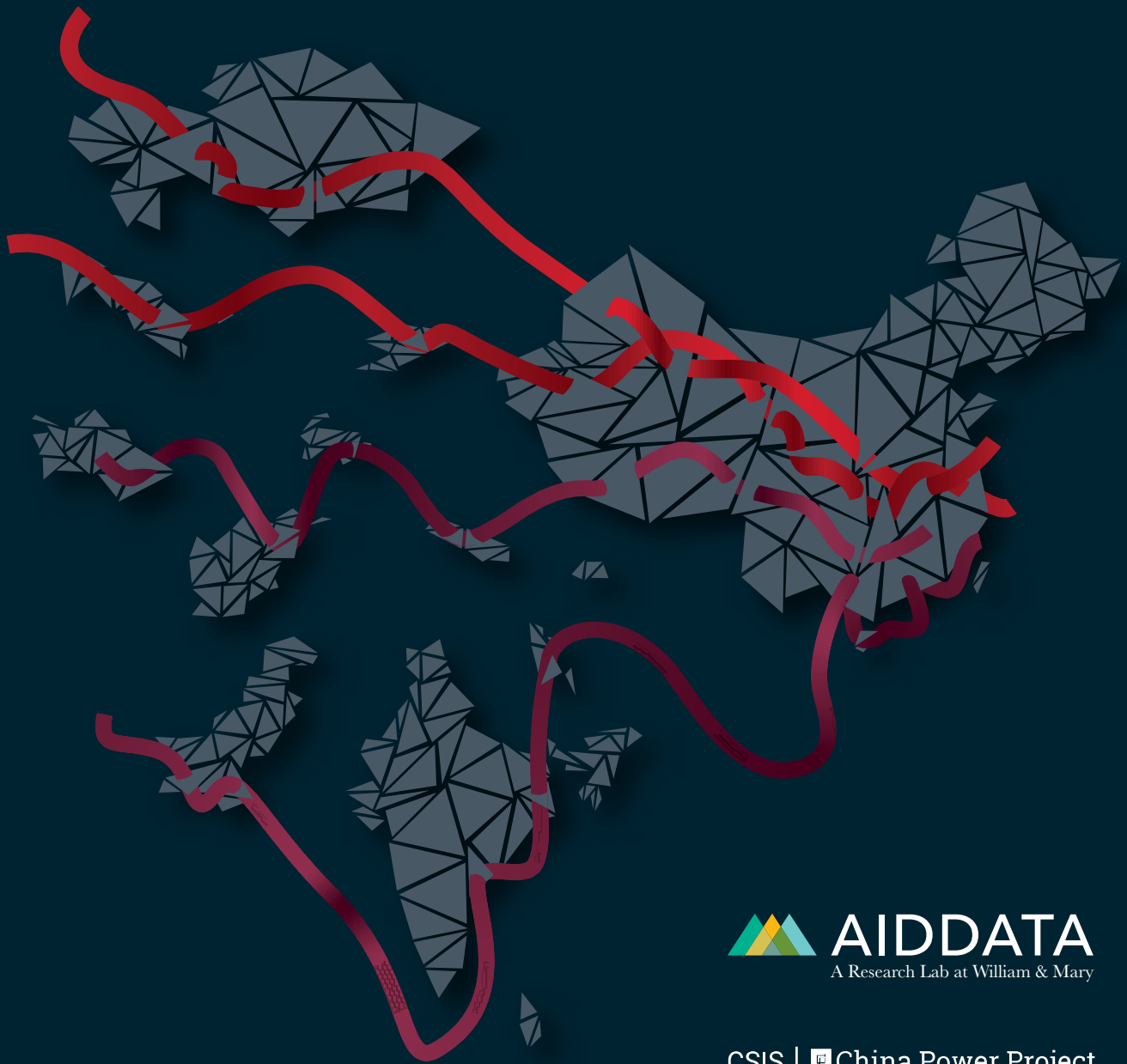


Silk Road Diplomacy:

Deconstructing Beijing's toolkit to influence South and Central Asia

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Executive Summary



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Executive Summary

Beijing engages in public diplomacy—a collection of instruments used to influence the perceptions, preferences, and actions of citizens and leaders in another country—as a means to win over foreign publics and advance its national interests (Custer et al, 2018). Over the past two decades, Chinese leaders have sought to manage negative reactions to China's growing military and economic strength, as well as to win friends and allies to realize Beijing's global ambitions. While its aspirations may be global, Beijing takes a special interest in cultivating closer relations within China's greater periphery, including the 13 countries of South and Central Asia (SCA).

