 20 percent of its imports. In terms of FDI, between 2005 and 2016, China invested more than \$90 billion in the region (although that cumulative amount represented only 5 percent of total inbound FDI). That investment has focused on three countries—Brazil, Argentina, and Peru, which together received more than 80 percent of China's FDI in Latin America. Beijing has entered into trade agreements with more than a dozen regional countries and directed more than \$150 billion in development finance to Latin America.⁵ However, after reaching a new peak of about \$250 billion in 2012, Chinese trade with the region has leveled off: It was largely the same in 2013, 2014, and 2017 and was significantly less in 2015 and 2016. But specific countries have become significantly dependent on China for imports, exports, or investment. These countries include Panama and Paraguay (which receive more than 30 percent of total imports from China); Brazil, Argentina, and Peru (which receive large amounts of FDI); and Brazil, Chile, Peru (which export more goods to China than to anywhere else).⁶

China plays a much larger role in global lending than was previously understood. In an important 2020 study by the National Bureau for Economic Research, Sebastian Horn, Carmen M. Reinhart, and Christoph Trebesch surveyed many intersecting sources of data. They concluded that, between 1998 and 2018, China's largely official foreign lending—mostly to low- and middle-income countries—grew from almost nothing to \$1.6 trillion, which equates to “a quarter of total bank lending to emerging markets” (see Figure 4.5).⁷ China's lending eclipses that of the World Bank and the International Monetary Fund (IMF).

The authors found that, although Chinese lending now reaches eight out of ten countries in the world, some 50 countries constitute the primary recipients of Chinese lending. Collectively, those countries' indebtedness to China “has increased from less than 1% of GDP in 2005 to more than 15% of debtor country GDP in 2017. . . . For these countries, debt to China now accounts to close to 40% of total reported external debt, on average.”⁸ By 2018,

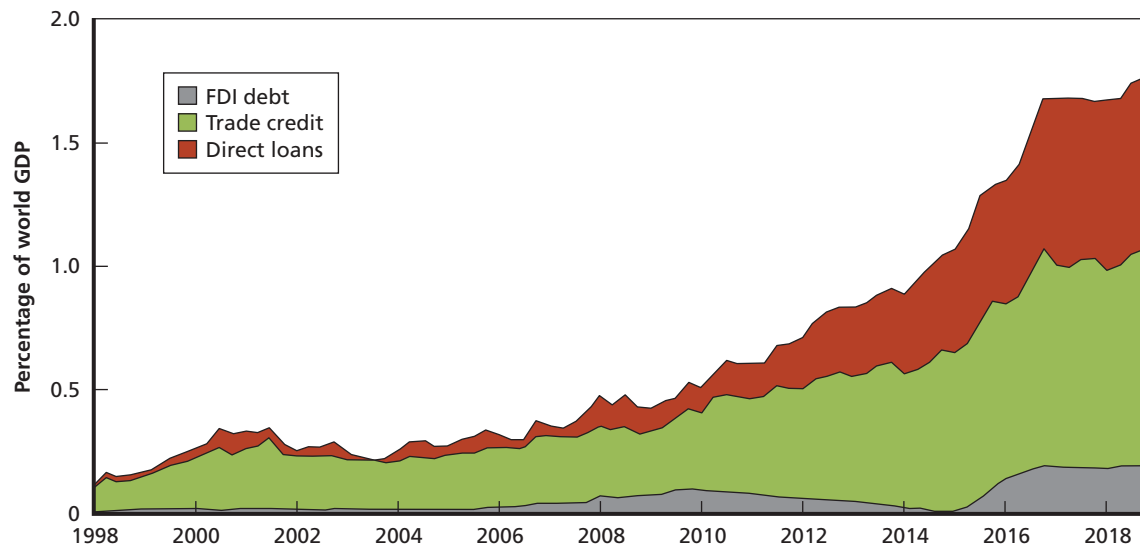
⁵ Anabel González, *Latin America–China Trade and Investment Amid Global Tensions: A Need to Upgrade and Diversify*, Washington, D.C.: Atlantic Council, 2018, pp. 1, 6–9; and Katherine Koleski and Alec Blivas, *China's Engagement with Latin America and the Caribbean*, Washington, D.C.: U.S.–China Economic and Security Review Commission, October 17, 2018.

⁶ Koleski and Blivas, 2018, p. 8.

⁷ Sebastian Horn, Carmen M. Reinhart, and Christoph Trebesch, “China's Overseas Lending,” Cambridge, Mass.: National Bureau of Economic Research, Working Paper No. 26050, May 2020, p. 5.

⁸ Horn, Reinhart, and Trebesch, 2020, pp. 4–5.

Figure 4.5
China's Overseas Lending Boom, 1998–2019



SOURCE: Horn, Reinhart, and Trebesch, 2020, p. 6. Used with permission.

China held more than \$5 trillion in foreign debt.⁹ As a result of these trends, the authors conclude, “Developing and emerging countries are now much more indebted to China than to all other major creditor governments combined”—a total of \$370 billion to China as opposed to \$246 billion owed to the 22 Paris Club member governments.¹⁰

These numbers might raise concerns about China engaging in *debt-trap diplomacy*—that is, efforts to acquire influence by creating debtors that are forced to surrender major public goods, such as ports, land, resources, and state-run companies, to pay off their debt. Yet closer examinations have suggested that this mechanism is both less intentional on China’s part and probably less effective than the concerns suggest. Holding foreign debt does not automatically lead to influence. Moreover, holding significant amounts of debt from developing countries carries significant risks. As some analysts have noted, Beijing is hardly rooting for its debtors to default so that it can seize assets; such defaults impose significant costs on China at a time of rising domestic debt and declining foreign asset availability.¹¹ Furthermore, moving to take control of local assets can prompt angry nationalist reactions and undermine China’s long-term search for good relations and broad-based influence. These risks have now emerged pow-

⁹ Emre Tiftik, Paul Della Guardia, Jadranka Poljak, and Katherine Standbridge, “Surging Global Debt: What’s Owed to China?” Institute of International Finance, May 14, 2020. The 25 countries most in debt to China (by debt owed to China as a percentage of the borrowing country’s GDP) are, in order, Djibouti (by far the lead debt-holder, with more than 100 percent of GDP owed to China); Tonga, Maldives, Congo, Kirgizstan, Cambodia, Niger, Laos, Zambia, Samoa, Vanuatu, Mongolia, Dominica, Ethiopia, Ecuador, Zimbabwe, Venezuela, Angola, Montenegro, Tajikistan, Mozambique, South Sudan, Turkmenistan, Belarus, and Kenya. Other significant nations in the top 50 include Bolivia, Pakistan, Bosnia, Uganda, Sri Lanka, and Tanzania. Those countries are drawn from Horn, Reinhart, and Trebesch, 2020.

¹⁰ Horn, Reinhart, and Trebesch, 2020, p. 14. The Paris Club is a group of officials from various countries who seek solutions to the payment problems of indebted countries.

¹¹ See, for example, Matt Ferchen, “China, Venezuela, and the Illusion of Debt-Trap Diplomacy,” Carnegie-Tsinghua Center for Global Policy, August 16, 2018.

erfully in the context of the coronavirus disease 2019 (COVID-19) pandemic: With dozens of nations indebted to China now facing severe economic crises, Beijing faces a bitter choice of absorbing tens of billions of dollars in losses or enforcing what would be seen as cruel demands for continued loan payments (for more on China's COVID-19 dilemma, see Chapter Nine). In sum, holding large amounts of debt can be a source of partial or limited influence but has major downsides.

Although China's overseas development assistance totals are not publicly disclosed, such assistance appears to be very significant and a potent potential source of influence. Most of our 20 focus countries are no longer significantly dependent on overseas development assistance, so its role in sustaining Chinese influence in most of these countries is negligible. In Cambodia, Ethiopia, Kenya, Laos, Myanmar, and Nigeria, however, overseas development assistance accounts for more than 5 percent of gross capital formation.

One database of Chinese official foreign aid and other official concessionary foreign transfers lists more than 4,300 projects between 2000 and 2014, involving \$351 billion in total spending or commitments, for an annual average of more than \$23 billion (including commitments, not just delivered assistance).¹² Another estimate that used different categories—"official finance with diplomatic intent"—and focused strictly on the Asia-Pacific region from 2000 to 2016 found more than \$48 billion in Chinese finance for the region over the period.¹³

Tourism is one of the most easily weaponized economic relationships, and the rise of Chinese tourists is a major factor for many countries. For example, Chinese tourism grew an average of 27 percent per year in the Pacific Island states between 2009 and 2014, although the total number of Chinese visitors by 2017 was less than 10 percent of the region's total number of tourists.¹⁴ In many other countries in the region, Chinese tourists have come to reflect one-fourth or more of the annual total, representing billions of dollars in value to the local economy.

To help evaluate the focus countries' overall economic dependence on China, we summed evidence from several of these categories, as shown in Table 4.1. The table shows the eight countries with the highest values in five categories: percentage of total trade that is with China; percentage of GDP that comes from trade with China; percentage of incoming FDI that comes from China; percentage of GDP that comes from any foreign investment (not just China's); and percentage of foreign tourists who come from China.

Table 4.1 offers several lessons. First, the same countries are not necessarily highlighted in the different categories; large economic relationships span many countries with different emphasis, whether trade, FDI, or debt. Second, smaller countries closest to China—Laos, Cambodia, Myanmar—have the most consistent dependency across the board. Third, because China's lending is focused on emerging market and lower-income countries, the list of major debtors (described in an earlier footnote) is significantly different from the other categories of economic dependence.

Fourth, for most of Asia, the economic dependency on China is significant in at least two—and, in many cases, three or four—of the five categories. This fact, combined with China's demonstrated willingness to use these dependencies for economic influence, creates

¹² Axel Dreher, Andreas Fuchs, Bradley Parks, Austin M. Strange, and Michael J. Tierney, "Aid, China, and Growth: Evidence from a New Global Development Finance Dataset," Williamsburg, Va.: AidData at William and Mary, Working Paper No. 46, October 10, 2017, pp. 6–7.

¹³ Custer et al., 2018, p. 15.

¹⁴ Meick, Ker, and Chan, 2018, pp. 13–14.

Table 4.1
Economic Dependence on China, Focus Countries and Selected Others

Top 8 Countries (%)				
Dependence on China (Trade): % of Total Trade That Is with China	Dependence on Trade: Trade with China as % of GDP	Dependence on China (FDI): % of Incoming FDI That Comes from China	Dependence on Foreign Investment: FDI as a % of GDP	Role of Tourism: % of Foreign Tourists Who Come from China
Laos (42)	Singapore (335)	Laos (78.47)	Singapore (23)	South Korea (31)
Philippines (41)	Vietnam (180)	Kenya (33.72)	Cambodia (12)	Myanmar (29)
Vietnam (33)	Malaysia (136)	Cambodia (24.75)	Laos (7)	Thailand (28)
Australia (32)	Cambodia (128)	Thailand (14)	Vietnam (6)	Japan (26)
South Korea (30)	Thailand (127)	Myanmar (13)	Myanmar (5)	Cambodia (22)
Cambodia (29)	South Korea (88)	Indonesia (12)	Ethiopia (4)	Singapore (19)
Malaysia (28)	Laos (87)	South Korea (11)	Brazil (4)	Australia (15)
Japan (25)	Germany (85)	Malaysia (9)	Australia (4)	Philippines (15)

SOURCE: Data compiled from UN Comtrade, undated; World Bank, 2019a; World Tourism Organization, "Statistical Data," web tool, undated, Yearbook of Tourism Statistics. Data are from 2018, except tourism data, which are from 2017.

significant constraints on the behavior of these countries. Fifth, however, these measures of dependency have plateaued in most cases; that is, the trend lines have become flatter. China's demand for domestic capital to prime its economy has caused a drop in some foreign investment and assistance accounts. And partly because China has made clear its willingness to punish others, partner countries are looking for ways to mitigate this power.

The Reputational Effects of Economic Interdependence

Economic relationships can create direct sources of influence by providing the influencer state with the ability to coerce the targeted country. But economic interactions also have effects on short-term attitudes and long-term relationships in ways that help shape influence outcomes. Many statistical analyses have attempted to evaluate the relationship between economic inputs (such as trade and FDI) and influence-related outputs (such as attitudes toward the influencer state). The results have generally been mixed, and the literature suggests that there is no generalizable relationship between economic inputs and political or reputational outcomes.

Various studies have examined the causal nexus between economic relationships and positive influence. For example, there is empirical support for the idea that popular affinity between countries tends to drive higher trade levels.¹⁵ Other research finds that a country's image abroad is associated with higher exports to those countries;¹⁶ a positive reputation

¹⁵ Anne-Célia Disdier and Thierry Mayer, "Je t'aime, Moi Non Plus: Bilateral Opinions and International Trade," *European Journal of Political Economy*, Vol. 23, No. 4, December 2007.

¹⁶ Andrew K. Rose, "Like Me, Buy Me: The Effect of Soft Power on Exports," Cambridge, Mass.: National Bureau of Economic Research, Working Paper No. 21537, September 2015.

of a country's leader is also associated with higher trade.¹⁷ More specifically to this report, some studies appear to demonstrate a positive tie between Chinese investments and attitudes toward China, at least among certain segments of the population.¹⁸ Other studies, and much recent anecdotal evidence, suggest that the opposite may be true—that Chinese trade and investment tend to worsen views of China over time.¹⁹ In a 2019 study, Damian Raess found that managers in developed countries tended to oppose and resent Chinese FDI and favor U.S. and European investment (although he did not find the same negative attitudes among labor leaders).²⁰

Field work conducted for multiple RAND studies also points to the following ways in which trade dependence can have complex and sometimes negative effects on relations and the influence of the trading state:

- Imports in specific sectors, such as agriculture and textiles, can negatively affect local industries and spark a political backlash. This has occurred in some Southeast Asian countries as Chinese imports have displaced national industries.
- Larger trade volumes can alienate the business elite of the targeted country and increase resentment of Chinese influence.
- Chinese investment practices are improving but have generally been far below Western standards for labor, environmental protections, and respect for the rule of law. These conditions have caused significant public backlash in many countries—including Cambodia, one of the countries that is most dependent on Chinese economic ties. And resentment of such practices is very strong, for example, in Vietnam, where concerns about Chinese bribery and illicit practices run very high.

The literature on the relationship between influence and economic ties is therefore complex, and it offers no clear conclusions about the ability of economic interactions to generate positive reputational outcomes. In terms of direct forms of influence, economic ties certainly provide the influencer state with the potential for coercion or attraction, although these strategies carry significant costs when employed. It would be wrong to presume that large-scale Chinese investments, when employed in longer-term, more-indirect ways, will automatically produce enhanced influence across social, political, and cultural domains.

¹⁷ Andrew K. Rose, “Agent Orange: Trump, Soft Power, and Exports,” Cambridge, Mass.: National Bureau of Economic Research, Working Paper No. 25439, January 2019.

¹⁸ Vera Z. Eichenauer, Andreas Fuchs, and Lutz Brückner, “The Effects of Trade, Aid, and Investment on China’s Image in Developing Countries,” Williamsburg, Va.: AidData at William and Mary, Working Paper No. 54, June 26, 2018. The authors of this report find a modest positive correlation in attitudes among the young, well educated, and economically privileged.

¹⁹ Katja B. Kleinberg and Benjamin O. Fordham, “Trade and Foreign Policy Attitudes,” *Journal of Conflict Resolution*, Vol. 54, No. 5, 2010; and Marek Hanusch, “African Perspectives on China-Africa: Modeling Popular Perceptions and Their Economic and Political Determinants,” *Oxford Development Studies*, Vol. 40, No. 4, 2012.

²⁰ Damian Raess, “The Demand-Side Politics of China’s Global Buying Spree: Individual Attitudes Toward Chinese Inward FDI Flows in Comparative Perspective,” Bern, Switzerland: World Trade Institute, Working Paper No. 02/2019, March 2019.

The Appeal of the China Model and the Rise of a Beijing Consensus

A related reputational issue is the degree to which the Chinese development model (the so-called “China Model”) is or will continue to be viewed as a leading option for the developing world. The appeal of the model is a major presumed source of Chinese influence, and, in some countries—notably, in Africa—opinion polling indeed suggests that the model outpaces the U.S. model in appeal. Some analysts have gone beyond the appeal of the model itself to posit the potential rise of a Beijing Consensus counterpoised to the Washington Consensus backing a neoliberal model.²¹

Our research suggests multiple reasons to doubt the degree to which either of these narratives will have growing influence. First, the China model has always been more theoretical than practical: It is a grab-bag of state-led development tactics that has evolved significantly over time. It is not a clear, coherent set of policies that another state could simply adopt.²² Second, China’s economic performance is likely to hit roadblocks in the coming years. Combined with growing concerns about China’s human rights practices, an economic decline will have the effect of weakening the appeal of the proposed model.²³ Third, the idea of a coherent Beijing Consensus counterpoised to the dominant liberal model of economic governance has been largely discredited.²⁴ Fourth, because of these shifting attitudes, many countries are now taking measures to guard themselves against the more-malign effects of economic relationships with China, from controls on Chinese investment (especially in such areas as high technology) to limits on sharing of technology by Western firms.

Security Variables: Security Cooperation and Military Posture

In addition to examining economic input variables, we analyzed security input variables, which can include arms sales and coproduction agreements, direct military assistance, institutional capacity-building programs, military training and education, military exercises, humanitarian assistance and disaster relief activities, and military facilities and access agreements. To assess the status of influence in the security category, we reviewed available evidence on U.S., Chinese, Russian, and European security cooperation activities. The overarching lesson of this review is clear: Although China is increasing its security cooperation activities at the margins, the United States continues to enjoy an immense advantage in this sphere and remains the security partner of choice for most countries. In the remainder of this section, we discuss related findings from this analysis.

The security cooperation activities of the United States and its allies remain vastly larger and more significant than those of China (or Russia). This is true for arms transfers, as shown in Figures 4.6 and 4.7. But it is even more true for direct military aid: The United States provided \$13.7 billion in aid in 2018 alone, and the leading security providers in the European Union

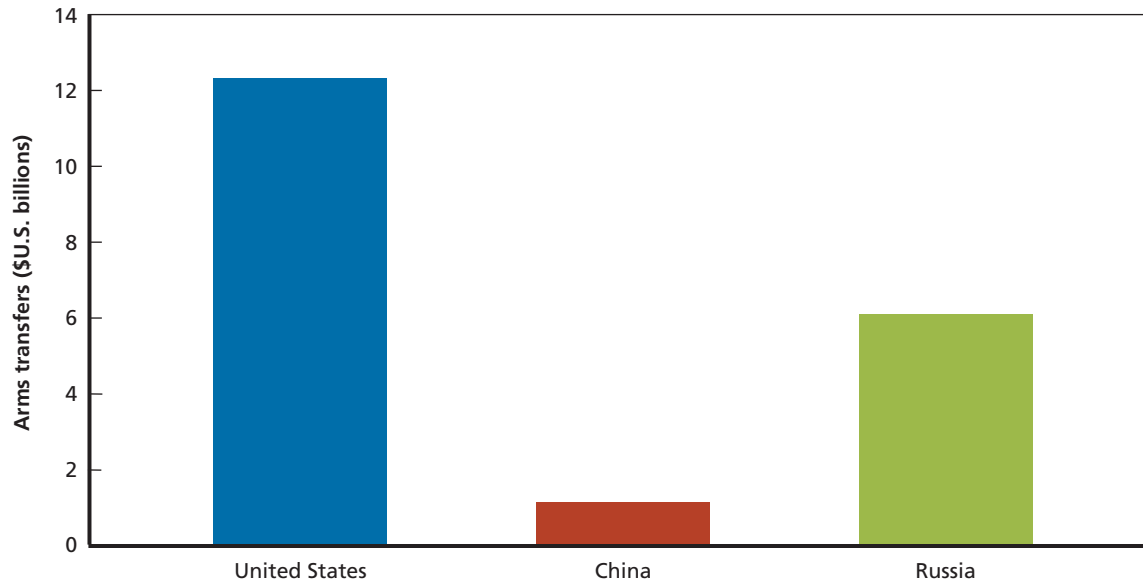
²¹ Weitseng Chen, ed., *The Beijing Consensus? How China Has Changed Western Ideas of Law and Economic Development*, Cambridge, United Kingdom: Cambridge University Press, 2017.

²² Barry Naughton, “China’s Distinctive System: Can It Be a Model for Others?” *Journal of Contemporary China*, Vol. 19, No. 65, 2010; and Shaun Breslin, “The ‘China Model’ and the Global Crisis: From Friedrich List to a Chinese Mode of Governance?” *International Affairs*, Vol. 87, No. 6, 2011.

²³ Elizabeth Economy, “The Problem with Xi’s China Model,” *Foreign Affairs*, March 6, 2019.

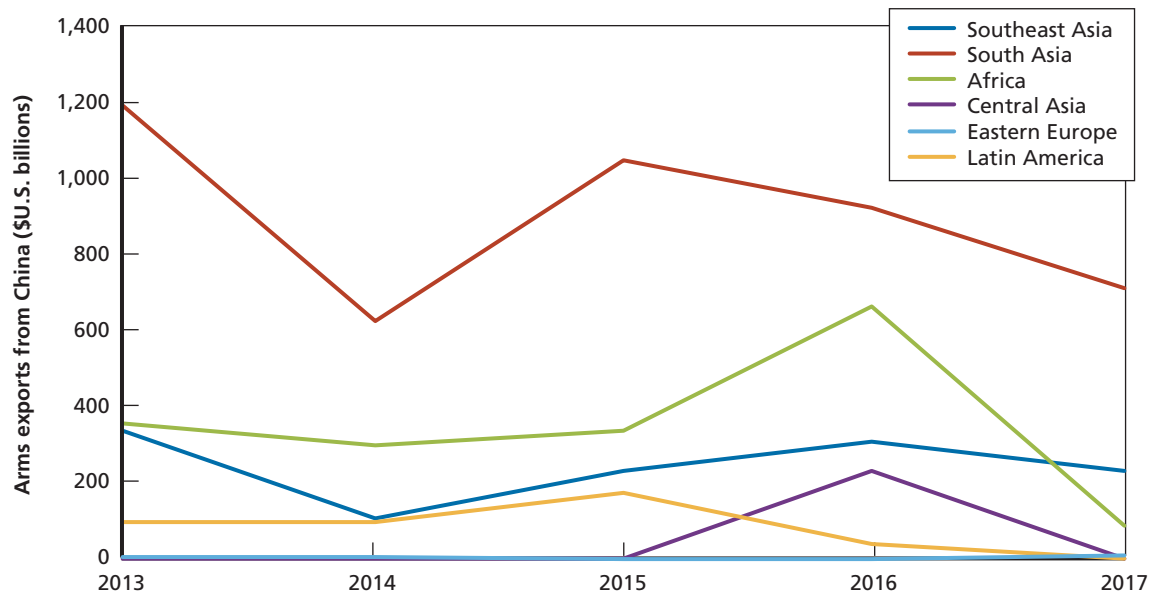
²⁴ Scott Kennedy, “The Myth of the Beijing Consensus,” *Journal of Contemporary China*, Vol. 19, No. 65, 2010.

Figure 4.6
Total Arms Transfers, 2017



SOURCE: Stockholm International Peace Research Institute (SIPRI), undated.

Figure 4.7
Chinese Arms Exports, by Region, 2013–2017



SOURCE: SIPRI, undated.

(EU) (Germany, France, the United Kingdom, Spain, and Italy) provided another \$7 billion.²⁵ Hard and fast numbers for Chinese (and indeed Russian) military aid are much tougher to come by, partly because Beijing considers such figures to be a state secret. Our best estimate from Chinese-language and international open-source reporting suggests that China provides somewhat less than \$100 million of military aid annually; we found a similar number for Russia, in a range between \$90 and \$145 million annually.²⁶ Thus, U.S. arms transfers are a multiple of China's arms transfers, but U.S. military aid is orders of magnitude larger than China's.

Even in categories in which raw numbers suggest that China is beginning to approach U.S. levels of security cooperation—for example, in military exercises—the numbers tend to conceal a continuing difference in scope and quality of cooperation activities. For instance, RAND field work in Asian countries between 2017 and 2019 strongly suggests that U.S. exercises remain generally far larger, more sophisticated, and more valued than China's exercises are.

Formal U.S. allies are by far the second most important security cooperation actors in the world (behind the United States), vastly outstripping China and Russia. The leading security cooperators in the EU provide billions in military aid (see Figure 4.8). They conduct a significant proportion of global arms transfers, have security aid missions in dozens of countries, conduct dozens of major military exercises (both multilaterally among themselves and bilaterally and multilaterally with non-EU countries), and host thousands of foreign students in professional military education venues every year.

This fact increases the relative U.S. advantage in this sphere: In many cases—in such areas as North Africa, the Middle East, and Southeast Asia—the United States is seeking goals that align with those of important allies whose own security cooperation activities outstrip those of China even before U.S. figures are counted. Multilateral coordination could enhance the efficiency of U.S. and allied security cooperation activities and sustain an indefinite advantage over China.

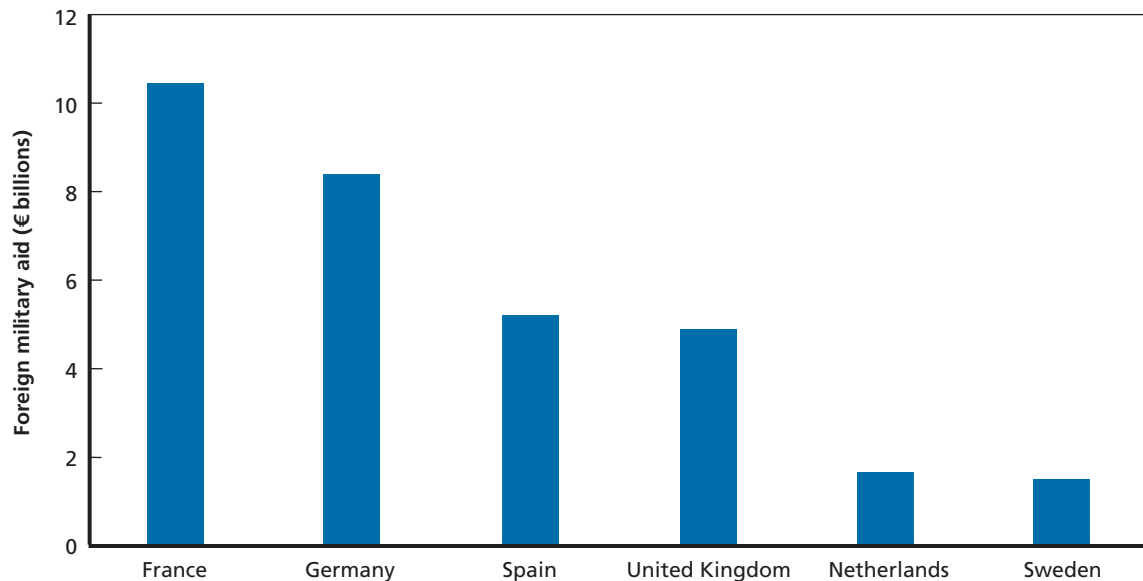
Another emerging reality benefits the United States: Several countries that have not traditionally had a large security cooperation profile—including Japan, Australia, and India—are bolstering their efforts specifically to contest Chinese influence. As their security cooperation activities continue to grow, they will provide additional opportunities for coordination with U.S. activities.

Chinese security cooperation relationships remain centered on a handful of traditional and regional partners and client states. As shown in Table 4.2, China has an emerging set of modest

²⁵ U.S. security assistance statistics are derived from Security Assistance Monitor, web tool, undated. EU numbers come from a review of government publications and open-source documents from EU member states, including United Kingdom Ministry of Defence, *UK Defence in Numbers*, London, October 2018; North Atlantic Treaty Organization (NATO) Allied Command Transformation, “Partnership Training and Education Centres,” webpage, undated; France Ministry of Europe and Foreign Affairs, “Les Écoles Nationales à Vocation Régionale,” webpage, undated; and Germany Federal Ministry of Defence, *White Paper 2016: On German Security Policy and the Future of the Bundeswehr*, Berlin, 2016.

²⁶ These estimates are derived from Chinese government reporting on specific aid cases, Department of Defense reports, Defense Intelligence Agency reports, and think tank sources. See, for example, Office of the Secretary of Defense, *Annual Report Congress: Military and Security Developments Involving the People's Republic of China*, Washington, D.C.: U.S. Department of Defense, various years; Defense Intelligence Agency, *Assessment on U.S. Defense Implications of China's Expanding Global Access*, Washington, D.C., December 2018; Defense Intelligence Agency, *China Military Power: Modernizing a Force to Fight and Win*, Washington, D.C., January 2019; Kenneth Allen, Phillip C. Saunders, and John Chen, *Chinese Military Diplomacy, 2003–2016: Trends and Implications*, Washington, D.C.: National Defense University Press, China Strategic Perspectives No. 11, July 17, 2017; SIPRI, “Arms Transfers Database,” web tool, undated; and Helena Legarda, *China Global Security Tracker*, Berlin: Mercator Institute for China Studies, various years.

Figure 4.8
Top European Providers of Foreign Military Aid, 2013–2017



SOURCE: Pieter D. Wezeman, Aude Fleurant, Alexandra Kuimova, Nan Tian, and Siemon T. Wezeman, *Trends in International Arms Transfers*, 2018, Stockholm: Stockholm International Peace Research Institute, March 2019.
 NOTE: This figure shows the cumulative amount of aid over the period for each country.

security relationships with a variety of countries around the world. The lion's share of China's aid, military exercises, and arms sales, however, remain with a relatively small set of countries that represent traditional friends, clients, or targets of regional influence, including Russia, Pakistan, the Philippines, Cambodia, and Laos.

Chinese security cooperation activities are not growing in a linear fashion—and, in some categories, are not growing at all. China's regional and global security profile is not matching the growth of its economy in anything like a linear sense. One example is the number of major exercises China conducts internationally: The number of exercises has grown since 2013 but largely leveled off.²⁷ According to our research, similar patterns appear in such areas as military aid and the number of students hosted in professional military education programs.

U.S. security cooperation activities remain far more respected, in-depth, comprehensive, and sought after than China's are. Chinese exercises, military education, and training and advising missions remain significantly behind the United States in quality. Even U.S. humanitarian assistance and disaster relief activities are seen as significantly more professional and effective than their Chinese counterparts are.

In sum, security cooperation remains an area of profound U.S. competitive advantage and is likely to remain so for some time. This finding becomes even more valid when accounting for the activities of U.S. friends and allies. China is working to expand and improve the quality of its security cooperation efforts in several areas but must overcome significant suspicions in some countries and established U.S. relationships in others.

²⁷ For data from 2013 to 2016, see, for example, Allen, Saunders, and Chen, 2017; and International Institute for Strategic Studies, *The Military Balance 2020*, London, February 2020.

Table 4.2
Total Chinese Military Aid, 2013–2018

Country or Group	Total Military Aid (\$U.S. millions)
Cambodia	115.0
African Union	100.0
Afghanistan	70.0
Tanzania	30.0
Nepal	22.0
Philippines	21.0
Sri Lanka	18.0
Peru	17.5
Kyrgyzstan	16.0
Mali	14.0
Cape Verde	10.0
Liberia	10.0
Namibia	10.0
Nigeria	10.0
Seychelles	10.0

SOURCE: Estimates are derived from open-source and Chinese government reporting on specific aid cases; Department of Defense reports; Defense Intelligence Agency reports; and think tank sources, as described earlier. See, for example, Office of the Secretary of Defense, various years; Defense Intelligence Agency, 2018; Defense Intelligence Agency, 2019; Allen, Saunders, and Chen, 2017; SIPRI, undated; Legarda, various years; and Tom Bayes, *China's Growing Security Role in Africa: Views from West Africa, Implications for Europe*, Berlin: Konrad-Adenauer-Stiftung, July 15, 2020.

NOTE: Recipients that received less than \$10 million in Chinese military aid include (in \$U.S. millions) Bolivia (8.5); Fiji and Ghana (7.5 each); Cameroon, Guinea, and Sierra Leone (7.0 each); Ecuador and Uruguay (5.0 each); Ivory Coast (4.5); Armenia (4.0); Barbados and Dominica (3.0 each); Belarus, Grenada, Papua New Guinea, and Somalia (2.0 each); and the Bahamas, Central African Republic, Argentina, Serbia, and Madagascar (less than 2.0 each).

Diplomatic Variables: Programs and Activities

In addition to reviewing economic input variables, we considered Chinese activities in public diplomacy and their possible influence effects. We did so in two ways: First, we referred to the extensive work by the AidData lab at the College of William and Mary, which has gathered tremendous data on Chinese public diplomacy activities in Asia over the previous decade.²⁸ Second, we reviewed surveys of Chinese influence that included public diplomacy activities in specific countries or regions.²⁹ (Importantly, we included activities of the United Front Work Department, a critical arm of Chinese propaganda and social influence. We consider these as part of the intervening factor of mastering the local context and achieving societal-level influence. See Chapter Five.)

Custer and colleagues at AidData have examined indicators in the public diplomacy realms of informational and cultural diplomacy, human exchanges, financial diplomacy, and

²⁸ See Custer et al., 2018.

²⁹ For example, Meick, Ker, and Chan, 2018, pp. 14–16.

elite-to-elite diplomacy. They traced available data on activities in these realms between 2000 and 2016. These measures include

- the number of Confucius Institutes, which has grown from a handful in 2004 to more than 80 in 2016, and other forms of Chinese cultural centers
- festivals and other Chinese cultural activities hosted in the targeted country
- the establishment of Chinese sister cities in the targeted country
- foreign exchange programs, including educational scholarships
- FDI, especially in infrastructure, and the public diplomacy activities surrounding those investments
- elite-to-elite diplomacy in various forms, especially official visits.³⁰

The authors' analysis produces several interesting conclusions. For instance, China has directed the greatest amount of its public diplomacy at the Asia-Pacific region's developed states—Japan, South Korea, and Australia. This could be for various reasons, but one implication is that Chinese investments do not correlate with clear results in terms of a good-neighbor effect in these countries. For example, although Japanese public opinion toward China has recovered recently to some degree, it declined precipitously between 2017 and 2020. Public opinion of China in Australia collapsed in 2019 and 2020, suggesting that a decade's worth of investments in public diplomacy can be undone very quickly and that these activities alone cannot necessarily build lasting influence.³¹

Among the region's developing nations, Indonesia, Cambodia, Malaysia, and Thailand are the priorities for Chinese public diplomacy. Of these, there is evidence that Cambodia and, to some degree, Thailand have aligned somewhat more with China during this period. Here, too, investments are not correlated with linear results, at least in terms of public opinion.

When looking at the general country patterns, however, Custer and colleagues did find that China's public diplomacy activities had some success on a person-to-person basis. Overall, "financial, cultural, and elite-to-elite diplomacy are generally associated with more favorable views of China," they conclude. Specifically, "Respondents in countries exposed to a higher volume of Beijing's financial diplomacy and official visits were more likely to view China as having the best development model and as a positive force for their countries."³²

The AidData researchers also conducted interviews with 76 officials, academics, and businesspeople in several countries targeted by Chinese influence efforts. A consistent theme of the interviews was that, even after a decade and a half of public diplomacy investments by China, many elites in the region remained extremely skeptical of Beijing's intentions.

The only way that Custer and colleagues tried to assess how well China converts "its public diplomacy overtures into foreign policy returns" was to look at UN General Assembly voting patterns, which is a problematic indicator. The authors did find a positive correlation between Chinese activities and UN voting, but this could be explained by various intervening factors.³³

³⁰ Custer et al., 2018, pp. 3–4.

³¹ Custer et al., 2018, pp. xx, 19; and Laura Silver, Kat Devlin, and Christine Huang, *Unfavorable Views of China Reach Historic Highs in Many Countries*, Pew Research Center, October 6, 2020.

³² Custer et al., 2018, p. 45.

