

# Ties That Bind: Quantifying China's public diplomacy and its "good neighbor" effect

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### **Links to Technical Appendices**

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## Acronyms

1MDB	1Malaysia Development Berhad
AIIB	Asia Infrastructure Investment Bank
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASPI	Asia Society Policy Institute
BRI	Belt and Road Initiative (also known as One Belt, One Road)
CCP	Chinese Communist Party
CCTV	China Central Television
CI	Confucius Institute
CIFCA	China International Friendship Cities Association
CPC	Communist Party of China
CRI	China Radio International
CSIS	Center for Strategic and International Studies
DDB	Dangerous Drugs Board
DFA	Department of Foreign Affairs
DPRK	Democratic People's Republic of Korea
EAP	East Asia and Pacific
ECRL	East Coast Rail Link
EEZ	Exclusive economic zone
FD	Financial diplomacy
FDI	Foreign direct investment
FFCCCII	Federation of Filipino-Chinese Chambers of Commerce & Industry Inc.
GDP	Gross Domestic Product
ISIL	Islamic State of Iraq and the Levant
MCA	Malaysian Chinese Association
MoFA	Ministry of Foreign Affairs
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OOF	Other Official Flows
PD	Public diplomacy
PDP-Laban	Partido Demokratiko Pilipino-Lakas ng Bayan
PIF	Pacific Islands Forum
PNP	Philippine National Police
PNR	Philippine National Railways
PRC	People's Republic of China
SIDS	Small Island Developing States
SME	Small and medium enterprises
SOE	State-owned enterprises
SWS	Social Weather Stations
TUFF	Tracking Underreported Financial Flows
UNCLOS	United Nations Convention on the Law of the Sea
UMNO	United Malays National Organisation
UNGA	United Nations General Assembly

## CHAPTER ONE

# Introduction: Quantifying China's public diplomacy and its "good neighbor" effect

China has a long history of using public diplomacy (PD) tools to bolster its status internationally and tell its story to the world (Kuo, 2016; Zhang, 2008; Brazinsky, 2017). Yet, there is a growing consensus that the 2013 ascension of President Xi Jinping was an inflection point (Cai, 2017; Ferdinand, 2016). In a marked departure from the "low profile" foreign policy of his predecessors (Yan, 2014; Nie, 2016),<sup>1</sup> President Xi embraced a more active engagement with other countries, particularly its neighbors in the East Asia and Pacific (EAP) (Li, 2015). Meanwhile, Chinese leaders increasingly refer to soft power and public diplomacy as integral to their "good neighbor" strategy (Zhao, 2017; Panda, 2017).<sup>2</sup>

In its "neighborhood diplomacy" (Li & Zheng, 2016), China paints an appealing picture of a "community of shared destiny" that is reinforced by Beijing's signature initiatives to deepen regional cooperation such as the Asia Infrastructure Investment Bank (AIIB) and the Belt and Road Initiative (BRI) (Rolland, 2015; Callahan, 2016). While its infrastructure investments are in the media spotlight, Beijing wields a wider range of public diplomacy tools—from people-to-people exchange and cultural symposia to official visits and information broadcasting—to strengthen bilateral ties and "rejuvenate" China's image as a country worthy of the world's admiration (Liu, 2017; Cheng, 2016).<sup>3</sup>

China is not alone in its use of public diplomacy. As Melissen and Sohn (2015, p.7) acknowledge, "Beijing is actually late in the game" and follows in the footsteps of other powers in East Asia (e.g., Japan, South Korea, Indonesia) who previously deployed the tools of public diplomacy to project power, smooth relations, and attract allies. Nonetheless, China's "enthusiastic" embrace of public diplomacy (Rawnsley, 2012) has provoked greater controversy among scholars, politicians, and pundits regarding Beijing's motives.

Some argue that China pursues power that is not soft, but "sharp" in seeking regional hegemony and engaging in a game of zero-sum politics (Walker & Ludwig, 2017; Fukuyama, 2016).<sup>4</sup> Others depict Beijing's end game as positive-sum—to foster closer ties in pursuit of win-win opportunities and change the narrative to facilitate its "peaceful rise" (Zhang, 2017; Callaghan & Hubbard, 2015; Brînză, 2018). Yet another perspective is that China does not have a grand strategy per se, as much as it has a series of

fragmented interests that drive its engagement with other countries (Hameiri, 2015).