AidData—a research lab at William & Mary—in collaboration with the Asia Society Policy Institute (ASPI) and the China Power Project of the Center for Strategic and International Studies (CSIS), collected an unprecedented amount of qualitative and quantitative data on Beijing's public diplomacy in the SCA region from 2000 through 2018. In the report, the authors analyze this data to illuminate which tools Beijing deploys, with whom, and to what effects in the SCA region.

How should we quantify Beijing's public diplomacy?

Chinese leaders draw upon a toolkit comprising five public diplomacy instruments for which we identified quantifiable proxy measures: Confucius Institutes and Classrooms (cultural diplomacy), sister cities (exchange diplomacy), government official visits (elite-to-elite diplomacy), high-level media engagement (informational diplomacy), and Chinese official finance for infrastructure, budget support, debt relief, and humanitarian aid (financial diplomacy).

FINDING #1:

Beijing has ramped up the volume and sophistication of its public diplomacy overtures over time

Often touted as the global centerpiece of Beijing's soft power overtures, Confucius Institutes (CIs) are Chinese government-funded educational institutions that teach Chinese language, culture, and history in partnership with a host university in a recipient country. Confucius Classrooms (CCs) serve a similar function at the primary or secondary school level. Since 2005, Chinese officials have opened 64 CIs and CCs throughout the SCA region. Fifty-eight percent of these Confucius establishments were at the primary or secondary school level and the preponderance (21 of 24 CCs) were targeted towards a single country: Kyrgyzstan.

Beijing has traditionally focused less on people-to-people diplomacy than its strategic competitors, but this is changing. Beijing increased its sister city agreements—which twin a Chinese city, town or province with a foreign counterpart to strengthen commercial, cultural, and social ties—from 18 at the start of the century to over 100 by 2018, signing the bulk of new agreements between 2013 and 2016. Meanwhile, in the span of just 15 years, the number of students from SCA countries studying in China went up from 2,000 to over 90,000. The number of Chinese government scholarships announced each year more than tripled between 2010 and 2018 for the eight SCA countries where we have comparable data over time.

Chinese civilian and military leaders have made fostering strong relationships with their counterparts in other countries a top priority, bringing in foreign dignitaries to visit China or going out to other countries to sign deals, cooperative agreements, and promoting investment abroad. Nonetheless, Beijing pays substantially more attention to cultivating relationships with elites in South Asian countries than it does in Central Asia. Between 2000 and 2017, Chinese government officials met with South Asian counterparts more frequently (1,039) than those from Central Asia (722). The People's Liberation Army increased its military diplomacy activities across the board, particularly under President Xi's tenure, with joint military exercises as a noteworthy growth area.

Most SCA countries host at least one form of Chinese state-owned media, whether radio (CRI), television (CCTV-4, CGTN), or print media (Xinhua, China Daily, and People's Daily). Beijing has also cultivated journalists and domestic media outlets within SCA countries to counter negative publicity in the Western media. Between 2004 and 2017, the Chinese government organized 61 exchange trips for SCA journalists to visit China. Between 2002 and 2017, senior Chinese leaders—the President, Premier, Vice President, and Vice Premier—gave 27 interviews to SCA media outlets, while the Chinese President and Premier held an additional 32 press briefings.

Beijing's financial diplomacy—representing an estimated US\$126 billion in committed, implemented or completed projects in the SCA region—dwarfs its other public diplomacy tools in terms of sheer scale and visibility. The Chinese government's funding of development projects in other countries is not new to BRI or the tenure of President Xi Jinping. From initially low levels of support, Beijing's financial diplomacy increased sharply beginning as early as 2008. Infrastructure projects account for 95 percent of Beijing's financial diplomacy, with a mere 5 percent

going to the other categories of general budget support, humanitarian assistance, and debt relief.

FINDING #2:

Beijing employs a diverse toolkit, with sub-regional powers Kazakhstan, India, and Pakistan among the major recipients

Three of the four largest recipients of Beijing's public diplomacy overtures—Kazakhstan, India, Pakistan—are not only the wealthiest in the region in terms of overall GDP but also hold considerable sway within their respective subregions. Kyrgyzstan presents an intriguing exception: it attracts an outsized amount of Beijing's public diplomacy (ranking third overall) compared to what we would expect to see on the basis of economic importance or regional dominance. Of the two countries that received the most diverse set of public diplomacy activities from Beijing, one is classified as an autocracy (Kazakhstan) and one a democracy (Pakistan).