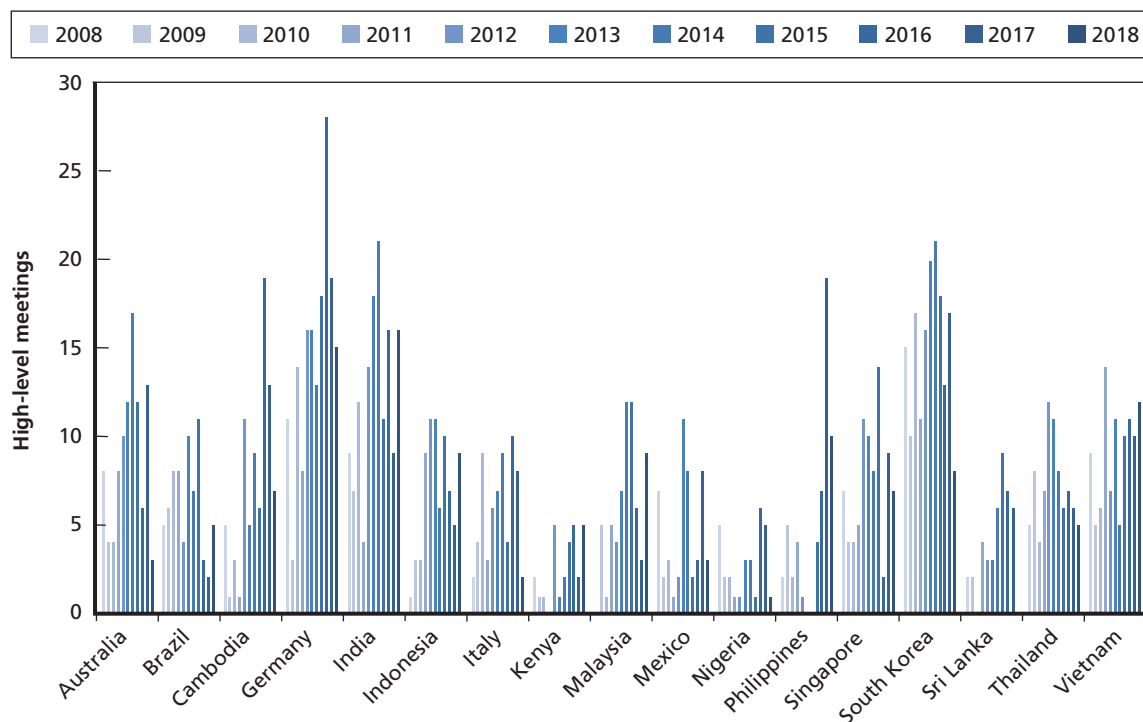
³³ Custer et al., 2018, p. 49.

Other studies have examined the incidence of similar activities in other countries. For instance, China has boosted its exchange programs, scholarships, and official visits in Latin America and the Caribbean and now refers to its partnerships with seven countries in the region as “comprehensive strategic partnerships.” There are 39 Confucius Institutes in the region, and China announced an intent to offer more than 12,000 scholarships and training programs between 2015 and 2019.³⁴

In addition to these studies, we considered other sources of data on Chinese civilian and military diplomacy activities. The top destinations for military diplomacy and visits are familiar: Australia (55 visits between 2010 and 2016), Thailand (51), Indonesia (42), Singapore and Vietnam (39), Malaysia (36), India (32), and Myanmar (28).³⁵

Finally, we gathered information from the Chinese Ministry of Foreign Affairs website regarding all notifications of bilateral high-level meetings with foreign ministers, party leaders, and so forth. A meeting was counted as high-level if at least one head of state was in attendance (see Figure 4.9).

Figure 4.9
Number of High-Level Meetings Between China and Select Focus Countries, 2008–2018



SOURCE: Author analysis of diplomatic activity data from the Ministry of Foreign Affairs of the Peoples' Republic of China. See, for instance, Ministry of Foreign Affairs of the Peoples' Republic of China, "Indonesia: Activities," webpage, undated-b.

³⁴ Koleski and Blivas, 2018, pp. 15–16.

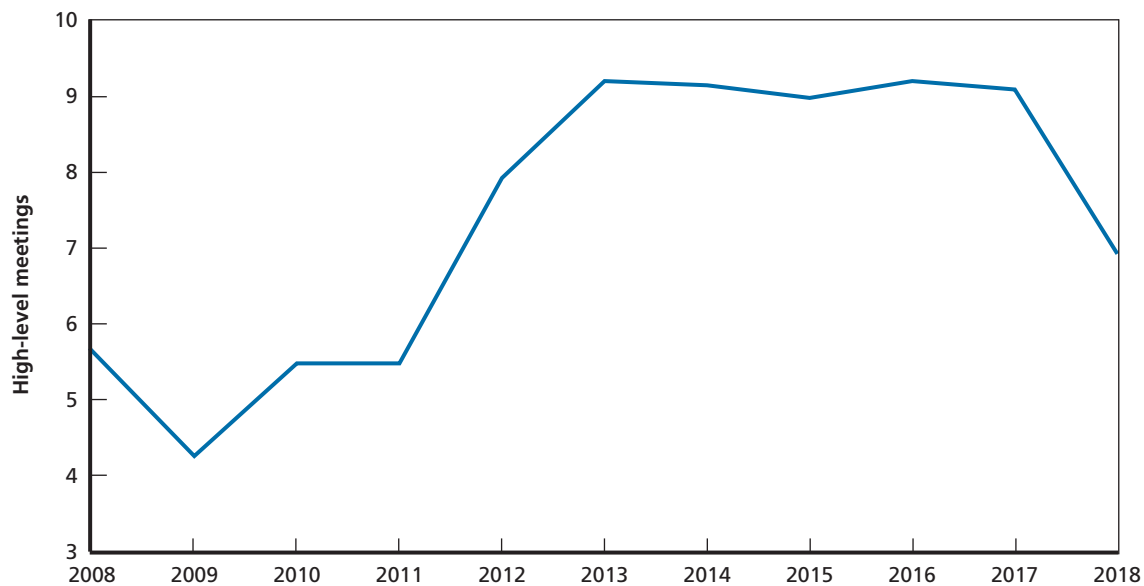
³⁵ Allen, Saunders, and Chen, 2017.

Using the same data, we also examined the average number of high-level meetings between China and all focus countries over time to determine whether we saw a trend. As Figure 4.10 indicates, there is not a consistent, significant rise in the incidence of such exchanges between the beginning and the end of the period examined.

Informational Variables: State-Supported Broadcasting and Social Media Activities

We considered China's information-based influence operations, which are growing and underway throughout the Asia-Pacific region. For this effort, we gathered data first on traditional state media (news broadcasts from radio, television, and newspapers) and then on social media. Specifically, we gathered information about station providers that offered a Chinese television station through the China Global Television Network, the international branch of China's state media (China Central Television). These channels were counted even if multiple providers offered the same channel (see Figure 4.11). Additionally, we gathered any extra scattershot information available on China-based news and the perception of such news in the focus country. For instance, we recorded whether access to radio programming was full or partial. Although most focus countries had full radio programs available in English, others had only a ten-minute to one-hour daily summary in the local language.³⁶

Figure 4.10
Average Number of High-Level Meetings Between China and Select Focus Countries, 2008–2018



SOURCE: Author analysis of diplomatic activity data from the Ministry of Foreign Affairs of the Peoples' Republic of China. See, for instance, Ministry of Foreign Affairs of the Peoples' Republic of China, undated-b.

³⁶ China Radio International, homepage, undated; and Koh Gui Qing and John Shiffman, "Beijing's Covert Radio Network Airs China-Friendly News Across Washington, and the World," Reuters, November 2, 2015.

In recent years, the Chinese government has invested around \$1.3 billion annually to increase the international presence of Chinese media, yet the focus of state media seems largely regional.³⁷ As shown in Figure 4.11, Indo-Pacific countries host the bulk of Chinese news stations. Despite China's push for news representation internationally, its efforts abroad seem hampered by the perception that Chinese news is highly biased. For example, in Kenya, where both radio and television stations are either directly run by Chinese companies or are owned by China's state media, there have been reports that local reporters were either self-censoring to retain their positions or were actively warned by supervisors to stick to the Chinese narrative of international events.³⁸ Furthermore, leaders in Germany, Malaysia, and Mexico have stated that Chinese media outlets promote national propaganda, sowing distrust in their validity.³⁹

RAND field research suggests a significant skepticism of Chinese broadcasting entities (such as the China Global Television Network) throughout much of Asia.⁴⁰ Elites and citizens of most countries appear to understand that Chinese state media provide only the Chinese government's view on an issue and cannot be relied on for objective information. Moreover, some regional governments exercise tight control of the media, which limits China's ability to broadcast unfettered messages.⁴¹

Recent U.S. experience confirms the idea that state-sponsored media can struggle to affect public attitudes or other sources of influence. In the wake of the terrorist attacks on September 11, 2001, the United States set up multiple Arabic-language broadcasting stations, including Radio Sawa and the Al-Hurra television network, aimed at influencing countries in the Middle East. According to opinion polls, neither network appears to have had a significant measurable impact on beliefs in general or attitudes toward the United States—especially relative to other effects on opinion in these countries, such as U.S. policy. Given the large-scale skepticism toward the Chinese government, there is little reason to expect Chinese state media to have a better experience.

Next, we performed a qualitative assessment of the top social media platforms in China. For this analysis, we examined in depth the two platforms with the largest international presence: Weibo (roughly equivalent to Twitter) and WeChat (a catch-all platform with components for Facebook, ride-share services, doctors' appointments, and contactless payments).

Overall, Chinese social media receives mixed success in the focus countries. For example, although Kenyan and Nigerian netizens firmly prefer non-Chinese social media platforms, Australian politicians are joining the platforms to connect with Chinese-speaking users in Australia about domestic politics. The Australian commercial sector has not picked up Chi-

³⁷ Amy Gunia, "China's Media Interference Is Going Global, Report Says," *Time*, March 25, 2019.

³⁸ Bartholomäus Grill, "China's Expanding Media Dominance in Africa," *Der Spiegel*, June 14, 2019; Sheng Ding, "To Build a 'Harmonious World': China's Soft Power Wielding in the Global South," *Journal of Chinese Political Science*, Vol. 13, No. 2, 2008; Najum Mushtaq, "Africa Tunes In to China," *Horn of Africa Bulletin*, June 4, 2019; and "China Is Broadening Its Efforts to Win Over African Audiences," *The Economist*, October 20, 2018.

³⁹ Arne Delfs, "Germany Probes China Reporters for Snooping Around Military," Bloomberg, May 25, 2019; Syed Arabi Idid and Chang Peng Kee, "The Media and Public Agenda Among the Malay and Chinese Communities During the 2008 Malaysian General Elections," *Asian Social Science*, Vol. 8, No. 5, April 2012; and Pablo Sebastian Morales, "Could Chinese News Channels Have a Future in Latin America?" *Westminster Papers in Communication and Culture*, Vol. 13, No. 1, 2018.

⁴⁰ As we indicated in Chapter One, this field research had not yet been published at the time of this report.

⁴¹ See, for example, Russell Hsiao, "A Preliminary Survey of CCP Influence Operations in Singapore," *China Brief*, Vol. 19, No. 13, July 16, 2019.

nese social media, but German, Mexican, and South Korean tourist boards advertise on Weibo. Going further, some Brazilian and Italian businesses have opened Weibo accounts to attract Chinese consumers without leaving China. However, the Italian efforts have fallen flat after several culturally insensitive posts by luxury brands and Italian celebrities.⁴²

The role of Chinese social media in the focus countries seems to be focused largely on luring Chinese customers to specific brands or influencing local politics. Indeed, various social media campaigns regarding pro-Chinese politics may be partially to blame for the lack of foreign users on the sites. For instance, in 2016, an international tribunal ruled in favor of the Philippines in a territorial dispute with China. Following the verdict, Chinese social media platforms were flooded with anti-Filipino rhetoric.⁴³ Environments like these are unlikely to be welcoming for non-Chinese netizens. But, at this point, our research does not suggest that China is engaged in large-scale manipulation of social media users or in politically oriented social media activities outside of Taiwan, Hong Kong, or other issues considered relevant to Chinese sovereignty.

Cultural Variables: Language Prevalence and Entertainment

Language Prevalence

An important source of U.S. global influence has been the prevalence of the English language, not only as the global second language of choice but also as the semi-official language of many professional fields. One indicator of relative influence would therefore be whether the Chinese language (specifically, the Mandarin dialect) is beginning to overtake English in any important ways. Language prevalence could be especially important in such fields such as finance, air transport, shipping, and engineering.⁴⁴ Data on this question are difficult to come by. There is no reliable database of people studying various languages around the world. The information that is available, however, suggests that the economic rise of China has indeed prompted a growing effort to learn its language. However, there is little evidence that Chinese will supplant English, and the growth of English around the world continues to be a major trend.

We gathered data from a variety of census sources for as many focus countries as possible to determine the extent of language ties. The countries for which we found census data included Australia, India, Indonesia, Italy, Malaysia, Mexico, the Philippines, Singapore, South Korea, Sri Lanka, Thailand, and Vietnam.⁴⁵ However, because of the scattered years of

⁴² Yuhan Xu, “Dolce & Gabbana Ad (with Chopsticks) Provokes Public Outrage in China,” NPR, December 1, 2018; and Miranda Barnes and Manya Koetse, “‘No Place Like Italy Innit’—Young Beckham’s Instagram Post Sparks Controversy on Weibo,” *What’s on Weibo*, October 5, 2018.

⁴³ “South China Sea: Chinese Social Media Urges Mango Boycott,” BBC News, July 13, 2016. For example,

⁴⁴ David Singh Grewal discusses the English language as a form of network power and describes many areas in which it constitutes the default language (David Singh Grewal, *Network Power: The Social Dynamics of Globalization*, New Haven, Conn.: Yale University Press, 2008, pp. 71–81).

⁴⁵ Australian Bureau of Statistics, “Cultural Diversity in Australia, 2016,” webpage, June 28, 2017; Census of India, *Language: India, States and Union Territories*, New Delhi: Office of the Registrar General, 2011; Central Intelligence Agency, “East Asia/Southeast Asia: Singapore,” in *The World Factbook*, Washington, D.C., 2019; Ethnologue, “Chinese, Mandarin,” web tool, undated; Istituto Nazionale di Statistica, “Linguistic Diversity Among Foreign Citizens in Italy,” press release, July 25, 2014; and Sistemas Nacionales Estadístico y de Información, “Población Hablante de Lengua Indígena de 5 y Más Años por Principales Lenguas, 1970 a 2005,” webpage, July 3, 2006.

available information and overall lack of consistent data, it is not possible to provide comprehensive representations over time. Therefore, we also conducted a qualitative analysis, in which we gathered any information on Chinese-speaking in classrooms and on job opportunities incentivizing Chinese-speaking. (For this analysis, Chinese includes Mandarin, Cantonese, and any other dialects of the language.)

We found that Singapore, Vietnam, and Malaysia had the largest recorded number of Chinese speakers. India, Mexico, and Sri Lanka did not include any Chinese dialects on their census lists of locally spoken languages. The percentage of students studying Chinese in Australia has hovered around 20 percent since 2006, although there is anecdotal evidence that relatively few nonethnic Chinese are studying the language there. It has been documented that China has donated books and Chinese-language programs to such countries as Cambodia and Kenya,⁴⁶ but we could not find the number of speakers or even of people learning the language in those countries.

In many of the focus countries, English is still prioritized over all other foreign languages. This is true in Malaysia, Singapore, and Vietnam, which all rank the importance of English studies above Mandarin in the classroom. Interestingly, students in Mexico who study Chinese are using English as an intermediary; that is, Chinese translations are given in English. Only South Korea shows a noticeably large increase in Chinese-language students directly studying from Korean to Chinese.

Overall, although we found news articles about how the rise of Chinese trade in many countries is making it advantageous to learn the language, few countries, including China's bigger trade partners (e.g., Australia), seem to prioritize the Chinese language in classrooms.⁴⁷ Much of the Chinese proficiency in the focus countries remains among those of Chinese descent, particularly migrants and international students. Some anecdotal evidence suggests modifications to this picture: For instance, Indonesian sources have told RAND researchers that there are more Indonesians studying in China than in the United States and that large numbers of Indonesians are learning Mandarin.⁴⁸

One important indicator of language prevalence is the number of university and graduate courses or programs offered in various languages. English has become the default second language of global education, and, according to one study, this process accelerated significantly in all regions of Europe between 2007 and 2014, during which the number of English-language courses tripled.⁴⁹ A global survey of English-language courses found them to be concentrated

⁴⁶ "China Donates 9,130 Chinese Books to Schools in Cambodia," *China Daily*, November 18, 2017; and Overseas Chinese Language and Culture Education Online, "肯尼亚中国学校," webpage, undated.

⁴⁷ Ji Ye, "Mandarin Prospers in Brazil," *China Daily*, September 29, 2014; Chen Lixiong, "It Pays to Learn Chinese, in Cambodia," *World Crunch*, January 24, 2015; Grace Tan-Johannes, "Why More Chinese Indonesians Are Learning Mandarin, and Nurturing Their Children's Sense of Belonging to Chinese Culture," *South China Morning Post*, August 23, 2018; Abdi Latif Dahir, "Kenya Will Start Teaching Chinese to Elementary School Students from 2020," *Quartz*, January 8, 2019; Michelle FlorCruz, "Chinese Language in Nigeria Is Increasingly Popular as China-Africa Economic Relations Deepen," *International Business Times*, June 29, 2015; Peter Teo, "Mandarinising Singapore: A Critical Analysis of Slogans in Singapore's 'Speak Mandarin' Campaign," *Critical Discourse Studies*, Vol. 2, No. 2, 2005; and Fergus Hunter, "International Education Boom Predicted, Despite Decline in Chinese Students," *Sydney Morning Herald*, January 30, 2019.

⁴⁸ RAND researchers, interview with the authors during field work for this project, Jakarta, September 2019.

⁴⁹ Carmen Neghina, "New Study Reveals: English-Taught Education in Europe Tripled Since 2007," *Studyportals.com*, 2014.

mainly in the United States, Europe, Japan, South Korea, and Australia, with handfuls of courses and programs available in Africa and Southeast Asia.⁵⁰

Another important submeasure of language-based influence is the number of fields or industries around the world in which English has become the language of professional activity. For example, global air traffic control is conducted in English, some international engineering firms conduct daily business in English to attract employees from all over the world, and most top international economics programs are taught in English. Our research did not indicate any particular shift toward using Chinese in major industries.

Entertainment: Film and Television

To measure China's popular culture influence in the focus countries, we compiled an aggregated list of Chinese films—in which we included Chinese-produced films and Western-produced films in which a Chinese production studio played a major role—released in each country from 2014 to 2018 and calculated the amount that Chinese films grossed in Australia, Brazil, Germany, Italy, Malaysia, Mexico, the Philippines, Singapore, and South Korea (the countries for which we found data). In other focus countries where data were less available, we conducted a qualitative search for people who watched Chinese-produced films and Chinese collaborations in Western-produced films. To collect information on the popularity of Chinese television, we counted all channels that showed non-news programs (including soap operas, game shows, and movies) in the focus countries. Where we could not find numerical data, we conducted a qualitative assessment of Chinese programming.

The results from our analysis show that China's role in global media is steadily increasing, although it still lags well behind the United States and other leading cultural influencers. The pattern is inconsistent among a representative set of our focus countries: As shown in Figure 4.12, Mexico saw a sudden increase in Chinese films debuting in domestic theaters in 2016, and Singapore and Malaysia saw a decreasing number of Chinese films released over the period. Figure 4.13 offers data on the amount that Chinese films grossed in the nine countries noted earlier. As shown, Mexico's surge of Chinese films led to the second-highest gross, after South Korea.

Other statistics seem to demonstrate that Chinese films are not taking other markets by storm. Indeed, one survey of the data referred to the “waning appeal” of Chinese movies abroad, especially when compared with the success of films from India and South Korea, whose media have significant foreign penetration.⁵¹ Moreover, China's relationship with Western film studios has been increasingly clouded by Beijing's efforts to censor the content of foreign films as a condition of access to China's market.

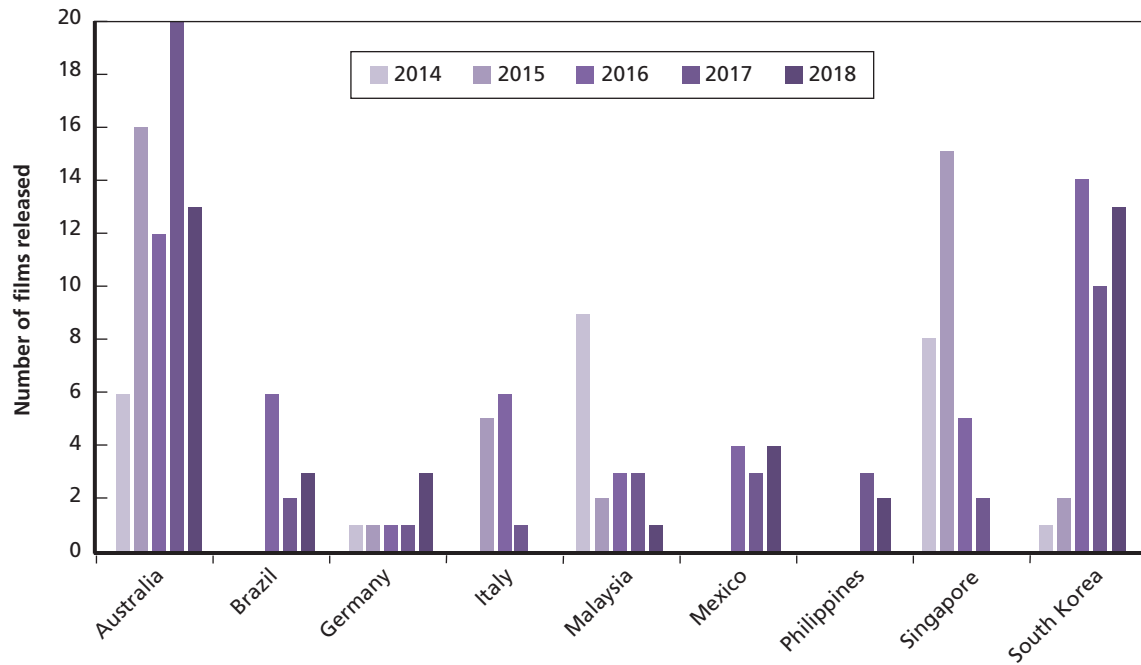
Outside of films, some Chinese television programming has been released in Sri Lanka, Thailand, and Vietnam, although viewership levels are unknown. In Africa, the Chinese firm StarTimes and its local energy partners in Kenya and Nigeria have advertised low prices for installation and cable packages.⁵² These incentives might be leading to more consumption of Chinese media in African nations, but no viewership data were available. However, some of the success of Chinese television in foreign countries has resulted in backlash: In 2017, con-

⁵⁰ Carmen Neghina, “Mapping English-Taught Programmes,” Studyportals.com, 2015.

⁵¹ China Power Team, “Do Chinese Films Hold Global Appeal?” Center for Strategic and International Studies, 2019.

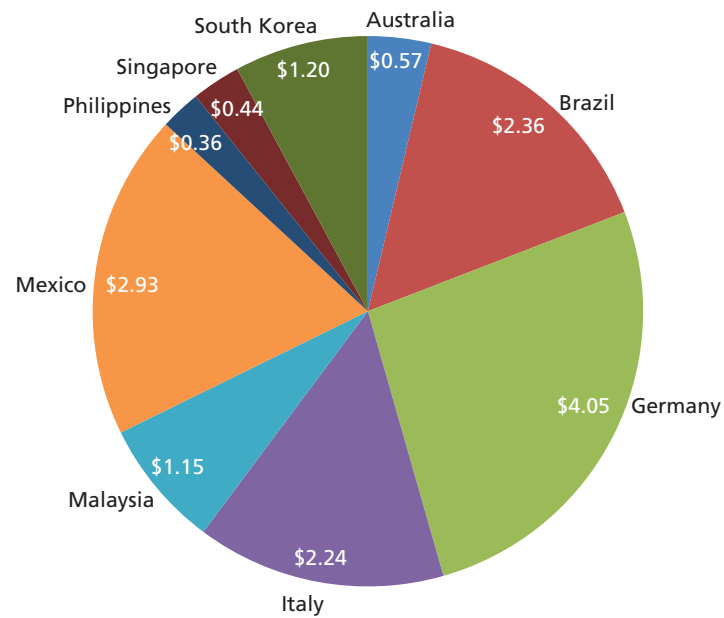
⁵² Jenni Marsh, “How China Is Slowly Expanding Its Power in Africa, One TV Set at a Time,” CNN, July 24, 2019.

Figure 4.12
Number of Chinese Films Released in Select Focus Countries, 2014–2018



SOURCE: Box Office Mojo, "2019 Worldwide Box Office," webpage, 2019.

Figure 4.13
Total Gross Income for Chinese Films in Select Focus Countries, Normalized by Number of Film Releases, 2014–2018 (\$U.S. millions)



SOURCE: Box Office Mojo, 2019.

cerns that Chinese celebrities were using their international fame to promote Chinese propaganda led to many Vietnamese channels announcing that they would cease showing and promoting Chinese programming—including one show that depicted the Chinese claimed nine-dash line.⁵³

A related trend in China's entertainment-based influence activities is China's purchase of Western media companies. For many years, state-controlled Chinese firms have been purchasing film production companies, theater chains, and distribution houses in the United States and Europe. Some reports suggest that China has used these connections to influence the portrayal of China in Western films—although, as noted earlier, Beijing has also sought a positive portrayal of China as a condition of access to China's market.⁵⁴ Beyond a general ability to discourage negative portrayals of China, however, it is not clear how ownership stakes in Western media companies have influenced societal outcomes.

People-to-People Variables: Education

In the people-to-people category of inputs, we examined international education exchanges—in this case, Chinese students studying abroad and China hosting foreign students. Our research suggests that some available data must be treated with caution: International study involves many different periods of stay, levels of integration with the local community, degree programs, quality, and follow-up. Simply referring to the total number of students studying abroad or to the number of foreign students studying in a country may not reflect the whole picture.

As of 2011, more than 25 percent (723,000) of the 2.7 million students who traveled abroad for higher education came to the United States. Chinese students constituted the fastest-growing segment of that number. Other top destinations for international study were the United Kingdom (455,600), France (283,621), Australia (258,827) and Germany (252,032). China ranked fourth on the list at that time, with 265,090 foreign students, most of them from Asia.⁵⁵

We looked at similar data for tertiary (post-high school) education programs in 2012 to 2018. For information on the number of Chinese students studying in our focus countries, we used data from the United Nations Educational, Scientific and Cultural Organization (UNESCO); when such data were not available for a specific country, we sought other independent sources. For information on the number of students studying in China, we relied on “inbound student” data from the Ministry of Foreign Affairs of the People's Republic of China.

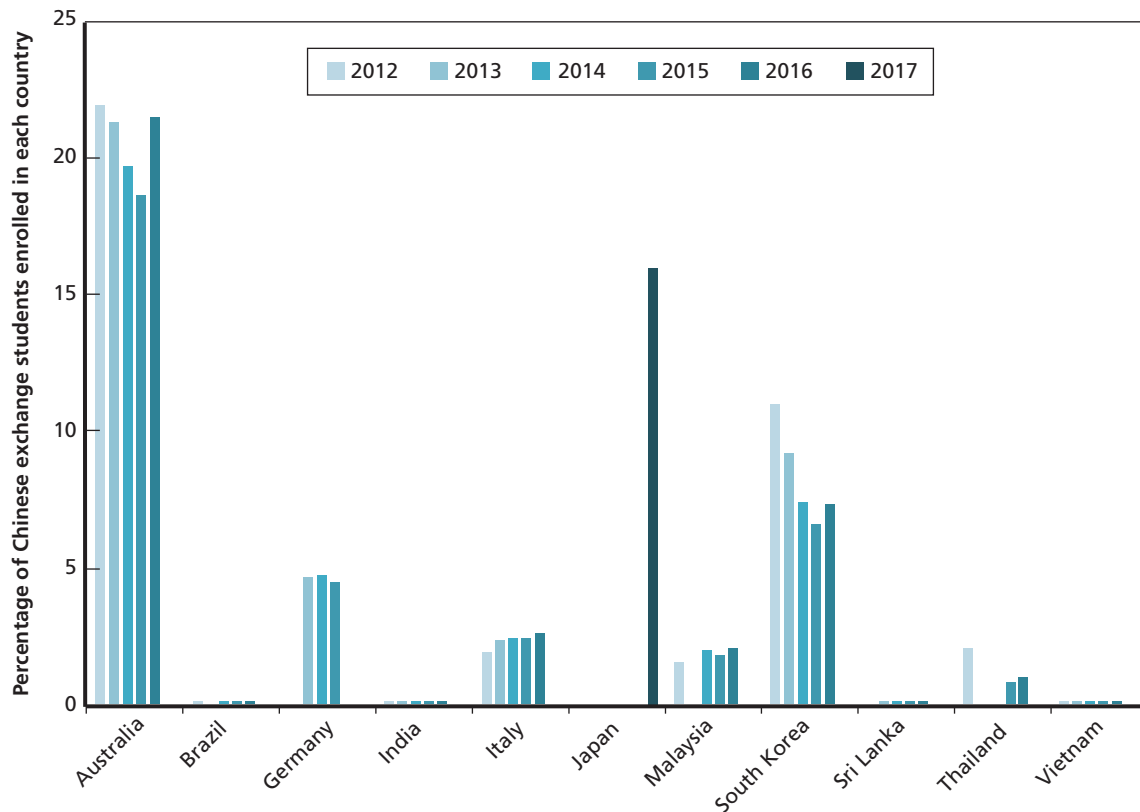
As shown in Figure 4.14, the most popular destinations for Chinese students enrolled in tertiary education programs were Australia and South Korea, and a significant percentage of students chose to study in Germany, Italy, and Malaysia. Some values, such as the 2016 statistics of the 61 students in Sri Lanka and the 336 students in Brazil, were very small. (Singapore's

⁵³ “Vietnam Pulls Abominable Film over South China Sea Map,” BBC News, October 14, 2019.

⁵⁴ Edward Wong, “Chinese Purchases of U.S. Companies Have Some in Congress Raising Eyebrows,” *New York Times*, September 30, 2016a; Darren E. Tromblay, “No More Fun and Games: How China's Acquisition of U.S. Media Entities Threatens America's National Security,” *Small Wars Journal*, May 22, 2017; and Scott Rodie and Andrew Viner, “What Chinese Companies See When Buying Up European Media,” BDO Global, February 26, 2018.

⁵⁵ Institute of International Exchange, *Open Doors 2011: Report on International Educational Exchange*, New York, November 2011, p. 4.

Figure 4.14
Percentage of Chinese Exchange Students Enrolled in a Tertiary Education Program in Select Focus Countries, Normalized by Total Outbound Chinese Students, 2012–2016



SOURCE: Ministry of Foreign Affairs of the People's Republic of China, "Inbound International Students to China, 2011–2016," spreadsheet, 2017; UNESCO Institute for Statistics, "Education: Outbound Internationally Mobile Students by Host Region," web tool, United Nations Educational, Scientific and Cultural Organization, undated, accessed September 2019; Wang Hongyi, "Growth in Numbers Studying Abroad Slows," *China Daily*, March 13, 2014; "Number of Chinese Outbound Students Up by 11% in 2014," ICEF Monitor, March 31, 2015; "459,800 Chinese Left for Study Abroad Last Year," *Ecns.cn*, March 5, 2015; "Did Growth in Outbound Chinese Mobility Really Slow in 2013?" ICEF Monitor, November 26, 2014.

NOTE: Singapore's data were excluded from the chart because estimated numbers varied widely, from 13,000 to 36,000, and all reported data were significantly older than the data available for the other focus countries. Data for other focus countries were not available.

data were excluded from the graph because estimated numbers varied widely, from 13,000 to 36,000, and all reported data were significantly older than the data available for the other focus countries. Nonetheless, it is clear that a significant number of Chinese students were studying there.)

Data on exchange students studying in China are depicted in Table 4.3. When we normalized the data against all inbound students from focus countries to China between 2012 and 2017, the number of students from Australia, Germany, Italy, and Malaysia steadily increased. Conversely, the number of students from the South Korea, Thailand, and Vietnam showed a steady decline.

Table 4.3
Number of Chinese Students Enrolled in Select Focus Countries' Tertiary Education Programs, 2012–2017

Country	2012	2013	2014	2015	2016	2017
Australia	87,497	87,980	90,245	97,387	112,329	128,498
Brazil	314		270	332	336	
Germany		19,441	21,886	23,616		
India	682	694	444	294	191	177
Indonesia						431
Italy	7,645	9,788	11,318	12,581	13,768	
Malaysia	6,033		9,031	9,560	10,889	10,880
South Korea	43,698	38,109	34,145	34,513	38,568	
Sri Lanka		66	63	84	61	73
Thailand	8,444			4,544	5,305	
Vietnam	440	388	274	281	131	34

SOURCE: UNESCO Institute for Statistics, undated.

NOTE: The UNESCO Institute for Statistics splits mainland China, Hong Kong, and Macau. The table shows data for mainland China only.

Measuring Chinese Influence: Intervening Factors

Now that we have examined the input variables for Chinese influence, we turn to assessing the intervening factors from the framework for influence described in Chapter Three. Our research into case studies of influence-seeking suggests that intervening factors can be the most important component in determining the degree of influence that an outside actor can gain in a targeted nation. Measuring inputs alone, as explained in Chapter Four, can be misleading because the causal relationship between the input and the output is not linear. The intervening factors help determine how, and how much, the inputs affect the outputs.

As noted in Chapter Three, we identified six essential categories of intervening factors that shape an influencer state's degree of influence:

- *shared values and cultural experiences*, which create a predisposition to agree in the absence of countervailing factors
- *common interests, purposes, or perceived threats*, both general and specific, which establish a basis to persuade the target of influence that a course of action is in its interests
- *implicit societal influence, or soft power*, which rests on the attractiveness of the influencer state's sociopolitical model and cultural values
- *mastery of the local context in the targeted state*, including detailed understanding of the sinews of power and influence
- *vulnerability of the targeted state to outside influence*, including measures of corruption and the role of foreign communities and political influence
- *the domestic and international context*, which can provide factors either supportive or destructive of influence.

In this chapter, we examine variables in these categories to gain insight on the degree to which China is acquiring influence in our 20 focus countries.

One important constraint on any effort to better understand intervening factors is that they are complex, obscure, and almost impossible to measure in truly meaningful ways. Many variables in these six broad categories have to do with highly subjective and qualitative perceptions that can dampen or boost the influence of an outside actor but that are very difficult to capture in quantifiable terms. In some cases, a seemingly clear variable, such as regime type, is not reliably associated with high or low levels of Chinese influence in a country. In other cases, variables that can be more readily measured, such as public opinion, can change rapidly and provide only a snapshot indication of intervening conditions. Finally, as we explain in Chapter Six, it is very difficult to measure the outputs of influence campaigns in any objective way, making it even more challenging to assess the effect of intervening factors.

Therefore, in this chapter, we offer evidence that is more qualitative and incomplete than the evidence presented in Chapter Four is. As a result, rather than constituting a final or comprehensive assessment of intervening factors, this analysis leads us to conclude that more research is needed to better understand these variables.

Shared Values and Cultural Experiences

One category of intervening factors has to do with the degree to which a targeted country (in this analysis, one of our focus countries) shares values and cultural experiences with the influencer state (in this analysis, China, whose influence we compare with that of the United States). The theory of this intervening factor is that nations are more likely to be influenced by countries that share their values and experiences, partly because those countries are also more likely to be politically friendly with one another or to share common strategic perspectives. Seva Gunitsky, for example, contends that global power transitions tend to result in domestic governance changes in countries throughout the system; that is, more countries tend to mirror the domestic structure of a hegemon, and when an existing hegemon declines, so does the prevalence of its domestic model.¹ This theory suggests that rising Chinese power might naturally encourage more autocratic regimes and present a growing challenge to liberal values in the international system, even before Beijing makes conscious efforts at influence.

One obvious way to measure shared values is to compare regime types. For example, the Economist Intelligence Unit ranks all but seven of the 20 focus countries to be complete or incomplete democracies.² Freedom House is similar in its ranking of countries as free, partly free, or not free: Only four of the 20 focus countries rate as not free.³ Therefore, most of these focus countries, including most of the economically significant countries on our list, are democracies. Because shared regime type can indicate a significant value alignment with the influencer state, most of the focus countries are more likely to align with the United States than with China.

Another way to measure shared values is by assessing public opinion on national admiration and affinity. (Chapter Six deals with public opinion as an output variable and offers more-detailed statistics on these points.) For example, when residents of 36 African countries were surveyed in 2016 and asked about the most popular model for national development, the U.S. model came in first place (cited by 30 percent of respondents), but China's was close behind (at 24 percent).⁴ In several countries, China's model was most popular.⁵ Interestingly, in this survey, younger people tended to favor the U.S. model more heavily than the average respondent did, and more-educated cohorts showed a somewhat more-equal distribution between the U.S. and China models. According to RAND field research, including dialogues with

¹ Seva Gunitsky, *Aftershocks: Great Powers and Domestic Reforms in the Twentieth Century*, Princeton, N.J.: Princeton University Press, 2017.

² Economist Intelligence Unit, *Democracy Index 2019: A Year of Democratic Setbacks and Popular Protest*, London, 2020.

³ Freedom House, "Countries and Territories," webpage, undated.

⁴ Mogopodi Lekorwe, Anyway Chingwete, Mina Okuru, and Romaric Samson, "China's Growing Presence in Africa Wins Largely Positive Popular Reviews," *Afrobarometer*, Dispatch No. 122, October 24, 2016, p. 2.

⁵ Among the countries where the U.S. model enjoyed the top spot in this indicator were Kenya, Morocco, Nigeria, and Uganda; China's model held the top spot in Egypt, Mozambique, Niger, and Zambia, among others.

U.S. embassies and host-nation officials and scholars, even in Thailand—one of the Southeast Asian countries more amenable to Chinese influence than most—few saw the Chinese system as an appropriate model for Thailand’s own development.⁶ And despite the apparent similarity between Vietnam’s state-led development program and China’s, most Vietnamese officials and elites did not see China as their model.