Regardless of its true motivations, China is quite transparent about several of its regional priorities, which include legitimizing its maritime and territorial claims in the EAP region, going out to find investment opportunities abroad for its surplus of foreign exchange (Dollar, 2015),<sup>5</sup> and securing support for its foreign policy positions in the United Nations and other multilateral fora. Recognizing that its growing military and economy might cast a long shadow in its backyard, Beijing also seeks to assuage fears that it poses a threat, instead creating an alternative narrative of China as a friendly, peaceful, and reliable partner (Xinhua, 2014a; Li, 2015; Hartig, 2016b).<sup>6</sup>

Over the years, there has been a growing appreciation of the scope and sophistication of China's public diplomacy efforts (Kurlantzick, 2007; Zhang, 2008), but there has historically been a lack of quantifiable data to assess the volume, direction, and downstream consequences of these efforts. For this reason, the preponderance of previous studies rely exclusively on qualitative metrics that offer valuable context-specific insights,<sup>7</sup> but fall short of giving scholars and practitioners a way to systematically analyze how and where China deploys its public diplomacy efforts in the EAP region.<sup>8</sup>

This paper aims to increase the understanding of scholars, practitioners, and observers of Chinese public diplomacy regarding which tools Beijing deploys, with whom, and with what effects. To this end, AidData—a research lab at William & Mary—in collaboration with the Asia Society Policy Institute (ASPI) and the Center for Strategic and International Studies (CSIS), collected both qualitative and quantitative data on Chinese public diplomacy activities in the EAP region from 2000 through 2016.

The overarching question guiding this report: How effective is China in translating upstream public diplomacy inputs into its desired ends? Specifically, we define these ends as the *good neighbor effect*, which comprises two components: (1) favorable public opinion on the part of EAP citizens regarding mainland China, in keeping with Beijing's desire for greater status or admiration; and (2) alignment on the part of EAP leaders with Beijing's particular foreign policy interests.

Our hypothesis is that as China increases the quantity and quality of its public diplomacy efforts in EAP countries, we would expect to see Beijing garner a greater good neighbor dividend in two respects: first, favorability in the eyes of foreign publics and closer alignment with Beijing in countries' policy decisions.

In the subsequent chapters, we first quantify and analyze the composition of China's public diplomacy activities in the EAP region (**Chapter 2**), examine how these overtures are perceived on the ground in three countries (**Chapter 3**), assess the effectiveness of China's public diplomacy in helping Beijing realize its desired ends (**Chapter 4**), and reflect on what we have learned and the implications for the EAP region (**Chapter 5**). In this chapter we explain how we define China's public diplomacy, operationalize a theory of change for how public diplomacy might achieve Beijing's desired outcomes, and describe how we will quantify China's public diplomacy and its downstream effects.

## SECTION 1.1

### How do we define China's public diplomacy?

Beijing "is aware that [its] reputation in other countries can be a major factor in [how foreign leaders assess] Chinese intentions and [respond] to China's rising capabilities" (Ross & Johnston, 2006, p. 5). To this end, the Chinese government deploys an ambitious public diplomacy effort to project "an image of strength, affluence, and political responsibility" (Rawnsley, 2009, p. 282).

In undertaking this research, the authors first sought to develop a working definition that would lay out necessary boundary markers for our analysis of Chinese public diplomacy in the EAP region. We reviewed over 40 studies of public diplomacy to assess how previous scholars and practitioners define and measure this concept in their own work, paying particular attention to which activities and actors were or were not included.<sup>9</sup> Drawing upon this body of literature, the authors constructed an initial definition and taxonomy of activities for measuring Chinese public diplomacy. We then conducted semi-structured interviews with nine recognized scholars and practitioners to further strengthen our definition and taxonomy.<sup>10</sup>

For the purpose of this study, we define public diplomacy as a *collection of instruments used by state*

*and non-state actors from a sending country with at least some intention of influencing the perceptions, preferences, and actions of foreign citizens in a receiving country in favor of the sending country's interests.* The term 'sending country' refers to the country undertaking public diplomacy activities, in that they seek to export or extend their influence outside of their state borders. The 'receiving country' refers to a country that imports or accepts these overtures.<sup>11</sup> In practice, this means that we would include activities (a) carried out by either state or non-state actors from the sending country; (b) that have some public diplomacy intent, even if public diplomacy is not the primary intention of the activity; and (c) are targeted to citizens and/or policymaking elites in the receiving country, because each group has the potential to advance the sending country's interests.<sup>12</sup>

The target audiences for public diplomacy efforts in a 'receiving country' could include public officials, civil society or private sector leaders, journalists, academics, students, and other relevant socio-economic or political sub-groups. Policymaking elites may be influential either due to their ability to directly take decisions or inform discussions of interest to the sending country. Sending countries also engage with a broader set of citizens in a receiving country who can indirectly apply pressure individually (e.g., voting and negotiation) or collectively (e.g., advocacy and community organizing) to sway the decisions of policymakers to be favorable to the sending country's interests.