FINDING #3:

Beijing's financial diplomacy is associated with a higher number of Chinese migrants and new Chinese firms

Chinese firms are a known commodity to work with and allow Beijing to mitigate its risk of default through the practice of "circular lending," whereby money need not ever leave China, so to speak, as it flows from a Chinese development bank to a Chinese firm implementing the project (Horn et al, 2019). In this respect, it is unsurprising that, as new Chinese firms in SCA countries increase, the amount of Beijing's financial diplomacy to these countries also increases. Relatedly, we find that SCA countries that have a higher number of Chinese migrants tend to receive more financial diplomacy.

How do SCA countries perceive Beijing's overtures?

The research team conducted semi-structured interviews with 216 individuals from 145 organizations or agencies across six SCA case study countries: Bangladesh, Kazakhstan, the Maldives, Nepal, Sri Lanka, and Uzbekistan. These individuals comprised government officials, private sector leaders, civil society representatives, journalists, academics, foreign diplomats, and representatives of international organizations who, by virtue of their current or previous position, were able to observe how Beijing wields public diplomacy to achieve its objectives in these countries of interest.

FINDING #4:

Beijing has an uneven toolkit, and its most recognized tool—financial diplomacy—can incur a public backlash

Between 2000 and 2017, China committed substantial financial diplomacy to each of the six case study countries: US\$32.7 billion to Kazakhstan, US\$12.7 billion to Sri Lanka, US\$10.32 billion to Bangladesh, US\$6.52 billion to Uzbekistan, US\$1.58 billion to the Maldives, and just under US\$1 billion to Nepal. The lion's share—between 92 and 100 percent, depending upon the country—of these investments were focused on infrastructure such as roads, rails, ports, and power plants. According to many interviewees, Chinese government financing is attractive because Beijing can commit comparatively larger dollar amounts without the typical governance conditionalities favored by traditional donors and it has interest in large-scale infrastructure projects.

However, Beijing's preference for negotiating backroom deals, collusion with local politicians for private gain, and cautionary tales of debt distress and white elephant projects have stoked public debate. Many Chinese-backed infrastructure projects have been plagued with low profitability, graft, opaque loan terms, and unsustainable debt. Private sector leaders see limited benefits for the local economy as Chinese companies import materials and labor from China. Chinese investments have been met with public protests in Kazakhstan and discontent in Uzbekistan over mass evictions and bulldozing of heritage sites to make way for new construction projects. Notably, corruption related to projects bankrolled by Beijing played a role in the election defeats of Presidents Mahinda Rajapaksa (Sri Lanka) and Abdulla Yameen Abdul Gayoom (Maldives).

While there has been political noise about growing indebtedness to Beijing in some countries, interviewees said that debt is generally not on the radar of the average citizen. Even among those dissatisfied with problematic infrastructure projects or opaque financing deals, interviewees were more likely to blame their own government than Beijing. Frequently, interviewees argued that the issue is not about whether to borrow from Beijing, but rather ensuring their country is not reliant on financing from any actor and that their own government discloses the details of loan agreements.

FINDING #5:

Beijing has brokered close relationships with leaders seeking regional balance and economic growth, but the overall influence of these overtures is limited

Many interviewees described Beijing's public diplomacy as leader-focused, rather than people-centric. This heavy emphasis on cultivating political elites bears out in the quantitative data as well. Between 2000 and 2017, Chinese officials were quite prolific in facilitating exchanges, visits, and training programs with their

counterparts across the six case study countries, including: 238 visits with Kazakh leaders, 136 visits with Uzbek leaders, 114 visits with Nepali leaders, 104 visits with Bangladeshi leaders, and 77 visits with Maldivian leaders. Through these overtures, Beijing has made inroads among leaders eager to play the China card as a counterweight to heavy-handed treatment by foreign powers in their internal affairs, particularly India and Russia.

Despite setbacks when pro-China allies are voted out of office, Chinese leaders have been quick to adjust to maintain access to elites amid political transition. In fact, interviewees in Sri Lanka, Bangladesh, and Nepal reported that Beijing has broadened its outreach from incumbents to party members across the political spectrum. Interviewees also reported speculation, but no conclusive evidence that Beijing had financially contributed to the campaigns of political parties in several countries. There is some indication that Chinese leaders are also taking the long view of investing in relationships with provincial leaders, security service personnel, and line ministry bureaucrats, such as providing scholarships, hosting exchanges, and gifting equipment.