Other surveys explicitly ask questions about national affinity. One spring 2019 survey in Japan and South Korea, for example, found that more than 60 percent of respondents reported more affinity toward the United States than toward China. Respondents unwilling to make a choice were the next-largest group; those expressing more affinity toward China than toward the United States accounted for just 6.3 percent in South Korea and 3.3 percent in Japan.⁷

We reviewed many polls and dozens of questions that dealt with popular views in the focus countries on key value issues—for instance, do respondents support democracy and free speech, and do they believe in tolerance as a political value?⁸ Perhaps surprisingly, these polling results were complex and did not align completely with regime type. Residents from some strong democracies showed less support for specific democratic values than residents of incomplete democracies did. Our review of this subset of the data suggested that public attitudes on key shared values are not a strong and reliable indicator of value-sharing.

In addition to shared values, cultural ties and a history of alignment or contestation can affect how those in a targeted state perceive an influencer state. In the full intervening factor category of shared values and cultural experiences, we evaluated seven variables—regime type, bilateral history of relationship (discord or friendship), national policies relating to shared values (such as human rights), public opinion, overlapping political culture, popular culture ties, and language ties. We assigned each variable a value on a scale of 1 to 3, weighting two of the variables—regime type and bilateral history—slightly more than the others (indicated by darker shading of that row in the list of variables). We then simply added those values to create a total for each country, and those countries are plotted on a spectrum. Figure 5.1 displays the results of this exercise as an *affinity index*. We found that most of our focus countries have greater affinity for the United States, significantly (but not exclusively) because of shared values.

This analysis suggests that Chinese influence-seeking will be constrained, to an important degree, by the fact that many of the targets of its influence share more values with the United States than they do with China. Indeed, the authors of one 2018 study make exactly such an argument, adding the concept of national identity to the equation: After evaluating public opinion and analyzing official statements and public discourse, Bentley B. Allan, Srdjan Vucetic, and Ted Hopf conclude that values of democracy and liberal economics are well entrenched in global great powers (such as India, Brazil, and Germany) and that this creates a significant barrier to China’s effort to dominate global norms.⁹ This reality is already emerg-

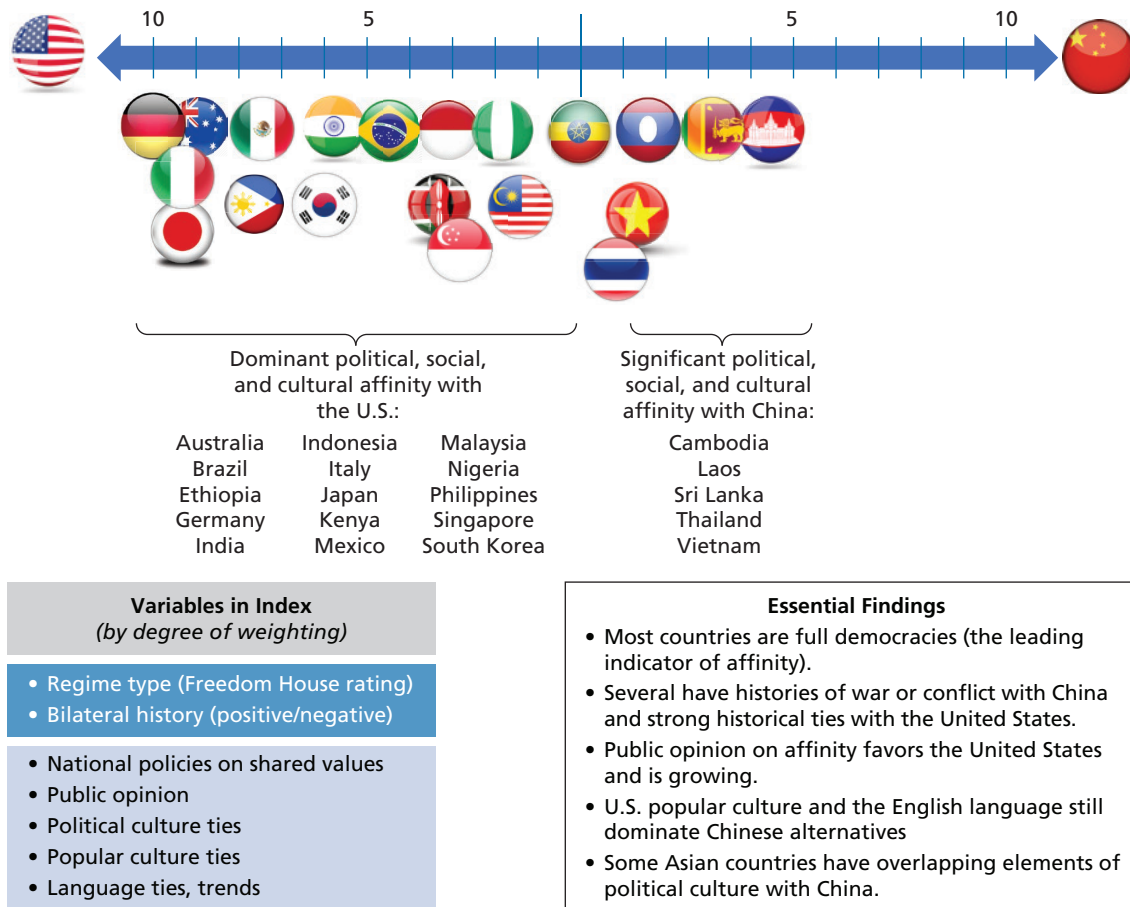
⁶ As described earlier in the report, this field research was conducted between 2017 and 2019 for studies related to this project, and those researchers shared their data and findings with us. The reports describing the field research were not yet published as of the writing of this report.

⁷ Genron NPO and East Asia Institute, *The 7th Japan-South Korea Joint Public Opinion Poll 2019: Analysis Report on Comparative Data*, Tokyo, June 2019.

⁸ We relied mostly on two sources of polling data—Pew Research Center and Gallup—for assessing these and other issues. See Pew Research Center, “Democracy,” web tool, undated; and Gallup, “World Poll,” web tool, undated.

⁹ Bentley B. Allan, Srdjan Vucetic, and Ted Hopf, “The Distribution of Identity and the Future of International Order: China’s Hegemonic Prospects,” *International Organization*, Vol. 72, No. 4, Fall 2018.

Figure 5.1
Affinity Index



SOURCE: Authors' analysis of data from Freedom House, undated; public opinion polling (as cited in the main text); unpublished RAND field research; and other sources on cultural and language ties cited elsewhere in this report.

ing in Europe, where a reaction to Chinese human rights violations, cyber intrusions, and intellectual property theft has been growing. It is impossible to quantify this effect precisely, however. And the effect of shared values is itself constrained by a competing factor: China's dominant source of influence—the immense attraction of its economic market and foreign aid and investment programs. This powerful tool continues to mute the reactions generated from clashing values and to lead U.S. value-sharing allies and partners (such as Germany, South Korea, and Indonesia) to overlook differences with China in service of economic gain. Understanding the intervening factors shaping China's influence therefore demands considering a larger set of intervening issues, such as common interests, which we turn to next.

Common Interests, Purposes, or Perceived Threats

When the influencer and the targeted state have perfectly overlapping interests and purposes, the relationship is not one of influence so much as of joint action. Any arising arguments are about means, not ends, and the influencer does not have to coerce or entice the targeted country to share goals but rather merely work out collective courses of action. This can be challenging, but the degree of that challenge is very different from that of influencing a state whose interests strongly conflict with those of the influencer.

For this study, we evaluated the intervening factor category of common interests, purposes, and perceived threats using six variables: history of alignment or contestation, identity narratives, active territorial disputes, views on major security issues, economic interests, and attitudes (popular and official) on whether China's power is a threat or benefit to the targeted state.¹⁰ Table 5.1 summarizes the results, indicating whether each focus country has a negative or positive interest alignment with China. Red indicates a negative assessment for China (interests with the focus country diverge), and green indicates a positive interest alignment with China. Darker shades indicate a stronger degree of negative or positive alignment. Empty cells indicate that the factor was not a notable concern for that country.

As seen in the table, very few variables are on the positive side of the ledger. The only variable showing positive alignment is for economic interests, and we judged all focus countries to be positively aligned with China on that variable. This was a complicated decision because some countries (including some African and Latin American nations) have shared economic interests (because of Chinese economic trade, investment, and lending) but only in a purely transactional manner. These targeted countries do not really share security interests with China—they do not endorse China's claim to the South China Sea, for example—but the overlapping economic interest of a strong trade tie is a significant influence. In such cases, we represented the variable as somewhat positive. In other cases, the simple desire for trade and investment with and from China has the potential to cancel out many areas of interest clashes; in those cases, we represented the variable as strongly positive. This assessment thus reinforces a general theme of this report: China's burgeoning economic power is the foundation for its influence, above and beyond any other considerations.

In the remainder of this section, we dig deeper into each of the six variables assessed in Table 5.1.

History of Alignment or Contestation

The first variable we examined in this category indicates whether each focus country has a history of war, rivalry, contestation, friendship, or alliance with the influencer (in this case, China). For example, we included cases of outright war with China, as well as cases of strong negative historical memories from Chinese interference in the country's domestic affairs, such as support for violent revolutionary movements.

As seen in Table 5.1, many countries in Asia have significant negative historical experiences, including wars with China (Cambodia, India, and Vietnam), recent coercive Chinese activities (Japan, the Philippines, and South Korea), and domestic crises or civil wars involving a local Chinese population (Indonesia). Some countries (such as Singapore and Thailand) have

¹⁰ The lines between intervening factor categories can be blurry, and some variables can belong in multiple categories. Public opinion and a history of alignment or contestation are two examples.

Table 5.1
Interest Alignment Between China and the Focus Countries

	History of Alignment or Contestation	Identity Narratives	Active Territorial Disputes	Views on Major Security Issues	Economic Interests	Attitudes on Whether China's Power Is a Threat or Benefit
Australia						
Brazil						
Cambodia						
Ethiopia						
Germany						
India						
Indonesia						
Italy						
Japan						
Kenya						
Laos						
Malaysia						
Mexico						
Nigeria						
Philippines						
Singapore						
South Korea						
Sri Lanka						
Thailand						
Vietnam						

SOURCE: Authors' judgments based on subject-matter expertise. For some more-specific sources, see, for instance, the sources cited in this section; Pew Research Center, undated; Gallup, undated; and Bryan A. Frederick, Paul R. Hensel, and Christopher Macaulay, "The Issue Correlates of War Territorial Claims Data, 1816–2001," *Journal of Peace Research*, Vol. 54, No. 1, 2017.

histories that are less conflictual. Outside of Asia, none of the focus countries has a deep historical rivalry or alliance with China that is big enough to significantly constrain relations today.

In some countries, such as Thailand, the rise of Chinese influence is partly attributable to the fact that China has respected the targeted country's autonomy; Thailand in particular has moved toward a more authoritarian political system. Such behavior may be a precondition for lasting, sustainable influence. On the flip side, states that perceived strong Chinese interference have tended to take stricter measures to limit the influence that Beijing wields and to resist the application of that influence when it occurs. This fact reinforces the dilemma that Beijing confronts: As it becomes stronger and more willing to forcibly exercise its influence, it risks creating the conditions under which that influence weakens.

In addition to considering common interests and purposes in this category, we consider common perceived threats, which can contribute to whether countries are aligned. Even countries with significant differences can find common ground in a shared threat. In the case of the focus countries, most in Asia harbor a perception that China poses at least some threat, which creates a natural alignment—if muted and incomplete—with the United States. This emerges in various ways and to various degrees in different countries and among different interest groups in those countries. For example, in the Philippines, President Rodrigo Duterte and some key cabinet members are more skeptical of the U.S. relationship, while those in the military and security services continue to view China as a significant threat and value the U.S. alliance.¹¹ Broadly speaking, notable fear of the Chinese threat exists in at least eight of the 20 focus countries, and very few, if any, perceive a threat from the United States.

Identity Narratives

A second variable in this category considers identity narratives, particularly the degree to which a targeted country's self-conception or identity clashes in some way with China's. This could be true, for example, if a country believes it has a natural right to regional leadership in a way that collides with China's presumption of eventual regional hegemony.

We found four cases in which national self-conceptions created clearly divergent interests with China: India, Indonesia, Japan, and Vietnam. All four countries view themselves as having rightful degrees of regional influence that would appear to clash with China's conception. There are other cases in which smaller countries may have well-developed identities of independence and autonomy that conflict with China's presumed degree of control. Examples are Cambodia, Malaysia, and Singapore.

Active Territorial Disputes

Third, we identified countries that have an active and ongoing territorial dispute with China, and these are listed in Table 5.1. The disputed claims are in the South and East China Seas and along China's border with India.

Views on Major Security Issues

For the views on major security issues variable, we considered a variety of global and regional issues, including UN votes on major security issues; global security threats, such as terrorism and nuclear proliferation; and regional security issues, relating mostly to competing territorial claims.

The data suggest that neither China nor the United States aligns with or strongly diverges from most focus countries, except in one area: regional territorial disputes. Table 5.1 indicates the countries that have taken public positions at odds with China's claims and interpretation of maritime law, especially as they relate to the 2016 Permanent Court of Arbitration ruling that concluded that China has "no legal basis to claim historic rights to the bulk of the South China Sea."¹²

¹¹ Richard Heydarian, "How Tighter Philippines-US Defence Ties Contradict Rodrigo Duterte's Beijing-Friendly Foreign Policy," *South China Morning Post*, October 20, 2019.

¹² Katie Hunt, "South China Sea: Court Rules in Favor of Philippines over China," CNN, July 12, 2016. For more on the positions of the 20 focus countries, see Asia Maritime Transparency Initiative, "Arbitration Support Tracker," webpage, June 16, 2016a. On UN voting patterns, see U.S. Department of State, *Voting Practices in the United Nations*, Washington, D.C., various years.

Economic Interests

The complex variable of economic interests has at least two major components for this analysis: a targeted country's interest in preserving good economic relations with China and the country's overall economic strategy and stance relative to competing U.S. and Chinese economic institutions, norms, and standards.

For the second category—the relative economic ties of the focus countries—the evidence is mixed, as suggested in Table 5.2. Most leading countries are heavily engaged with both the United States and China. They remain tied to the post–World War II economic institutions and rules established by the United States. But they also accept engagement with Chinese-led trade regimes and economic institutions when such engagement does not constitute a zero-sum choice with the established institutions. Some focus countries have trade disputes with the United States that mirror those of China in some way. Moreover, China remains aligned with many aspects of the post-war order, so the overall U.S.-China contest does not demand other countries to make a fundamental choice. In short, the general economic alignment of focus countries does not indicate dominant influence for either the United States or China.

In Chapter Four, we reviewed evidence for the first category of economic influence alignment—dependence on Chinese economic trade, aid, loans and investment. As noted there, such dependence is growing and provides the single most powerful source of Chinese influence. In many recent cases in which states or nonstate actors (such as corporations and sports teams) declined to confront China more vigorously, the leading reason was almost always economic.

Attitudes (Popular and Official) on Whether China's Power Is a Threat or a Benefit

We present most public opinion data in Chapter Six, partly because views on China represent both intervening factors and outputs in our framework for assessing influence. Positive views of Chinese power are an output sought by Beijing, but general attitudes toward China also constitute an intervening factor that affects the success of Chinese influence campaigns.

Broadly speaking, the evidence on attitudes toward China suggests significant constraints on its influence. In Asia, there is substantial suspicion of Chinese motives and very clear concern about Chinese military power. In countries outside Asia, extended economic interaction with China tends to produce more concerns over time, a trend seen even in Latin America and Africa (although support for engagement with China remains high). In sum, the public opinion data that we review in detail in Chapter Six point to potential limits on Chinese influence.

Some countries reflect conflicted and hedging positions on this issue. Malaysia is a good example: Recognizing the economic opportunities of good relations with China, both popular opinion and official statements appear to distinguish between the actual degree of Chinese threat and the degree Malaysians are willing to publicly acknowledge.¹³ This essential pragmatism, which is apparent in many Asian and especially Southeast Asian countries, constrains the degree of overt pushback against Chinese influence, even where the risks of growing Chinese power are tacitly recognized.

¹³ See, for example, Cheng-Chwee Kuik, "Making Sense of Malaysia's China Policy: Asymmetry, Proximity, and Elite's Domestic Authority," *Chinese Journal of International Politics*, Vol. 6, No. 4, Winter 2013.

Table 5.2
Economic Alignment of the Focus Countries

Country	Free Trade Agreement with the U.S.	World Trade Organization Member	World Bank and IMF Member	Trade Disputes with the U.S.	Trade Disputes with China	Asian Infrastructure Investment Bank Member	Free Trade Agreement with China
Australia	✓	✓	✓	6		✓	✓
Brazil		✓	✓			✓	
Cambodia		✓	✓			✓	✓
Ethiopia		✓	✓				
Germany		✓	✓	52 (via EU)	13 (via EU)	✓	
India		✓	✓	17		✓	
Indonesia		✓	✓			✓	✓
Italy		✓	✓	52 (via EU)	13 (via EU) + 1	✓	
Japan		✓	✓	14	2		
Kenya		✓	✓			✓	
Laos		✓	✓			✓	✓
Malaysia		✓	✓				✓
Mexico	✓	✓	✓		4		
Nigeria		✓	✓				
Philippines		✓	✓	5		✓	✓
Singapore	✓	✓	✓			✓	✓
South Korea	✓	✓	✓	18		✓	✓
Sri Lanka		✓	✓			✓	
Thailand		✓	✓			✓	✓
Vietnam		✓	✓			✓	✓

SOURCE: Information on membership was gathered from each organization's website (World Trade Organization, "Members and Observers," webpage, undated; World Bank, "Member Countries," webpage, undated-b; IMF, "List of Members," webpage, April 15, 2020; and Asian Infrastructure Investment Bank, "Members and Prospective Members of the Bank," webpage, August 27, 2020). Information on trade disputes reflects formal disputes filed with the World Trade Organization as of July 2018 (John McKenna, "Who the US and China Have Trade Disputes With," World Economic Forum, July 6, 2018). Information on free trade agreements is from Office of the U.S. Trade Representative, "Free Trade Agreements," webpage, undated; and Ministry of Commerce of the People's Republic of China, "China FTA Network," webpage, undated.

NOTE: Blue text indicates alignment with the United States; red indicates alignment with China.

Conclusion: Interest-Based Intervening Factors

The six variables in this category offer several lessons. First, the area of most-common interest alignment is in economics—but this could be changing somewhat as more countries become attuned to the economic risks of engagement with China. Indeed, even absent concerns over intellectual property, technology transfer, state-led espionage through 5G systems, and other rising worries, Chinese trade relations were already creating some negative reaction from domestic industries in many countries. Second, there is a significant divergence between countries inside and outside Asia: Within the region, mixed histories, active territorial disputes, and clashing regional identities create natural barriers to shared interests with China. But outside the region, these barriers do not exist to remotely the same degree, so China influence-seeking occurs on a more neutral playing field. Third, the barriers to shared interests are, in most cases, deeply structural rather than transient: They are grounded in perceptions of Chinese power and intentions and in historical experience, and China will not easily be able to alter them. Fourth, although we did not include a table depicting the focus countries' interest alignment with the United States (similar to Table 5.1), a counterpart table would depict almost no areas of strongly clashing interests outside Russia, China, Iran, and North Korea, and it would show significant areas of shared interest.

Implicit Societal Influence, or Soft Power

The next category of intervening factors is an influencer country's soft-power assets in the targeted country. As noted earlier, soft power refers to the ability to attract and co-opt others to one's goals rather than coerce them. Nye identified three forms of soft power: culture, political values, and foreign policies.¹⁴ The concept of soft power has clear limits as a tool to assess national influence. Nye stresses that it is difficult, and maybe impossible, for countries to intentionally wield soft power; it is a quality that emanates from a country's character and system. Moreover, it is notoriously difficult to assess how soft power affects outcomes or to gauge how a large amount of soft power might help a country get what it wants?

China has certainly made dramatic investments in soft-power resources, from state broadcasting to education scholarships. Scholar David Shambaugh estimates that China may spend \$10 billion per year on foreign propaganda and soft-power endeavors—for example, by promoting Chinese cultural performances and exchanges all over the world.¹⁵ Yet, as Shambaugh and others argue, it is not clear what China is getting for these efforts. As we discuss later in this report, polling data show growing skepticism about China's role and policies. And both objective and anecdotal data suggest that China's soft power is not providing the intervening boost that Beijing may have hoped.

For example, by far the most comprehensive analysis of global soft power is the Soft Power 30, a quantitative assessment by the public relations and branding firm Portland Com-

¹⁴ Nye, 2011.

¹⁵ David Shambaugh, "China's Soft-Power Push: The Search for Respect," *Foreign Affairs*, Vol. 94, No. 4, July–August 2015; and Melik Kaylan, "China Has a Soft-Power Problem," *Wall Street Journal*, September 5, 2019. See also David Shambaugh, *China Goes Global: The Partial Power*, New York: Oxford University Press, 2013; and "China Is Spending Billions to Make the World Love It," *The Economist*, May 23, 2017. For an argument that China's soft-power profile is likely to grow, see Young Nam Cho and Jong Ho Jeong, "China's Soft Power: Discussions, Resources, and Prospects," *Asian Survey*, Vol. 48, No. 3, May–June 2008.

munications and other partners. It aggregates dozens of variables in seven categories—culture, digital, education, engagement, enterprise, government, and polling—into an index of soft power. Example variables include a country’s level of tourism, the popularity of its music and food, the number of Facebook followers for the head of state, the number of top universities, and the level of development aid to other countries. By this index, China does not do very well: It comes in 27th of the 30 and is significantly outstripped in global soft power by much smaller countries, such as France, Sweden, Switzerland, and Canada. (The United States comes in fifth.)¹⁶

More-anecdotal and case-based research points to the same limits on China’s soft-power capacities. As noted in Chapter Four, the attractive force of the China model is limited, given how unique it is to a single context. A detailed analysis of public opinion data and affinity ratings in Asia found that China has a real handicap: Its values generate attractive power only in the economic arena, but such power can wax and wane with China’s economic fortunes; U.S. values of freedom and democracy are more timeless.¹⁷

Part of the problem for China is that soft power more naturally emerges from free, open, vibrant, and liberal societies.¹⁸ In the Soft Power 30 rankings for 2019, *all* of the top 26 countries were open democracies, with the partial exception of Singapore. China, Russia, Hungary, and Turkey rounded out the top 30, but the correlation between liberal democracy and soft power seems clear. Because China’s soft-power enterprises, such as broadcasting and social media, are associated with the state, there is natural suspicion about the messages they present. Many of China’s recent activities—such as its crackdown on democracy activists in Hong Kong, its human rights violations of Muslims in Xinjiang province, and its meddling in free speech abroad—are hallmarks of an authoritarian state that will surely erode the attractive power of the China model.

Most importantly, China’s soft-power efforts are aimed in contexts where suspicion of China is very high for historical and geopolitical reasons. Territorial disputes and historical enmities limit the effect of Chinese soft power in key states, such as Indonesia.¹⁹ In other cases, such as Vietnam, the level of animosity to Chinese power is very intense; in India, a more intense phase of concern about a rising China predated the new surge of worry in the United States. In cases where states have a significant ethnic Chinese population, the arrival of Chinese soft power carries particular risks.

All of these factors appear to be limiting the value for China of soft power as a helpful intervening factor. As China’s economic growth slows and other economic and social stresses mount, as many expect them to, the natural appeal of the China model will further dim. And if China’s trend toward greater authoritarianism and its tendency to meddle in other societies rises as well, the attractive force of China’s soft power will further erode. China’s massive global economic weight—and specific soft-power programs, such as development aid—mean that it will continue to enjoy some soft-power influence. But that form of power is not likely to be

¹⁶ Portland Communications, *The Soft Power 30: A Global Ranking of Soft Power*, London, 2019.

¹⁷ Kai-Ping Huang and Bridget Welsh, “Economic Context, Values, and Soft Power Competition in Southeast Asia: An Individual-Level Analysis,” *Asian Barometer*, Working Paper No. 134, 2017.

¹⁸ Kaylan, 2019.

¹⁹ Juniar Laraswanda Umagapi, “The Rise of China-Indonesia Relationship: Soft Power, Resources, and Prospect in the Future,” *Indonesian Perspective*, Vol. 2, No. 2, July–December 2017.

any more than an indeterminate intervening factor in China's search for influence. The United States and its allies and partners have a tremendous competitive advantage in this area, which they could further capitalize on with additional investments in key soft-power endeavors.

Mastery of the Local Context in the Targeted State

One intervening factor that can affect how well a state's inputs achieve influence in a targeted society is the state's mastery of the local context. How well does it understand the political and social levers to pull to get what it wants? Does it enjoy personal relationships with influential figures? Does it have a strong sense of what has worked and what has not to achieve influence over time? Does it have powerful programs in place to gain influence in specific countries?

The case studies examined in Chapter Seven suggest that an important factor associated with successful cases of Chinese influence-seeking is Beijing's ability to manipulate local political, economic, and social events to its benefit. If China's mammoth economic magnet is the gravitational center of its influence, then its ability to reach into other countries and effectively manipulate perceptions and events is the predominant tool. The two go together, of course; China's economic power is a chief mechanism for manipulating incentives and behavior in other countries. Beijing appears to view the United Front Work Department—the agency responsible for efforts both inside and outside China “to co-opt and neutralize sources of potential opposition to the policies and authority of its ruling Chinese Communist Party”—as a leading tool for pursuing these goals.²⁰

Yet it is exceptionally difficult to accurately measure China's mastery of the local contexts in countries that it seeks to influence. We examined various sources of evidence to evaluate this intervening factor. We spoke to U.S. diplomats who had served in countries where China was active and asked them about the degree of effectiveness they saw on the ground. We consulted RAND experts on key targeted countries of Chinese influence. And we searched for articles about Chinese involvement in local contexts and reviewed studies of the United Front Work Department's activities.

The primary finding from this research is that no comprehensive and reliable data exist to assess this factor. The sum of the evidence we reviewed points to a very mixed picture: China clearly has significant contacts in many societies across a variety of sectors and can use its economic relationships to leverage its influence in these groups. But China also often acts in a heavy-handed or ineffective manner; its interlocutors sometimes behave without sensitivity to local cultures or traditions; and it appears to take generic, centralized approaches as often as it develops nuanced, highly specialized strategies tailored to the local context. These are very broad, qualitative inferences drawn from available information, however, and the single most important lesson of this analysis is that the U.S. government's awareness of the issue needs to be much more detailed.

Diplomatic Representation

As just one example of the data we gathered to inform this judgment, we looked for information about China's diplomatic representation in the focus countries to help us gain insight into

²⁰ Alexander Bowe, *China's Overseas United Front Work: Background and Implications for the United States*, Washington, D.C.: U.S.-China Economic and Security Review Commission, August 24, 2018, p. 3.

the quality and effectiveness of such representation. In the absence of open-source treatments of the issue, most of the data were gathered from the local Chinese embassy websites.²¹ This included information on China's current (2019) ambassador to the focus country, the number of high-level positions at the embassy, the number of consulate generals in the country, and whether the embassy website was available in the local language. Then, we analyzed details on the current ambassador, which helped us judge the level of importance China places on the role of ambassador to each focus country. In particular, we noted how long the current ambassador had held the post compared with the average length for a Chinese ambassador for that country, and we determined the ambassador's years of experience in the region.

The embassy websites for each country were an interesting window into the priority of reaching the local population. Seven of the websites, including those for Cambodia, India, and the Philippines, lacked information in the local language. Additionally, the length of appointment for each ambassador had some notable variation: Although the length for most countries was between 3.1 and 3.6 years, the shortest average appointment was 2.2 years in Singapore, and the longest average appointment was 4.2 years in Germany (see Table 5.3). Meanwhile, we found that the amount of experience each ambassador held in the region also varied considerably (Table 5.4). The Chinese ambassador to Brazil held the largest amount of regional experi-

Table 5.3
Average Length of Chinese Ambassador
Appointment, by Select Focus Country

Country	Years
Germany	4.2
Indonesia	3.7
Thailand	3.7
Cambodia	3.6
Vietnam	3.6
India	3.5
Italy	3.5
Nigeria	3.4
South Korea	3.3
Australia	3.2
Kenya	3.2
Mexico	3.2
Brazil	3.1
Sri Lanka	3.1
Malaysia	2.8
Philippines	2.8
Singapore	2.2

SOURCE: Ministry of Foreign Affairs of the People's Republic of China, undated-a.

²¹ For links to Chinese embassy websites throughout the world, see Ministry of Foreign Affairs of the People's Republic of China, "Chinese Embassies," webpage, undated-a.

Table 5.4
Details on the Chinese Ambassador to Each Focus Country, 2019

Country	Ambassador	Year Ambassadorship Began	Previous Years of Experience in the Region
Brazil	Yang Wanming	2018	29
Japan	Kong Xuanyou	2018	27
Mexico	Zhu Qingqiao	2019	19
Germany	Wu Ken	2019	17
Cambodia	Wang Wentian	2018	9
India	Sun Weidong	2019	7
Malaysia	Bai Tian	2017	7
Vietnam	Xiong Bo	2018	7
Indonesia	Xiao Qian	2017	6
Kenya	Wu Peng	2019	3
Thailand	Lu Jian	2017	3
Philippines	Zhao Jianhua	2016	2
Australia	Cheng Jingye	2016	0
Italy	Li Junhua	2019	0
Sri Lanka	Cheng Xueyuan	2018	0
Ethiopia	Tan Jian	2017	0
Singapore	Hong Ziaoyong	2018	Number of years was not available, but the ambassador does have experience in Japan, Singapore, Hong Kong, and Vietnam
Laos	Jiang Zaidong	2018	Number of years was not available, but the ambassador does have prior experience in Vietnam and the Asia Department of China's Ministry of Foreign Affairs
South Korea	Qiu Guohong	2014	Not available
Nigeria	Zhou Pingjian	2016	Not available

SOURCE: Ministry of Foreign Affairs of the People's Republic of China, undated-a.

ence (29 years), and the ambassador to Mexico had 19 years of regional experience. Together, these two ambassadors held 44 percent of the total relevant regional experience held by all ambassadors in the focus countries.

This one category of data (diplomatic representation) illustrates how challenging it was to meaningfully assess China's mastery of local contexts. There is simply not enough open-source evidence to make a conclusive judgment. The available information implies a mixed picture, but our primary conclusion is that more research is needed on this issue.

Activities of the United Front Work Department

The United Front Work Department appears to have a prominent place in China's plans for influence, particularly in the Indo-Pacific region and in places with large ethnic Chinese populations.²² The department's activities count partly as an input to influence, but their ability to provide China with a mastery of local contexts is also an intervening factor.

Beijing employs the organization in a variety of ways, such as attempting to exploit schisms in the Buddhist community in Mongolia, fostering independence movements in Okinawa, and encouraging bloc voting in Australia and New Zealand to increase pro-Beijing voices in those countries' parliaments. Generally, United Front activities include, for example, disseminating propaganda, hosting influencers from targeted countries at conferences, and intervening in foreign political processes. The department is the Chinese Communist Party's single most direct institutional arm of Chinese influence.

Through its United Front activities, China is attempting to make societies on a mass level more friendly to Beijing and, in some instances, to plug United Front-connected individuals directly into the political system in democratic states. One of the department's main goals is to tie ethnic Chinese populations back to Beijing, particularly in such critical fields as business, media, and academia. Many of these populations were not particularly pro-Beijing during the Cold War, but, through the United Front, Beijing is trying to turn them into a useful tool of influence. The department also supports China's efforts to conduct surveillance of overseas Chinese populations and regulate the attitudes that they express.²³

Recent years have seen significant new revelations about United Front activities in such countries as Australia, Canada, and New Zealand. Specific targeted-nation politicians have been tied to United Front activities, and ethnic Chinese community leaders have been revealed as having significant roles in United Front organizations.

Beyond these general themes, some evidence about a refurbishment of United Front institutions and programs in the past several years, and some high-profile reporting on specific cases of Chinese political meddling—notably, in Australia, New Zealand, and Taiwan—there is little conclusive basis to assess the effectiveness of the department's activities. In a 2019 RAND report, we assessed extensive Russian disinformation and political interference activities in the United States and Europe—activities that partly but not fully parallel those of the United Front Work Department—and found mixed evidence for impact.²⁴ For the present analysis, we found nothing more than highly incomplete, anecdotal reporting on the effects of department activities in various countries. It is also difficult to separate the effects of those

²² Information in this section was derived from Bowe, 2018; Takashi Suzuki, "China's United Front Work in the Xi Jinping Era—Institutional Developments and Activities," *Journal of Contemporary East Asia Studies*, Vol. 8, No. 1, 2019; Mercy A. Kuo, "China's United Front Work: Propaganda as Policy," *The Diplomat*, February 14, 2018; David Shullman, ed., *Chinese Malign Influence and the Corrosion of Democracy: An Assessment of Chinese Interference in Thirteen Key Countries*, Washington, D.C.: International Republican Institute, 2019; Anne-Marie Brady, "Magic Weapons: China's Political Influence Activities Under Xi Jinping," paper presented at the Corrosion of Democracy Under China's Global Influence conference, Arlington, Va., September 16–17, 2017; and Peter Mattis and Alex Joske, "The Third Magic Weapon: Reforming China's United Front," *War on the Rocks*, June 24, 2019.

²³ Gerry Groot, "The Long Reach of China's United Front Work," *The Interpreter*, November 6, 2017.

²⁴ Michael J. Mazarr, Abigail Casey, Alyssa Demus, Scott W. Harold, Luke J. Matthews, Nathan Beauchamp-Mustafaga, and James Sladden, *Hostile Social Manipulation: Present Realities and Emerging Trends*, Santa Monica, Calif.: RAND Corporation, RR-2713-OSD, 2019.

programs from other sources of influence, such as a desire for access to Chinese markets and foreign investment.

In sum, the United Front Work Department represents a powerful effort by the Chinese government to master local contexts through connections to local politicians, influencers, Chinese students and ethnic populations, targeted-nation businesses and business leaders, and others. However, the degree of mastery over local contexts the department provides is not known and demands further research.

Vulnerability of the Targeted State to Outside Influence

One intervening factor that helps explain the degree to which inputs can lead to outputs of influence is the degree to which the political system of the targeted country is susceptible to influence. We assessed this factor using three variables: the degree of corruption in the political system, the role of elites in supporting Chinese influence, and the measures undertaken to protect the political system from foreign influence.

Degree of Corruption in the Political System

Several existing indexes rank levels of transparency, corruption, and rule of law in various countries. Such characteristics have been a particular concern in regard to avenues of Chinese investment, such as the Belt and Road Initiative, whose funds are arguably less conditioned on a recipient country's good governance (compared with other countries' development assistance funds) and could allow China to take advantage of local corruption to achieve influence. We reviewed dozens of indicators of corruption, including

- multiple indexes compiled by PRS Group, a political risk consulting firm, for its International Country Risk Guide; example measures include civil disorder, civil war, internal disorder, government stability, and political risk
- Center for Systemic Peace indexes, including on civil violence, civil war, ethnic violence, and state fragility, built from Polity and other established political science databases
- World Values Survey questions about national legitimacy and corruption from the sixth wave of the survey
- World Bank Worldwide Governance Indicators, including government effectiveness, regulatory environment, and rule of law
- World Justice Project rule of law index
- Transparency International's corruption perceptions index.²⁵

These indicators provided a mixed relationship between a targeted state's degree of corruption and the degree of Chinese influence over the state's behavior.

²⁵ PRS Group, "The International Country Risk Guide (ICRG)," webpage, undated; Center for Systemic Peace, "INSCR Data Page," web tool, undated; R. Inglehart, C. Haerpfer, A. Moreno, C. Welzel, K. Kizilova, J. Diez-Medrano, M. Lagos, P. Norris, E. Ponarin, B. Puranen, et al., eds., *World Values Survey: Round Six*, Country-Pooled Datafile Version, Madrid: JD Systems Institute, 2014; World Bank, "Worldwide Governance Indicators," data set, November 7, 2019b; World Justice Project, *World Justice Project Rule of Law Index 2019*, Washington, D.C., February 2019; and Transparency International, "Corruption Perceptions Index," web tool, undated. In each case, we used the most recent data available as of late 2019.

Next, we sought to provide a simplified summary of an overarching indicator—the quality of the rule of law, as assessed by the World Bank.²⁶ We categorized each focus country as having either strong rule-of-law measures or weaker rule-of-law measures. The countries that we assessed to have strong measures are Australia, Germany, Italy (although its measures have some weaknesses), Japan, Singapore, and South Korea. The countries that we assessed to have weaker rule-of-law measures are Brazil, Cambodia, Ethiopia, India, Indonesia, Kenya, Laos, Malaysia, Mexico, Nigeria, Philippines, Sri Lanka, Thailand, and Vietnam. These categories make clear that many targets of Chinese influence have imperfectly developed institutions to safeguard the rule of law. Other indicators of governance quality—such as government effectiveness and corruption—tend to break down the focus countries into the same two baskets, with a significant degree of variation in each list.