Experts differ in what activities they would include, but many argue that public diplomacy is not solely about countries pushing out one-way communications (though this is certainly one tactic), but that there is also space for two-way communications and mutual understanding to flourish between people in sending and receiving countries. In this study, we examine whether and how China uses both strategies to advance its objectives: (1) packaging positive messages about its culture, values, and beliefs for consumption by a general audience (push); and (2) facilitating positive interactions between its own citizens or leaders and those of EAP countries in order to increase mutual understanding and closer ties (push-and-pull).

Building upon this foundation, the authors identified five categories of public diplomacy activities that China and other major powers appear to use, albeit in differing degrees, to inform and sway foreign publics or elites in EAP countries. These five categories include informational, cultural, exchange, financial, and elite-to-elite diplomacy. A brief definition and examples for each category of public diplomacy is included in Table 1.

**Table 1: Five Categories of Chinese Public Diplomacy Activities**

Category	Definition
<b>Push strategies (one-way communication)</b>	
<b>Informational Diplomacy</b>	Broad-based communications activities to increase awareness of and sympathy for the sending country's policies, priorities, and values among the general public in the receiving country (e.g., Chinese state-sponsored media bureaus in the receiving country; television broadcasting by China Central Television (CCTV) and CNC World; radio broadcasting by China Radio International (CRI); Chinese-language print media; and content exchanges between Chinese media companies and local media companies in the receiving country).
<b>Cultural Diplomacy</b>	Activities to promote awareness of and sympathy for Chinese culture and values among policy elites, the general public, or specific subgroups of interest (e.g., Chinese culture events; cultural centers; Confucius Institutes (CIs) or Confucius Classrooms; and sports activities or music/dance exhibitions).
<b>Push-and-pull strategies (two-way interaction)</b>	
<b>Exchange Diplomacy</b>	Activities to socialize prospective future leaders from the receiving country regarding the sending country's political or professional norms and values, as well as cultivate personal relationships (e.g., political party exchange programs; political party development activities; training for government officials, academics, and military officers; sister city programs; and student or professional scholarship and exchange programs).
<b>Financial Diplomacy</b>	Official financing activities to enable the sending country to ingratiate itself with the receiving country's population or government (e.g., direct support to the receiving country through national budget support; debt relief/restructuring; humanitarian relief programs; and investments in infrastructure).
<b>Elite-to-Elite Diplomacy</b>	Activities to cultivate personal relationships between officials of the sending country with their counterparts in the receiving country's elites for the purpose of increasing sympathy for and alignment with the sending country's policies, priorities, and values (e.g., high-level visits by Chinese government, military, and other elite officials; and invitations for receiving country elites to visit elites in China).

## SECTION 1.2

### How might China's public diplomacy advance its foreign policy interests?

In this study, we are not only interested in quantifying the upstream inputs of China's public diplomacy activities, but also assessing the downstream outcomes and impacts of these efforts. To this end, the authors developed a theory of change to articulate the mechanisms by which China (or any other sending country) could conceivably translate discrete public diplomacy overtures into its desired end goal of influencing the perceptions, preferences, and very actions of foreign citizens in line with Beijing's interests (see Figure 1).

As discussed in section 1.1, we envision five categories of public diplomacy activities that largely operate as part of two strategies, depending upon whether they intend to foster two-way communication (push-and-pull) or one-way information (push). The short-term or direct results (outputs) of Beijing's public diplomacy activities intend to move foreign publics along a continuum of favorability toward China through (a) increased *awareness* of the sending country's people and content to make it less alien; (b) deeper *interaction* between peers to build personal ties; (c) strengthened *understanding* and appreciation of sending country norms, positions, and values; (d) greater *attraction* to or interest in the perspectives of the people, culture, and beliefs of the sending country; and (f) derived *value* from the relationship due to new resources or benefits received.

Beijing must then convince citizens and elites to take action in accordance with China's interests (outcomes). This process involves several stages. Individuals may first express support for Chinese positions, values, or

beliefs, and then ultimately adopt them as their own views. Beijing can only co-opt others to act in its interests if it can incentivize them to actively promote its views with their peers and leaders. China may also actively collaborate with foreign publics to identify new jointly held positions, values or beliefs.

Some individuals (e.g., a country's chief executive) may have outsized influence, but the cumulative choices of many citizens and elites over time is what creates a sense of solidarity between an EAP country and China. As a consequence, leaders in these countries may be more willing to align their domestic policies with Beijing's interests and synchronize their actions (e.g., voting) with China in major multilateral fora. It is also important to recognize that public diplomacy activities are not the only interactions that individuals from receiving countries have with sending countries. It is possible that the goodwill Beijing generates via its public diplomacy activities could be easily undercut by its actions or policies in other spheres.