Nonetheless, Beijing's aspirations may be hindered by the fact that these countries still depend disproportionately on India (in South Asia) and Russia (in Central Asia) as their main security partners. SCA leaders also want to maintain amicable relations with other major powers, such as the US and various European countries. In this respect, it is perhaps unsurprising that the willingness of SCA countries to accept money and five-star junkets from the Chinese government does not necessarily translate into leaders siding with Beijing on contentious regional or global issues.

Interviewees did recount specific instances of economic or foreign policy concessions, which they attributed to China's public diplomacy overtures, though these examples appear to be more sporadic than systematic. In the Maldives, interviewees attributed the steamrolling of the 2017 Free Trade Agreement with China through parliament with minimal consultation as indicative of Beijing's economic leverage over their country. Meanwhile, interviewees cited the support of Kazakhstan's political elites as enabling Beijing to gain control of nearly a quarter of the country's oil production and establish a foothold in other strategic sectors.

The most common examples of security or foreign policy concessions given by interviewees were their government's public support for the One China policy, as well as the tacit endorsement of Beijing's treatment of the Uighur and Tibetan minorities through constrained media criticism in places like Uzbekistan, Kazakhstan, and Nepal. Interviewees also cited more overt examples, including the Maldivian government's leasing of two islands to Beijing, which it could use to

establish a de facto security presence, and the Nepali government's handling of Tibetan activists.

FINDING #6:

Beijing's people-to-people diplomacy takes a backseat to its elite-focused efforts; its economic clout appears to be its greatest asset in winning the hearts and minds of foreign publics

Chinese leaders face far greater challenges in breaking through to the public in SCA countries, which have closer cultural and linguistic affinity toward Russia (Central Asia) and India (South Asia), as well as historical relationships with Western democracies in Europe and the US. According to our quantitative data, Beijing has ramped up its broad-based cultural, exchange, and informational diplomacy overtures across SCA countries. Nevertheless, interviewees most often described Beijing's engagement with the general public as minimal or an afterthought compared to its courting of elites.

The preponderance of interviewees across the case study countries thought it unlikely that many people had taken advantage of Chinese government-funded scholarships, tours, cultural performances, and language classes. Moreover, they argued that the general public was still fairly ignorant about, and disinterested in, Chinese culture. It may be that Beijing is still in the early days of experimentation and that it will take time for its overtures to the SCA publics to bear fruit.

Beijing's strongest asset appears to be its economic clout, rather than the intrinsic appeal of its culture, language, or values per se. Citizens in SCA countries increasingly view China as offering the means to help them improve their livelihoods through jobs, education, or access to better infrastructure. These dynamics appear to have stoked demand for Mandarin language training and study abroad opportunities, particularly among younger people, which allows Beijing to cultivate relationships and influence with the next generation of leaders, influencers, and thinkers in SCA countries.

Beyond this, Beijing appears to have made some inroads in shaping the media narrative in several SCA countries through content-sharing partnerships with local media outlets, expanding its international broadcasting efforts, facilitating journalist exchange programs, and applying pressure on partner governments to discourage media criticism of its activities. Interviewees in several countries identified the Chinese Ambassador as an important human face of Beijing's public diplomacy on social media, in public events, and via op-eds in local newspapers.

Are Beijing's public diplomacy efforts associated with the outcomes it wishes to achieve?

In the report, we examine whether the exposure of SCA countries to Chinese public diplomacy investments is associated with more favorable perceptions of Chinese government leadership (via the Gallup World Poll survey), closer alignment with Beijing's voting in the United Nations General Assembly (UNGA), and more desirable trade balances with these countries.

FINDING #7:

Senior leader interviews, press briefings, and op-eds, as well as Confucius Institutes are associated with more favorable perceptions of Beijing.

While Beijing's media engagements have attracted criticism globally, its informational diplomacy overtures in SCA countries are associated with higher approval (and also lower disapproval) of Chinese government leadership. These overtures—largely comprised of high-visibility appearances of senior officials through interviews, press briefings, and op-eds featured in the domestic media outlets of SCA countries—may give Chinese government leaders a bigger megaphone that reaches a wider audience via channels that have greater credibility locally than Beijing's own international broadcasting efforts. Of course, it is equally plausible that Beijing may assign greater priority to interviews, press briefings, and op-eds in places where and at times when public opinion is more favorable towards Chinese government leaders.

While Confucius Institutes (CIs) have attracted some negative publicity in recent years as propaganda tools of the Chinese government, we find that citizens in SCA countries with a higher number of Confucius establishments approved more of Chinese government leadership. One possibility is that Beijing directs its cultural diplomacy to SCA countries with a more favorable opinion of China to begin with. This is highly likely because setting up CIs requires partners willing to host them, and this willingness may be higher in countries with more favorable attitudes towards Chinese leadership. A second possibility is that Confucius establishments in SCA countries may be building greater interest and positive views about Beijing through language and cultural events.