Public opinion data on the legitimacy of institutions and the degree of corruption show highly uneven and unclear results. Opinion data in some countries with capable institutions, such as Australia, show high degrees of public skepticism about those institutions, whereas data in some countries with less-effective governance, such as Indonesia, nonetheless show some confidence in the institutions. As just one example, in Pew Research Center polling from 2020, 58 percent of respondents in Indonesia pronounced themselves “satisfied” with their democracy, whereas only 41 percent of respondents in France and 43 percent of respondents in Japan did.²⁷ In other cases—such as Canada, the Netherlands, and Sweden—strong-rule-of-law countries did demonstrate among the highest satisfaction with the operation of democracy, but overall public confidence in institutions is not always well correlated with objective measures of governance.

Moreover, tying these characteristics to national behavior is challenging. It might appear obvious that countries with problematic rule-of-law indicators and the potential for corruption would be highly vulnerable to Chinese influence. But this is not necessarily the case, partly because other variables (such as clashing interests, a history of conflict, and misaligned values) can counteract the potential effects of such vulnerabilities. Broadly speaking, the list of countries with weaker rule-of-law measures does not clearly correlate to countries that have been weak in pushing back against Chinese influence.

Figure 5.2 provides one example of an effort to connect corruption and other rule-of-law variables to outputs. The figure, based on an Asia Maritime Transparency Initiative analysis, shows a correlation between an indicator of governance quality (the Freedom House rating²⁸) and a country’s degree of public support for the 2016 Hague ruling that denied China’s territorial claims in the South China Sea. This analysis does show a statistical relationship between these two factors, although it may be colored by regional placement: Many countries with high governance scores are in Europe, whereas countries that are more likely to equivocate are close to China and under the direct shadow of Chinese power. That, rather than governance quality, may be the critical variable.

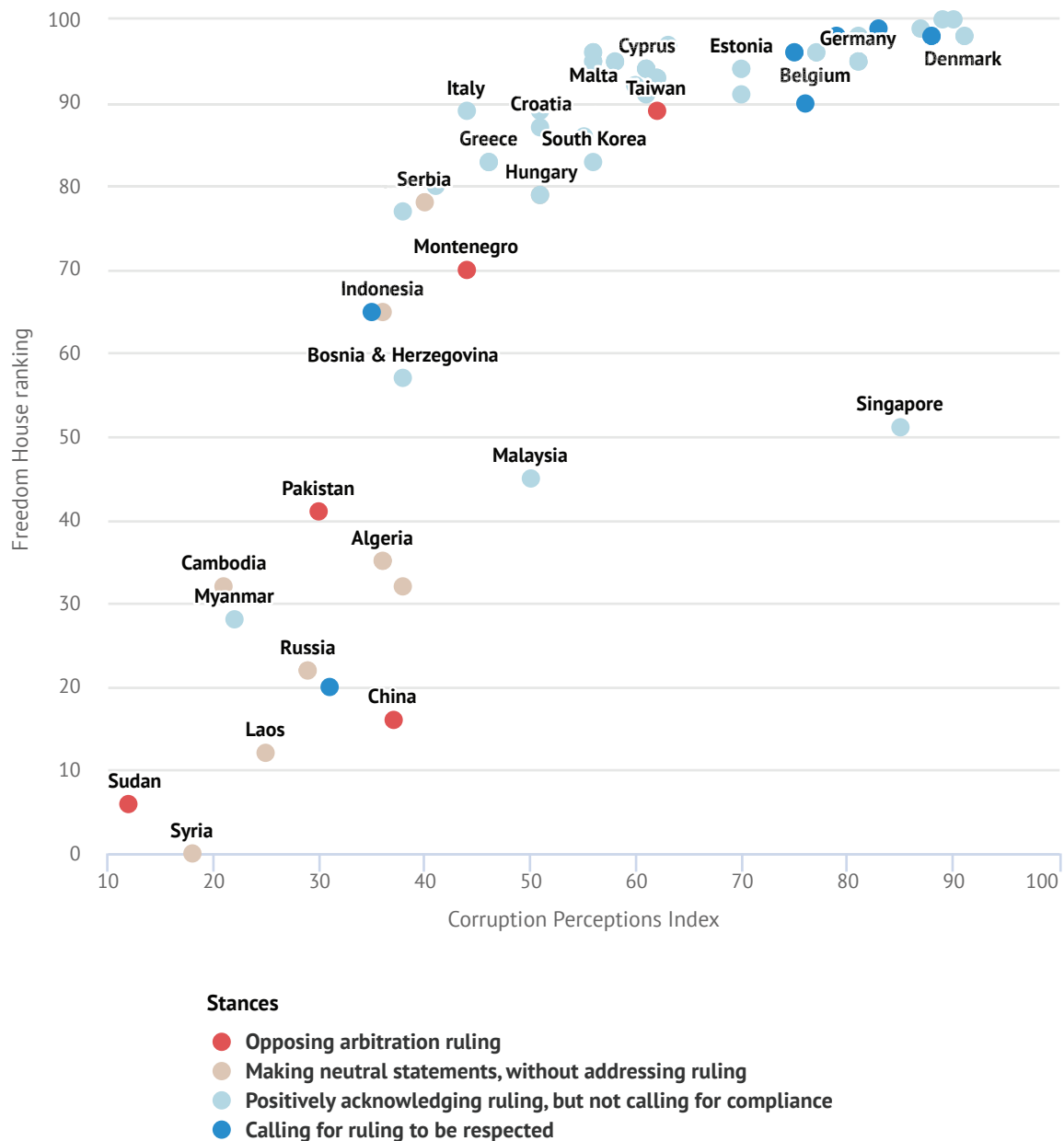
Generally, in fact, the correlation between governance quality and Chinese influence is very uneven. Some countries with lower governance scores, such as India and Vietnam,

²⁶ World Bank, “Government Effectiveness,” web tool, undated-a.

²⁷ Aidan Connaughton, Nicholas Kent, and Shannon Schumacher, “How People Around the World See Democracy in 8 Charts,” Pew Research Center, February 27, 2020.

²⁸ Freedom House, undated.

Figure 5.2
Link Between Corruption, Governance, and Support for 2016 Hague Arbitration Ruling



SOURCE: Asia Maritime Transparency Initiative, "Who Is Taking Sides After the South China Sea Ruling?" August 15, 2016b. Used with permission.

count as China's most consistent critics and rivals. Others, including Indonesia, Malaysia, and the Philippines, have pushed back powerfully on Beijing's South China Sea claims. Meanwhile, some countries with very high governance scores—such as Australia, Canada, New Zealand, and Taiwan—have been subject to some of the most wide-ranging and effective Chinese manipulation efforts. David Dollar and other analysts studying influence levers have pointed out that, over time, China has been improving the conditions and practices required

for a country to receive investments through the Belt and Road Initiative, and investments in areas of high corruption pose a significant risk for China; poor ratings on governance indicators may be even less correlated with Chinese influence in the future.²⁹

One issue with making such correlations is the analytical problem that bedevils any general assessment of Chinese influence—the predominance of hedging strategies, especially in Asia. When so many countries are determined to avoid taking a positive stance against Chinese influence, it is difficult to assess the impact of influence—or intervening factors, such as governance quality.

In sum, therefore, the degree of a targeted state's corruption provides some intervening filter in determining the effectiveness of Chinese influence. It does not appear to be the decisive variable, however, and outlier cases are readily apparent. This again points to the role of Chinese economic weight as the most fundamental variable governing countries' reactions to Chinese influence-seeking efforts.

The Role of Elites in Supporting Chinese Influence

One intervening factor that helps explain the degree to which various inputs produce influence is the role of a targeted country's elites in supporting the expression of Chinese power. Elite support for Chinese influence can come about in various ways, such as elites harboring genuine sympathy for the China model or for Chinese objectives, receiving material benefits from Chinese economic involvement (e.g., when elite-owned businesses profit from joint ventures), receiving open and legal economic benefits offered to elites (e.g., funding for research or lavish conferences and honoraria), and accepting illegal bribes.

This general phenomenon is present in all the focus countries to some degree. China's global economic role creates a natural source of elite connections, especially in business communities but also in governments. China has invested billions of dollars in outreach campaigns to regional and global elites—for example, bringing them to China for all-expenses-paid conferences, supporting universities and think tanks, and inviting elites to China's official delegation visits. China can also cultivate ties in countries with large ethnic Chinese populations. The rise of such an outward-directed economic superpower is bound to generate influence networks with global elites. (Of course, in many countries—such as Vietnam and, to a lesser degree, Germany—some elites oppose these ties and influence networks in reaction to perceiving China as a rising threat.)

Our research also points to significant risks of elite-based diplomacy. In some cases, such as when Chinese bribery of officials is revealed, there can be very clear and specific blowback. Cultivating influence through ethnic Chinese populations has generated some local reactions in countries where such individuals are seen as a conduit of Chinese influence, as has recently occurred in Australia.³⁰ More generally, though, a variety of recent open-source reporting and polling suggests some degree of popular resentment at the view that China is gaining transactional assistance from elites who are benefiting from the relationship, sometimes at the expense

²⁹ David Dollar, *China and the West Competing over Infrastructure in Southeast Asia*, Washington, D.C.: Brookings Institution, April 2020.

³⁰ Amy Searight, "Countering China's Influence Operations: Lessons from Australia," Center for Strategic and International Studies, May 8, 2020.

of the broader population.³¹ How this plays out can complicate China's pursuit of influence through elite connections.

Measures Undertaken to Protect the Political System from Foreign Influence

The degree of corruption and the role of elites do not fully capture all of the variables that might make a targeted state vulnerable to foreign influence. For instance, Australia and New Zealand usually rank very highly on measures of rule of law and transparency and low on corruption. Decisionmaking in those countries is also relatively diffused, with many contending interest groups, robust judicial systems, and administrative states. When considering only those measures, we might presume that Australia and New Zealand are not particularly vulnerable to foreign influence, but China has made huge efforts to influence each country's political system.

We therefore sought a variable that considers the measures that a country takes to protect its political system from foreign influence. Until 2018, the federal government in Australia had no laws whatsoever against foreign money influencing an election.³² New Zealand has extremely permissive political-financing laws and few independent checks on the political system's level of foreign influence, with political parties and governments largely left to police themselves.³³ Both countries have elected people with significant ties to Beijing and the United Front Work Department. Part of the reason that we know about these conditions is because the countries are transparent, but they are also vulnerable to influence because of their legal regime on foreign interference.

One way to assess a targeted state's susceptibility to outside influence in politics is simply to look at whether the country has a ban on foreign political contributions. To do this, we used 2020 data compiled by the International Institute for Democracy and Electoral Assistance. The data set revealed that, of our focus countries, Australia, Brazil, Cambodia, Ethiopia, India, Indonesia, Japan, Kenya, Mexico, Nigeria, the Philippines, Singapore, and Thailand had such bans; for comparison, so did Spain and Taiwan. Of our focus countries, Germany, Italy, Malaysia, and Sri Lanka did not have such bans; for comparison, Greece, the Netherlands, New Zealand, South Africa, and Switzerland did not. (Laos, South Korea, and Vietnam were not included in the data set.)³⁴

In theory, countries with such bans should be better insulated against influence, but that is not always the case. For example, the United States has such a law, yet foreign influence in the 2016 presidential and other elections has been a significant issue. Thus, this measure ideally would include such nuanced qualitative assessments as which countries are enforcing such laws and their independence from the political process. But reliable data on such qualitative measures do not yet exist for all focus countries. This reemphasizes a basic theme of the report: The United States needs much better information on China's efforts to shape targeted societies through election interference and other means.

³¹ See, for example, Christopher Balding, "Why Democracies Are Turning Against Belt and Road," *Foreign Affairs*, October 24, 2018. For 2020 polling data that reflect these and related trends, see Silver, Devlin, and Huang, 2020.

³² Kelsey Munro, "Australia's New Foreign-Influence Laws: Who Is Targeted?" *The Interpreter*, December 5, 2018.

³³ Jamie Smyth, "New Zealand Plans Laws to Curb Foreign Influence in Politics," *Financial Times*, March 10, 2019.

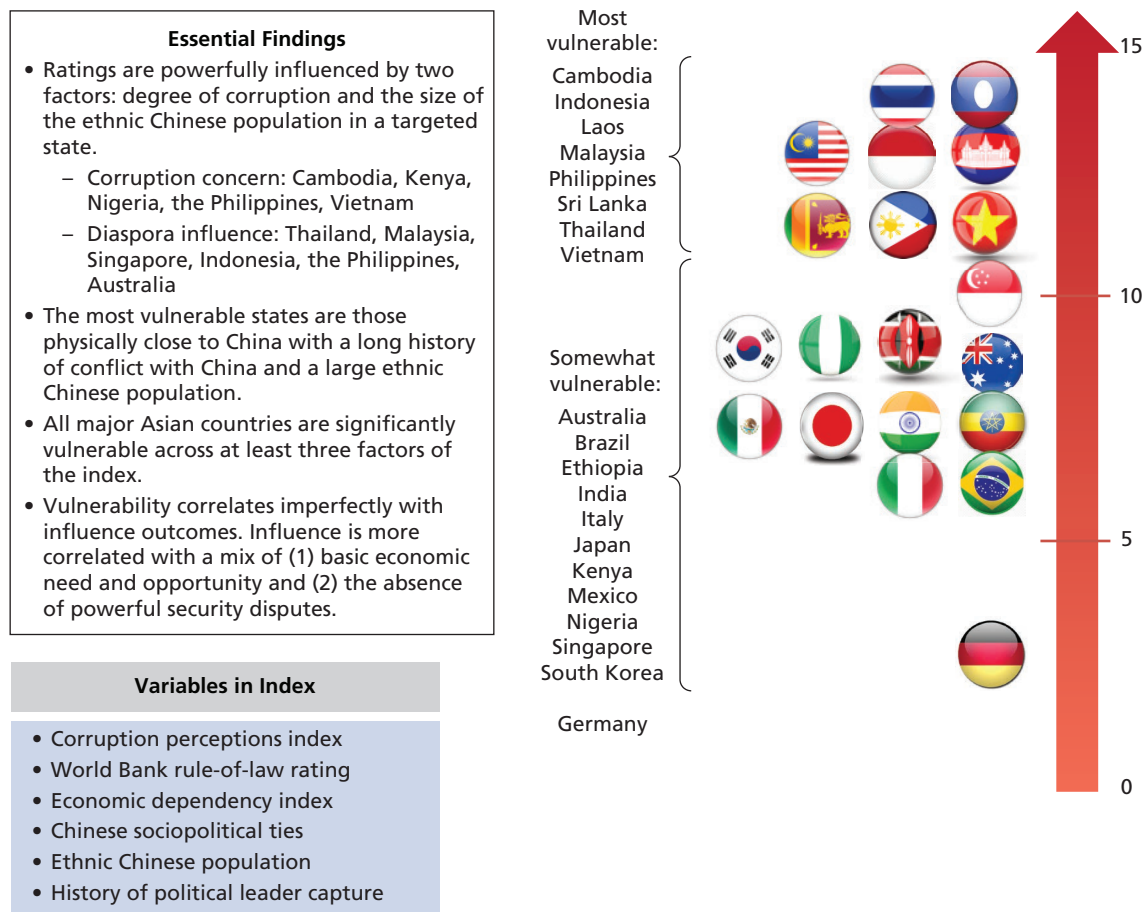
³⁴ International Institute for Democracy and Electoral Assistance, "Is There a Ban on Donations from Foreign Interests to Political Parties?" webpage, Political Finance Database, undated.

In the case studies in Chapter Seven, we discuss many examples of Chinese political interference. One broad lesson to be drawn from those cases is that political influence is a somewhat wasting asset: Once it is unveiled—in the form of specific political leaders beholden to Beijing or campaign interference in the form of cash—the targeted countries tend to take action to limit such effects in the future. It is too early to tell how this trend will unfold over time, but it would be wrong to assume a linear growth of Chinese political interference.

A Vulnerability Index

We combined measures on six variables related to a targeted state's susceptibility to outside influence and generated a rough *vulnerability index*. The measures are the corruption perceptions index, a rule-of-law rating, the economic dependency index, Chinese engagement in local affairs, the size of the local ethnic Chinese population, and a history of Chinese capture of—or overwhelming influence over—the country's political leadership. All variables were weighted equally. The results of our index are displayed in Figure 5.3.

Figure 5.3
Vulnerability Index



SOURCE: Author analysis of World Bank, 2019b; Transparency International, undated; the economic dependency and sociopolitical ties statistics cited in previous chapters; Academy for Cultural Diplomacy, "Chinese Diaspora Across the World: A General Overview," undated; and Daniel Goodkind, *The Chinese Diaspora: Historical Legacies and Contemporary Trends*, Washington, D.C.: U.S. Census Bureau, August 2019.

The variables in this index are not weighted; the vulnerability ratings would differ if, for example, economic dependency or the size of the ethnic Chinese population was more heavily weighted. One notable lesson from the results of this index is that vulnerability measures alone do not equate to influence: Some highly vulnerable countries are also highly resistant to Chinese coercion. Instead, economic need, clashing interests, and vulnerability to outside influence combine to affect influence outcomes.

Domestic and International Context

The sixth category of intervening factors is the domestic and international context for influence-seeking. Trends and realities in the domestic life of the targeted state, as well as international trends, can either magnify or suppress the effectiveness of Chinese influence efforts.

In Chapter Seven, we examine the domestic context of several targets of Chinese influence. Whether those influence efforts succeed or fail can depend on several factors, such as whether the targeted state is politically and economically stable, its ethnic and societal stresses, and the size of the Chinese diaspora there. There are no generic trends or relationships in the domestic and international context variable. Rather, it merely emphasizes that any assessment of potential Chinese influence must be case-specific and consider the context in the targeted country.

Our analysis points to the following international trends since roughly 2003 that have created an uncharacteristically helpful context for Chinese influence efforts:

- significant harm to the United States' image globally in the wake of the Iraq War and revelations about U.S. torture and drone programs
- the aftermath of the 2008 financial crisis, which both sowed new doubt about neoliberal economic models and created very specific economic distress
- strong, if slowing, economic growth in China and a significant, though perhaps temporary, persistence of the attractive effect of China's economic model
- rising polarization in the United States and Europe and the growth of right-wing populist movements, which dimmed the attractiveness of liberal democratic models, produced skepticism of traditional mechanisms of international engagement, and created vulnerabilities for outside actors to play on
- the rise of populism elsewhere, such as in the Philippines and Hungary, which brought to power leaders willing to break with established alliance patterns and work more closely with Beijing
- political gridlock in the United States, which has obstructed more-vigorous bipartisan responses to China-related economic and diplomatic challenges.

Globally, therefore, Beijing could hardly have wished for a period more amenable to the appeal of its influence in many countries. Some of these supportive trends (such as polarization in the West) appear somewhat structural and are unlikely to disappear in the next several years. Others are more subject to rapid shifts. These facts reemphasize an overall lesson of the analysis: Success in the competition for influence is as much about how the United States responds to current challenges as it is about anything China does or does not do.

Conclusions

This analysis of intervening factors offers several broad lessons. First, and most importantly, *we do not have a very good empirical basis for making judgments about the role or current effect of intervening factors across countries.* The open-source basis for understanding the degree to which these factors are accelerating or constraining Chinese influence—and, in particular, the degree to which China is expert or poor at manipulating them—remains very weak. As opposed to the input variables, for which there is ample basis for measurement, the intervening factors are poorly studied and offer little basis for accurate measurement.

Second, as a result, *the U.S. government should make more-elaborate efforts to gather on-the-ground information to assess the effect of intervening factors on Chinese influence-seeking,* particularly in regard to China's mastery of local contexts and the effectiveness of China's influence campaigns. These will ultimately be qualitative assessments—no simple indexes will be possible in such complex factors—but they can potentially provide much more elaborate and telling data than are currently available.

Third, *to the degree that available information does offer lessons, they tend to emphasize constraints on Chinese influence.* In our assessment of many of the intervening factors outlined in this chapter, we found potential barriers to Chinese influence. These begin with shared (or divergent) values and interests, especially in Asia, but also include such issues as the domestic contexts of targeted countries and existing territorial or other disputes. China is operating in a rich and often complicated historical context, especially in Asia, that creates natural buffers to how influential it can be.

In the emerging strategic competition between the United States and China, the United States can do much to take advantage of these realities. For example, it can emphasize shared values in explicit ways, publicize China's attacks on or threats to the interests of targeted countries, and gather far more-nuanced information on local Chinese influence activities. Through these and other strategies for competition, the United States can take seriously the importance of these intervening factors and use them to advance U.S. goals and interests.

Measuring Chinese Influence: Outputs

Directly measuring the outputs of Chinese influence efforts is generally expected to be difficult. Many outputs that China seeks—such as a policy or strategy change in the targeted state, a political or economic cost imposed, or a shift in public opinion that favors China over the West—may be hidden, difficult to interpret, or determined by a wide variety of factors beyond China’s efforts. This is, of course, why Chapters Four and Five provide data on Chinese inputs and intervening factors. Nonetheless, some outputs of China’s influence efforts may be measurable, in part or in full. In this chapter, we survey several categories of output variables. In Chapter Seven, we evaluate outcomes in a different way, through brief case studies.

Public Opinion Variables

As noted in Chapter Four, public opinion has a role in all three elements of our framework: inputs, intervening factors, and outputs. Because one of China’s end goals is to improve how it is viewed around the world, in this section, we examine measures of public opinion as output variables. To assess the status of public opinion toward China in the 20 focus countries, we reviewed all publicly available polling data that we could identify (dating back to various years, depending on the topic). To improve the depth of our data, we also purchased access to country data from the Gallup World Poll, which is not publicly accessible.¹ In addition to collecting the raw opinion data, we reviewed available studies dealing with public opinion on China.

One challenge is that data on how each focus country’s population views China are very uneven. For some countries, the annual Pew Research Center polling offers consistent, long-term trends on specific questions (Table 6.1). In other cases, regional focus polls, such as the Eurobarometer or Afrobarometer, ask some consistent and some differing questions across different years.² Some countries, such as Indonesia, have relatively poor opinion polling. Others, such as Australia (through the Lowy Institute Poll), benefit from extensive and in-depth annual surveys that provide a nuanced time series of data on views toward China.³

As we would expect, public views on China in the diverse set of focus countries were very mixed. If anything, the most general global trend was negative: Many notable countries, including most on our focus list, saw a decline in favorability toward China since 2015. In addition, our review of the opinion data and related studies produced the following general findings.

¹ Gallup, undated.

² European Parliament, “Eurobarometer,” web tool, undated; and Afrobarometer, homepage, undated.

³ Lowy Institute, “China—Lowy Institute Poll 2020,” web tool, 2020.

Table 6.1
Public Favorability Ratings on China, by Select Focus Country, 2014–2018

Country	Percentage of Population with an Unfavorable View of China				Percentage of Population with a Favorable View of China			
	2014	2015	2017	2018	2014	2015	2017	2018
Australia		33	32	47		57	64	48
Brazil	44	36	25	33	44	55	52	49
Germany	64	60	53	54	28	34	34	39
India	39	32	41	37	31	41	26	12
Indonesia	25	22	36	32	66	63	55	53
Italy	70	57	59	60	26	40	31	29
Kenya	16	22	21	17	74	70	54	67
Malaysia	17	17			74	78		
Mexico	38	34	23	27	43	47	43	45
Nigeria	14	14	13	17	70	70	72	61
Philippines	58	43	40	43	38	54	55	53
South Korea	42	37	61	60	56	61	34	38
Vietnam	78	74			16	19	10	

SOURCE: Pew Research Center, “Global Indicators Database,” web tool, 2019.

NOTE: We do not include data for 2016 because those data were less comprehensive than the data in the other years. Empty cells indicate that data for those years were not available.

China’s growing bellicosity has had negative effects on opinion in many key countries, especially in Asia. Opinion toward China is broadly mixed in historical terms (see Table 6.1). Favorability ratings across many Indo-Pacific countries have been in the 40-percent range for some time. But there is clear evidence that China’s recent aggressive behavior in political, economic, and military terms is harming its global reputation.

In Japan, for example, favorable opinion toward China was above 50 percent as recently as 2002, as measured by Pew Research Center. Even by 2010, the favorability rating held in the range of 30 percent, but subsequent Chinese actions drove it down to a floor of just 5 percent in 2013. It recovered somewhat by 2018 but only into the mid-teens, so it remains far below its previous peak.⁴

Perhaps the most dramatic case of harm to China’s reputation has been in Australia. Partly because of China’s efforts to manipulate Australian politics and educational institutions, favorability ratings toward China have plummeted. The 2019 Lowy Institute poll suggested that the percentage of Australians who trust China to “act responsibly in the world” plummeted to 32 percent, a 20-point drop in just a single year.⁵ (Strangely, 44 percent also affirmed that Australia should seek better relations with China, “even if this might harm our relations

⁴ See Pew Research Center, 2019; and China Power Team, “How Are Global Views on China Trending?” Center for Strategic and International Studies, March 20, 2020.

⁵ Nathasha Kassam, “Lowy Institute Poll 2019,” Lowy Institute, June 26, 2019.

with the United States.”) Three-fourths of Australians believed that the country had become overly dependent on China in economic terms; 68 percent believed that their government was allowing too much Chinese investment. Three-fourths agreed with the statement that “Australia should do more to resist China’s military activities in our region.”

However, *these concerns are not anywhere close to sufficient enough to cause most countries to make a serious break from China, especially in the economic realm.* The dominant pattern is that the focus countries are trying to maintain good relations, keep options open for significant economic ties, and push back selectively and carefully on areas of concern.

The most pronounced concern is Chinese military power. As shown in Table 6.2, which is based on a 2019 Pew Research Center poll asking whether China’s growing military power is a good or bad thing, there are profound regional and global concerns about growing Chinese

Table 6.2
Views of Chinese Military Power

Country	Bad Thing (%)	Good Thing (%)
United States	81	11
Canada	82	11
Indonesia	44	28
Philippines	71	24
India	73	12
Australia	84	11
South Korea	90	7
Japan	90	5
Median	79	12
Lebanon	43	39
Tunisia	40	32
Israel	49	29
Turkey	66	15
Nigeria	27	57
Kenya	39	53
South Africa	57	35
Mexico	46	36
Brazil	49	24
Argentina	59	19
18-country median	58	24

SOURCE: Laura Silver, Kat Devlin, and Christine Huang, *China’s Economic Growth Mostly Welcomed in Emerging Markets, but Neighbors Wary of Its Influence*, Pew Research Center, December 5, 2019, p. 35.

NOTE: Respondents were asked whether China’s growing military is a good or bad thing for their country. The percentages do not include “don’t know” responses, so numbers do not sum to 100.

military strength. Respondents in Asia-Pacific nations were especially concerned. Furthermore, a 2019 poll from Genron NPO and the East Asia Institute found that almost half of Japanese and South Korean residents viewed China as a potential military threat.⁶

*In regional terms, opinion toward China is, by far, most positive in Africa.*⁷ One of the most recent comprehensive surveys on views of China in Africa is an October 2016 Afrobarometer effort. The authors concluded that, overall, “the public holds generally favorable views of economic and assistance activities by China,” and China “matches or surpasses the United States in popularity as a development model” in many African subregions. Across all 36 countries surveyed, some 63 percent of Africans said that China’s influence was very or somewhat positive, and only 15 percent answered that it was somewhat or very negative. The highest positive ratings for China (all above 80 percent) were in Mali, Niger, Cameroon, and Liberia; the most-critical views of China were in Algeria, Ghana, Morocco, Tunisia, and Egypt.⁸

Opinion is not correlated reliably with economic investment. In some countries that have received significant Chinese investment, such as Egypt and Algeria, favorable opinion of China remains at 40 percent or less. Scandals over corruption associated with China’s investments have affected favorability: The favorability rating in Ghana, for example, dropped from 80 percent in 2015 to 49 percent in 2017. In other countries, such as Kenya, increased investment over the past several years is correlated with a modest decline in favorability.⁹

European countries have witnessed a notable decline in favorability toward China in the past few years. This shift in opinion is a product of growing dissatisfaction with China’s trade policies, a perception of Chinese predatory technology programs, human rights abuses in China, and coercive Chinese behavior in the South China Sea.

In sum, public attitudes toward China have generally worsened over the past several years in tandem with growing Chinese belligerence.

Output Analysis

One way of assessing the effectiveness of Chinese influence campaigns is to consider countries’ responses to major Chinese goals, especially in Asia. Table 6.3 highlights several leading goals associated with Chinese strategy both globally and in the Indo-Pacific region and reviews whether and the degree to which each focus country took China’s preferred position. Red indicates a negative outcome for China (the focus country took an opposing position), and green indicates a positive outcome for China (the focus country took a favorable position). Darker shades indicate a more decisive stance. Empty cells indicate that the factor was not a notable concern for that country.

As the table suggests, once again, China’s leading areas of success are economic. China has succeeded in gaining extensive economic relations with multiple countries and avoiding decisive blowback from unfair trade practices. Across the full set of Chinese goals, however, the picture becomes far more complex. The table suggests mixed success for Chinese influence-

⁶ Genron NPO and East Asia Institute, 2019.

⁷ China Power Team, 2020.

⁸ Lekorwe et al., 2016.

⁹ China Power Team, 2020.

Table 6.3
Output Analysis: Each Focus Country's Position on China's Leading Strategic Goals

	Did the Focus Country:						
	Establish Economic Ties with Taiwan ^a	Decline to Support the 2016 Hague Ruling ^b	Abandon Contested Territorial Claims	Join the Belt and Road Initiative and Allow Chinese Investment ^c	Allow 5G Investments from Chinese Company Huawei ^d	Stop or Downgrade Security Cooperation with the U.S. ^e	Allow Chinese Military Bases or Access ^f
Australia							
Brazil							
Cambodia							
Ethiopia							
Germany							
India							
Indonesia							
Italy							
Japan							
Kenya							
Laos							
Malaysia							
Mexico							
Nigeria							
Philippines							
Singapore							
South Korea							
Sri Lanka							
Thailand							
Vietnam							

NOTE: Green represents a position favorable to China; red represents a position opposed to China's; darker shades represent more-decisive stances.

^a This column considers whether a country increased trade or investment flows with Taiwan under Taiwan's New Southbound Policy introduced in 2016. See Daniel Workman, "Taiwan's Top Trading Partners," *World's Top Exports*, March 24, 2020.

^b The source for this column is Asia Maritime Transparency Initiative, 2016a. No focus countries opposed the ruling; light green here reflects only that the country was silent. Dark red reflects that the country supported the ruling and called for compliance with it; light red means that the country publicly welcomed the ruling but did not demand compliance.

^c These are countries that had joined the Belt and Road Initiative as of 2018 or 2019. See, for example, Organisation for Economic Cooperation and Development, *OECD Business and Finance Outlook 2018*, Paris, 2018, Chapter 2; and Green Belt and Road Initiative Center, "Countries of the Belt and Road Initiative (BRI)," webpage, undated.

^d The data come from a variety of unclassified reporting. See, for example, Michael Goodier, "The Definitive List of Where Every Country Stands on Huawei," *New Statesman*, July 29, 2020.

^e These findings are drawn from unpublished RAND research on Chinese-language defense strategic statements and from U.S. government and open-source reporting, including Office of the Secretary of Defense, various years; Defense Intelligence Agency, 2018, 2019; Allen, Saunders, and Chen, 2017; SIPRI, undated; Legarda, various years.

^f Cambodia is rumored to have granted China military access to Ream naval base (see Jeremy Page, Gordon Lubold, and Rob Taylor, "Deal for Naval Outpost in Cambodia Furthers China's Quest for Military Network," *Wall Street Journal*, July 22, 2019). Sri Lanka provided a long-term lease to Hambantota port (see Maria Abi-Habib, "How China Got Sri Lanka to Cough Up a Port," *New York Times*, June 25, 2018).

seeking so far, at least relative to its most desired goals. Yet it is undeniable that China has influenced many policy outcomes in specific states (see Chapter Seven). There also appears to be significant anecdotal support for growing Chinese influence, even if it has not yet achieved the more ambitious components of the agenda represented in Table 6.3. In the next chapter, we briefly review case studies of Chinese influence-seeking and identify the outcomes that China has been able to achieve.

Case Studies of Chinese Influence-Seeking

In addition to the reviewing the quantitative metrics for input, intervening factor, and output variables (see Chapters Four, Five, and Six), we wanted to take a more holistic look at the process of Chinese influence-seeking in particular contexts. The case studies provided in this chapter were selected to cover the most-significant cases since 2010 (at least that we could identify) of large-scale Chinese influence efforts aimed at achieving specific, targeted goals.¹ These 13 case studies include seven from our focus countries and six from countries not on our list. Table 7.1 summarizes the cases and the outcomes. Critically, these are outcomes of specific influence campaigns and not wider judgments of Chinese influence in these countries. In the following sections of this chapter, we provide the details of each case.

These cases do not provide definitive causal explanations of how Chinese influence efforts operated, but they do help illustrate the broad contours of how Chinese efforts have played out in practice across a variety of contexts. As a result, they are helpful in showing how important different aspects of Chinese efforts or the intervening context have been in determining whether China was able to achieve its goals.

The upshot of these cases is complex. In several of them, China's exercise of power and influence unquestionably shaped policy outcomes. In most of those cases, however, China did not get all that it was asking for: In some, its demands were largely rebuffed; in others, even the successful exercise of influence produced a significant backlash in the targeted state. The case-specific story of Chinese influence-seeking cannot be reduced to simple, unqualified conclusions.

¹ Chinese influence activities have been documented in other countries, such as Canada, France, Germany, the Pacific Islands, Singapore, and the United Kingdom. We feel that the 13 cases that we selected represent the most-significant and best-known examples of the past decade.

Table 7.1
Chinese Influence-Seeking: Case Study Details and Outcomes, 2010–2019

Country	Input	Purpose	Degree of Chinese Influence	Output
Australia	• Bribe legislators to support preferred policies • Detain an Australian national as leverage in iron ore price negotiations • Purchase media companies and publish pro-China information	• Sway political outcomes, especially related to the South China Sea • Discourage Chinese diaspora in Australia from participating in anti-China demonstrations	Moderate	• Public backlash over China's efforts • New laws passed to restrict foreign influence in politics • Australian government remains hesitant to curtail Chinese influence or express positions contrary to Chinese preferences
Greece	• Investments in Greek port infrastructure and other foreign direct investment • Engagement with the government and nongovernmental organizations	• Make Greece China's economic entryway to the rest of Europe • Allow economic success to sway political decisions	Moderate	• Greece loathe to challenge China • Greece blocked and watered down EU measures against China
Japan	• Initiated a fishing vessel conflict in disputed waters • Suspended export of rare earth minerals important to Japanese tech companies • Other economic sanctions (tourism)	• Test territorial integrity and seek to benefit from South China Sea resources • Pressure Tokyo into preferred policies	Minimal	• Japan defended the Senkaku Islands with force • Japan did not give in to economic pressures • Tech companies diversified sources • Japan began an economic program to compete with the Belt and Road Initiative • Public backlash
Maldives	• Promote a pro-Beijing political party • Invest in infrastructure through the Belt and Road Initiative • Pursue a free trade agreement	• Shift political alignment toward Beijing • Build an economic relationship beneficial to China	Minimal	• Pro-Beijing president and party voted out of office • Significant backlash over China's actions
Mongolia	• Close the border and cancel flights between the countries in response to Mongolia hosting the Dalai Lama • Invest in infrastructure through the Belt and Road Initiative	• Discourage acceptance of the Dalai Lama, who promotes autonomy for Tibet	Minimal	• Public backlash • Mongolia promised not to host the Dalai Lama anymore, but the new government is not beholden to that promise • New laws passed to limit foreign influence • Government diversified the source of its loans
New Zealand	• Bribe public officials • Intimidate academics • Sign a free trade agreement and build an economic relationship • Foster Confucius Institutes	• Sway political outcomes in China's favor • Sway public opinion	Moderate	• Public backlash but the government response has been weak • Self-censored speech at universities to avoid reprisals or loss of funding from Beijing

Table 7.1—Continued

Country	Input	Purpose	Degree of Chinese Influence	Output
Norway	Suspend diplomatic relations and impose sanctions as punishment for awarding the Nobel Peace Prize to a Chinese dissident	Get Norway to promise to never again award the prize to a Chinese dissident	Minimal/moderate	- Norway helped admit China as an observer to the Arctic Council - Norway refused to meet with the Dalai Lama in 2014 - Chairman of the Nobel committee was ousted from his position, but Norway did not apologize for its choice - Diplomatic relations were restored in 2016 after Norway compromised little relative to China's initial demands
Philippines	- Support Chinese fishing vessels operating in disputed waters - Impose economic sanctions	Test territorial integrity and seek to benefit from South China Sea resources	Minimal	Philippines initiated international arbitration of the issue, which resulted in the 2016 Permanent Court of Arbitration ruling in the Philippines' favor
South Korea	- Release official statements opposing the THAAD deployment - Impose multiple forms of economic punishment	- Persuade South Korea to reverse or suspend the deployment - Discourage further military advancements	Minimal	- THAAD briefly suspended but eventually fully deployed - South Korea made assurances to China that it would not deploy any further U.S. defense systems or join a military alliance with the United States and Japan, but those promises could be reversed - Public backlash
Sri Lanka	- Shield Sri Lanka from UN sanctions - Provide military equipment to help end the civil war - Invest in infrastructure - Intervene in politics to support a preferred candidate	- Coerce debt dependency - Compel intelligence-sharing - Sway political decisions	Moderate	- Preferred candidate was defeated in 2015, but another preferred candidate was elected in 2019 - New port leased to a Chinese company for 99 years - Sri Lanka's massive debt continues to give China influence
Taiwan	- Impose economic punishment for the Tsai administration's stance on independence - Use economic leverage and promises to get countries to switch allegiances from Taipei to Beijing - Pursue United Front activities and general information operations	- Isolate Taiwan from the international community - Prevent independence for Taiwan and maintain the One China status quo - Ultimately unify Taiwan and the People's Republic of China	Moderate	- Public backlash - Influence efforts backfired, and the preferred candidate was defeated in a landslide - Taiwan's isolation pushed it closer to the United States rather than China

Table 7.1—Continued

Country	Input	Purpose	Degree of Chinese Influence	Output
Thailand	• Issue a safety warning to Chinese citizens to discourage travel to Taiwan following two incidents • Hold military exercises with Taiwan • Invest in infrastructure through the Belt and Road Initiative	• Demonstrate to Thailand the value of its relationship with China	Moderate	• Thailand waived visa fees for Chinese and other tourists • Economic and security cooperation increased • Thailand hedges between the United States and China

Australia

Public attention to Chinese influence in Australia was galvanized in 2017 when Senator Sam Dastyari of the Australian Labor Party adopted China's stance on the South China Sea immediately after Chinese donors threatened to withdraw campaign funds.² At nearly the same time, Duncan Lewis, the Director-General of the Australian Security Intelligence Organization, warned that foreign influence efforts were occurring on "an unprecedented scale."³

Following the scandal, the Australian government passed a series of anti-foreign influence laws that limit foreign involvement in the political process, mostly by banning political contributions from foreigners.⁴ China responded by canceling visas for Australian business leaders and engaging in a propaganda campaign in Australia suggesting that the new laws were motivated by racism. Because of pronounced historical examples of racism toward the Chinese in Australia, the suggestion of racism resonated with some on the left wing of Australian politics.⁵ Canberra pushed the laws through anyway with only minor changes from the initial proposal.⁶

The laws' passage suggests that China suffered blowback for its efforts to directly influence politics in Australia. However, to measure the effectiveness of China's influence there, it is important to examine not only whether the Chinese received their intended outputs in the 2017 case but also how those outputs compared with previous episodes in which China sought to commodify its influence and how those outputs have changed over time, even after the new laws took effect. Beneath the surface, Chinese influence in Australian society continues to grow and filter through the political system.