## SECTION 1.3

### How do we quantify the inputs and outcomes of China's public diplomacy efforts?

Using the definition and taxonomy in section 1.1, the authors collected the best available information on China's public diplomacy activities during the 2000-2016 period in 25 EAP countries from academic datasets, government records, previous studies, and AidData's Tracking Underreported Financial Flows (TUFF) methodology.<sup>13</sup> In Chapter 2, the authors draw upon this novel data to provide an overview of the five instruments in China's public diplomacy toolkit: informational, cultural, exchange, financial, and elite-to-elite diplomacy. Data limitations preclude us from capturing a complete picture of every facet of China's public diplomacy. Nonetheless, we employ proxy measures for four of five of China's tactics as a rough barometer to assess how Beijing deploys the instruments in its toolkit over time and in different countries.

We summarize the ultimate objective of China's public diplomacy activities as earning a good neighbor dividend, meaning more favorable public perceptions of China and closer alignment with Beijing in the policy decisions undertaken by policymaking elites. While this

objective is broadly true across EAP countries, the particular dynamics of public diplomacy activities Beijing deploys and how they are perceived by foreign publics is likely not uniform. As Melissen and Sohn (2015) argue, public diplomacy activities play out not in the abstract, but are largely shaped by cultural and geopolitical undercurrents in a given country that are highly context-specific.

For this reason, in Chapter 3, we include three in-depth case studies of Chinese public diplomacy in the Philippines, Malaysia, and Fiji. The country studies shed light on how Chinese public diplomacy activities are perceived from the viewpoint of those Beijing seeks to influence and what these audiences see as the downstream consequences of these overtures. We used interviews with 76 public, private, and civil society leaders to test assumptions and pinpoint examples of whether and how China's public diplomacy activities help Beijing realize its goals in a given receiving country. The authors also conducted a supplemental literature review of research studies, opinion surveys, and news reports to corroborate facts and probe deeper into themes raised by the interviewees on the scope of Chinese public diplomacy activities, perceptions of mainland China, and specific cases that were cited as consequences of China's overtures.

The effectiveness of China's public diplomacy efforts ultimately rests on whether Beijing can influence public opinion and the behavior of political elites to the extent that it can secure economic gains, security concessions, and political wins from its counterparts (i.e., achieving a good neighbor dividend). Yet, it may be easier said than done for Chinese public diplomacy activities to alter the perceptions of foreign publics and the behavior of foreign policymakers. In Chapter 4, we put this to an empirical test using a series of econometric models to isolate the drivers of Beijing's public diplomacy allocations, as well as the relationship between Beijing's public diplomacy, public perceptions, and the voting behavior of EAP leaders in the United Nations General Assembly.

In Chapter 5, we conclude by reviewing what we have learned about the scope, direction, perceptions, and consequences of Chinese public diplomacy activities in EAP countries. We assess the extent to which Beijing appears to be effective in swaying EAP countries towards its viewpoints and the implications for the region. Finally, we highlight several areas for future research and data collection in order to continue to increase our understanding of China's public diplomacy tactics and standing in the EAP region vis-à-vis other regional powers.