FINDING #8:

Beijing's financial diplomacy and elite visits are associated with both lower approval and lower disapproval of Beijing

Chinese government-funded infrastructure projects were top-of-mind for most interviewees as a barometer of Beijing's public diplomacy overtures. However, citizens in SCA countries hold polarized views: these

efforts are associated with both lower approval and lower disapproval of Chinese government leadership. This could imply that Beijing allocates more financial diplomacy efforts to jurisdictions where public opinion about China is more favorable at baseline (Brazys and Dukalskis, 2019), while the downstream implementation of such projects may diminish and even reverse some of these favorable attitudes over time (Blair et al, 2019; Findley et al, 2017).

Similar to financial diplomacy, visits between Chinese and SCA government officials are associated with both lower approval and lower disapproval of Chinese government leadership. It could be that these elite visits generate greater familiarity with Beijing, which moves people out of ambivalence and into more intense attitudes of favor or disfavor regarding Chinese government leaders. Alternatively, these mixed results could speak more to the profile of the recipient country than the public diplomacy tool in question, if the countries that see more elite visits had more polarized attitudes towards Chinese government leadership to begin with.

How should Beijing's target audiences and strategic competitors respond to its overtures?

Beijing has three formidable advantages in its bid to win over foreign publics and leaders: excess financial and construction capacity, highly centralized control over its messaging, and relative stability of China's ruling party which enables its leaders to play the long game. These advantages pose implications for countries on the receiving end of Beijing's overtures, as the mechanisms of public diplomacy (i.e., money, information, relationships) could easily be used for multiple purposes, both benign and malign. Meanwhile, Beijing's strategic competitors (e.g., Russia, India, the US, Europe) are cognizant that its influence with foreign publics could eclipse their own in future. With this in mind, we pose four recommendations for how Beijing's target audiences and strategic competitors should respond to its overtures.

RECOMMENDATION #1:

Recipient countries need to strengthen their capacity to negotiate better terms, assess risk, and manage large-scale infrastructure financing transparently and efficiently

There are four things that SCA countries can do to ensure that they are managing foreign investment and assistance responsibly. First, they can ensure that procurement processes to select and award contracts for public projects are fair and open with transparent bids and selection criteria. Second, they can require

that foreign donors and investors make the financing amounts, terms, and progress of their investments publicly accessible. Third, they can invest in more robust planning processes to weigh the total costs and benefits across the full life cycle of new infrastructure projects and ensure sufficient revenues to offset any external borrowing. Fourth, they can put forth reforms to the regulatory environment that reduce barriers to foreign investment and pursue sovereign credit ratings to diversify their financing options.

RECOMMENDATION #2:

Recipient countries need to find ways to protect their interests and independence of action to prevent Beijing from translating its economic clout into political leverage

Savvy leaders in borrowing countries can use competition as leverage to renegotiate the terms of previously agreed-upon projects and induce Beijing to offer better terms for new project investments. While Beijing does not advertise this fact, the Chinese government has a track record of renegotiating the terms of its investments in response to a request by a recipient government (Rhodium Group, 2019). This is not only an indication of Beijing's willingness to reconsider the terms of its deals but also creates a precedent for SCA countries to push for more favorable outcomes. SCA countries can increase their negotiation leverage by actively courting additional bilateral and multilateral creditors, as well as increasing the visibility of the terms that the Chinese government seeks for such projects to create public relations pressure.

RECOMMENDATION #3:

Help countries decrease their vulnerability to corruption and co-option through strengthening their capacity to attract, design, vet, and manage financing responsibly

Foreign powers can help countries build resilience to undue influence, and protect their own interests, in four ways. First, they can help countries design public financial management and procurement processes to mitigate the risks of waste, corruption, and debt distress. Second, they can assist countries in developing robust planning processes to assess new projects in light of social, economic, and environmental costs and benefits. Third, they can disclose the terms and amounts of their own foreign assistance, while pressuring other donors to do the same. Fourth, they can advise countries as they undertake reforms to improve the investment climate and mobilize non-governmental actors to curb corruption and monitor progress.