In 2010, after billions of dollars in Chinese investment flowed into the Australian resources sector and helped it avoid the global recession of 2008, the Chinese took a hard

² Larry Diamond and Orville Schell, eds., *Chinese Influence and American Interests: Promoting Constructive Vigilance*, Stanford, Calif.: Hoover Institution Press, 2019, pp. 146–151.

³ John Pomfret, "China's Meddling in Australia—and What the U.S. Should Learn About It," *Washington Post*, June 14, 2017a.

⁴ Yee-Fui Ng, "The Foreign Donations Bill Will Soon Be Law—What Will It Do, and Why Is It Needed?" *The Conversation*, November 27, 2018.

⁵ Joseph Lee, "Anti-Chinese Legislation in Australasia," *Quarterly Journal of Economics*, Vol. 3, No. 2, January 1889.

⁶ Damien Cave and Jacqueline Williams, "Australian Law Targets Foreign Interference. China Is Not Pleased," *New York Times*, June 28, 2018.

stance several issues. For instance, China demanded a lower negotiated price of iron ore, but the Australians did not agree to it. The price of iron ore almost doubled in the ensuing year, enraging the Chinese. In response, China detained an Australian executive, prompting a negative public reaction to Beijing's tactics throughout Australia; the tactic failed to change Australia's stance in the price negotiations.

That same year, China demanded that the Melbourne International Film Festival withdraw a film that China perceived as anti-Beijing. Not only did the film still make its premiere at the festival, but the Chinese objections increased public awareness of the film, and the public flocked to the viewing. Additionally, the defense minister resigned after public outcry over unreported trips to China paid for by a woman with ties to the Communist Party. Each of these instances shows that, although China was engaging in influence efforts to use its power to receive tangible benefits, its influence in 2010 was rather limited, and the Australian public consistently rejected Beijing's attempts.⁷

By 2017, Chinese efforts had only increased on both the mass and elite levels. Beijing pressured its large number of students studying in Australia to refrain from joining demonstrations against Chinese activities and to report those who did participate; the pressure often came in the form of threatening the students' families at home in China.⁸ State-owned or state-friendly companies in China bought most of the Chinese-language media outlets in Australia, and they increasingly toed the Communist Party's line. Some scholars studying China have had severe difficulty finding outlets for their materials, as publishers are fearful of offending Beijing and imperiling their business relationships there.⁹ The weight of Chinese economic power looms large over even local affairs; government officials in one town painted over Taiwanese flags for fear of losing Chinese investment.¹⁰ Australian businesspeople with interests in China are increasingly pressuring the government to take a more neutral stance between Washington and Beijing, and China is aggressively using the threat of lawsuits to dissuade media outlets from reporting negative stories on China's activities.¹¹

The anti-foreign interference laws passed in 2018 seemed to indicate that China's efforts to influence Australian politics had reached their limit, but events since their passage indicate that Beijing's influence continues to grow in many ways. For instance, the activities of Confucius Institutes at Australian universities continue largely unabated, given that the institutes are embedded in the academic structure. They often act as part of the Chinese government's propaganda apparatus, and, by intimidating anti-Beijing researchers and funding pro-Beijing research, they can have significant influence over the degree to which criticism of Beijing is allowed in higher education.¹² Confucius Institutes took a leading role in countering pro-Hong Kong protests on campuses in 2019, and the University of Queensland, where violence

⁷ John Pomfret, "Australia Welcomes China's Investment, If Not Its Influence," *Washington Post*, February 14, 2010.

⁸ John Pomfret, "In Australia, China is the Meddler," *Washington Post*, June 15, 2017b.

⁹ Rob Schmitz, "Australia and New Zealand Are Ground Zero for Chinese Influence," NPR, October 2, 2018; and John Garnaut, "How China Interferes in Australia," *Foreign Affairs*, March 9, 2018.

¹⁰ Damien Cave, "Australia's China Challenge," *New York Times*, May 20, 2019.

¹¹ Jamie Tarabay, "As China Looms, Australia's Military Refocuses on Pacific Neighbors," *New York Times*, June 11, 2019.

¹² Munro, 2018.

targeting pro-Hong Kong protesters occurred, named the Chinese consul general a visiting professor after he praised the “patriotic behavior” of the pro-Beijing students.¹³

The United Front Work Department—an organization that is at the center of many influence efforts and whose main goal is to assimilate Chinese populations living in China and abroad into the Chinese Communist Party and gain support for its policy positions (see Chapter Five)—has been a major Chinese focus in Australia. This organization has an enormous pool of potential recruits in the country, with almost 1 million Australian residents of Chinese origin.¹⁴ The United Front Work Department’s aim is to target these individuals and “to make the foreign serve China.”¹⁵ In Australia’s 2019 elections, which took place after the anti-foreign interference laws took effect, the first Chinese-Australian was elected to Parliament. She was soon found to have connections to the United Front Work Department.¹⁶ This episode reflects the pervasiveness of United Front activities in Australia and their continued ability to reach into the political system.

China has generally not been successful in instances of applying acute pressure on Australia. Canberra took a hard line in the 2010 iron ore price negotiations, passed the anti-foreign influence laws in 2018 over Chinese objections, and began an ambitious program of ship-building to counter Chinese military power in the Indo-Pacific.¹⁷ However, the fundamental dynamics appear to be shifting over time, and hints of changing outputs can be seen. China is using many of the fundamental attributes of liberal democracy to gain an advantage. For example, it is using the courts to sue critical media outlets for libel and using Australia’s sensitivity to racism to counter laws aimed at China. It is taking advantage of free enterprise by buying Chinese-language outlets and of freedom of assembly to coordinate pro-Beijing protests that often intimidate anti-Beijing protesters. It is exploiting the Australian population’s preference for prosperity, which can force politicians to court approval from China, because of its economic power. Many Australians have grown more cautious in expressing criticism of Beijing, even while they express no affection for China itself.¹⁸

Even after the anti-foreign interference laws were instituted, many of the sources of Chinese influence in politics can be maintained simply by using Australian go-betweens and capitalizing on the natural predilection of business elites to maintain profitable relationships with China.¹⁹ With the sources of those inputs largely intact at both the elite and mass levels, and with continued Australian dependence on Chinese investment, many policy outputs may continue to slowly drift China’s way through subtle changes in the way Australian society relates to China and issues sensitive to Beijing. Australia can arrest this process if it is willing to imperil some of its trade with Beijing to take a stronger stance against Chinese interference in Australia’s political process.

¹³ A. Odysseus Patrick and Emanuel Stoakes, “China’s Sway Chills Campus Speech in 2 Pacific Nations,” *Washington Post*, August 12, 2019.

¹⁴ Pomfret, 2017a.

¹⁵ Clive Hamilton, “Australia’s Fight Against Chinese Political Interference,” *Foreign Affairs*, July 26, 2018.

¹⁶ Gerry Groot, “Inside China’s Vast Influence Network—How It Works, and the Extent of Its Reach in Australia,” *The Conversation*, August 13, 2019.

¹⁷ A. Odysseus Patrick, “Australia to Beef Up Military Spending,” *Washington Post*, March 21, 2016.

¹⁸ Tarabay, 2019.

¹⁹ Munro, 2018.

Greece

In the wake of the global financial crisis in 2008 and during financial difficulties in Greece, China began investing heavily in newly cheap assets in Greece. In 2009, Chinese company COSCO (China Ocean Shipping Company) signed a 35-year lease to docks 2 and 3 at the Port of Piraeus. This deal sends roughly €100 million per year to the Greek government, and it includes plans to build a new €280 million logistics center and to conduct a multi-billion Euro expansion of the cargo capacity for the COSCO terminals.²⁰ China also gave Greek ship-builders access to \$4.5 billion in credit, although the credit line was to be used for buying ships made in China.²¹

In addition to these investments, China committed to doubling trade with Greece over five years to more than \$8 billion, which was a crucial vote of confidence in the Greek economy at a time when it was teetering.²² Tassos Vamvakidid, the president of the Piraeus Chamber of Commerce, claimed that COSCO's investment was a "flagship project" in Greece's effort to rebound from its economic crisis.²³ China also created a \$3 billion investment fund for Central and Eastern Europe, and it began plans to build a high-speed rail line between Belgrade, Budapest, Skopje, and Athens, which would terminate at the Port of Piraeus, where China further planned to build an additional \$600 million worth of commercial properties.²⁴ By 2017, China had invested roughly \$13.6 billion in Greece, and it intended for Greece to be Beijing's economic entrepôt to the rest of Europe.²⁵

By 2019, the Port of Piraeus had grown considerably, handling five times as much cargo as it did in 2010 on its way to becoming the second-largest container port in Europe. This growth was expected to continue, making Piraeus the largest port in Europe as soon as 2020. These investments have also had significant knock-on effects throughout the rest of the Greek economy, including real estate, retail, and tourism. These industries have responded to the growth in foreign buyers by pressuring the government in Athens to adopt the "golden visa" program, which allows foreigners to buy resident status for €250,000 in property investments. The Greek economy as a whole has become more reliant on Chinese investment after COSCO took control of the Port of Piraeus, which is primarily responsible for the Greek economy's return to health. Other European nations, such as Italy, Belgium, and Spain, have seen the transformation of Piraeus and responded by lobbying the Chinese for investment there.²⁶

With all this investment, observers began to wonder whether Beijing's sway over Athens would grow, particularly with how many sectors of the Greek economy now rely on Chinese capital infusions. Vamvakidis seemed to indicate that increased influence was part of the exchange, saying that the port deal was not just about business but also about people-to-

²⁰ Fu Jing, "COSCO Eyeing Further Piraeus Port Investment," *China Daily*, June 19, 2012.

²¹ Liz Alderman, "China Looks to Europe for Deals and Friends," *New York Times*, November 2, 2010.

²² Nick Skrekas and Andrew Batson, "Beijing Offers Support to Greece," *Wall Street Journal*, October 4, 2010.

²³ "China's Cosco Makes Piraeus 2nd Largest Port in Mediterranean," *National Herald*, February 4, 2019.

²⁴ On the investment fund, see Aleksandar Vasovic, "Belgrade-Budapest Railway Part of Chinese 'Express Lane' to Europe," Reuters, December 17, 2014. On the rail line, see Wade Shepard, "Another Silk Road Fiasco? China's Belgrade to Budapest High-Speed Rail Line Is Probed by Brussels," *Forbes*, February 25, 2017.

²⁵ David Ignatius, "China Has a Plan to Rule the World," *Washington Post*, November 29, 2017.

²⁶ Vivienne Walt, "Boxed In at the Docks: How a Lifeline from China Changed Greece," *Fortune*, July 22, 2019.

people exchanges and that Greece should “spare no efforts joining and supporting the Belt and Road Initiative.”²⁷

By 2017, Greece tried to alter EU actions related to China. First, Greece blocked an EU measure to condemn China for human rights abuses. A spokesman for the Greek foreign ministry stated, “When the stability of a country is at stake, we need to be more constructive in the way we express our criticism, because if the country collapses, there will be no human rights to protect.” He further went on to describe the EU measure as “unproductive criticism.”²⁸ Second, Greece and Hungary, two countries at the center of Beijing’s economic efforts in Europe, acted to water down an EU measure addressing Chinese activities in the South China Sea.²⁹ Third, prompted largely by Beijing’s increasing investment in Greece, France and Germany demanded a measure to screen foreign investments into the EU zone. Greece initially opposed the action, but Athens agreed to it once the legislation was watered down to include only reporting requirements and nonbinding EU investigations if a third-party state objected to foreign investment. Each state remained responsible for its own screening regulations.³⁰

This drift in Greek foreign policy does not appear to be the result of an overt pressure campaign on Beijing’s part. Rather, the choices of the Greek government and Greek citizens have changed as they have increasingly relied on Chinese investment for their prosperity. China’s investment in Greece came at a time of acute vulnerability for Athens, which was suffering the largest peacetime depression in recorded history. The Greek economy shrunk 45 percent between 2008 and 2016, but it has since returned to growth, largely owing to Chinese investment that the country does not want to imperil.

Furthermore, the timing of China’s investments has created a psychological sense of dependence that goes beyond the numbers. Chinese investment is seen as key to the revitalization of Greece itself. A better economy will lead to the return of those who left the country for greater opportunity elsewhere. In 2019, the governor of the Bank of Greece stated that “only by producing good jobs will young couples produce more children.”³¹ Such a statement reveals that many in Greece still feel that the country is in the midst of an existential crisis, and it is reluctant to imperil its future for what it sees as non-core interests. Chinese investment therefore made abundant economic sense, and the perceived success of these investments has drawn other European states toward courting Chinese investment. In addition, it has undermined the EU’s ability to present a united front against Beijing’s violation of human rights or its aggressive actions in the South China Sea.

Greece does still appear to be able to resist Chinese influence when a key domestic interest is at stake. In 2019, much of the proposed Chinese construction at the Port of Piraeus was put on hold when the Greek archaeological authority ruled that large portions of the port were historical landmarks. Even with more than \$600 million in investment on the line, the archaeological authority called for a halt to construction of a shopping mall and changes to the

²⁷ “China’s Cosco Makes Piraeus 2nd Largest Port in Mediterranean,” 2019.

²⁸ Nick Cumming-Bruce and Somini Sengupta, “In Greece, China Finds a New Ally Against Criticism of Its Human Rights Record,” *New York Times*, June 20, 2017.

²⁹ David Barboza, Marc Santora, and Alexandra Stevenson, “A Risky Courtship as China Seeks Sway in Europe,” *New York Times*, August 13, 2018.

³⁰ Philip Blenkinsop, “With Eyes on China, EU Lawmakers Back Investment Screening,” Reuters, February 14, 2019.

³¹ Walt, 2019.

construction of a hotel and two shipyards. Although there is disagreement over the validity of these archaeological claims, it demonstrates that Chinese influence is not limitless.³²

Domestic backlash to Chinese investment has also grown, partially because of the lack of domestic sourcing for materials used in the construction process at Piraeus and threats to unionization in the Chinese terminals. Many have warned that any Chinese move to end unionization could end the harmony between Greece and China altogether, as unions play a central role in the Greek economy.³³ Thus, foreign policy outputs have shifted toward Beijing with increasing Chinese investment, but, on the domestic front, recent experience demonstrates that Athens is still willing to accept economic costs to preserve what it sees as key interests.

Japan

In 2010, a Chinese fishing trawler rammed a Japanese patrol boat near the disputed Senkaku Islands, and Japan detained the captain of the Chinese boat for more than two weeks. China responded by arresting four Japanese fishermen, and the two countries cut off ministerial contact. Thousands of Chinese tourists dropped trips to Japan, and concerts by Japanese artists were canceled in China.³⁴ Japanese businesses responded in kind by investing 41 percent less in China in the year following the incident.³⁵ China then suspended the export of rare earth minerals to Japan in an effort to harm the high-tech Japanese industries that rely on them.³⁶ The price of rare earth minerals skyrocketed after the embargo was put in place, calling into question whether Japan would be able to withstand Chinese pressure.³⁷

Japan might appear to be highly susceptible to producing outputs favorable to Chinese foreign policy, given the high level of influence inputs coming its way from Beijing. For instance, in the year prior to the fishing vessel incident, China had surpassed the United States as Japan's largest trade partner, accounting for roughly 20 percent of Japanese trade at more than \$300 billion a year.³⁸ In addition, because of their proximity to China and distance from Japan's main islands, many of Japan's southern islands are highly vulnerable to an attack from China. These circumstances may lower Tokyo's willingness to confront Chinese assertiveness in the area.³⁹

Despite economic pressure from China, Japan's military has responded forcefully to every new Chinese incursion into the disputed area around the Senkaku Islands, particularly after elections that swept Shinzo Abe's right-leaning party into office. China has repeatedly tested Japanese resolve by sending both civilian and military vessels and aircraft into the vicinity of

³² Nektaria Stamouli, "China's Biggest Investment in Greece Blocked by Archaeological Authority," *Wall Street Journal*, April 3, 2019.

³³ Walt, 2019.

³⁴ "Japan Frees Chinese Boat Captain amid Diplomatic Row," BBC News, September 24, 2010.

³⁵ Lally Weymouth, "Can Japan and China Make Amends?" *Washington Post*, November 9, 2014.

³⁶ Howard Schneider, "A Key Chinese Advantage Erodes," *Washington Post*, October 27, 2012.

³⁷ Eugene Gholz, *Rare Earth Elements and National Security*, New York: Council on Foreign Relations, October 2014.

³⁸ Yoichi Funabashi, "Japan Must Ponder the Risks of Closer Ties with China," *Washington Post*, October 27, 2018.

³⁹ Eric S. Margolis, "Stopping Short of War," *The Nation*, February 11, 2013.

the islands.⁴⁰ The Japanese military scrambled eight fighter jets in 2012 to intercept a Chinese surveillance plane that flew over Senkaku airspace, which was the first such incursion in more than 50 years.⁴¹ Shortly thereafter, a Chinese military frigate entered waters near the islands, and it was met by a Japanese destroyer. Both ships went into battle stations and targeted the other with their weapons; U.S. airborne early warning and control aircraft were deployed to the area shortly thereafter. Prime Minister Abe committed to facing down China after each of the incidents, and his administration met each incursion head on.⁴² In 2016, Japan scrambled jets more than 800 times to respond to Chinese incursions, and its defense of the Senkaku Islands never abated.⁴³

Japan also leaned heavily on its alliances. Tokyo gained reassurances from the United States in the 2013 National Defense Authorization Act, which stated that the United States would consider the Senkaku Islands as Japanese territory under the Treaty of Mutual Cooperation and Security and would thus protect the islands in case of an attack.⁴⁴ The United States then deployed F-22 fighter jets to Okinawa.⁴⁵ Japan also began reconstituting “the quad,” an anti-China alliance of Japan, Australia, India, and the United States, to balance against Chinese influence in the region.⁴⁶

Rather than buckling to Chinese economic pressure, Japan mustered its array of alliances to push back on the economic front, as well. Tokyo banded together with the United States and the EU to file a World Trade Organization grievance on China’s rare earth export suspension, and the ruling was in Japan’s favor. By that time, much of the Japanese technology industry had adapted to the new state of affairs by adopting new techniques that used fewer rare earths and by diversifying its sources.⁴⁷ From 2010 to 2018, China’s share of rare earth production dropped from 95 percent to 70 percent as companies entered the market around the world after the Chinese-induced price shock; oftentimes, the companies’ increased production was underwritten by Japanese financing.⁴⁸ Japan has further embarked on an economic program to counter China’s Belt and Road Initiative in Southeast Asia by funding infrastructure projects on more-favorable terms without the threat of political strings.⁴⁹

Japan’s stern responses around the Senkaku Islands and the strengthening of its alliance networks seem to have had an effect on China’s policy toward Japan. By late 2017, the Chinese

⁴⁰ “Chinese Ships Near Disputed Islands: Japan,” *Hindustan Times*, July 11, 2012.

⁴¹ “Back to the Future,” *The Economist*, January 5, 2013.

⁴² Margolis, 2013.

⁴³ Japan Ministry of Defense, “Statistics on Scrambles Through Fiscal Year 2016,” Joint Staff press release, April 13, 2017.

⁴⁴ Public Law 112-239, National Defense Authorization Act for Fiscal Year 2013, Section 1251: Sense of the Senate on the Situation in the Senkaku Islands, January 2, 2013.

⁴⁵ Richard D. Fisher, Jr., “Japan Will Have a Busy Year Defending Islands Against China,” *Aviation Week*, February 25, 2013.

⁴⁶ Max Fisher and Audrey Carlsen, “How the Rise of China Is Challenging Longtime American Dominance in Asia,” *New York Times*, March 16, 2018.

⁴⁷ Schneider, 2012.

⁴⁸ Cary Huang, “China’s Ban on Rare Earths Didn’t Work on Japan and It Won’t Work in the Trade War with the US,” *South China Morning Post*, June 5, 2019.

⁴⁹ Diamond and Schell, 2019, p. 168.

incursions had temporarily halted,⁵⁰ although they would surge again and, by 2019, reached a new annual record.⁵¹ For a time, though, China's restraint coincided with the easing of tensions between the two countries, which began to return to normal in 2017–2018. With this easing of tensions, Chinese tourism to Japan increased four-fold to more than 8 million visitors in 2018.⁵² Japan pursued a dual policy of building up Japan's own capabilities while simultaneously mending fences with China.⁵³ At the same time, efforts to improve ties would “not be huge,” as Tokyo sought to avoid policies that would make it appear to be undermining the U.S. stance against China.⁵⁴

This case indicates that Chinese pressure on Japan in this period proved largely counter-productive. Tokyo sought to draw closer to the United States, weave a counterbalancing web of alliances throughout Asia, and bolster its own defense capabilities. Japanese policymakers have taken steps to prepare for a prolonged period of strategic competition with China, and they have broadly welcomed strong U.S. policies toward Beijing in recent years.⁵⁵ All in all, Chinese economic power has shown little to no ability to be converted into political and cultural influence in Japan, and when Beijing has made specific demands, Tokyo has shown a propensity to heavily counterbalance rather than accommodate.

On a societal level as well, Japan has proven to be largely immune to Chinese influence. In particular, efforts from the United Front Work Department have shown little success. Japan's long history of incorporating China's useful attributes while rejecting the rest has assisted in its ability to rebuff Chinese cultural influence, although Beijing's efforts have been mildly effective in Okinawa with groups that favor independence from Japan.⁵⁶ Tokyo also has decades-long security relationships with the United States and other democratic states that it can draw upon in its counterbalancing and deterrence efforts in instances of Chinese military confrontation. During the Senkaku Islands dispute, Japan began long-term efforts in both the security and economic spheres, indicating that it plans a prolonged period of rivalry with China. Although the two countries are currently in a period of détente, Japan appears to be poised for a significant role as a regional counterbalance to Chinese influence.

Maldives

The Maldives has traditionally been heavily influenced by nearby India, and New Delhi repeatedly intervened in the country to restore order after a series of coups in the 1980s. In 2008, the Maldives held its first free democratic elections, but the country has since suffered many

⁵⁰ Jiji Kyodo, “China Instructs Its Fishermen to Stay Away from Senkaku Islands,” *Japan Times*, August 15, 2019.

⁵¹ “Chinese Incursions Near Japan-Held Islands Top 1,000 to Hit Record, Up 80% on Last Year,” *Japan Times*, December 6, 2019. For the official 2020 data, see Japan Ministry of Foreign Affairs, “Trends in Chinese Government and Other Vessels in the Waters Surrounding the Senkaku Islands, and Japan's Response,” webpage, July 9, 2020.

⁵² Daniel Hurst, “Amid Thaw, Japan Is Seeing a Boom in Chinese Tourists,” *The Diplomat*, March 27, 2019.

⁵³ Fisher and Carlsen, 2018.

⁵⁴ Anna Fifield and Simon Denyer, “Amid Trade Battle with U.S., China Seeks a Friend in Japan,” *Washington Post*, October 23, 2018.

⁵⁵ Walter Russell Mead, “China and Trump Are Making Japan Nervous,” *Wall Street Journal*, September 17, 2019.

⁵⁶ Diamond and Schell, 2019, p. 168.

problems typical of new democracies. The winner of the 2008 presidential election, Mohamed Nasheed, resigned in 2012 after a large number of security forces mutinied. Nasheed's victory was nullified by the country's Supreme Court after allegations of fraud, even though most election observers claimed that the vote was free, fair, inclusive, and transparent.⁵⁷ After the nullification, Abdulla Yameen took power and immediately began to alter Maldivian policies.

For instance, contracts with Indian companies to build new bridges and upgrade the main airport were abruptly canceled in 2012 and given to Chinese firms.⁵⁸ Chinese President Xi Jinping traveled to the capital of Malé in 2014 to sign the agreement for \$2 billion worth of infrastructure work as part of the Belt and Road Initiative.⁵⁹ The two countries also signed a free trade agreement to open the Chinese market to the Maldivian fishing industry.⁶⁰ The free trade agreement was more than 1,000 pages long and passed the parliament with less than one hour of discussion, amid rumors that China would pursue a naval base in the Maldives.⁶¹ Outside analysts soon said that the Maldives would have trouble paying for the Chinese projects, which were financed entirely by high-risk loans taken out with Beijing.⁶² The opposition capitalized on these analyses by claiming that China was seeking to engage in debt-trap diplomacy in order to gain further control over strategic infrastructure in the country.⁶³ Beyond these elite dealings, the country saw a massive increase in Chinese tourism, and more than 20 percent of tourists came from China in 2017.⁶⁴

In late 2017, rumors of Chinese interest in a naval base in the Maldives were strengthened by the visit of three Chinese naval vessels, which docked in the capital.⁶⁵ In February 2018, President Yameen used these economic infusions and perceived political and military backing from China to attempt a consolidation of his power by arresting and convicting many of his political opponents. When the Supreme Court overturned these convictions, Yameen had two of the five members of the court arrested. The opposition began publicly asking for India to intervene, sparking fears of a proxy battle between the two Asian powerhouses, which gained credence when Chinese naval vessels were spotted in the area during the crisis.⁶⁶ Yameen went on to declare a state of emergency, which triggered many countries, including

⁵⁷ Fran Bailey, Hendrick Gappy, Abdool Rahman, and Hanif Vally, *Maldives People's Majlis (Parliamentary) Elections: Report of the Commonwealth Expert Team*, London: Commonwealth Secretariat, May 9, 2009.

⁵⁸ Dharisha Bastians and Harris Gardiner, "Chinese Leader Visits Sri Lanka, Challenging India's Sway," *New York Times*, September 17, 2014.

⁵⁹ Hassan Moosa and Maria Abi-Habib, "Voters in Maldives Exhale as President Concedes Loss," *New York Times*, September 25, 2018.

⁶⁰ Mujib Mashal, "Political Crisis in Maldives Could Stir Trouble Between India and China," *New York Times*, February 15, 2018.

⁶¹ Nayma Qayum, "The Crisis in the Maldives, Explained," *Washington Post*, February 12, 2018.

⁶² Adam Taylor, "Why Countries Might Want Out of China's Belt and Road," *Washington Post*, August 22, 2018.

⁶³ Maria Abi-Habib and Hassan Moosa, "Maldives Opposition Declares Upset Victory in Presidential Election," *New York Times*, September 24, 2018.

⁶⁴ Ministry of Tourism, Republic of Maldives, "Arrival Updates," webpage, October 2018.

⁶⁵ Sudha Ramachandran, "India and the Maldives Emergency," *The Diplomat*, February 8, 2018.

⁶⁶ Editorial Board, "Trouble in Maldives Paradise Could Become Global Threat," *New York Times*, February 11, 2018; and Athaulla A. Rasheed, "Can the Maldives Steer Regional Power Politics?" *E-International Relations*, January 30, 2019.

China, to warn citizens against traveling to the Maldives. However, although the majority of the world's powers condemned Yameen's naked power grab, China did not.⁶⁷

These moves from Yameen, and tacit Chinese acceptance of them, appear to have been too coarse for the majority of Maldivian citizens. Yameen's actions unified a fractured opposition, and, in the 2018 elections, he lost the presidency to Ibrahim Solih. To the surprise of many observers, Yameen generally played fairly in the elections, and Solih received 58 percent of the vote; nearly 90 percent of voters turned out. Many Maldivians claimed that their vote was largely a response to the perceived overdependence on Beijing and Yameen's attacks on democracy.⁶⁸ When the new government assumed office, it claimed that state coffers had been almost entirely emptied in the transactions with China. It immediately started reviewing the deals with China and began planning to scrap the free trade agreement, which it saw as imbalanced toward Beijing.⁶⁹ A year later, Solih's party won nearly 75 percent of seats in the Maldivian Parliament.⁷⁰

These events since 2018 indicate a profound societal backlash against Chinese influence, and this backlash looks to be reflected in official policy. The new government has pledged an "India first" foreign policy, and India has since provided a loan of \$1.4 billion to help the Maldives get out from under Chinese debt. In addition, India and the Maldives have increased security cooperation.⁷¹ The end of the counterreaction may still be ahead, as new charges of corruption continue to be brought against Yameen and officials from his government.

Although China did make a bid for increased influence in the Maldives during this period, it is difficult to disentangle which aspects of the crisis were caused by China or were simply the nature of politics in a new democracy. The institutions in the Maldives are still very fragile, and the courts are not widely respected, which played into Yameen's hands when he arrested members of the court for corruption.⁷² Chinese financial backing likely gave Yameen increased confidence in his ability to consolidate power through illegal means, but the extent of China's involvement in his authoritarian behavior is unclear.

China's own status as a nondemocratic state certainly played a role in the public linking Yameen's behavior to perceived Chinese backing, and the Maldivian population largely saw pro-democracy and anti-China as the same thing. The fact that China warned its own citizens against visiting the Maldives may indicate that events strayed from Beijing's vision, when its intention was possibly to more subtly gain influence over time. Instead, the events sparked a counterreaction to what many perceived as an overstep by China. This counterreaction was also based partly on rumors about China's military intentions with the islands, but the rumors

⁶⁷ Qayum, 2018.

⁶⁸ Moosa and Abi-Habib, 2018.

⁶⁹ Shibani Mahtani and Gerry Shih, "China's Xi Launches Philippine Charm Offensive," *Washington Post*, November 21, 2018.

⁷⁰ "Maldives Voters Sweep Away the Remnants of a Corrupt, China-Backed Regime," *World Politics Review*, April 23, 2019.

⁷¹ N. C. Bipindra and Iain Marlow, "India Offers \$1.4 Billion to Maldives amid Tussle with China," *Bloomberg*, December 17, 2018.

⁷² Hassan Moosa and Jeffrey Gettleman, "President of Maldives Besieges Supreme Court over Imprisoned Foes," *New York Times*, February 6, 2018.

lack much public backing beyond sporadic and unverified reports.⁷³ Overall, this episode has largely been a failure for China, which will likely find it difficult to engage in such construction projects again in the Maldives anytime soon, and the new government has made a decisive turn back toward alignment with India.

Mongolia

Mongolia has been on the receiving end of repeated Chinese pressure campaigns over the past 20 years. China temporarily closed the border in 2002 and canceled flights from Beijing in 2006 after Mongolia hosted visits by the Dalai Lama, and the Mongolian government began taking steps to strengthen security cooperation with the United States as a hedge against Chinese influence. Mongolia started exploring joint bids between Chinese companies and those from other countries in an effort to reduce reliance on Beijing, and the country targeted trade routes to other neighboring states to diversify its export portfolio.⁷⁴ However, Mongolia has been the recipient of a tremendous amount of Chinese investment, particularly in its commodities sector, so its economic vulnerability has only grown over the past ten years.

In 2010, China absorbed a full 84 percent of Mongolian exports, and both countries had plans for much more. The two countries had further begun work on a rail line from the coal fields at Tavan Tolgoi to the Chinese border, but signs of a negative reaction among the Mongolian population were already readily apparent in 2010. In 2013, Mongolia halted exports of coal to China over a price dispute and threatened to scrap the deal. Ulaanbaatar eventually attempted to play rival Chinese firms off each other in the dispute.⁷⁵ It also passed a law that designated “strategic sectors” and limited foreign influence in response to China’s activities.⁷⁶

Because of these repeated episodes with China over the Dalai Lama or resources, Mongolia was well aware of its vulnerability to economic pressure from Beijing by the time the Dalai Lama was set to visit again in 2016. The country had mitigated some of its vulnerabilities, but the government was then seeking a \$4.2 billion loan from China to pull the country out of a recession caused by the drop in commodity prices.⁷⁷ China responded to the Dalai Lama’s visit by closing the border again, canceling further talks to discuss the loan, and putting fees on all cross-border shipments.⁷⁸ The Mongolian government claimed that the new border fees would cost \$12 million annually on the shipment of coal, and the price of the border closing was much higher.⁷⁹

China’s steps appear to have initially chastened the Mongolian government, which took steps to placate Beijing. Although the government allowed the Dalai Lama’s visit despite

⁷³ David Brewster, “China’s Play for Military Bases in the Eastern Indian Ocean,” *The Interpreter*, May 15, 2018.

⁷⁴ Andrew Higgins, “Rich with Coal, but Still Hungry,” *Washington Post*, July 17, 2011.

⁷⁵ Chuin-Wei Yap, “Mongolia Bets on China Rivals to Break Impasse,” *Wall Street Journal*, January 28, 2013a.

⁷⁶ Chuin-Wei Yap, “Mongolia Deepens Investment Ties with China,” *Wall Street Journal*, October 25, 2013b.

⁷⁷ “Mongolia Welcomes Dalai Lama Despite China,” *New York Times*, November 20, 2016.

⁷⁸ “China ‘Blocks’ Mongolia Border After Dalai Lama Visit,” *Al Jazeera*, December 10, 2016.

⁷⁹ Elizabeth Shim, “China Raises Fees on Shipments from Mongolia After Dalai Lama Visit,” United Press International, December 2, 2016.

China's objections, it expressed regret for allowing the visit and announced that the Dalai Lama would not be welcome back to Mongolia while the administration was still in office.⁸⁰

That administration's time in office soon ran out, as challenger Khaltmaaglin Battulga won a decisive victory in elections the following summer. Battulga campaigned on a nationalist platform, opposing Mongolia's economic dependence on China and supporting a new law to require foreign companies to funnel revenue through Mongolian banks. He had previously also participated in a documentary that claimed that the railroad project linking Mongolia to China was an elite conspiracy to keep the country reliant on Beijing.⁸¹

President Battulga's victory demonstrates the population's negative reaction to Beijing's actions, and the new government followed suit with official policy. Mongolia began to participate more fully in Japan's counterbalancing efforts throughout Asia, and it sought more investment from Tokyo instead of Beijing. Shinzo Abe's government promised to reduce tariffs on Mongolian products and to provide an additional \$500 million in loans at 0.1-percent annual interest for the construction of a new airport in Ulaanbaatar. The Mongolian government further diversified the source of its loans, to include the IMF, the Asian Development Bank, and South Korea, rather than relying on Chinese funds that come with political strings.⁸² China makes up less than 10 percent of the new loan arrangement, representing a large reduction in Mongolia's reliance on Chinese capital.⁸³ The new government also intensified its efforts to expand security cooperation with the United States.⁸⁴

Although Mongolia continues to be economically dependent on China, the two countries' long histories and repeated incidents of Chinese pressure indicate that there has been and will likely continue to be a deep wariness of Beijing's influence among both the Mongolian population and political officials in Ulaanbaatar. Thus far, Mongolia continues to seek economic growth through trade with China while fiercely defending its sovereignty. The apology provided after the Dalai Lama's visit was without tangible consequences, and the new government has not been constrained by the previous government's promise to refrain from future visits.