**Figure 1: How Chinese Public Diplomacy Advances its Foreign Policy Interests — A Theory of Change**

<b>Impact:</b> <i>What does long-term success look like?</i>	<p><b>Enhanced power:</b> Receiving country acts in accordance with the sending country's national interests.</p> <p><b>Increased solidarity:</b> Receiving country has greater solidarity with the sending country's values, beliefs, and norms.</p> <p><b>Greater alignment:</b> Receiving country is better aligned domestically with the sending country's positions, policies, and priorities.</p> <p><b>Synchronized action:</b> Receiving country leaders advance the sending country's positions in bilateral and multilateral fora internationally.</p>	<b>Assumptions:</b> Individuals' perceptions, beliefs, and behaviors will lead to changes in policy at the national level.
<div data-bbox="501 495 729 548"> <b>Enabler or Constraint?</b>  <b>Coherence</b> </div>		
<b>Outcomes:</b> <i>Whose behavior must change and in what ways?</i>	<p><b>Support:</b> Citizens and elites express favorable positions regarding sending country's values, beliefs, and positions.</p> <p><b>Adoption:</b> Citizens and elites adopt sending country's values, beliefs, and positions as their own.</p> <p><b>Co-option:</b> Citizens and elites promote the acceptance of the sending country's values, beliefs, and positions with their peers and leaders.</p> <p><b>Collaboration:</b> Citizens and elites from sending and receiving countries determine jointly held values, beliefs, and positions.</p>	<b>Assumptions:</b> Activities must be seen as credibly representing the sending country's values, culture, and people.
<div data-bbox="501 840 729 892"> <b>Enabler or Constraint?</b>  <b>Credibility</b> </div>		
<b>Outputs:</b> <i>What are the short-term, direct results?</i>	<p><b>Awareness (visibility):</b> Greater familiarity with and knowledge of people, content, and communications from the sending country.</p> <p><b>Interaction (engagement):</b> Closer social, economic, and political ties with people or institutions from the sending country.</p> <p><b>Understanding (exposure):</b> Greater exposure to the sending country's norms, values, beliefs, and positions.</p> <p><b>Attraction (favorability):</b> More interest in the people, culture, and beliefs of the sending country.</p> <p><b>Value (enticement):</b> Receiving country accepts new benefits from resources provided by the sending country.</p>	<b>Assumptions:</b> Receiving country citizens must have the capacity to ingest and understand the activities (e.g., access to media sources, ability to interact with others, etc).
<div data-bbox="501 1255 729 1308"> <b>Enabler or Constraint?</b>  <b>Capacity</b> </div>		
<b>Activities:</b> <i>What discrete tasks are being implemented?</i>	<p><b>Push strategies (broad-based, one-way):</b> Sending country disseminates information and cultural content via state or non-state actors to increase awareness of or support for the sending country's values, beliefs, norms, and positions among citizens and elites in the receiving country.</p> <p><b>Push-and-pull strategies (targeted, two-way):</b> Sending country uses exchange programs, financial diplomacy, and elite-to-elite diplomacy via state or non-state actors to promote the cultivation of relational ties with counterparts.</p>	<b>Assumptions:</b> Sending country must have the commitment to allocate resources for the inputs and implement activities in the receiving country.
<div data-bbox="501 1581 729 1633"> <b>Enabler or Constraint?</b>  <b>Commitment</b> </div>		
<b>Inputs:</b> <i>What resources are applied?</i>	<p><b>Money</b></p> <p><b>Cultural "Content"</b></p> <p><b>People</b></p> <p><b>Networks</b></p> <p><b>Communication Channels</b></p>	

<sup>1</sup> Yan (2014) and Nie (2016) describe this paradigm shift as a departure from the influential "keeping a low profile" (*taoguangyanghui*) approach favored by Deng Xiaoping to a strategy of "striving for achievement" (*fenfayouwei*) promoted by Xi Jinping. While President Xi's formal presentation of this policy shift in October 2013 was particularly consequential, debates and discussion of whether Beijing should adopt a more active foreign policy predate this announcement.