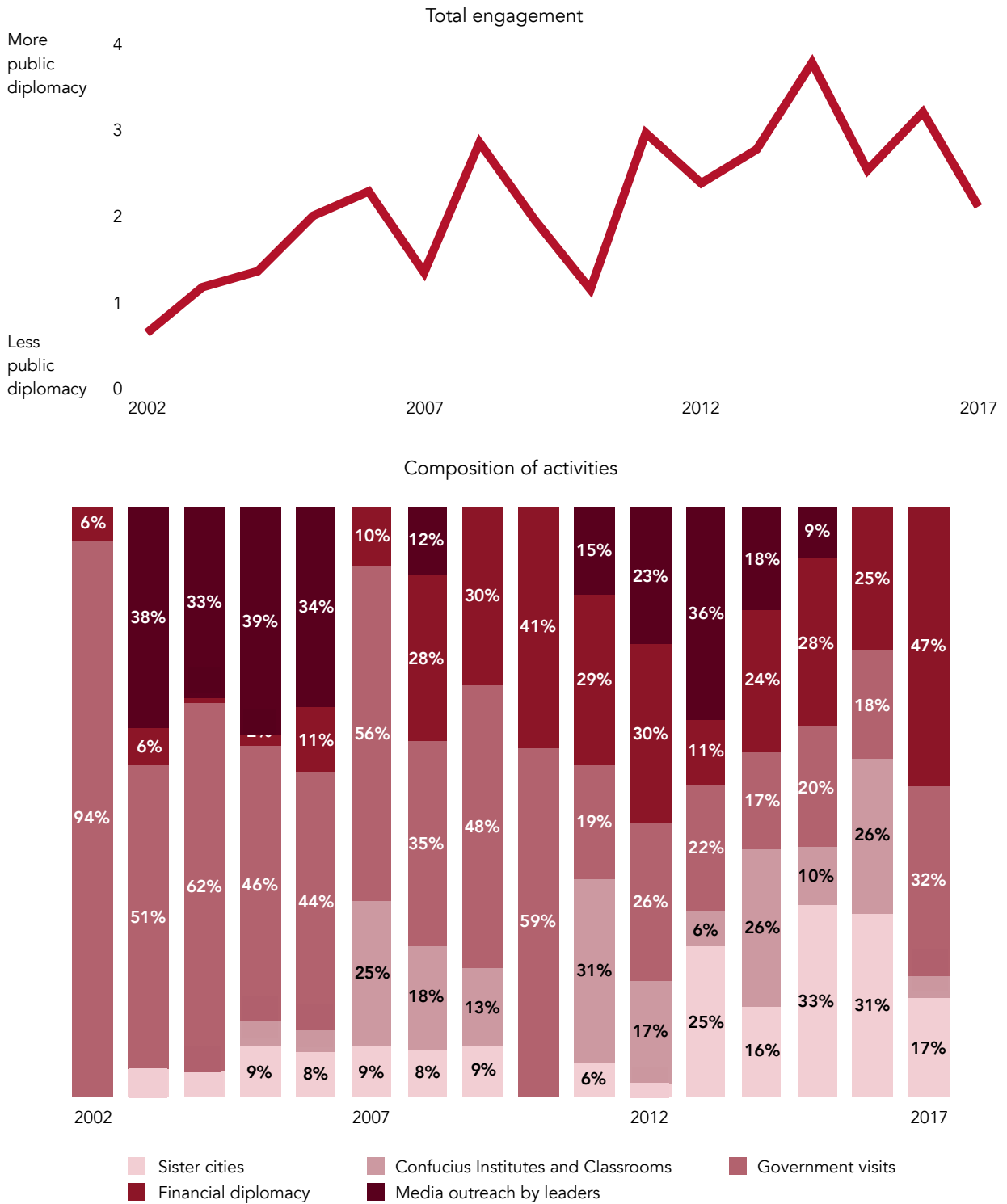
RECOMMENDATION #4:

Invest in public diplomacy activities that enable countries to create space for debate, discussion, and dialogue about their engagement with foreign powers on their own terms

Beijing's strategic competitors should retool their public diplomacy overtures to help SCA countries spark constructive, evidence-based dialogue about how to engage externally in ways that are most beneficial to them. For example, this could involve investing in activities that expand the traditional scope of public diplomacy—such as efforts to promote investigative journalism, citizen-monitoring initiatives, civil society strengthening, or data science for think tanks and academics—with an emphasis on ensuring that countries get the most from their engagement with foreign powers.