Mongolia has shown little reluctance to imperil its economic fortunes in order to guard its autonomy. For example, as noted earlier, the fees China imposed on cross-border shipments amounted to roughly \$12 million annually, and Mongolia risked \$350 million in the 2013 coal supply deal during a price dispute.⁸⁵ Furthermore, by seeking security relationships with Western powers and diversifying its economic partnerships, the government continues to plan for ways to increase its ability to rebuff Chinese pressure in the future.

China is responding to Mongolia's relatively successful attempts to insulate itself by intensifying its focus on Mongolian society. Through the United Front Work Department,

⁸⁰ Edward Wong, "Mongolia, with Deep Ties to Dalai Lama, Turns from Him Toward China," *New York Times*, December 30, 2016b.

⁸¹ Boldsaikhan Sambuu, "Here Are 4 Things to Know About Mongolia's Presidential Election on Monday," *Washington Post*, June 23, 2017.

⁸² Yiyi Chen, "China and Japan's Investment Competition in Mongolia," *The Diplomat*, August 1, 2018.

⁸³ Cliff Venzon and Eri Sugiura, "Mongolia Hopes for Belt and Road Bonanza Without Heavy Debt," *Nikkei Asian Review*, May 30, 2019.

⁸⁴ Michael J. Green, "The United States Should Help Mongolia Stand Up to China," *Foreign Policy*, September 26, 2019.

⁸⁵ Chuin-Wei Yap and Joanne Chiu, "China-Mongolia Coal Spat Heats Up," *Wall Street Journal*, January 29, 2013.

Beijing continues seeking to exploit schisms in the Mongolian Buddhist community and use that exploitation to establish bridges to the country's business and political elites. China is also seeking to be able to dictate the search, recognition, and final announcement of the next lamas in a bid to use Buddhism to strengthen its power both inside and outside of China. Buddhist leaders in Mongolia have thus far prevented China from gaining loyalty at the mass level, but the period following the eventual death of the 14th Dalai Lama will be critical.⁸⁶

Overall, even with the overwhelming amount of economic pressure that Beijing can bring to bear, its influence over Mongolian politics appears limited. China provoked a nationalist response among the Mongolian population and a governmental search for both economic and security safety valves, but China's efforts at the mass level are intensifying as it seeks to use religion to its advantage. The lesson in Mongolia is that economic influence often may not be enough for China to receive its preferred policy outcomes, even when that economic leverage is nearly total, and particularly in countries that have long histories with China. However, China's renewed effort on influencing Mongolian society through religion demonstrates that Beijing's influence-seeking will not simply halt when presented with resistance. China has multiple tools at its disposal.

New Zealand

New Zealand is a member of the "Five Eyes" intelligence group (along with Australia, Canada, the United Kingdom, and the United States), a member of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and a proposed member of Japan's East Asian Community; however, New Zealand has shifted its foreign policy toward a more neutral stance on China in recent years.⁸⁷ New Zealand signed a free trade agreement with China in 2008, and China now stands as New Zealand's second-largest trading partner behind Australia. Chinese telecommunications company Huawei won the contract to build New Zealand's 4G network in 2014.⁸⁸ China consumed more than 25 percent of New Zealand's dairy exports, and total trade between the countries was worth \$15 billion by 2017.⁸⁹ A full 15 percent of tourists to New Zealand come from China and contributed more than \$16 billion to the economy in 2018.⁹⁰ New Zealand has cooperated with China on near-space research, and a 2017 Chinese space launch occurred from a New Zealand dairy farm owned by a Chinese firm.⁹¹

New Zealand is therefore increasingly reliant on Beijing economically. Its role in the Five Eyes group and its status as a claimant state to Antarctica make it a target for Chinese efforts and vulnerable because of its small size.

⁸⁶ Miguel Martin, "Global Religion and the United Front: The Case of Mongolia," *China Brief*, Vol. 18, No. 12, July 10, 2018.

⁸⁷ Charlotte Graham-McLay, "New Zealand Fears Fraying Ties with China, Its Biggest Customer," *New York Times*, February 14, 2019a.

⁸⁸ Diamond and Schell, 2019, p. 171.

⁸⁹ Observatory of Economic Complexity, "What Does New Zealand Export to China?" webpage, 2017.

⁹⁰ Meaghan Tobin, "New Zealand Bans Huawei from 5G, China Has Message for New Zealand," *South China Morning Post*, February 17, 2019.

⁹¹ David Fisher, "Space Launch from Dairy Farm After John Key Met China's President Xi," *New Zealand Herald*, September 22, 2017.

A series of high-profile events have brought public attention to Wellington's cozying relationship with Beijing. In 2017, it was exposed that a member of the New Zealand Parliament had close ties to People's Liberation Army military universities, where he taught English to Chinese spies before immigrating to New Zealand. This lawmaker was reported to be close to the Chinese community in New Zealand and to maintain ties to the Chinese embassy, where he presented awards to individuals who blocked protests during the visit of Chinese Premier Li Keqiang.⁹²

Other incidents showed the potential sway of Chinese money in New Zealand's politics. For example, one individual was found to have donated \$112,000 to a political candidate while heading at least *seven* different United Front Work Department organizations in New Zealand. A former prime minister sold property to a wealthy Chinese buyer for well above market rate.⁹³ And a second Chinese–New Zealander lawmaker was shown to have deep connections to the Chinese embassy and pro-Beijing community organizations.⁹⁴ These examples demonstrate how intertwined New Zealand's politics have become with Chinese influence.

As one strategic analyst stated, New Zealand is the “ideal liberal democratic lab rat” for China to experiment with in using “the very freedoms and transparency of democratic systems against them.”⁹⁵ New Zealand is home to a significant ethnic Chinese population, which makes it fertile ground for the use of the United Front Work Department's tactics.⁹⁶ During the Cold War, this population was largely neutral, but now few activities in the community are independent from Beijing. United Front activities have encouraged bloc voting for pro-Beijing candidates among the ethnic Chinese population, and the department has established a branch of the China Council for the Promotion of Peaceful National Reunification, which takes a hard pro-Beijing line on issues related to Taiwan.

China's efforts to influence New Zealand politics benefit from weak rules governing political contributions. Foreign political contributions are not illegal in New Zealand, and donors who give less than 15,000 New Zealand dollars are allowed to remain anonymous, increasing the opportunities for wealthy individuals to filter their contributions through multiple anonymous donors. Foreign lobbyists are not required to register with the government, and investigations of influence operations must gain the permission of the service ministers, who are political officials with little incentive to potentially embarrass their own party.⁹⁷

In addition, New Zealand's universities have seen efforts to stifle anti-Beijing speech on campuses, where multiple incidents of violence have occurred, particularly related to protests about the unrest in Hong Kong. These universities, many of which are home to Confucius Institutes, seem ill-prepared to deal with the issue and are widely self-censoring in fear of Beijing's response. Anne-Marie Brady, a prominent scholar at the University of Canterbury who has published work critical of Beijing, has been the victim of break-ins at her home and office, along with tampering of her vehicle. She continues to share a building with a Confucius Insti-

⁹² Charlotte Graham, “New Zealand Lawmaker's Past Raises Alarms About China's Reach,” *New York Times*, October 5, 2017.

⁹³ Diamond and Schell, 2019, p. 171.

⁹⁴ Graham, 2017.

⁹⁵ Patrick and Stoakes, 2019.

⁹⁶ Diamond and Schell, 2019, p. 169.

⁹⁷ Diamond and Schell, 2019, p. 172.

tute, and neither the New Zealand government nor the university has taken significant action to find the perpetrators or guarantee her safety.⁹⁸

Such incidents have much the same effect as events in Australia, where individuals and institutions refrain from speech that goes against Beijing's preferences for fear of reprisals or the loss of investment in the education sector. Every pro-democracy protest at New Zealand's universities is confronted by well-organized Chinese students, who are encouraged by the Chinese embassy and its partners in society and who sometimes engage in violence or intimidation tactics.⁹⁹

Officials in Wellington have so far taken relatively few concrete actions to counter the growing direct Chinese influence over politicians or the indirect influence over messaging and organization in New Zealand society. The government has not taken up any legislation to limit foreign influence over the political system. Individuals critical of the impact of Chinese money in the system have been removed from major parties, but lawmakers who have significant ties to Chinese intelligence have not.¹⁰⁰ Wellington's limited efforts have included banning Huawei from constructing New Zealand's new 5G network as part of the country's commitment to the Five Eyes group, but it did so only after the United States expressed strong opposition to Huawei's involvement.¹⁰¹ The country's judicial system remains relatively free of Chinese influence and has repeatedly called on the government to take Beijing's human rights record more seriously.¹⁰²

New Zealand stands as an example of a highly liberal democracy with unique vulnerabilities. Its alliance structure has kept it from defecting too far into the realm of Chinese preferences over its foreign policy, but Wellington has continued to show limited enthusiasm for efforts to resist Chinese influence. Only after heavy protests from Washington did New Zealand ban a Chinese company from building the country's 5G network, and New Zealand's military contributions to its alliances have been relatively small. In the absence of its alliance system, New Zealand may have simply been overwhelmed by the amount of resources China can bring to bear in its influence efforts, and even with powerful friends, New Zealand's level of resistance has been minimal.

Norway

In 2010, the Norwegian Nobel Committee awarded its Peace Prize to Chinese dissident Liu Xiaobo in recognition of his "long and nonviolent struggle for fundamental human rights in China,"¹⁰³ despite warnings from Chinese officials that such a selection would negatively affect

⁹⁸ Charlotte Graham-McLay, "China Watchers Demand Action on Harassment of New Zealand Professor," *New York Times*, December 7, 2018b.

⁹⁹ Patrick and Stoakes, 2019.

¹⁰⁰ Charlotte Graham-McLay, "Campaign Contribution Raises Concerns About China's Meddling in New Zealand," *New York Times*, October 25, 2018a.

¹⁰¹ On Huawei, see Graham-McLay, 2019a. We also offer two additional examples in which New Zealand has cooperated with the United States and taken steps that run counter to Chinese interests: On P-8 aircraft purchases, see Rob Taylor, "New Zealand to Buy Boeing Patrol Aircraft," *Wall Street Journal*, July 10, 2018. On financial backing with island states, see Rachel Pannett, "U.S. Allies Vie with China to Make Pacific Island Friends," *Wall Street Journal*, November 8, 2018.

¹⁰² Charlotte Graham-McLay, "New Zealand Halts Plan for Chinese Extradition," *New York Times*, June 12, 2019b.

¹⁰³ Norwegian Nobel Committee, "The Nobel Peace Prize for 2010," October 8, 2010.

relations between the two nations.¹⁰⁴ Beijing reacted promptly and with fury, suspending all diplomatic relations with Norway and most notably tabling ongoing talks for a free trade agreement.¹⁰⁵ China issued 14 demands that Norway would need to fulfill before relations could be normalized, according to unofficial sources.¹⁰⁶ These demands included a promise that the Nobel Committee would never again award its Peace Prize to a Chinese dissident.

China sought to pressure Norway into acquiescence by establishing several regulatory measures at its expense. China enacted stringent food-safety regulations that targeted Norwegian fish, primarily fresh and frozen salmon.¹⁰⁷ Before the Nobel dispute, Norway provided 90 percent of China's salmon imports. Following the dispute, Norwegian salmon dropped to less than 30 percent of Chinese salmon imports.¹⁰⁸ One estimate suggests that the dispute cost Norway between \$125 million and \$176 million in fish exports alone and that, given that trade between Norway and China had been projected to rise, the dispute cost Norway between \$780 million and \$1.3 billion in overall exports.¹⁰⁹ In 2013, China also excluded Norway from a 72-hour visa-free travel program that China created for states sending a large number of tourists to Beijing, despite including all other European nations. Chinese officials explained that some countries had been excluded from the initiative because of the "bad behavior" of their governments and the "low quality" of their citizens.¹¹⁰

Norway took several conciliatory steps in response to Chinese pressure, particularly after Prime Minister Erna Solberg's conservative government took power in 2013.¹¹¹ Norway helped admit China as an observer to the Arctic Council in May 2013,¹¹² after expressing hopes that the council would provide a channel to cooperate with China.¹¹³ In May 2014, Solberg refused to meet with the Dalai Lama out of a desire to improve relations with China, despite an outpouring of public disapproval.¹¹⁴ In 2015, the chairman of the committee who awarded the Peace Prize to Liu Xiaobo, Thorbjørn Jagland, became the first in history to be ousted from his position, with many attributing this as a peace offering to China.¹¹⁵

Yet Norway held firm on other issues and even struck back against China. For instance, in its February 2015 national threat assessment, the Norwegian Police Security Service identi-

¹⁰⁴ Andrew Jacobs and Jonathan Ansfield, "Nobel Peace Prize Given to Jailed Chinese Dissident," *New York Times*, October 8, 2010.

¹⁰⁵ Sarah Lyall, "Winner's Chair Remains Empty at Nobel Event," *New York Times*, December 10, 2010.

¹⁰⁶ Benjamin David Baker, "Soul or Salmon? Norway's Chinese Dilemma," *The Diplomat*, May 9, 2014.

¹⁰⁷ Andrew Higgins, "In Philippines, Banana Growers Feel Effect of South China Sea Dispute," *Washington Post*, June 10, 2012.

¹⁰⁸ Baker, 2014.

¹⁰⁹ Ivar Kolstad, "Too Big to Fault? Effects of the 2010 Nobel Peace Prize on Norwegian Exports to China and Foreign Policy," *International Political Science Review*, Vol. 41, No. 2, 2020. However, other estimates suggest that the overall impact was negligible (Ben Bland, Tom Hancock, and Bryan Harris, "China Wields Power with Boycott Diplomacy," *Financial Times*, September 5, 2017).

¹¹⁰ Jamil Anderlini and Clare MacCarthy, "China Snubs Norway in Visa Reforms," *Financial Times*, December 6, 2012.

¹¹¹ Sewell Chan, "Norway and China Restore Ties, 6 Years After Nobel Prize Dispute," *New York Times*, December 19, 2016.

¹¹² Steven Lee Myers, "Arctic Council Adds Six Members, Including China," *New York Times*, May 16, 2013.

¹¹³ Alister Doyle, "Despite Nobel, Norway Favors China Role in Arctic," Reuters, January 24, 2011.

¹¹⁴ Rick Gladstone, "Norway's Leaders Snub Dalai Lama in Deference to China," *New York Times*, May 7, 2014.

¹¹⁵ Thom Poole, "Why Has the Nobel Peace Prize Chairman Been Demoted?" BBC News, March 5, 2015.

fied China as an entity potentially interested in espionage in Norway, and Norway expelled two guest researchers affiliated with a Chinese university for illegal research into dual-purpose technology.¹¹⁶ Norway also canceled an agreement with the European Incoherent Scatter Scientific Association, a multinational space research organization in which China plays a leading role, to construct a radar facility that Beijing had long desired.¹¹⁷ Furthermore, despite the steps taken to appease China, Norway chose not to apologize for the committee's choice of the Chinese dissident, ultimately choosing to weather the storm of Chinese retaliation.

On December 19, 2016, China and Norway reached a compromise that restored diplomatic relations between the two countries. In their statements, Norway announced that it “fully respects China’s sovereignty and territorial integrity” and would not seek to undermine China’s core interests, while Beijing claimed that Norway had “deeply reflected upon the reasons bilateral mutual trust was harmed.”¹¹⁸ In the resolution, neither side made specific concessions, and each would be able to claim victory in the dispute. This led outside observers to question both the true causes of the compromise and its timing. There is little evidence that Chinese retaliation had escalated to the point that it could force Norway into an agreement. Indeed, even before the dispute was publicly resolved, bilateral trade between the two nations reached record highs in 2015.¹¹⁹

Thus, the dispute’s resolution appears to have been determined by the potential for economic benefits on both sides rather than by Chinese influence efforts. Discussions over the free trade agreement, which were put on hold in 2010, could resume with the dispute resolved. Talks remain ongoing at this time, with little evidence of continued enmity and no further attempts at compellent Chinese pressure. Such an agreement would provide obvious economic benefit for Norway’s fisheries and oil firms.¹²⁰ However, the benefits for Beijing should not be understated. China seeks to use the Arctic sea route to transport goods to Europe, which will dramatically lower transportation times.¹²¹ Perhaps more importantly, China is looking to develop free trade relationships with the West in light of a more hostile U.S. trade policy under U.S. President Donald Trump. Indeed, it is likely little coincidence that this resolution came just one month after Trump’s election in 2016.

When assessing the extent to which China’s unofficial demands were met, it seems clear that Norway compromised very little. Given that each side possessed the economic might to withstand hostile relations, saving face and responding to public sentiment had long remained the driving forces behind the continued diplomatic tension. China’s attempts at influence were therefore limited, Norway’s attempts at conciliation were minimal, and Chinese pressure contributed very little to the dispute’s resolution. The strongest lessons of this case are that China utilizes the same tools to punish perceived slights as it uses to exert influence and that China will forgo its outrage to preserve key interests when necessary.

¹¹⁶ Benjamin David Baker, “Sino-Norwegian Relations, 5 Years After Liu Xiaobo’s Nobel Peace Prize,” *The Diplomat*, January 4, 2016.

¹¹⁷ Baker, 2016.

¹¹⁸ Chan, 2016.

¹¹⁹ Marc Lanteigne and Bjørnar Sverdrup-Thygeson, “Towards the Thaw: Seeking Clarity in China-Norway Relations,” *The Diplomat*, January 16, 2016.

¹²⁰ Nerijus Adomaitis, “With Energy High on Agenda, China’s No.3 Leader Visits Norway,” Reuters, May 15, 2019.

¹²¹ Lieke Bos, “Norway-China Relations ‘Unfrozen,’” *The Diplomat*, December 21, 2016.

The Philippines

Claims to the South China Sea, where disagreements have arisen persistently over questions of territorial control, oil and gas reserves, fishing resources, and the region's strategic location, have been at the center of many historical disputes between China and the Philippines.¹²² In April 2012, this conflict reached a fever pitch when a Philippine warship encountered eight Chinese fishing vessels near the disputed Scarborough Shoal. Boarding the ships, the Philippine Navy found illegal fish and coral and attempted to arrest the fishermen. However, two Chinese surveillance ships arrived and prevented the arrests.¹²³ Negotiations between the two states provided no diplomatic solution, and vessels on both sides remained in the nearby waters for several months before the Philippine vessels ultimately retreated.¹²⁴

The Philippines and President Benigno Aquino brought the dispute to the international community, seeking support from the Association of Southeast Asian Nations (ASEAN) and the United States and announcing that the Philippines would initiate international arbitration of the issue.¹²⁵ China attempted to influence the Philippine position through two primary mechanisms. First, China halted imports of Philippine fruit—primarily bananas, as well as papayas, mangoes, coconuts, and pineapples.¹²⁶ Before the crisis, roughly one-fourth of all bananas originating from the Philippines had been exported to China.¹²⁷ After the confrontation, China began to enact strict quarantine procedures on bananas from the Philippines, citing health concerns. To provide cover for its actions, China pointed to an initial warning in March, before the crisis. However, because this warning targeted imports solely from a single Japanese conglomerate operating in just one island—Mindanao—such claims held little weight.¹²⁸ Second, China began restricting tourism to the Philippines. Beijing issued a travel advisory telling its citizens that they were not safe in the Philippines because of strong anti-China sentiment.¹²⁹ This led Chinese travel agencies to suspend all Philippine tours and Chinese air carriers to cut their daily flights to Manila in half, leading to a cascade of cancellations.¹³⁰

Despite the economic hardships imposed and the fact that China retained “de facto control” over the shoal in the aftermath of the crisis, President Aquino did not back down.¹³¹

¹²² Leszek Buszynski, “The South China Sea: Oil, Maritime Claims, and US–China Strategic Rivalry,” *Washington Quarterly*, Vol. 35, No. 2, 2012.

¹²³ Jane Perlez, “Dispute Between China and Philippines over Island Becomes More Heated,” *New York Times*, May 10, 2012a.

¹²⁴ Jane Perlez, “Philippines and China Ease Tensions in Rift at Sea,” *New York Times*, June 18, 2012b.

¹²⁵ Michael Green, Kathleen Hicks, Zack Cooper, John Schaus, and Jake Douglas, *Countering Coercion in Maritime Asia: The Theory and Practice of Gray Zone Deterrence*, Washington, D.C.: Center for Strategic and International Studies, May 2017.

¹²⁶ “The China-Philippine Banana War,” *Asia Sentinel*, June 6, 2012.

¹²⁷ Higgins, 2012.

¹²⁸ Higgins, 2012.

¹²⁹ Jason Gutierrez, “China Issues Warnings on Philippines,” ABS CBN News, May 10, 2012.

¹³⁰ Green et al., 2017.

¹³¹ Rouchelle R. Dinglasan, “China Has de Facto Control over Panatag Shoal, Says Former DFA Senior Official,” GMA News, October 6, 2012.

Instead, the Philippines continued to escalate the dispute in the international arena. In 2013, the Philippines challenged China's broader claim to the South China Sea at The Hague under the UN Convention on the Law of the Sea. The Permanent Court of Arbitration ultimately ruled in favor of the Philippines in 2016. The Hague tribunal found that China had no legal basis to claim historical rights to much of the South China Sea, stating that neither China's historical claims nor the sea features that China identified were sufficient to generate an exclusive economic zone and subsequent maritime rights.¹³² The ruling was a clear, definitive defeat for China. China proved unable to leverage its economic influence to alter the behavior of the Philippines and instead suffered a rebuke in the international community.

The outlook for China, however, changed little as a result of the court's decision. The ruling itself provided no mechanism of enforcement, and with China refusing to participate in the process and rejecting the tribunal's decision, any real consequences would be based on the willingness of the Philippines to assert the ruling.¹³³ The likelihood of any attempts at enforcement decreased dramatically following the transition from former Philippine President Aquino to President Rodrigo Duterte. Duterte pivoted away from the United States shortly after his election; during his campaign, U.S. officials had been critical of his commitment to human rights and his connections to extra-judicial killings.¹³⁴ In October 2016, Duterte announced a "separation" from the United States both militarily and economically.¹³⁵ In turn, Duterte has grown closer to China, increasing efforts to build stronger economic ties between the two countries, and he has therefore been reluctant to challenge Beijing on the Permanent Court of Arbitration ruling. China has responded by promising the sought-after economic incentives. During Duterte's first visit in 2016, Chinese President Xi pledged \$24 billion in investments and financing for the Philippines.¹³⁶ Duterte has clearly linked this economic cooperation to the 2016 ruling, noting that Xi offered the Philippines a controlling stake in a joint energy deal in exchange for ignoring the international arbitration.¹³⁷

Yet, despite this shift toward China, both the lessons learned from this case and the long-term outlook for China and the Philippines remain in question. As noted earlier, it is difficult to attribute any improvement in relations to Chinese attempts to assert influence. Rather, the improved relations can more directly be linked to the domestic political change from the Aquino administration to the Duterte administration. Indeed, under Aquino, the influence effort inspired retaliation. Furthermore, there remains substantial uncertainty over the extent to which this newfound cooperation will persist. The vast majority of the funding pledged by Xi has yet to materialize.¹³⁸ Philippine public opinion on China, and the government's inac-

¹³² Hunt, 2016.

¹³³ Hunt, 2016.

¹³⁴ Juliet Perry, "Obama Calls Duterte, Highlights Shared Human Rights Values," CNN, May 18, 2016.

¹³⁵ Ben Blanchard, "Duterte Aligns Philippines with China, Says U.S. Has Lost," Reuters, October 20, 2016.

¹³⁶ Yen Nee Lee, "Philippine President Duterte Says He'll Stand Up to China—He Might Not Deliver," CNBC, August 27, 2019b.

¹³⁷ Helen Regan, "Duterte Says Xi Jinping Offered Him an Oil and Gas Deal to Ignore South China Sea Ruling," CNN, September 12, 2019.

¹³⁸ Nyshka Chandran, "The Philippines' Pivot Toward China Has Yet to Pay Off, as Manila Awaits Promised Funds," CNBC, November 23, 2018.

tion toward it, has cratered,¹³⁹ and the public no longer trusts Duterte to handle disputes with China.¹⁴⁰ In response, Duterte began to take nominal steps in opposition to Beijing, raising the issue of the South China Sea in talks with Xi.¹⁴¹ Duterte also cultivated a “great relationship” with U.S. President Trump since the latter took office,¹⁴² even making overtures to the United States for assistance against Chinese aggression.¹⁴³ Duterte continued constructing new facilities for visiting U.S. forces, opening the first on the island of Luzon in early 2019, and a second is scheduled to be built on Palawan.¹⁴⁴ Thus, even as the election of Duterte improved the long-term outlook for China, any gains remain volatile and subject to both Duterte’s whims and the possibility of future changes in government.¹⁴⁵

South Korea

Following months of consultations that began in February 2016, the United States and South Korea announced on July 7, 2016, that they had approved the deployment of a U.S.-made THAAD anti-ballistic missile system in South Korea.¹⁴⁶ In the announcement, the United States and South Korea identified the deployment as a defensive measure against North Korea’s ballistic missiles and its pursuit of weapons of mass destruction and stated that South Korea’s THAAD system would not be deployed against any third-party nations.¹⁴⁷ Nevertheless, China quickly protested this agreement. Despite its defensive nature, China feared a military buildup on its doorstep. Most importantly, China believed that the radar capabilities included in the system could be used to track Chinese missile systems, giving the United States an advantage in a potential military conflict.¹⁴⁸

In addition to making official statements opposing the THAAD deployment, Beijing retaliated with several unofficial sanctions designed to influence South Korea’s behavior. The China National Tourism Administration ordered domestic travel agencies to stop selling packages to South Korea, cutting tourism from roughly 8 million visitors per year to just 4 million in 2017. This resulted in losses to South Korea that have been estimated as high as \$15 bil-

¹³⁹ “Third Quarter 2018 Social Weather Survey: Pinoys Maintain Anti-Chinese Stance on West Philippine Sea Issue,” Social Weather Stations, November 20, 2018.

¹⁴⁰ Isabel Guarco, “Filipinos Don’t Trust Duterte to Handle China,” *Foreign Policy*, July 12, 2019a.

¹⁴¹ Yen Nee Lee, “Philippine Finance Secretary: Duterte Talked South China Sea with Xi,” CNBC, August 30, 2019a.

¹⁴² Julie Hirschfield Davis, “Trump Lauds ‘Great Relationship’ with Duterte in Manila,” *New York Times*, November 13, 2017.

¹⁴³ Isabel Guarco, “Is Duterte Really Asking for U.S. Aid Against China?” *Foreign Policy*, July 18, 2019b.

¹⁴⁴ Seth Robson, “Facility for US Forces Opens on Philippines’ Main Island; Another Slated for Palawan,” *Stars and Stripes*, January 31, 2019.

¹⁴⁵ Some have even called for Duterte’s impeachment in light of his conciliatory response to China, particularly after the sinking of a Philippine fishing boat by a Chinese vessel on June 9, 2019, inside Manila’s EEZ (Martin Petty, “Impeach Me, I’ll Jail You—Philippines’ Duterte Dares Foes to Test Him,” Reuters, June 28, 2019).

¹⁴⁶ Missy Ryan, “Pentagon to Deploy Anti-Missile System in South Korea,” *Washington Post*, July 7, 2016.

¹⁴⁷ U.S. Department of Defense, “U.S. to Deploy THAAD Missile Battery to South Korea,” July 8, 2016.

¹⁴⁸ Adam Taylor, “Why China Is So Mad About THAAD, a Missile Defense System Aimed at Deterring North Korea,” *Washington Post*, March 7, 2017.

lion.¹⁴⁹ China canceled several events featuring South Korean music and television stars, which negatively affected the stock prices of South Korea's top entertainment companies.¹⁵⁰ Following a boycott of South Korean products, food exports from South Korea to China fell 5.6 percent year on year in March 2017, from \$92.5 million to \$87.3 million. China also shuttered 75 of 99 retail markets belonging to Lotte, a South Korean conglomerate,¹⁵¹ in retaliation for Lotte offering a golf course as land for THAAD use,¹⁵² and Hyundai announced a drop in sales in China of 64 percent in 2017.¹⁵³ The economic impact was substantial, as South Korea's \$227.3 billion trade with China in 2015 dropped to \$211.4 billion in 2016.¹⁵⁴

Despite these pressures, South Korea did not initially meet China's demands. Under South Korean President Park Geun-hye, the deployment persisted and became operational in early May 2017.¹⁵⁵ A change in government again appeared to signal a change in resolve. New South Korean President Moon Jae-in, who took office just one week after the THAAD system became operational, had opposed the deployment in his election campaign, claiming that it had divided the nation and "aggravated foreign relations."¹⁵⁶ After taking office, Moon initially suspended further THAAD deployment.¹⁵⁷

However, following two North Korean intercontinental ballistic missile tests in July 2017, President Moon shifted course, asking the United States to finish the deployment.¹⁵⁸ Nevertheless, in the months following this decision, Moon also took conciliatory steps in response to China. While stopping short of endorsing China's Belt and Road Initiative, Moon expressed an openness to integration between the initiative and his own New Northern Policy. Most directly, in late 2017, Moon's administration gave China three assurances regarding South Korea's defense policy:

- There would be no further THAAD deployment.
- South Korea would not deploy any further U.S. missile defense systems in the region.
- South Korea would not join a trilateral military alliance with the United States and Japan.¹⁵⁹

¹⁴⁹ Matt Stiles, "Upset over a U.S. Missile Defense System, China Hits South Korea Where It Hurts—in the Wallet," *Los Angeles Times*, February 28, 2018.

¹⁵⁰ Amy Qin and Choe Sang-Hun, "South Korean Missile Defense Deal Appears to Sour China's Taste for K-Pop," *New York Times*, August 7, 2016.

¹⁵¹ Joyce Lee, "South Korea's Lotte Group Says Missile Row No Reason to Pull Out of China," Reuters, April 2, 2017.

¹⁵² Taylor, 2017.

¹⁵³ Hudson Lockett, "Hyundai Motors Q2 Profit Comes up Short as China Sales Drop 64%," *Financial Times*, July 25, 2017.

¹⁵⁴ Kim Bo-gyung, "South Korea-China Trade Volume Rises to Pre-THAAD Levels," *Korea Herald*, December 19, 2018.

¹⁵⁵ Jeremy Herb and Ryan Browne, "Anti-Missile System in South Korea Operational in 'Coming Days,'" CNN, April 27, 2017.

¹⁵⁶ Anna Fifield, "Interview with Moon Jae-in, Set to Become South Korea's Next President," *Washington Post*, May 2, 2017.

¹⁵⁷ Taehoon Lee and James Griffiths, "South Korea Suspends THAAD Deployment," CNN, June 8, 2017.

¹⁵⁸ J. Weston Phippen, "South Korea Asks to Increase Its Firepower," *The Atlantic*, July 29, 2017.

¹⁵⁹ Ankit Panda, "China and South Korea: Examining the Resolution of the THAAD Impasse," *The Diplomat*, November 13, 2017.

Solidifying the improved relations between states, President Moon visited Beijing in December 2017, and the nations celebrated the tenth anniversary of the South Korea–China Strategic Partnership in 2018.¹⁶⁰

Assessing the success of Chinese influence efforts in this case requires a closer analysis of the desired outcome. The THAAD system remains deployed in South Korea, so China clearly did not achieve its proximate goal. Yet South Korea did make concessions to China, and some analysts attribute that result directly to the economic sanctions.¹⁶¹ The concessions appear not to have been coordinated with the United States.¹⁶²

China has subsequently made progress in relations with South Korea. For example, China specifically noted South Korea's important role in nuclear talks between North Korea and the United States, emphasizing that both sides have a natural convergence of interests.¹⁶³ Furthermore, the progress has come at a time when the relationship between South Korea and Japan is eroding. In 2019, South Korea terminated an intelligence-sharing agreement between the two nations after Japan removed South Korea from its list of preferred trade partners.¹⁶⁴ As a result, there is a clear void that China seeks to fill.

However, China's efforts have scarcely supplanted cooperation between the United States and South Korea. In fact, in June 2019, President Moon vowed to find common ground between the Indo-Pacific Strategy proposed by the U.S. Department of Defense for counter-acting China and his own New Southern Policy, an effort to reduce South Korea's dependence on China by enhancing economic relations with Southeast Asia and India.¹⁶⁵ This is just one example of how, although the Moon administration has maintained ties with China, it has also taken steps designed to reduce the vulnerabilities caused by reliance on China—for instance, by upgrading its relations with Indonesia, the United Arab Emirates, and others.¹⁶⁶ This shift away from Beijing is also reflective of overall public opinion in South Korea, which has become significantly more hostile in the wake of China's punitive measures.¹⁶⁷ Thus, although China received nominal diplomatic concessions in the dispute with South Korea, this has furthered China's goals only in the short term. In the long term, it appears that China's attempts at influence have harmed, rather than helped, its relations with South Korea, as Moon's government seeks to free the country from Beijing's grasp.

¹⁶⁰ Jina Kim, "China and South Korea's THAAD Dispute May Be Set to Reignite," *News Lens*, February 25, 2019.

¹⁶¹ Bec Strating and James Leibold, "Coping with the Beijing Freezer," *The Strategist*, June 28, 2018; and David Josef Volodsko, "China Wins Its War Against South Korea's US THAAD Missile Shield—Without Firing a Shot," *South China Morning Post*, November 18, 2017.

¹⁶² Panda, 2017.

¹⁶³ Lee Seong-hyon, "Beijing-Seoul Ties After Xi's Pyongyang Visit," *Korea Times*, September 17, 2019.

¹⁶⁴ J. Berkshire Miller, "China, Japan and South Korea Cautiously Look to Renew Their Collective Ties," *World Politics Review*, September 24, 2019.

¹⁶⁵ Uri Friedman, "How to Choose Between the U.S. and China? It's Not That Easy," *The Atlantic*, July 26, 2019.

¹⁶⁶ Richard Fontaine, Kristine Lee, and Hannah Suh, "Can South Korea and America Find a Common Position on China?" *War on the Rocks*, July 16, 2019.

¹⁶⁷ Kim Jiyoung, "South Korean Public Opinion," Asan Forum, February 27, 2018.

Sri Lanka

Persistent unrest, including a decades-long civil war, created an opportunity for China to seek influence in Sri Lanka, which India has traditionally viewed as a critical strategic interest in the Indian Ocean. When human rights abuses during the waning years of the war led to increasing international isolation for Sri Lanka, China became a consistent ally for Sri Lanka's president, Mahinda Rajapaksa. China provided Sri Lanka with political cover at the UN, supporting the country against human rights allegations and blocking potential sanctions from the UN Security Council.¹⁶⁸ China also provided military equipment and economic support, leaving the more reticent India scrambling to counterbalance Beijing's increasing influence.¹⁶⁹

When the war ended in 2009, President Rajapaksa and his three brothers consolidated their hold on government, controlling numerous ministries that accounted for 80 percent of total government spending. China's investment in Rajapaksa had seemingly paid off, as his total control of government ensured that Beijing had a direct line to the decisionmaking process in Sri Lanka. China's economic support continued after the war concluded, and Rajapaksa sought to rapidly develop the nation. Most notably, China provided a series of loans for the construction of an ill-fated port in Hambantota. Chinese loans funded the project, to be built in Rajapaksa's home district, despite misgivings from Sri Lanka's own government about the port's economic viability. Providing loans when others refused gave China leverage with Rajapaksa to tilt influence away from India in South Asia. For example, the port came with a clear directive by China that it would be used to further intelligence-sharing between the two nations.¹⁷⁰

As officials and outside observers had predicted, the port proved to be an economic failure, with few ships choosing to berth at Hambantota rather than the existing port at Colombo. Chinese loans instead helped drive Sri Lanka further into debt at a time when the country experienced persistent balance-of-payment issues that left it with insufficient foreign currency inflows to finance foreign debt repayments.¹⁷¹ Despite relatively consistent economic growth, the rising debt, combined with increasing distaste for Rajapaksa's corruption and disregard for democracy, left Rajapaksa vulnerable in the January 2015 presidential election.

Given its deep ties with the Sri Lankan government, China sought desperately to help Rajapaksa maintain office and engaged in widespread intervention in Sri Lankan politics. Many of the payments for the port—totaling at least \$7.6 million—directly supported Rajapaksa's reelection activities, and China's ambassador explicitly lobbied voters in support of Rajapaksa.¹⁷² However, in a surprise result, Rajapaksa lost the election to Maithripala Sirisena, who headed a pro-democracy party that promised to establish more-equal relations with India and China, as well as Pakistan and Japan.¹⁷³

¹⁶⁸ Neil DeVotta, "Sri Lanka: From Turmoil to Dynasty," *Journal of Democracy*, Vol. 22, No. 2, 2011.

¹⁶⁹ Jayadeva Uyangoda, "Sri Lanka in 2009: From Civil War to Political Uncertainties," *Asian Survey*, Vol. 50, No. 1, 2010.