- <sup>2</sup> Former President Hu Jintao in his report to the 18th Congress of the Chinese Communist Party (CCP) in November 2012 argued that “public diplomacy and cultural exchanges should be pushed forward” (Hu, 2012; Yu, 2014). In October 2013, President Xi Jinping took up this narrative during a conference on neighboring diplomacy where he highlighted “the importance of public diplomacy from a strategic perspective” (Han, 2013, p. 3). Nonetheless, these topics were on Beijing’s mind as early as 2007, when the idea of “soft power” was the subject of both the annual National People’s Congress and the Chinese People’s Political Consultative Conference (China’s Propaganda and Influence Operations, 2009, p. 14). According to Fitzgerald (2018a), “Liu Yunshan, director of the Central Propaganda Department of the CCP in 2009 asserted, ‘in this modern era, those who gain advanced communication skills...and whose culture and values are more widely spread, [are] able to effectively influence the world.’”
- <sup>3</sup> Liu (2017) and Cheng (2016) both refer to the importance of the ‘China dream’ of “national rejuvenation” which has been heavily promoted by President Xi to rally domestic support for this more active engagement externally. As Liu (2017) explains, China is seeking to overcome a perception problem whereby “the rest of the world shifted from admiration of [Chinese civilization] in the 17th and 18th centuries to growing contempt since the 19th century.” The ‘China dream’ in essence is a restoration of this lost stature.
- <sup>4</sup> Nye (2018) takes something of a middle ground, acknowledging that China’s public diplomacy may have some elements of soft and hard (or sharp) power, saying that the relative visibility or transparency of their overtures is a deciding factor.
- <sup>5</sup> China seeks out more investment abroad to offset diminishing economic returns and fears of declining economic growth at home. As Aoyama (2007, p. 5) asserts, Chinese public diplomacy should help “promote business activities both within and outside China.”
- <sup>6</sup> In May 2014, President Xi noted that China’s rise and rapid development led its neighbors to assume China would eventually seek to dominate its region: “a strong nation is bound to seek hegemony.” This is why public diplomacy is important to China (Xinhua 2014a). As Ramo (2007, p. 12) describes, “China’s greatest strategic threat today is its national image” largely because Beijing knows its future will be determined by how other nations perceive it and its intentions.
- <sup>7</sup> There are some noteworthy exceptions. Parameswaran (2010) measures China’s influence in Southeast Asia across several areas, including political, cultural, infrastructure, military aid and assistance, and economic relations. Bailard (2016) quantified China’s media presence in Africa, including state-sponsored television, radio, and news agencies. Lien and Oh (2014), Lien et al. (2011), Akhtaruzzaman et al. (2017), and Yuan et al. (2016) study the proliferation of Confucius Institutes and Chinese foreign direct investment (FDI).
- <sup>8</sup> In this analysis, we include the following East Asia and Pacific countries: Australia, Brunei, Cambodia, Fiji, Indonesia, Japan, Kiribati, North Korea, South Korea, Laos, Malaysia, Micronesia, Mongolia, Myanmar, New Zealand, Papua New Guinea, Philippines, Samoa, Singapore, Thailand, Timor-Leste, Tonga, Vanuatu, and Vietnam.
- <sup>9</sup> For example, Gilboa (2008) and Cull (2008) favor a relatively narrow view of public diplomacy as primarily driven by state-based actors, as compared to Melissen (2005), Zaharna (2008), and d’Hooghe (2014), who embrace a wider definition that includes activities undertaken by both state- and non-state actors, as well as activities that may enhance diplomatic influence, even if this was not the primary intention. A discussion of our own public diplomacy definition and taxonomy is included in Appendix A-2.
- <sup>10</sup> In the expert interviews, we covered three broad topics: (1) defining public diplomacy in terms of setting the boundaries of who is influencing whom, how, and to what end; (2) operationalizing public diplomacy in terms of the strategies and tactics a state or non-state actor might employ to ‘export’ or extend their influence outside of their state borders; and (3) best practice in how to assess the relative success of public diplomacy strategies, tactics, or activities. The interview guide for the consultations with public diplomacy experts is included in Appendix A-2.
- <sup>11</sup> This is an intentionally broad definition for two reasons: (1) it helps us to capture the full spectrum of relevant activities that China may use to garner influence abroad; and (2) it allows researchers and policymakers who use our data in the future to select the subset of activities that they feel are most applicable, regardless of whether they take a wide or narrow view of public diplomacy. One constraint we do impose is that the public diplomacy activity must be directed specifically at a single receiving country. Therefore, we exclude activities that are not targeted at one country in particular, such as China’s participation as the host of the 2008 Olympics. While we recognize that these activities are likely to affect Chinese influence in the region, the underlying data we would collect on these activities are not easily disaggregated at the recipient-country level, and we exclude them for that reason.
- <sup>12</sup> For example, our definition includes the formation of sister cities and specific forms of international official finance, both of which sometimes also have economic, commercial, or development intent in addition to some public diplomacy intent. For other definitions that include such activities, see Zaharna (2008) and d’Hooghe (2014).
- <sup>13</sup> AidData developed the original TUFF methodology in collaboration with subject matter experts from Harvard University, Brigham Young University, Heidelberg University, and the University of Cape Town. Over the last five years, it has been continually refined and subjected to scientific peer-review, resulting in more than 120 working papers and journal publications.

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## CHAPTER TWO

# How should we quantify China's public diplomacy overtures?

### **Key findings in this chapter:**

- *China is not only ramping up its public diplomacy efforts across the board in EAP, but is also diversifying its efforts with Confucius Institutes and an uptick in financial diplomacy*
- *Beijing strategically targets a different mix and volume of public diplomacy tools to EAP countries in light of anticipated risk and reward*

There is a consensus among international media, scholars, and foreign policy practitioners that China's use of public diplomacy has grown in scope and sophistication over the years. Zhang (2008) speaks to the evolution of China's public diplomacy between 1949 through the present day, from one-way information flows to the use of two-way exchanges and a broader set of tools. Brazinsky (2017) focuses on Sino-American competition dating back to 1949, but emphasizes Beijing's use of public diplomacy, among other foreign policy tools, during the Cold War period. In the 21st century, Chinese leaders have placed greater weight on public diplomacy as a means of reclaiming China's rightful place in the world (i.e., the China dream) and cultivating close relationships with its "greater periphery" (Zhang, 2017).