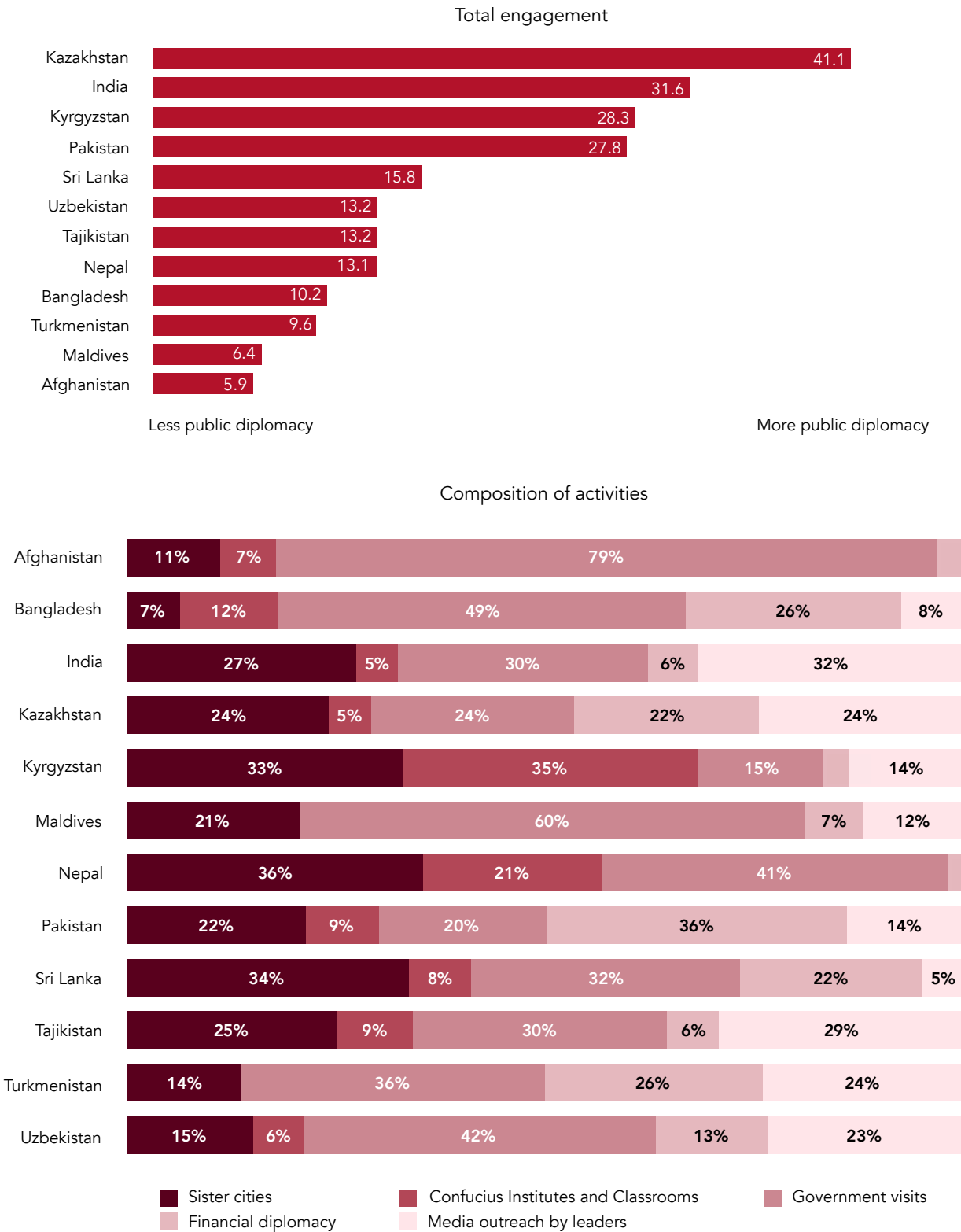
Figures

Volume and composition of China's public diplomacy by year, 2002-2017



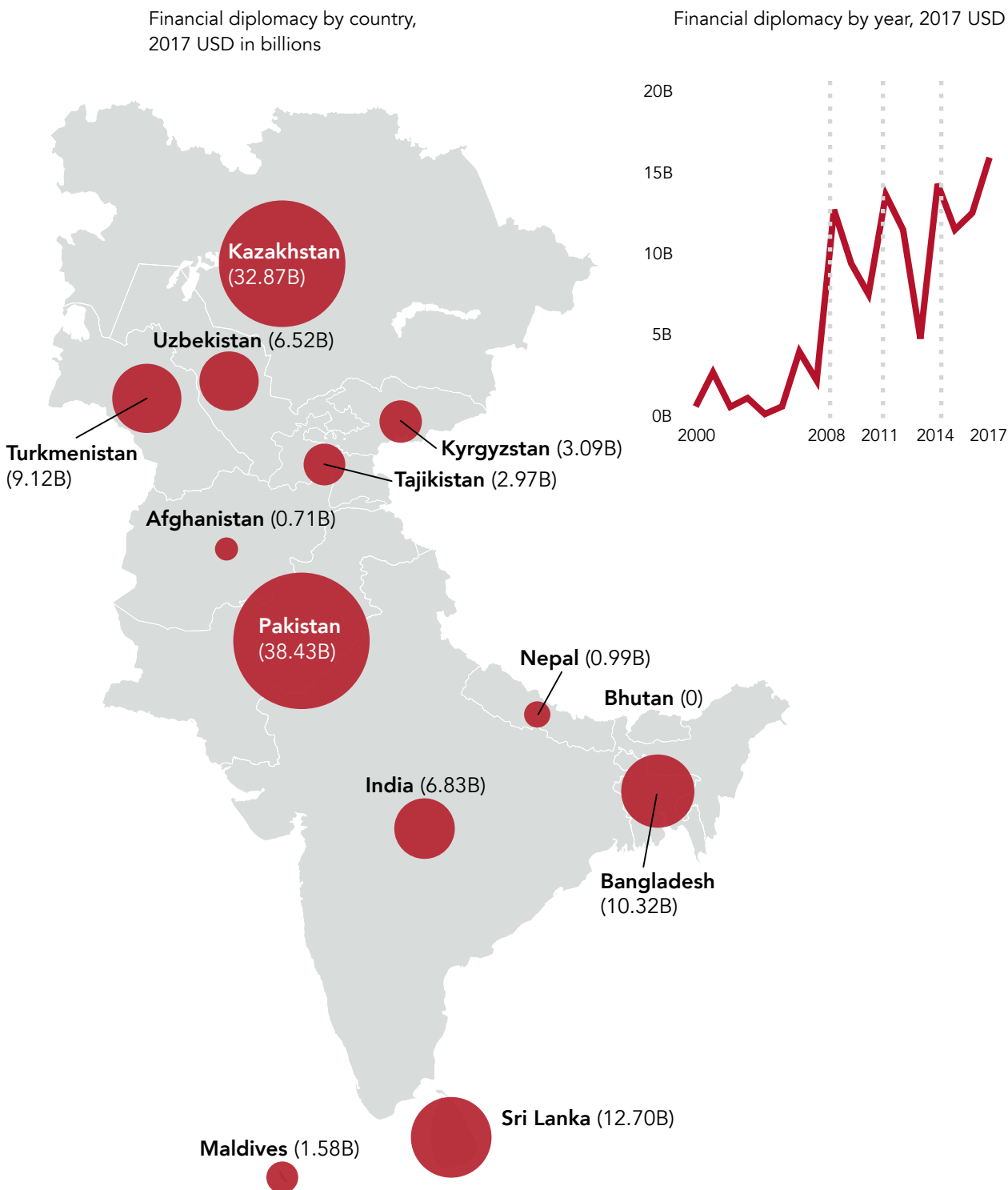
Notes: The line graph (above) visualizes a constructed measure of total engagement of Chinese public diplomacy activities across all SCA countries from 2002 to 2017. This total engagement score encapsulates five measures of public diplomacy (sister cities, Confucius Institutes and Classrooms, government visits, financial diplomacy, and senior leader press briefings and interviews). We normalize each PD-type using the highest value across all years. The Y-axis shows the sum of these five values for each year. The stacked bar chart (below) visualizes the shifting composition of Chinese public diplomacy activities over time.

Volume and composition of China's public diplomacy by country, 2002-2017



Notes: Figure 3 visualizes the normalized values for the volume and composition of Chinese public diplomacy activities for each SCA country for the period of 2002-2017 for all five types of public diplomacy activities (e.g., sister cities, CIs and CCs, government visits, financial diplomacy, senior leader press briefings and interviews). The X-axis shows the sum of these five values for each country.

China's financial diplomacy with SCA countries, 2000-2017



Notes: The map (above, left) visualizes China's total financial diplomacy to all SCA countries from 2000 to 2017, including commitments for infrastructure, budget support, debt relief, and humanitarian assistance. The line graph (above, right) presents Chinese financial diplomacy by year from 2000 to 2017.

Source: AidData (2019).

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About AidData

AidData is a research lab at William & Mary's Global Research Institute. We equip policymakers and practitioners with better evidence to improve how sustainable development investments are targeted, monitored, and evaluated. We use rigorous methods, cutting-edge tools and granular data to answer the question: who is doing what, where, for whom, and to what effect?

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