¹⁷⁰ Abi-Habib, 2018.

¹⁷¹ Umesh Moramudali, "Is Sri Lanka Really a Victim of China's 'Debt Trap'?" *The Diplomat*, May 14, 2019.

¹⁷² Abi-Habib, 2018.

¹⁷³ Ellen Barry and Dharisha Bastians, "Sri Lankan President Concedes Defeat After Startling Upset," *New York Times*, January 5, 2015.

This appeared to be a significant blow for China's influence after it had devoted substantial time and resources into cultivating a relationship with Rajapaksa. President Sirisena sought to investigate deals made under the prior regime, putting many of the projects on hold and looking deeply into the terms of Chinese loans.¹⁷⁴ However, despite a stated desire to turn to India, Japan, and the West, Sirisena found it difficult to fill the void of Chinese investment. Sri Lanka's economy was in such dire straits that government revenues were insufficient to pay even the interest on its loans.¹⁷⁵ Sirisena's government would be forced to take out further loans, including from China, to meet its debt payments.

Desperate to avoid default on its loans, in July 2017, Sri Lanka handed over the Hambantota Port and 15,000 acres of land around it to a state-owned Chinese company for 99 years.¹⁷⁶ This deal granted China territory only a few hundred miles off the coast of India, improving China's strategic position in South Asia. The agreement explicitly rules out any military use of the port without prior Sri Lankan consent. However, there is fear that China maintains the ability to pressure for this consent if it so desires, because even after ceding the port, Sri Lanka remains in massive debt, especially to China.¹⁷⁷ China has demonstrated its ability to retain influence over Sri Lanka even through the change of government administrations.

Although this threat of economic power lingers, Chinese influence has remained mostly unrealized. However, the relationship between China and Sri Lanka might improve dramatically since the presidential election in November 2019. In October 2018, President Sirisena, facing decreased support, threw the nation into constitutional crisis when he dismissed Prime Minister Ranil Wickremesinghe following an alleged attempt on Sirisena's life, which Sirisena claimed had been carried out by India's intelligence agency and supported by a minister in Wickremesinghe's cabinet.¹⁷⁸ Sirisena sought to appoint former president Mahinda Rajapaksa as prime minister, even attempting to dissolve the parliament when it refused to endorse Rajapaksa, before finally backing down in light of a rebuke by the constitutional court.¹⁷⁹ This left the coalition that had backed Sirisena's election in 2015 in shambles, and analysts noted that this political turmoil favored China.¹⁸⁰ The candidate for the Sri Lanka People's Front was Gotabaya Rajapaksa, the brother of Mahinda Rajapaksa and a former member of his ruling coalition. During his campaign, Gotabaya Rajapaksa met with senior Chinese officials and vowed to restore relations between the nations if elected, and he did win the contest in 2019.¹⁸¹ This change in administration has the potential to turn Sri Lanka into a point of leverage, particularly in China's competition with India.

¹⁷⁴ Annie Gowen, "Can Sri Lanka's New Government Break Free from China?" *Washington Post*, August 16, 2015.

¹⁷⁵ Abi-Habib, 2018.

¹⁷⁶ Kai Schultz, "Sri Lanka, Struggling with Debt, Hands a Major Port to China," *New York Times*, December 12, 2017.

¹⁷⁷ Tim Fernholz, "China's 'Debt Trap' Is Even Worse Than We Thought," *Quartz*, June 28, 2018.

¹⁷⁸ Akhilesh Pillalamarri, "Asian Rivalries and the Sri Lankan Constitutional Crisis," *The Diplomat*, October 31, 2018.

¹⁷⁹ Jeffrey Feltman, *Sri Lanka's Presidential Elections: Progress, Regression, or Paralysis?* Washington, D.C.: Brookings Institution, April 2019.

¹⁸⁰ Maria Abi-Habib and Dharisha Bastians, "'The Fear Is Coming Back' as Political Crisis Brings Sri Lanka to Brink," *New York Times*, October 29, 2018.

¹⁸¹ Shihar Aneez, "Sri Lanka Presidential Nominee Rajapaksa Would Restore Relations with China: Adviser," Reuters, September 19, 2019.

The case of Sri Lanka must be considered a success for Chinese influence efforts. China successfully leveraged its diplomatic and economic role, as well as its military capabilities, to gain a close relationship with Rajapaksa's government. Although its efforts in the 2015 election proved futile, China was able to exert influence through its financial might even after the change of government. Furthermore, the relationship that Beijing cultivated might pay even greater dividends now that it once again has its preferred candidate in office.

This is ultimately one of the most substantial displays of China's ability to exert influence over other nations; as a result, there are several lessons to be learned. First, China has succeeded in this case by choosing a particularly vulnerable target. Sri Lanka was rife with civil conflict and debt, and the first Rajapaksa administration had military, diplomatic, and economic needs that Beijing could fulfill. Second, China sought to cultivate influence with particular political elites. Although targeting elites can be a risky proposition, given that they can be—and, in this case, were—removed from office, this allowed a depth of cooperation that made it difficult for subsequent governments to turn away from China's role. This case thus highlights the conditions under which Chinese influence can change behavior and persist over time.

Taiwan

The relationship between China and Taiwan has historically been conflictual, but political change in Taiwan has once again brought tensions between the two countries into stark focus. On May 20, 2016, Tsai Ing-wen of the Democratic Progressive Party was elected president of Taiwan in a landslide. Although the party has traditionally been in favor of Taiwan independence, Tsai, in her post-election news conference, emphasized the importance of her administration and Beijing finding mutually acceptable ways to interact that would “ensure no provocation and no surprises.”¹⁸² Despite this, China pointed to the “grave challenges” posed by Tsai's election and noted opposition to any activities seeking Taiwan independence.¹⁸³ China quickly threatened to cut off relations with President Tsai unless she would acknowledge the One China status quo that had persisted under the previous regime. President Tsai refused to do so, claiming that it went against the will of the people.¹⁸⁴

In response, China triggered a cascade of punitive measures intended to damage Taiwan economically and isolate it diplomatically. In 2016, after Beijing limited group tours to Taiwan to express displeasure with President Tsai, Chinese tourists to Taiwan dropped by as much as one-third.¹⁸⁵ China stopped issuing individual travel permits to Taiwan in July 2019, suspending a program that had generated 82,000 arrivals per month the previous year.¹⁸⁶ China also took steps to cut off Taiwan from the larger international community. At the behest of the Chinese government, Taiwan has been excluded from the World Health Organization's health

¹⁸² Katie Hunt and Kristie Lu Stout, “Taiwan Elects Its First Female President; China Warns of ‘Grave Challenges,’” CNN, January 17, 2016.

¹⁸³ Hunt and Stout, 2016.

¹⁸⁴ Lally Weymouth, “Taiwanese President Tsai Ing-wen: Beijing Must Respect Our Democratic Will,” *Washington Post*, July 21, 2016.

¹⁸⁵ Curtis S. Chin and Jose B. Collazo, “Japan Take Note: Chinese Tourism Has Strings Attached,” *Japan Times*, September 9, 2019.

¹⁸⁶ Ralph Jennings, “Taiwan Will Easily Overcome China's Ban on 82,000 Tourists per Month,” *Forbes*, August 15, 2019b.

summit each year since Tsai's election.¹⁸⁷ Also since her election, Burkina Faso, the Dominican Republic, El Salvador, Kiribati, Panama, São Tomé and Príncipe, and the Solomon Islands all switched allegiances from Taipei to Beijing, often as the result of direct economic incentives from Beijing. Reporting suggests that China convinced Kiribati to shift its diplomatic recognition by promising full funding, rather than loans, for airplanes and commercial ferries that Kiribati had sought to purchase with Taiwan's assistance.¹⁸⁸ A Chinese construction conglomerate signed an \$825 million contract with the Solomon Islands for a gold-mining project the same day the country switched its recognition policy.¹⁸⁹

Chinese influence also extended to private businesses. In 2018, China pressured several international airlines into referring to Taiwan as part of China; fined a Japanese retailer, Muji, because items in some of its stores were labeled "Made in Taiwan;" and forced the Gap clothing company to apologize for selling a T-shirt that depicted a map of China without including Taiwan.¹⁹⁰

China's long-term goal in this dispute is the unification of the People's Republic of China and Taiwan (officially, the Republic of China) under the rule of the Chinese Communist Party. In pursuit of unification, China also pursues several more-proximate goals. Currently, China seeks the election of a government in Taiwan that will accept the One China principle. Initial returns of China's economic influence were strong. Tsai's government lost seats in local elections late in 2018 because of a lagging economy, and several successful opposition candidates pledged to improve the local economy by creating city-to-city channels to mainland China.¹⁹¹ Polls in early summer 2019 suggested that the opposition Kuomintang was likely to return to power under Kaohsiung Mayor Han Kuo-yu, who sought to improve relations with China.¹⁹²

However, support for Tsai was reinforced by Hong Kong's pro-democracy protests.¹⁹³ The protests began in summer 2019 in response to a bill introduced in Hong Kong that would allow extradition to China for certain criminal suspects, and the demonstrations persisted as the protestors sought further reforms, including direct elections for all lawmakers and the chief executive.¹⁹⁴ These protests highlighted several of the underlying flaws in the "one country, two systems" model that China seeks to impose on Taiwan. Polling in May 2019 found that 83.6 percent of the Taiwanese public rejected the model,¹⁹⁵ and 57 percent expressed support

¹⁸⁷ Nick Aspinwall, "Taiwan Picks Up International Support After Being Barred from World Health Assembly," *The Diplomat*, May 10, 2019.

¹⁸⁸ David Crawshaw and Gerry Shih, "China Intensifies Pacific Offensive as Taiwan Loses Another Ally," *Washington Post*, September 20, 2019.

¹⁸⁹ Steven Lee Myers and Chris Horton, "As Taiwan Loses Influence, China Gains Ground in Race With U.S.," *New York Times*, September 20, 2019.

¹⁹⁰ Steven Lee Myers and Chris Horton, "China Tries to Erase Taiwan, One Ally (and Website) at a Time," *New York Times*, May 25, 2018.

¹⁹¹ Richard C. Bush, "Taiwan's Local Elections, Explained," Brookings Institution, December 5, 2018.

¹⁹² Kathrin Hille, "Taiwan President Secures Nomination for 2020 Vote," *Financial Times*, June 13, 2019.

¹⁹³ Joyu Wang, "Taiwan Rallies for Hong Kong to Resist Beijing's Influence," *Wall Street Journal*, September 29, 2019.

¹⁹⁴ Amy Qin, "Hong Kong's Leader Partly Relents. Will the Protests Continue?" *New York Times*, September 4, 2019.

¹⁹⁵ Mainland Affairs Council, "Mainstream Opinion in Taiwan Opposes Mainland's Intimidation, Pressuring, and United Front Work to Divide Taiwan and Supports the Government's Position on Defending Taiwan," press release, May 16, 2019.

for the Hong Kong protests.¹⁹⁶ August 2019 polling suggested that President Tsai maintained a significant advantage over her opponent,¹⁹⁷ and increases in Tsai's approval ratings tracked with her anti-China stance, rising more than 10 percentage points in the months following an increase in her anti-China rhetoric.¹⁹⁸ There is further evidence that Chinese tactics have inspired public backlash, with surveys showing large numbers of the Taiwanese citizenry decrying China's use of influence and more than 80 percent of the public expressing opposition to Beijing's attempted intervention into Taiwanese elections.¹⁹⁹ Thus, China's attempts to exert influence worked in President Tsai's favor and provided further momentum in her reelection fight. Indeed, in January 2020, Tsai was reelected as president "by a landslide" and with a record number of votes.²⁰⁰

Furthermore, the attempted international isolation of Taiwan pushed it closer to the United States rather than China. In July 2019, President Tsai spent four days—an unusually long time—in the United States, warning of overseas threats to democracy in a clear reference to China.²⁰¹ And Taiwan and the United States agreed to an arms package of \$8 billion for 66 F-16 fighter jets, the fourth and most substantial arms sale during the Trump administration.²⁰² The United States has also postured to prevent the breakdown of any further diplomatic ties with the remaining states that recognize Taiwan.²⁰³ Rather than bringing Taiwan closer to China, the attempts at influence appear to have increased the resolve of both Taiwan and the United States to combat Chinese power.

Perhaps the most fundamental lesson learned from this case is that China's attempts at influence do not exist in isolation. Ultimately, the attempts were most directly undermined not through China's interactions with Taiwan but through its interactions with Hong Kong. Mayor Han rose to prominence promising that a return to the One China consensus would stabilize relations between Taiwan and China and allow Taiwan to prosper.²⁰⁴ Following the Hong Kong protests, this position appeared increasingly naïve, and even Han was forced to take a hardline stance against the One China policy.²⁰⁵ China's actions in Hong Kong undid much of its work in Taiwan, serving as a reminder that cases of Chinese influence can inform one another.

¹⁹⁶ Shelley Rigger, "Why Taiwan Is Watching Hong Kong Very Closely," *Washington Post*, September 4, 2019.

¹⁹⁷ Keoni Everington, "Latest Poll Has Tsai Leading Han by 20% in Taiwan Presidential Race," *Taiwan News*, August 9, 2019.

¹⁹⁸ Ralph Jennings, "How China Will Dominate Taiwan's 2020 Presidential Election Campaign," *Voice of America*, July 15, 2019a.

¹⁹⁹ Mainland Affairs Council, 2019.

²⁰⁰ Charlie Campbell, "Taiwan President Tsai Ing-wen Wins Reelection with Record Support," *Time*, January 11, 2020a.

²⁰¹ Ben Westcott, "Taiwan's Tsai Ing-wen Warns Against 'Overseas Forces' at Beginning of US Trip," *CNN*, July 12, 2019.

²⁰² Edward Wong, "Trump Administration Approves F-16 Fighter Jet Sales to Taiwan," *New York Times*, August 16, 2019.

²⁰³ Jonathan Stutte, "US Blustering at Taiwan's Departing Allies Won't Work," *The Diplomat*, September 25, 2019.

²⁰⁴ Stanley Cheung and Emerson Lim, "'1992 Consensus' Key to Stabilizing Cross-Strait Ties: Han Kuo-yu," *Focus Taiwan*, March 25, 2019.

²⁰⁵ Rigger, 2019.

Thailand

Recent tensions between Thailand and China can be tied to two inciting events, each centered on tourism. In July 2018, the *Phoenix*, a boat carrying 105 passengers, including 93 Chinese tourists, had traveled to Koh Racha, a popular snorkeling island, despite severe weather warnings.²⁰⁶ While returning, the boat capsized off the coast of Phuket, leaving 47 Chinese tourists dead. Just two months later, tensions between Beijing and Bangkok resurfaced in the public consciousness. In September 2018, a security guard at Don Mueang International Airport in Bangkok was captured on video slapping a Chinese tourist. These events prompted substantial concern over the welfare of Chinese citizens in Thailand.

As a result, China issued a safety warning discouraging travel to Thailand,²⁰⁷ which led to an immediate and precipitous decline in Chinese tourism: The Chinese market, which accounted for more than one-fourth of tourism to Thailand, plunged 20 percent in October 2018. Effects persisted into 2019, resulting in a 4.3-percent year-on-year contraction in the first five months of 2019.²⁰⁸ This resulted in one of Thailand's worst tourist seasons on record, and hotel occupancy on the island dropped below 50 percent.²⁰⁹ In hopes of boosting tourism, Thailand waived visa fees for visitors from China, along with several other nations,²¹⁰ although there were minimal positive returns as of the writing of this report.

Despite the very real safety concerns that arose after the deadly *Phoenix* incident, many analysts have pointed to the tourism dispute as reflecting larger geopolitical tensions among China, Thailand, and the United States. A U.S. ally, Thailand has appeared to be particularly vulnerable to Chinese influence following a 2014 coup by the military and the subsequent election in 2019 of the junta's leader, Prayut Chan-o-cha.²¹¹ As a result, the targeted reduction in tourism to Thailand may also reflect Beijing's desire to demonstrate to Thailand the value of its relationship with China. Relations between China and Thailand did improve following the tourism dispute. Shortly thereafter, Beijing held joint military drills with Thailand and Malaysia, as well as with Thailand and the rest of ASEAN, both the first of their kind.²¹² In April 2019, Prayut appeared at the second Belt and Road Initiative forum in Beijing, promising to accelerate construction of a high-speed rail between China and Thailand that had previously stagnated.²¹³ In September 2019, the Royal Thai Navy signed a shipbuilding agreement

²⁰⁶ Angie Chan and Hannah Beech, "Tourist Boats Capsize off Thai Resort Island, Leaving at Least 33 Dead," *New York Times*, July 6, 2018.

²⁰⁷ Alice Yan, "Safety Warning Issued to Chinese Tourists After Drownings in Thailand," *South China Morning Post*, September 20, 2018.

²⁰⁸ Dusida Worrachaddejchai, "Thai Tourism Still Wounded," *Bangkok Post*, June 25, 2019.

²⁰⁹ John Reed, "Tourism Was a Powerful Economic Engine in Thailand. Then a Boat Full of Chinese Sank," *Los Angeles Times*, August 23, 2019.

²¹⁰ Mercedes Hutton, "Why Thailand Needs Chinese Tourists, Waives Visa Fee in Hope of Enticing Them Back," *South China Morning Post*, November 14, 2018.

²¹¹ Helen Regan and Kocha Olarn, "Thailand's Junta Chief Elected as Country's Next Prime Minister," CNN, June 6, 2019.

²¹² Prashanth Parameswaran, "What's in China's Military Exercise with Malaysia and Thailand?" *The Diplomat*, October 17, 2018b.

²¹³ David Green, "Thailand Pushes China's Belt and Road Despite Differing Visions," *Nikkei Asian Review*, May 2, 2019.

with China worth \$130 million for the construction of a landing platform dock.²¹⁴ Later that month, China and Thailand announced an intention to boost ties in all areas, specifically noting increases in economic cooperation and tourism.²¹⁵ Sino-Thai cooperation has indeed increased following China's tourism measures.

However, it is not clear in this case that Chinese attempts to exert influence have been determinant in accelerating cooperation. First, cooperation between China and Thailand initially deepened not as the result of Chinese pressure but because of the coup that brought the military junta and current government to power. Indeed, the months following the coup saw the first-ever joint air force exercise between China and Thailand, a planned Thai purchases of tanks, and discussions about constructing a joint military production facility to manufacture and repair armaments.²¹⁶ The shipbuilding agreement likewise did not mark the beginning of cooperation between the Royal Thai Navy and China; the Navy had purchased three submarines from Beijing in June 2015.²¹⁷ China may have indeed improved its relations with Thailand, but this was spurred by shifts in Thailand's domestic politics rather than the targeted execution of Chinese influence.

Second, although Thailand's relative position with China and the United States may have changed, this shift likewise finds its roots in domestic policy. The strain began when the United States ceased military cooperation with Thailand following the ouster of the civilian government.²¹⁸ Because the United States chose to halt arms sales to Thailand, it was forced to turn elsewhere, attempting to procure weapons not just from China but also from Russia and European suppliers.²¹⁹ After the election of U.S. President Trump, Thailand and the United States sought to improve relations. Trump invited Prayut to the White House in 2017 and praised U.S.-Thai relations rather than pressing for political reform.²²⁰

Following the 2019 Thai elections and the nominal legitimization of Prayut's rule as democratic, improvements in relations between Thailand and the United States have accelerated. In July 2019, the U.S. State Department approved the transfer of 60 Stryker armored vehicles to Thailand for \$96 million, and in September, Thailand began receiving the vehicles.²²¹ ASEAN also participated in joint exercises with the United States, beginning at a Thai naval base, which reinforced the idea that Thailand and the members of ASEAN are seeking to cooperate

²¹⁴ Prashanth Parameswaran, "China-Thailand Military Ties in the Headlines with New Shipbuilding Pact," *The Diplomat*, September 13, 2019.

²¹⁵ Mongkol Bangprapa, "China, Thailand Agree to Boost Ties," *Bangkok Post*, September 20, 2019.

²¹⁶ Prashanth Parameswaran, "What's with the New China-Thailand Military Facility?" *The Diplomat*, November 17, 2017.

²¹⁷ Prashanth Parameswaran, "Where Is the New China-Thailand Submarine Deal Headed?" *The Diplomat*, September 5, 2018a.

²¹⁸ Panu Wongcha-um and Panarat Thepgumpanat, "Thailand to Acquire 120 U.S. Armored Vehicles," Reuters, August 28, 2019.

²¹⁹ Ron Corben, "Thailand, China Step Up Military Cooperation," *Voice of America*, May 26, 2016.

²²⁰ Joshua Kurlantzick, "The Rest of the World Has Warmed to Thailand's Military Rulers," *World Politics Review*, July 10, 2018.

²²¹ Marwaan Macan-Markar, "Thailand-US Defense Ties Heal as China Makes Gains in Cambodia," *Nikkei Asian Review*, September 18, 2019.

with both China and the United States.²²² Although improvements in the relationship between China and Thailand initially reflected the void left by the United States, current Sino-Thai cooperation accelerates alongside improvements in the U.S.-Thai relationship.

The actions taken by Thailand reflect the desire of Prayut's administration to hedge between the United States and China rather than the success of Chinese influence. However, this does not necessarily indicate that China's attempts at influence have failed: China used limited measures to alter Thailand's behavior and was met with limited success. Instead, this cooperation reflects the ability of China to present an alternative to the United States. The larger lesson of this case is not that China can exert influence when it wishes to change the behavior of other states but rather that shifts in domestic politics—particularly those that change the relationship between the United States and another state—can provide an opportunity for China to increase its reach. Often, pursuing influence activities is less important than seeking out partners when circumstances become favorable, as this case reveals.

²²² Hunter Marston, "The U.S. Navy and Southeast Asian Nations Held Joint Maneuvers for the First Time. What Are The Key Takeaways?" *Washington Post*, September 13, 2019.

Historical Influence Case: Finland in the Cold War

One of the most significant modern cases of influence-seeking by a major power during peacetime was the Soviet Union's essential veto power over many of Finland's policies during the Cold War. This process, which scholars termed *Finlandization*, significantly restricted Finland's sovereignty in ways that left the country less able to engage in political and security cooperation with its Nordic neighbors, other European members of NATO, and the United States than its national interests and democratic values might have implied. In the United States' current strategic contest with China, avoiding similar outcomes—that is, the Chinese Finlandization of other countries, especially in Asia—must be a major U.S. focus. We therefore undertook a case study of the Finnish experience to derive lessons for the current influence competition.

The Foundations of Soviet Influence in Finland

Finland's unique position in the Cold War order arose from its role in World War II. Finland initially entered the conflict seeking to repel a Soviet invasion in the Winter War (1939–1940) and later attempted to regain its lost territory with the assistance of Nazi Germany in the Continuation War (1941–1944). Because Finland was a co-belligerent with the Axis Powers, the terms of the Paris Peace Treaties were quite harsh for Finland. It was required to pay \$300,000,000 in reparations; cede substantial tracts of territory to the Soviets and lease the naval base at Porkkala; legalize the Communist Party of Finland; and prevent anti-Soviet propaganda within its borders. These terms reinforced Finland's perception that the West had failed to protect it from the Soviets and highlighted the continued vulnerability of the Finnish position.

To secure its survival, Finland sought a policy of harmonious relations with the Soviet Union. This policy—later known as the Paasikivi–Kekkonen doctrine after its main architects, Finnish President Juho Kusti Paasikivi and his successor Urho Kekkonen—resulted in the Agreement of Friendship, Cooperation, and Mutual Assistance, signed in 1948. Previous treaties that the Soviet Union had signed with Hungary and Romania called for unlimited political consultations and automatic mutual assistance in the event of war, but the treaty with Finland required only that, if Germany or a state allied with Germany were to attack Finland or attack the Soviet Union through Finnish territory, Finland would fight to repel the attack

within its borders, with the aid of the Soviet Union if necessary.¹ By making this agreement, Finland was able to maintain its democratic institutions, making it unique among European nations bordering the Soviet Union.

Nevertheless, the Soviet Union remained a dominant presence in Finnish political thought and behavior. The threat of invasion was ever present, particularly in the immediate years following the Soviets' devastating surprise invasion of 1939.² The Soviets also threatened economic reprisals, often by leveraging Finnish reliance on oil from the Soviet Union.³ Finland became so conditioned to fear Soviet intervention that it began voluntarily accommodating Soviet interests, restricting its own sovereignty to avoid even the pretext for a Soviet use of force.⁴ Scholars termed this behavior *Finlandization*, which one analyst defines as the process by which "a democratic nation living in the shadow of a militarily powerful totalitarian state gradually submits to the political domination of its neighbor and finally loses its internal freedom."⁵

Degree of Soviet Influence

The extension of Soviet influence into Finnish domestic politics was substantial. The Soviet reach was firmly entrenched in 1958, after friction in the Finnish ruling coalition led to the dissolution of the standing government. The Social Democratic Party, long regarded with distrust by the Soviet Union, formed a coalition government, including the conservative National Coalition Party (a primary critic of the Soviet Union) and excluding the Finnish People's Democratic League (the nation's communist front). The Soviets responded swiftly on multiple fronts, first withdrawing their ambassador from Helsinki, halving their embassy personnel, and attacking the newly formed government in the Soviet press. Moscow delayed ongoing negotiations on trade, Finnish use of the Saimaa Canal, and fishing rights and cut off the delivery of oil. The Soviets eventually suspended both Finnish imports and ongoing payments, causing particular harm in Finland's woodworking and shipbuilding industries.⁶ As a result of Soviet measures, Soviet-Finnish trade fell by 20 percent.⁷ In light of these pressures, the government resigned, allowing a Soviet-approved government to take its place and firmly establishing the ability of the Soviet Union to veto unfavorable Finnish governments.

This implicit veto power hung over every potential domestic political change in Finland. In 1961, the Soviet Union threatened to invoke the 1948 treaty unless President Kekkonen was

¹ Carolyn Ekedahl, "*Finlandization*" in *Action: Helsinki's Experience with Moscow*, Washington, D.C.: Directorate of Intelligence, Central Intelligence Agency, August 1972.

² George H. Quester, "Finlandization as a Problem or an Opportunity?" *The ANNALS of the American Academy of Political and Social Science*, Vol. 512, No. 1, 1990.

³ Ekedahl, 1972.

⁴ Tuomas Forsberg and Matti Pesu, "The 'Finlandisation' of Finland: The Ideal Type, the Historical Model, and the Lessons Learnt," *Diplomacy and Statecraft*, Vol. 27, No. 3, 2016.

⁵ Max Jakobson, *Finland in the New Europe*, Westport, Conn.: Praeger, Washington Papers No. 175, 1998, p. 88.

⁶ Raimo Väyrynen, "A Case Study of Sanctions: Finland—The Soviet Union in 1958–59," *Cooperation and Conflict*, Vol. 4, No. 2, 1969.

⁷ Ekedahl, 1972.

reelected.⁸ After the 1970 parliamentary election, despite a substantial swing in the electorate toward more-conservative parties (including the National Coalition Party), the government coalition led by the Social Democratic Party and the Centre Party was maintained by President Kekkonen to avoid tension with the Soviets.⁹ At the individual level, when politicians were labeled as anti-Soviet, they were often prevented from pursuing a significant career in politics.¹⁰ The Soviet Union thus utilized both direct pressures and implicit threats to place substantial restrictions on Finnish domestic governance.¹¹

The Soviet Union was also able to shape Finnish foreign policy to a large degree. The Soviets restricted Finland's relationships with the European Economic Community and the European Free Trade Association, delaying Finland's full membership in the latter organization until 1986 and preventing Finland from joining the EU, which did not occur until 1995, after the Soviet Union collapsed. Finland also concluded a treaty with the Soviet-led Council for Mutual Economic Assistance in 1973 in order to balance then-deepening ties with the European Economic Community.¹² In addition, Soviet pressures often ensured that Finnish initiatives also supported Soviet interests. In 1963, Kekkonen proposed that Finland, Denmark, Norway, and Sweden formally bind themselves to not manufacture nuclear weapons or permit the placing of such weapons on their territory, which would result in the Soviets maintaining nuclear dominance in the region.¹³ Furthermore, Finland's 1968 suggestion that the Finnish-Norwegian border be neutralized implied that a NATO country pull back forces with no corresponding reduction in Soviet force projection.¹⁴

In the UN, Finland did not vote against the Soviet Union;¹⁵ instead, it either voted in support of Moscow or abstained from the vote, as in 1980, when the UN otherwise overwhelmingly voted to demand the withdrawal of Soviet troops from Afghanistan.¹⁶ Even Finnish promotion of the Conference on Security and Co-operation in Europe arose from a Soviet initiative intended to solidify its control over Eastern Europe.¹⁷

However, Finland was able to successfully maintain its military independence, retaining control of its defense capability and rejecting joint military exercises with the Soviet Union.¹⁸ After the Porkkala base was returned to Finland in 1955, Finland also avoided the presence of further Soviet military bases on its territory.¹⁹ Finland even engaged in clandestine intelligence-

⁸ Walter Z. Laqueur, "Europe: The Specter of Finlandization," *Commentary*, Vol. 64, No. 6, December 1977.

⁹ Ekedahl, 1972.

¹⁰ Forsberg and Pesu, 2016.

¹¹ These interventions were not completely without limits. Moscow recalled ambassador Alexei Belyakov and forced the Communist Party of Finland to support President Kekkonen's wage and price control measures when their critiques grew pervasive, in an effort to placate Kekkonen (Ekedahl, 1972).

¹² Marjo Uutela, "'The End of Finlandization': Finland's Foreign Policy in the Eyes of the Two German States 1985–1990," *International History Review*, Vol. 42, No. 2, 2020.

¹³ Ekedahl, 1972.

¹⁴ Ekedahl, 1972.

¹⁵ John Lukacs, "Finland Vindicated," *Foreign Affairs*, Vol. 71, No. 4, Fall 1992.

¹⁶ George Maude, "The Further Shores of Finlandization," *Cooperation and Conflict*, Vol. 17, No. 1, 1982.

¹⁷ Ekedahl, 1972.

¹⁸ Forsberg and Pesu, 2016.

¹⁹ Quester, 1990.

sharing with the West, likely without the knowledge of its own politicians.²⁰ Most importantly, Finland was able to maintain its military neutrality even in light of the 1948 treaty with the Soviet Union.

This neutrality was most directly tested during the Note Crisis in 1961. The Soviet Union sent Finland a diplomatic note insisting that the two states begin consultations on securing the defense of both countries in light of what Moscow claimed was increased West German militarization. President Kekkonen, knowing that he could not accept the invitation without ending his preferred course of neutrality or reject it without causing a confrontation, deftly convinced Soviet Premier Nikita Khrushchev to postpone such consultations indefinitely.²¹ Although Finland remained at a power disadvantage in its relationship with the Soviet Union, it was able to hold some firm policy lines.

Costs and Benefits of Finlandization

This policy of accommodation is likely one that Finland would choose again, although it certainly did not come without costs. The economic restrictions imposed by Moscow limited Finnish options for growing its economy. For instance, for fear of Soviet reprisal, Finland was forced to reject an invitation to participate in the Marshall Plan and develop cooperative relations with the West outside of the major economic institutions.²² Finland nonetheless experienced significant economic growth through much of this period. However, despite Finland's substantial efforts to minimize its dependence on the Soviet Union,²³ a large share of exports from Finland became specialized to serve the Soviet markets,²⁴ and the collapse of the Soviet Union hit Finland hard, leading to a decline in trade and an increase in unemployment.²⁵

In addition, the quality of democracy in Finland was greatly restricted during this time. President Kekkonen often exceeded his constitutional powers, working through personal networks rather than government channels and concealing relevant information from the public to keep the Soviets satisfied.²⁶ Finland engaged in voluntary censorship in its media in an effort to avoid anything that could be considered propaganda hostile to the Soviet Union.²⁷ Yet, although the Soviets had a substantial impact on Finnish policy, Finland remained a largely independent, sovereign nation, unlike many of its neighbors. The Soviets explicitly and implicitly placed restrictions on the policy choices and government composition of Finland, but they

²⁰ Jukka Rislakki, "Secret History: How Close Were Finnish-American Relations in the Cold War," *The Economist*, December 1, 2011.

²¹ Ekedahl, 1972.

²² Ekedahl, 1972.

²³ Erkki Berndtson, "Finlandization: Paradoxes of External and Internal Dynamics," *Government and Opposition*, Vol. 26, No. 1, Winter 1991.

²⁴ Krista Taubert, "Finlandization Is Not a Perfect Recipe for Ukraine," *Time*, March 21, 2014; and Mark P. Lagon and William Moreland, "Finlandization' Abandons Ukraine," *Foreign Policy*, November 3, 2014.

²⁵ Lukacs, 1991.

²⁶ Forsberg and Pesu, 2016.

²⁷ Ekedahl, 1972.

did so in a largely reactive fashion, with few proactive interventions, and Finland was able to develop friendly relations with the East and the West. Finland ultimately proved able to keep its long-term independence by limiting it temporarily.

The broader question of this case study concerns the implication of Finlandization for the security of the West. There is good reason to believe that Finlandization prevented further violence. The Soviet Union and Finland had a bloody history, and the Finnish policy of accommodation reassured the Soviet Union that it need not take more violent action. Furthermore, as noted earlier, the policy of accommodation allowed Finland to avoid deeper military alignment with the Soviet Union. More broadly, some analysts have argued that the Finnish tilt toward the Soviets helped maintain the balance in the Nordic region, which could have otherwise been a powder keg.²⁸ Indeed, the presence of neutral zones across Europe and elsewhere was seen by the Soviets as reducing the likelihood of conflict between the East and the West.²⁹ And, although the Soviet Union shaped Finnish foreign policy initiatives, many of these (such as the Conference on Security and Co-operation in Europe) nonetheless supported peaceful relations or led to the weakening of the tension between East and West.³⁰

However, there are limits to the extent to which Finlandization enhanced Western security interests. For instance, it led to Finland's continued reluctance to join the Western security order even in the wake of the Soviet collapse. After the fall of the Berlin Wall, Finland worked quickly to join the Western economic order but remained cautious militarily and reluctant to abandon its foreign policy of equivocation between the East and the West.³¹

Even today, President Sauli Niinistö argues that Finland has not joined NATO for fear that it would damage the country's positive relationship with Russia, which he argues is a prerequisite for Finnish security.³² This has led to claims that Finnish passivity in its relations with Russia under Vladimir Putin is leading to re-Finlandization.³³ Observers note that Finnish trepidation may provide Russia an opening to drive a wedge between Finland and NATO.³⁴ However, particularly since 2014, Finland has been deepening its defense cooperation with Sweden, the United States, and NATO as a whole. Any decision not to challenge the future Finlandization of countries must be taken with a long-term lens, as these states might remain permanently outside the Western security order even in the event that great-power competition subsides.

Scholars also emphasize the unique nature of the Finnish position during the Cold War and suggest that this case does not truly provide a model for future nations to follow.³⁵ Finland's culture was very different from the Soviet Union's, and few Finns spoke the Russian

²⁸ Mikko Majander, "The Paradoxes of Finlandisation," *RUSI Journal*, Vol. 144, No. 4, 1999.

²⁹ Phillip A. Peterson, "Scandinavia and the 'Finlandization' of Soviet Security," *Proceedings of the Academy of Political Science*, Vol. 38, No. 1, 1991.

³⁰ Berndtson, 1991.

³¹ Uutela, 2019.

³² Forsberg and Pesu, 2016.

³³ Forsberg and Pesu, 2016.

³⁴ Carl Bergqvist, "Determined by History: Why Sweden and Finland Will Not Be More Than NATO Partners," *War on the Rocks*, July 13, 2016.

³⁵ Tapio Juntunen, "Helsinki Syndrome: The Parachronistic Renaissance of Finlandization in International Politics," *New Perspectives*, Vol. 25, No. 1, May 2017.

language, so occupation and integration would have been very difficult. Such differences do not exist for many present-day contentious geopolitical areas.³⁶ In those cases, controlling the foreign policy of a targeted state may not prove sufficient enough for a U.S. competitor, and more-intrusive goals may be preferred to advance the competitor's interests.

To use Ukraine as an example, a democratic, Slavic government on Russia's borders may provide an attractive alternative model of governance for Russian citizens and cause internal instability for the Russian government.³⁷ Ukraine's current government is therefore likely to face continued challenge from Russia. Furthermore, Finland's navigation of its relationship with Moscow required adept political maneuvering and could have easily led to military conflict—a fact that was particularly evident during the 1961 Note Crisis. Although Finlandization as a political outcome is more preferable to the West than is the Russian annexation of Crimea or the imposition of a satellite government by the Soviet Union in Hungary, expecting the same peaceful outcome as seen in Finland entails great risk for the West.

³⁶ Forsberg and Pesu, 2016.

³⁷ Taubert, 2014; Lagon and Moreland, 2014.

Overall Findings and Implications

After analyzing the evidence reviewed for this study, including data and case studies, we identified several overarching findings about the nature and impact of China's influence efforts.¹ Each of the overarching findings can be traced to the more specific findings identified in previous chapters of this report.