Historically, there has been a lack of quantifiable data to assess the volume, direction, and downstream consequences of China's public diplomacy efforts. The preponderance of previous studies on China's public diplomacy rely exclusively on qualitative metrics that offer valuable context-specific insights, but fall short of giving scholars and practitioners a systematic way to analyze how and where China deploys its public diplomacy efforts in EAP. In the absence of such evidence, it is easy to over- or under-state what Beijing is doing, with whom, and to what effect. This situation is further exacerbated by Beijing's fragmented mechanisms for designing and implementing its overall public diplomacy portfolio (Hartig, 2016b), which make it difficult for researchers and policymakers to assess the full range and mix of China's public diplomacy activities abroad.<sup>14</sup>

The authors intend for this report to serve as a first step forward in what will likely be a long journey to uncover the full extent of China's public diplomacy activities,

increase understanding of the inputs and outcomes of those efforts, and spur further research by policymakers and academics. In this chapter, we unpack Beijing's public diplomacy toolkit and examine five instruments China uses to influence leaders and citizens in the EAP region. In section 2.1, we quantify the range and extent of China's public diplomacy activities in the region. In section 2.2, we then assess whether China favors certain tools over others and how this has evolved over time.

## SECTION 2.1

### What instruments are included in China's public diplomacy toolkit?

While there is substantial discussion and debate between experts over what is and is not included, we envision public diplomacy as including both one-way communications and two-way interactions for mutual understanding between people in sending and receiving countries. In this section, we examine whether and how China uses both strategies to advance its objectives: (1) packaging positive messages about its culture, values, and beliefs for consumption by a general audience (push); and (2) facilitating positive interactions between its own citizens or leaders and those of EAP countries in order to increase mutual understanding and closer ties (push-and-pull).

Building upon the definition and five categories of activities introduced in Chapter 1, we provide an overview of each of the instruments in China's public diplomacy toolkit: informational, cultural, exchange, financial, and elite-to-elite diplomacy (see Table 1). Drawing upon past research studies and publicly available data, we describe how China appears to use these tools to inform and influence both foreign publics and leaders in EAP countries.

## 2.1.1

**China uses the megaphone of informational diplomacy to tell of its “peaceful rise”**

China has rapidly expanded its international media offerings since the early 2000s across multiple channels—news coverage (Xinhua News Agency), radio (China Radio International), television (China Central Television), and print media (China Daily). As part of former President Hu Jintao’s “going global” strategy, China has doubled down on informational diplomacy via its state-owned media companies at a time when other global players comparatively reduced their investments in public broadcasting (Yang, 2015).

Far from an unfunded mandate, President Hu announced a US\$7 billion budget to position China’s state-owned media on the global stage for an explicit purpose: to influence international public opinion that is favorable towards China (Si, 2014).<sup>15</sup> The government views informational diplomacy as an opportunity to tell its story and correct misconceptions regarding China’s intentions. Beijing seeks to leverage state media channels to refocus international discourse on its “peaceful rise,” rather than the narrative of a “China threat” pervasive in Western media (Brady, 2017; Hartig, 2016a).

China may be a relatively new player in informational diplomacy, but what it lacks in maturity, it makes up for in enthusiasm.<sup>16</sup> Xinhua has over 180 news bureaus globally delivering content in eight languages, including 16 local news bureaus in EAP countries and

an Asia-Pacific regional news agency in Hong Kong (Xinhua, 2017b; Yang, 2015).<sup>17</sup> China Central Television (CCTV) has over 70 foreign bureaus, which broadcast programming to 171 countries, including every major EAP country, in six languages.<sup>18</sup> China Radio International (CRI) is the world’s second largest radio network, with 32 overseas correspondent bureaus, six main regional bureaus, and broadcasts in 64 languages (Thussu et al., 2017; Yang, 2015). Finally, China Daily produces an *Asia Weekly* periodical that has been distributed throughout several countries in the EAP region since 2010.<sup>19</sup>

In tandem with the rapid internationalization of its state-owned media, China ‘localizes’ its informational diplomacy in order to better resonate with foreign publics (Brady, 2017). Beijing deploys several strategies to this end. It leverages local media outlets to push out its content via paid advertising, as well as arrange content exchanges or supply (see Box 1). For example, CRI-backed stations act as advocates for China by primarily broadcasting content supplied by CRI or its controlled subsidiary in local countries.