Overall, the evidence we found provides a very mixed picture. Other studies have examined the influence effects of China's comprehensive economic diplomacy and generally found mixed results; in particular, they have found a few anecdotal cases of a state changing its policy or behavior but no cases in which a state shifted its general geopolitical alignment from the United States to China.² Our research agrees; we found significant Chinese influence in a handful of outcomes but very uneven results across the board.

Most importantly, our research suggests that simple, linear pronouncements about Chinese influence, either in general or relative to U.S. influence, do not match the facts. China's economic rise unquestionably has provided it with a powerful attractive force: Countries and companies badly want access to China's markets, FDI, and economic aid. In many cases, they are willing to compromise on other issues or values—such as foreign policy toward Taiwan or the South China Sea, opposition to China's human rights violations, and opposition to Chinese state-led technology firms—to sustain access to these economic opportunities.

In Asia, that vast economic clout is especially pronounced; the dependence of Asian countries on Chinese trade, as a natural consequence of proximity, is higher there than elsewhere. In addition, China casts a shadow of geopolitical power over the region: Countries and businesses in Asia generally prefer to avoid antagonizing Beijing when they can. In this sense, China's size, economic muscle, and growing military power clearly have furnished it with tremendous power and influence to wield. Especially in Asia, countries live with this reality on a daily basis, and nothing in our analysis should be taken as dismissing the significance of that power and influence.

At the same time, the evidence that we uncovered points to many natural limits on China's influence, especially in Asia. As noted in Chapter Four, although some input variables—especially those in economic categories—have grown significantly over time, that growth has leveled off in many categories (such as FDI). Chinese activities in other areas,

¹ The research to assess the factors described in this report was completed in mid-2020. The analysis here does not evaluate developments after that time. However, as of June 2021, we continue to believe that the basic findings in the report remain valid.

² For example, Philippe Le Corre examined Chinese influence in Portugal, Greece, the Czech Republic, and Serbia and found only a few cases of changed policy or behavior (Philippe Le Corre, *China's Rise as a Geoeconomic Influencer: Four European Case Studies*, Washington, D.C.: Carnegie Endowment for International Peace, October 2018).

such as security cooperation, lag far behind those of the United States and its allies. In Chapter Five, we stressed that the effects of those inputs can be limited by intervening factors, especially value and interest conflicts with China. The case studies reviewed in Chapter Seven show a clear pattern of resistance to overt Chinese coercion: In many cases in which China has overtly sought to punish countries that did not behave as it wished, those inputs did create a disincentive to anger Beijing—but they also created lingering resentments and suspicions of China's power.

In Table 9.1, we summarize our overarching findings, divided into the three categories of inputs defined in Chapter Three: public power, private power, and generalized influence. As the table suggests, in two of the three categories, we determined that the effectiveness of China's influence efforts was mixed and constrained. Private power is the input type that seems to be most successful for China.

Our research highlighted a difference between making a country generally reluctant to challenge China and achieving a very specific behavioral outcome—for example, forcing countries to abandon territorial claims or end U.S. military relationships. China has made significant progress in the first area but very little in the second on truly major issues. Part of the challenge in assessing more-elaborate outputs is that China does not yet appear to be demanding

Table 9.1
Evaluation of China's Influence Efforts, by Input Type

Input Type	Definition	Measurable Examples from Our Research Evidence	Evaluation of the Degree of Effectiveness
Public power	The direct, intentional, and open employment of tools of statecraft directed at other states to affect their policies through outright coercion or reward	- Economic coercion of South Korea over the THAAD deployment - Military intimidation of Vietnam in the South China Sea - Economic penalties for Japan over fishing clashes	Moderate but constrained - China has succeeded in making countries want to avoid directly challenging Beijing. - However, direct coercion has seldom produced the immediate outcomes desired. - These types of inputs have generated the most-significant public backlash of any input type.
Private power	The direct, intentional, but private or clandestine use of threats or rewards to manipulate the views or actions of specific individuals	- Election and other political interference in the Maldives, Sri Lanka, and Taiwan - Bribery and United Front activities in Australia and New Zealand	Significant and growing - Private-power activities have the potential to create the same unwillingness to confront Beijing without the same degree of blowback that public-power inputs have. - These inputs are the most consistently associated with positive outcomes for Beijing. - China is devoting significant resources to these inputs. - Open societies are vulnerable to such inputs.
Generalized influence	The indirect shaping of beliefs, views, or preferences of others through one's own general policies, outreach, or other actions unrelated to a specific desired output	- Proclamations of the China model's success - Confucius Institutes - Spread of autocratic tools - Expanded presence of Chinese media	Modest and highly constrained - There is no clear China model to convey to targeted countries. - Generalized influence actions belie the attraction of China's system. - There is little evidence of growing attraction to China's model, beyond its economic success.

them. For example, Beijing has not tried to insist that countries abandon security cooperation activities with the United States and exit an alliance.

Yet our analysis strongly suggests that such efforts would fail and be counterproductive, and there is little reason to expect this fact to change soon. Some of the intervening factors outlined in Chapter Five are decisive in this regard: Targets of Chinese influence have their own interests that they are determined to uphold and, in some cases, values that they consider to be central to their identities. When China is asking a country to look the other way on China's human rights practices or disputes with a third party, that is one thing. But if China were to explicitly demand actions that appear to turn a country into a vassal state, entirely dependent on Beijing for its security and prosperity, the evidence amassed for this analysis suggests that most countries will strongly resist.

This again points to the predominant importance of private power in China's campaign for influence in Asia and beyond. Our analysis suggests that China is much more likely to attain really fundamental influence goals—pulling partners and allies away from the United States, for example—by slowly and gradually gaining decisive influence over critical groups and individuals in targeted societies than by making direct coercive threats.

Findings and Conclusions

Apart from those general themes, the foregoing analysis supports several findings and conclusions about China's efforts to influence countries around the world and how those efforts affect the strategic competition with the United States. We present these findings in italics in this section.

The most effective source of influence in the various cases and data sources that we investigated was the weight of attraction of China's economy. China's burgeoning economic power was bound to produce significantly more power and influence throughout the world. Treating growing Chinese influence as something unusual, or something to be contested across the board, misses the essential dynamic. Countries' desire for trade, direct investment, technology transfer, and other economic benefits far outweighed other potential sources of influence, such as direct military threats or any form of the China model (e.g., development, sociopolitical). In addition, some of the most-powerful economic tools for coercive influence were tourism, foreign exchange student programs, and regulations on foreign companies investing in China. Although China can adjust its overall trade and foreign investment levels to garner influence in a targeted country, it has more commonly achieved coercive effect using economic tools that can be metered and quickly reversed.

The most easily measurable components of influence—the inputs (e.g., trade, foreign direct investment, number of visits by senior officials, presence of an influence country's media)—are imperfect predictors of outcomes. Powerful intervening factors in the targeted country, such as the role of specific interest groups, the head of state's preferences, and the current economic or political context, play a more decisive role in determining how much and what kind of influence the outside actor will ultimately have on the policies of the targeted state.

As a result, inputs are not necessarily the best indicators of potential influence and go only so far in defining the scope and severity of the influence challenge. It is critical to have a rough snapshot of the landscape for influence—such as how a country becomes dependent on another country, the scale of an influencer's efforts to buy favorable opinions, and the trends emerging over time

in measurable variables. But the important questions about influence are more complex and qualitative. For example, which input types are most effective in which countries, what specific outcomes are being shaped by the influencer, and how do the causal relationships of influence work? Understanding the evolving competition is much less about counting inputs and more about understanding country-specific dynamics. The route to key outputs, such as the geopolitical alignment of states, positive attitudes toward the influencer, or changes to specific policies in the targeted state, can be long, winding, and filled with barriers and unexpected variables. It has become common to count certain influence inputs and make at least implicit assumptions about the resulting trajectory of influence. But the connection between inputs and outputs is anything but linear, and our study suggests that the most-important factors determining outputs are often abstract factors highly resistant to quantitative assessment.

The second-most-effective source of influence was China's targeted, often clandestine outreach—sometimes with financial incentives—to specific leaders, elites, and opinion-shapers in targeted countries. China has demonstrated significant capability to build sympathetic reservoirs of support among other countries' elites and public officials. One pattern that emerged repeatedly across many of the focus countries is that China appeared able to build good relationships with elites and officials in the targeted countries even when broader public opinion remained or became negative toward China. We found clear evidence of this pattern in Australia, Indonesia, the Philippines, South Korea, and Sri Lanka, and China is likely pursuing significant influence campaigns of this sort in most other focus countries as well. China appears to be able to foster influence with these individuals through a combination of developing financial relationships, targeting elites and officials with a natural affinity for China and its objectives, playing on anti-American sentiment in some places, using scholarships and conferences to build relationships, and other means. It is unclear whether this route would ever provide China with an ability to determine the behavior of a targeted country's government. At the end of the day, a government is still primarily concerned with pursuing the country's collective interests, and we find little evidence that these Chinese activities can overwhelm this foundational impulse. However, in some cases, China appears to be making significant inroads through these techniques.

The contest for influence is primarily, indeed dominantly, nonmilitary in character. Although China's growing military power does provide a backdrop to the influence competition, that power's direct effects are mostly limited to countries with which China has a direct territorial dispute. Few, if any, countries appear to be acceding to Chinese influence because they fear large-scale, direct Chinese military aggression. China's chief tools of influence-seeking and its main areas of competitive advantage lie in nonmilitary areas of statecraft: economic attraction and coercion; informational and narrative-shaping campaigns; clandestine efforts to manipulate local political processes; diplomatic engagements; efforts to enhance Chinese power in international organizations; and large-scale cultural engagements through student exchange programs, popular films, and other means. Meanwhile, China's security cooperation activities are likely to lag those of the United States and its allies for years and possibly decades, and its use of overt military force has often been counterproductive to its long-term goals. The contest for influence is first and foremost a nonmilitary endeavor and must be viewed as such. Thus, bolstering U.S. military capabilities in Asia is a useful step in some ways but cannot compensate for failures to address Chinese activities in other realms.

China can sometimes successfully move to fill a vacuum—of economic investment or capital, security engagement, or diplomatic attention—to gain influence. Many of China's more success-

ful influence efforts have been of just this sort—for example, Thailand’s drift toward China in the wake of Western sanctions for the military coup there, Chinese financial assistance to Greece and others in the wake of the 2008 global financial crisis, and Chinese investment in Malaysia at a time of possibly cooling interest by Western companies. Our research suggests, in fact, that U.S. and allied actions *create* as many influence opportunities for China as it creates for itself. In some cases, the United States and its friends and allies take these risks with eyes wide open—for example, when they impose sanctions on a country for human rights violations knowing that China will not respect those sanctions. But if the strategic competition with China is becoming a higher priority for U.S. foreign policy, then the United States will have to think very carefully about any actions that it takes that might create opportunities for Chinese influence.

China faces a dilemma in exercising influence: The more strongly China tries to use its clout to force outcomes in other countries, the greater the backlash it fomented and the more those countries reject its influence. This partly accounted for the limited success of China’s significant soft-power influence activities. The dilemma was even present for private-power activities but was especially true for coercive and public displays of power. This dilemma was very much in evidence, for example, in Southeast Asia, where reactions to Chinese maritime belligerence were overwhelming any positive influence results from Chinese investment, aid, propaganda, or other tools of statecraft. The United States can seek to intensify this dilemma with public diplomacy activities.

Yet that insight is somewhat counterbalanced by another finding: *For countries in Asia, fear of China and its potential coercive and retaliatory actions is a significant constraint on better relations with the United States.* Many targets of Chinese influence might seek more-active security engagement with the United States if they were not concerned about China’s reaction. Apart from the intrinsic commitment of many regional states to variations of nonalignment, China’s coercive actions toward South Korea on the THAAD issue, as well as similar examples, have made clear that states face potential Chinese punishment for more-explicit military-oriented collaboration with the United States.

Many of China’s influence relationships appear largely transactional rather than grounded in truly shared goals, interests, or values. This is the case, for example, with China’s growing relationships with key Persian Gulf states, which appear to see China as a useful alternative to other potential arms merchants, trading partners, and geopolitical allies. Those relationships are strengthened by China’s growing dependence on foreign sources of oil, and U.S. or Western rebuffs or sanctions tend to drive some governments in China’s direction. Nonetheless, Saudi Arabia, the United Arab Emirates, and other countries in the Gulf region do not appear to see China as a formal ally or sole sponsor; their hedging is not designed to choose China against the West.³

China does not appear to be engaged in a global campaign to promote autocracy but rather a global campaign to serve its interests and cultivate influence. Where this involves close cooperation with fellow autocracies, China happily pursues that process. But it seems to be neither trying to topple democracies as a rule nor restricting itself to close relations with other autocracies.⁴

China has significant challenges in legitimacy that impede its quest for influence. Our analysis focused primarily on identifying measures of Chinese influence relative to that of the United

³ Galip Dalay, “Why the Middle East Is Betting on China,” Project Syndicate, August 22, 2019.

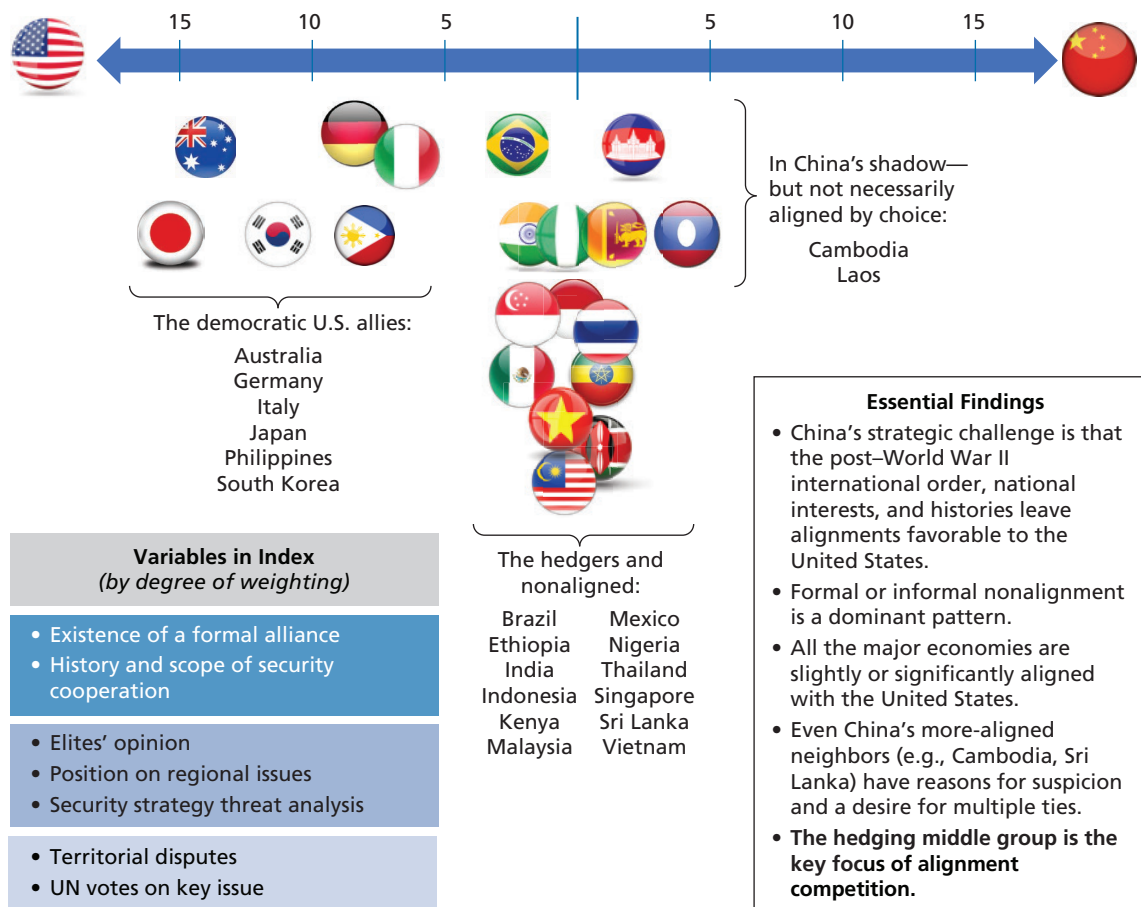
⁴ This conclusion largely accords with the analysis in Oisín Tansey, “The Problem with Autocracy Promotion,” *Democratization*, Vol. 23, No. 1, 2016.

States and assessing the bilateral competition. But much of the analysis highlights a more encompassing theme: China's autocratic governance, hierarchical instincts in dealing with other countries, penchant for secrecy, and bellicose territorial demands all pose very substantial barriers to achieving predominant influence. These and other factors heavily tilt the larger national competitive landscape against China.

The most generalized geopolitical reaction to growing Chinese power is hedging. Especially in Asia, countries both fear and respect Chinese power. Their preferred approach is to hedge—that is, to defend essential interests without unduly aggravating Beijing. This pattern will make it more difficult to assess Chinese influence-seeking or the relative balance of U.S. and Chinese influence; countries will often hesitate to take sides in ways that would indicate clear outcomes. Nonetheless, a pattern of hedging generally supports U.S. interests because the United States is interested in preventing China's coercive dominance, not forcing outcomes on other countries.

Despite that predominant trend of hedging, *the general geopolitical alignment of the focus countries that we assessed for this study remains highly positive for the United States.* As part of this study, we used seven weighted variables to create a *geopolitical alignment index*, similar to the affinity index (Figure 5.1) and vulnerability index (Figure 5.3) described in Chapter Five. As Figure 9.1 shows, the index includes such variables as the existence of a formal alliance,

Figure 9.1
Geopolitical Alignment Index



the opinion of elites in the targeted country, and UN votes on key issues. The variables in the darkest-shaded rows in the list were weighted most heavily, and the variables in the lightest-shaded rows were weighted most lightly.

The results from the index suggest that a few of the United States' democratic allies align much more closely with the United States than with China, but the majority of the focus countries sit roughly in the middle, reflecting their general preference for hedging. It is a snapshot that reflects an overall U.S. geopolitical advantage. The primary challenge that this reality presents to the United States is that it must deal with hedging countries that refuse to take unambiguous positions against China, whether on human rights, the role of Huawei in a country's 5G network, South China Sea territorial disputes, or other key issues.

China's steps to acquire influence, such as investing in infrastructure and providing aid, can have side benefits for U.S. interests—for example, by promoting development and stability. Chinese investment can promote a more diversified economy and, in some cases, improve governance in the targeted country (although the opposite can also occur). Evaluating the outcome of any specific case of attempted Chinese influence therefore depends, to some degree, on considering whether the outcome aligns with U.S. interests or places those interests at risk.

The emerging competition for influence is not strictly government to government. Increasingly, governments seeking influence in foreign countries operate in a complex and busy network of nongovernmental organizations, interest groups, and empowered individuals. The United States potentially enjoys a natural competitive advantage in this space—given its more open, liberal society—and can make the nongovernmental aspects of the competition work for its interests.

Lessons of Chinese Influence-Seeking During the COVID-19 Pandemic

This analysis was completed before the COVID-19 pandemic crisis broke in January 2020. The novel coronavirus that causes the disease was first documented in the central China city of Wuhan, and China's reputation around the world suffered as a result of perceptions that China did not do enough to contain the outbreak in its early stages.⁵ Since then, Beijing has employed a variety of tools to buff its image based on its response. For instance, Beijing conducted a global information campaign to shape the narrative about the pandemic, both trumpeting its own, eventually decisive response and dropping hints that the United States was somehow responsible for the outbreak.⁶ Beijing also delivered medical supplies to more than 100 affected countries, developed and developing alike, and even used People's Liberation Army Air Force assets to conduct military humanitarian missions.⁷ Chinese diplomats have aggressively pushed Beijing's line on the crisis and sought to engage with officials and influential leaders in key countries.⁸ And Beijing has used economic threats to muzzle critics abroad.⁹

⁵ Charlie Campbell and Alice Park, "Inside the Global Quest to Trace the Origins of COVID-19—and Predict Where It Will Go Next," *Time*, July 23, 2020.

⁶ Alicia Chen and Vanessa Molter, "Mask Diplomacy: Chinese Narratives in the COVID Era," blog post, Stanford University Freeman Spogli Institute for International Studies, June 16, 2020.

⁷ Anthea Mulakala and Ji Hongbo, "Covid-19 and China's Soft-Power Ambitions," Asia Foundation, April 29, 2020.

⁸ Charlie Campbell, "China's 'Mask Diplomacy' Is Faltering. But the U.S. Isn't Doing Any Better," *Time*, April 3, 2020b.

⁹ Steven Erlanger, "Global Backlash Builds Against China over Coronavirus," *New York Times*, May 3, 2020.

These efforts have generated some undeniable results. For example, several African governments have credited China with important and early programs of aid, and the Serbian president kissed the Chinese flag.¹⁰ China has managed to coerce some governments and international institutions, including the World Health Organization, to downplay criticism of China's initial response.¹¹ And Beijing's anti-American propaganda has contributed to conspiracy theories that have muddied the waters of assigning accountability and complicated the effort to build objective awareness.¹²

Early results from this image-building strategy, however, suggest that the COVID-19 pandemic only exacerbated rising skepticism about China's intentions and credibility. An obvious problem is the clear evidence that the Chinese Communist Party sought to cover up the initial evidence of the outbreak, delaying its response, muzzling critics, and forfeiting an early opportunity to clamp down on the virus before it had spread more widely.¹³ Partly as a product of worsening relations across the board, attitudes toward China plummeted in the United States.¹⁴ And many developing nations seemed unimpressed with China's offer of supplies, partly because some of the gifted materials appeared to be defective and partly because the offer was tied to such an overbearing public relations campaign.¹⁵ Early reports that African migrant workers and students were being expelled from their homes in parts of China—accompanied by suggestions of outright racism expressed in the process—sparked bitter reactions in African nations.¹⁶

Some of these negative reactions built on major neighbors' or rivals' existing skepticism of China. Official and public attitudes toward China hardened in India, where people were largely unreceptive to China's pandemic diplomacy.¹⁷ In Vietnam, skepticism over China's public claims combined with resentment over its belligerent approach, even though the communist government in Vietnam restrained its public criticism of Beijing.¹⁸ And after reviewing the reactions of several major powers, including the United States, one internal Chinese report to the government in Beijing reportedly warned that, because of its conduct during the crisis, China faced a "rising wave of hostility" equivalent to the post-Tiananmen backlash.¹⁹

¹⁰ David O. Shullman, "How China Is Exploiting the Pandemic to Export Authoritarianism," *War on the Rocks*, March 31, 2020.

¹¹ Kathy Gilsinan, "How China Deceived the WHO," *The Atlantic*, April 12, 2020.

¹² Shayan Sardarizadeh and Olga Robinson, "Coronavirus: US and China Trade Conspiracy Theories," BBC News, April 25, 2020.

¹³ Simon Marks, "Coronavirus Ends China's Honeymoon in Africa," *Politico*, April 16, 2020; and Michael Green and Evan S. Medeiros, "The Pandemic Won't Make China the World's Leader," *Foreign Affairs*, April 15, 2020.

¹⁴ Kat Devlin, Laura Silver, and Christine Huang, "U.S. Views of China Increasingly Negative amid Coronavirus Outbreak," Pew Research Center, April 21, 2020.

¹⁵ Charles Dunst, "Beijing's Propaganda Is Finding Few Takers," *Foreign Policy*, April 20, 2020.

¹⁶ Celine Sui, "China's Racism Is Wrecking Its Success in Africa," *Foreign Policy*, April 15, 2020.

¹⁷ Yasmeen Serhan, "Indians Aren't Buying China's Narrative," *The Atlantic*, April 21, 2020.

¹⁸ Bac Pham and Bennett Murray, "Behind Vietnam's COVID-19 Response, Deep Distrust of China," *The Diplomat*, May 14, 2020.

¹⁹ Peter Hirschberg, ed., "Internal Chinese Report Warns Beijing Faces Tiananmen-Like Global Backlash over Virus—Sources," Reuters, May 4, 2020.

One major theme in these recent events has been China's recurring tendency to undertake extreme, ham-handed, and counterproductive actions of belligerent diplomacy in service of its viewpoint. China's so-called Wolf Warrior cadre of diplomats—a group of officials, named for a 2015 nationalist Chinese action film—has generated blowback with an increasingly belligerent assertion of Chinese interests.²⁰ Beijing's "clumsy and ugly disinformation campaign" in Europe, according to one European journalist, has ended up alienating EU governments, prompting a formal report to catalog China's malicious propaganda.²¹ The writer concluded,

Somehow, Chinese officials have managed to offend Europeans across the continent who usually agree on nothing. At the beginning of the year, the calendar for 2020 was filled with Sino-European summits celebrating ever deeper ties. Instead, the pandemic is likely to be the occasion for Europeans to begin emancipating themselves from a bad relationship.

Another survey of reactions described the recent events as "a disastrous own goal" for China's efforts to boost its global reputation.²²

The crisis has also highlighted risks embodied in some of China's other means of achieving influence—notably, economic dependency. Given its abundant lending through the Belt and Road Initiative and other programs, China reportedly now holds more than half a trillion dollars' worth of developing world debt—much of which will now have to be renegotiated, given the financial crisis those countries are facing.²³ With dozens of countries now spending more on debt service than on their health care systems, Beijing faces a painful dilemma: Either offer highly concessionary loan forgiveness, extensions, or deferrals, which would cost it billions, or enforce the terms of the loans, which would impose intense pain on many countries where China has worked for years to cultivate influence. If it uses the resulting leverage for "debt-trap diplomacy," seizing local assets as it did with a Sri Lankan port in 2017,²⁴ China could spark even more outrage from countries that see the tactic as a form of neocolonial appropriation. Using massive lending and investment as a route to influence and coercive power, in other words, comes with real constraints and possible costs.

The COVID-19 pandemic and China's attempts to capitalize on it have revealed yet another dilemma for China as it seeks to use a variety of tools to cultivate global influence. In particular, the clash between China's territorial claims and its desire to cast itself as a responsible, trustworthy leader of the international community often leads to backlash. For instance, if Chinese ships continue to harass and, in some cases, ram the ships of other claimants to disputed areas in Asia, that will undermine China's elaborate effort to cultivate a global reputation for altruism through its pandemic response and win-win approach to diplomacy. Indeed, in 2019 and 2020, Indonesia, Malaysia, the Philippines, and Vietnam have pushed back in newly vigorous ways against Chinese coercion in the South China Sea. And in Japan,

²⁰ Kathrin Hille, "'Wolf Warrior' Diplomats Reveal China's Ambitions," *Financial Times*, May 11, 2020; and Chun Han Wong and Chao Deng, "China's 'Wolf Warrior' Diplomats Are Ready to Fight," *Wall Street Journal*, May 19, 2020.

²¹ Andreas Kluth, "How China Is Losing Europe," *Bloomberg*, May 7, 2020.

²² Jamil Anderlini, "Why China Is Losing the Coronavirus Narrative," *Financial Times*, April 19, 2020. See also Erlanger, 2020.

²³ Maria Abi-Habib and Keith Bradsher, "Poor Countries Borrowed Billions from China. They Can't Pay It Back," *New York Times*, May 18, 2020.

²⁴ Abi-Habib, 2018.

generally warming ties with China—amid Beijing’s renewed effort at outreach during the pandemic—have been partly upset by fresh Chinese harassment of Japanese operations near the Senkaku Islands.²⁵

The experience of Chinese influence-seeking during the COVID-19 pandemic, therefore, broadly supports our general assessment that Beijing confronts very real limits in its quest for predominant regional and global influence. As an autocratic state with unbending territorial claims against neighbors and a diplomatic tradition of harshly hierarchical and ethnocentric relations with others, China is not well positioned to succeed for a battle over influence in an international system still dominated by value-sharing democracies. China’s economic heft, growing informational toolbox, and geopolitical savvy are undeniable. But its experience during the COVID-19 pandemic shows that it suffers from major challenges that the United States could use to its advantage.

Recommendations for a U.S. Response

These findings and the broader evidence base for this analysis highlight ways that the United States might improve its response to China’s influence-seeking activities—or the activities of any foreign influence-seeker, such as Russia and its attempts to cultivate influence in Africa. Table 9.2 summarizes our recommendations for the U.S. response in two categories of Chinese influence activities that appear to have the most effect: economic support and private power.

Table 9.2
Potential U.S. Responses to China’s Most-Effective Tools of Influence

Tool	Potential U.S. Responses
Economic support: the trade, investment, overseas development aid, tourism, and other business-related tools that can promote prosperity and improve the economic prospects of the targeted country	• Expand the activities of the U.S. International Development Finance Corporation to more directly counter the Belt and Road Initiative. • Support the targeted country’s journalists and nongovernmental organizations that are exposing China’s predatory practices. • Conduct public diplomacy on debt-trap risks and problematic Chinese investment practices. • Create example cases of countries where the cost of standing up to China is offset by aid and investment from the United States, develop explicit partnerships with other countries to counteract China’s economic influence, and reward countries that stand up to it. • Discourage U.S. companies from giving in to financial pressure from China.
Private power: the direct, intentional, but private or clandestine use of threats or rewards to manipulate the views or actions of specific individuals to shape policies or decisions of other states	• Develop more-extensive and timely sources of information on the nature of China’s efforts to manipulate targeted societies. • Support local journalists, nongovernmental organizations, and government officials who are working to uncover such campaigns. • Conduct counterinfluence campaigns designed to neuter or defeat Chinese influence. • Coordinate efforts with multilateral partners on all these activities. • Accelerate multilateral efforts to develop mechanisms of resilience against social media–based disinformation and manipulation.

²⁵ Luke Patey, “COVID-19 Pandemic Is No Soft Power Victory for China,” *Japan Times*, April 15, 2020.

In addition, the United States can watch the following indicators over time to gain a sense of how the competition for influence is playing out:

- Major geopolitical alignment: Do countries remain or become formal treaty allies of the United States or China or remain engaged in less-formal security or political coalitions or partnerships?
- Economic dependency: Does the dependency of other countries on China for trade and FDI continue to level off or possibly decline at the margins?
- Security relationships: Do countries allow China to build bases on local territory or create agreements to grant China military access? Do countries expel U.S. bases or forces?
- Territorial disputes: Do countries abandon claims contrary to China's objectives, or do they continue to assert rights to contested areas?
- Soft power and cultural indicators: Do the numbers of international students studying in China change significantly? Are new restrictions placed on educational or cultural exchanges for any reason? Does Chinese supplant English as the default common language in key industries or professions?

In the remainder of this section, we expand on the recommended U.S. responses outlined in Table 9.2.

For countries that are the target of Chinese influence, the United States should continue to offer the credible promise of assistance when they stand up to Chinese coercion. A critical U.S. role in the process of Chinese influence-seeking is to prevent outcomes in which any targeted countries conclude grimly that they have no alternative but to accede to China's demands. This balancing function should not be difficult to play; it does not imply especially demanding military missions, and it supports the natural interests of third-party nations. This role demands a continued credible U.S. deterrent power in Asia, although this can be of a strictly defensive variety. It will also increasingly require coordination and support in nonmilitary areas of coercion—for example, helping make up for lost tourist revenues or investment in the event of economic punishments from China, supporting responses to Chinese cyber intrusions or attacks, and providing geopolitical backing during diplomatic clashes. One critical U.S. role in the influence competition is to provide targeted countries with the reassurance to stand up to China as often as possible—recognizing that, even with such offers, many countries will still hesitate to take a stand.

The U.S. government needs a comprehensive approach to understanding, tracking, and responding to China's targeted influence programs aimed at specific leaders or elites. The United States and others would be well served to develop reliable sources of intelligence on these unfolding programs and to invest in means of ensuring that China's influence through these mechanisms will be checked. Part of this response is to improve intelligence-gathering on China's relationships with specific senior officials and thought leaders in targeted countries. In some cases, where governments are undemocratic, China can parlay a small number of such ties into significant policy effects, as in some African countries. In other cases, China can use high-profile friends to legitimize aspects of its role. This has been among the most-consistent patterns of Chinese influence-seeking and demands a focused, dedicated U.S. intelligence effort.

Beyond using traditional classified intelligence, the U.S. response can include two other important components. One is to create an intelligence fusion center devoted to the problem—a

single coordination point in the U.S. government designed exclusively to understand the individuals and interest groups that China is engaging around the world. This center would gather information from around the U.S. government (from embassies, the U.S. military, and other entities and individuals who engage regularly with foreign governments) and convene regular cross-departmental dialogues to comprehend the challenge.

As the second piece of this response, there should also be an open-source component for intelligence-gathering. As we discovered, there is immense information available simply by interacting with journalists, scholars, and former officials in key countries. But an open-source component is also essential to serve another goal: transparency. Part of the response to China's activities, especially those involving corrupt means, is to expose them in the targeted countries. This would help discredit both China and its local helpers and would create a deterrent mechanism that increases the cost for others to work with China in such clandestine ways in the future.

One way to expose Chinese influence-seeking is to support nongovernmental organizations seeking transparency in foreign relationships in their own countries. Recent events in Australia and New Zealand make clear that such exposure can have a helpful deterrent effect. What is needed is a sort of Bellingcat for corrupt influence-seeking—that is, a nongovernmental organization that gathers open-source data and informs the world of what it finds.²⁶ The U.S. government would have to be careful in designing its role in such an organization; part of the group's credibility would depend on its independence.

If the United States is not willing to simply accept the unqualified effect of China's economic growth, it must do much more to develop investment tools capable of offering countries an alternative to Chinese money—especially in infrastructure. China's most effective source of influence is its economic support because many countries have a significant and sometimes desperate desire for trade and investment. But China's influence exists, in part, because of the absence of alternatives; we do not know how much this desire might be tempered in a world with more choices for economic support. The United States should expand the Better Utilization of Investments Leading to Development (BUILD) Act of 2018 and other sources of official investment financing to targeted countries with strategic significance and the greatest appetite to counteract Chinese influence. In the process, the United States can and should work closely with Japan, building on Tokyo's Partnership for Quality Infrastructure, to develop jointly promulgated standards and investment funds.²⁷

The United States should support independent research, journalism, and transparency initiatives focused on China's activities in key countries. In many cases, elites and populations in these countries begin with a generally positive view of China due to the economic benefits they gain. When few independent researchers and journalists examine the Chinese role in more detail these perceptions can persist.²⁸ The United States has an opportunity to intensify multiple dilemmas China faces in expanding its influence at the expense of the freedom of action of targeted countries, and a leading way to do this is to support local voices seeking to catalogue

²⁶ Bellingcat is an independent group of journalists and researchers in more than 20 countries around the world who specialize in fact-checking and investigative reporting using open sources.

²⁷ See, for example, Tobias Harris, "'Quality Infrastructure': Japan's Robust Challenge to China's Belt and Road," *War on the Rocks*, April 9, 2019.

²⁸ This is true, for example, in some European countries with "sparse" communities of China-watchers (Le Corre, 2018, p. 5).

and call out Chinese influence programs—especially the sort of private influence that sometimes escapes public notice.

The United States should develop an influence strategy with a broader network (beyond journalists) to rally nongovernmental sources of opinion and action in targeted countries. The emerging contest to shape beliefs and behavior is not about governments alone. The United States needs a comprehensive strategy for engaging with nongovernmental actors—organizations, business groups, social media influencers, media organizations, academics, and more—to support those who are willing to stand up to China's coercive activities.

In this and many other aspects of its response to Chinese influence-seeking, the United States enjoys the great comparative advantage of being an advocate for the interests, goals, and values of most of the countries in the crosshairs of Chinese power. The United States is, in most cases, working to support these countries' right to determine their own futures free of China's coercive hegemony. Partly as a result of China's position as a power-seeking, hierarchically minded revisionist, our analysis suggests that China faces multiple dilemmas in acquiring greater influence. The United States can support the resistance of others and magnify these dilemmas in ways that will continually erode the degree of influence China is able to acquire. And over time, China's slowing growth and rising domestic challenges are likely to dim the appeal of its economic model, the one area of huge relative advantage in the competition. The United States, in other words, has a clear potential route to success in the competition for influence if it makes wise choices and investments.

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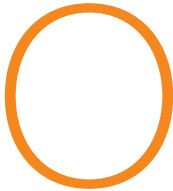
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ver the past two decades, China's role in the geopolitical landscape has grown, particularly as a result of the country's rising economic and military power. Thus, U.S. leaders now view China as a strategic competitor—one that seeks to upend the post–World War II liberal international order. One of China's strategies in that competition is to seek influence in countries around the world. In this report, the authors assess China's ability to use various mechanisms of influence to shape the policies and behavior of 20 countries, as well as the lessons that these examples offer for the United States' strategic competition with China. With this study, the authors aim to produce a transferable framework (comprising inputs, intervening factors, and outputs) and other tools of analysis that can provide reliable means of assessing bilateral influence relationships in other cases.

Among the study's chief findings is that China's burgeoning economic power, above and beyond any other considerations, is the foundation for its influence. Furthermore, Beijing's ability to manipulate local political, economic, and social events to its benefit is an important factor in its influence efforts. If China's mammoth economic magnet is the gravitational center of its influence, its ability to reach into other countries and effectively manipulate perceptions and events is the predominant tool. Nevertheless, success in the competition for influence is as much about how the United States responds to current challenges as it is about anything China does or does not do.

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