Three surrogate companies operate as representatives of CRI in Europe, Asia-Pacific, and North America: each of them are “60% owned by the Beijing-based... Guoguang Century Media Consultancy,” a “wholly owned subsidiary of CRI” (Qing & Shiffman, 2015). In the Asia-Pacific, CRI is represented by the Australia-based Global CAMG Media Group, which either has an “ownership stake in, or supplies programming to, at least eight stations” in the region, including

**Box 1: Chinese Informational Diplomacy — A Deep Dive into Xinhua News Agency’s ‘Going Out’ Strategy**

Mao Zedong, founding president of the People’s Republic of China (PRC), captured the *raison d’être* of the Xinhua News Agency as allowing the country to “send journalists worldwide...and let the world hear our voices” (Cai, 2016). In 2016, the state-owned news agency celebrated its 85th anniversary as the mouthpiece for the Chinese government and the Chinese Communist Party (CCP). Xinhua’s mission includes not only the collection and distribution of information, but also serving as the mouth and ear of the CCP, according to its website. Consistent with its responsibility to “present China to the world” (Xiong, 2010), Xinhua’s overseas presence has surged since it

opened its first branch in Hong Kong in 1947.

Xinhua employs various channels as megaphones to make China’s voice and views heard among foreign publics, particularly by working through local (non-Chinese) media outlets. Content exchange deals—whereby Xinhua would sign agreements to provide original content for dissemination by local media outlets in recipient countries sympathetic to China—were common in the early days (Xin, 2009; Bangkok Post, 2016). Xinhua subsequently transitioned into a subscription model, charging fees in return for the supply of information, after it was accused of being a propaganda agency for the Chinese government (Reporters without Borders, 2016). But Xinhua still waives subscription fees for countries that cannot afford it. Xinhua has conducted joint reporting on big

political events in partnership with local newspapers in Egypt, Jordan, and Saudi Arabia (Xin, 2009). Xinhua has also purchased space for sponsored content or ads in local newspapers, as well as conducting journalist training programs in some priority countries (Xin, 2009).

In addition to working through local media outlets, Xinhua has also sought to increase the reach of its own original content. In previous years, some of Xinhua’s overseas bureaus republished the Xinhua Daily Telegraph or issued new newspapers such as the Hong Kong Bureau’s *Far East Communications*. Xinhua has embraced non-print mediums, such as television and social media, launching English language channels and establishing 20 social media accounts for various regions and languages. Its YouTube channel, New China TV, has more than 200,000 subscribers.

### Box 2: Chinese Cultural Diplomacy — A Deep Dive into China's Confucius Institutes

Under the Ministry of Education's supervision, Hanban—a public institution—is responsible for coordinating where and when China partners with interested locations to set up a Confucius Institute (CI) (Nguyen, 2014). In setting up a CI, a foreign education institute must apply to Hanban first before both sides reach any agreement. The Chinese government, via the Hanban, provides an administrator, teachers, teaching materials, and funding. In return, the partner organization (usually a university) provides local staff and facilities to house the Institute (Hartig, 2016a). Even though the CI is set up

as a partnership, the organizational structure gives the Hanban-sent CI administrator final authority over the operation and activities of the CI, ensuring China retains control of all CIs.

Chinese leaders describe a CI's mandate as “helping more foreigners understand China” (Nguyen, 2014). To this end, CIs offer Mandarin language classes and tests, as well as organize Chinese cultural exhibitions, book fairs, and events. CI activities often target the broader community beyond the host university, with a particular emphasis on the local Chinese diaspora (Nguyen, 2014). CIs are often sited in close proximity to Chinatowns, and administrators work closely with local Chinese community leaders to

organize events and outreach (Hsin-Huang & Yang, 2014).

Even though a host organization in the receiving country must initiate an application for a CI, Hanban has control of which applications it will accept. According to one source, over 400 applications were waiting for approval in 2012, indicating China may be selectively approving applications (Hsin-Huang & Yang, 2014). Additionally, Chinese leaders advocate for CIs with other countries. For example, according to Nguyen (2014), Chinese leaders pressured Myanmar's leaders to submit an application for a CI and, after initially resisting, the government of Myanmar agreed to work with a local organization to submit an application.

Kathmandu, Bangkok, Canberra, Melbourne, Perth, and Auckland (Qing & Shiffman, 2015).

China also curries favor with local media by buying majority ownership shares in domestic outlets through large Chinese corporations. Alibaba, the largest Chinese e-commerce company, recently purchased *South China Morning Post*, a newspaper in Hong Kong known for its independence, for US\$260 million. The newspaper has subsequently featured more positive coverage of China, prompting concerns that Alibaba purchased the paper to maintain a good relationship with the Chinese government (Hernández, 2018). Other strategies include training sessions for journalists from other outlets in the region and hiring journalists from EAP countries for their international stations to increase China's local appeal.

#### 2.1.2

### Confucius Institutes are increasing the prominence of China's cultural diplomacy

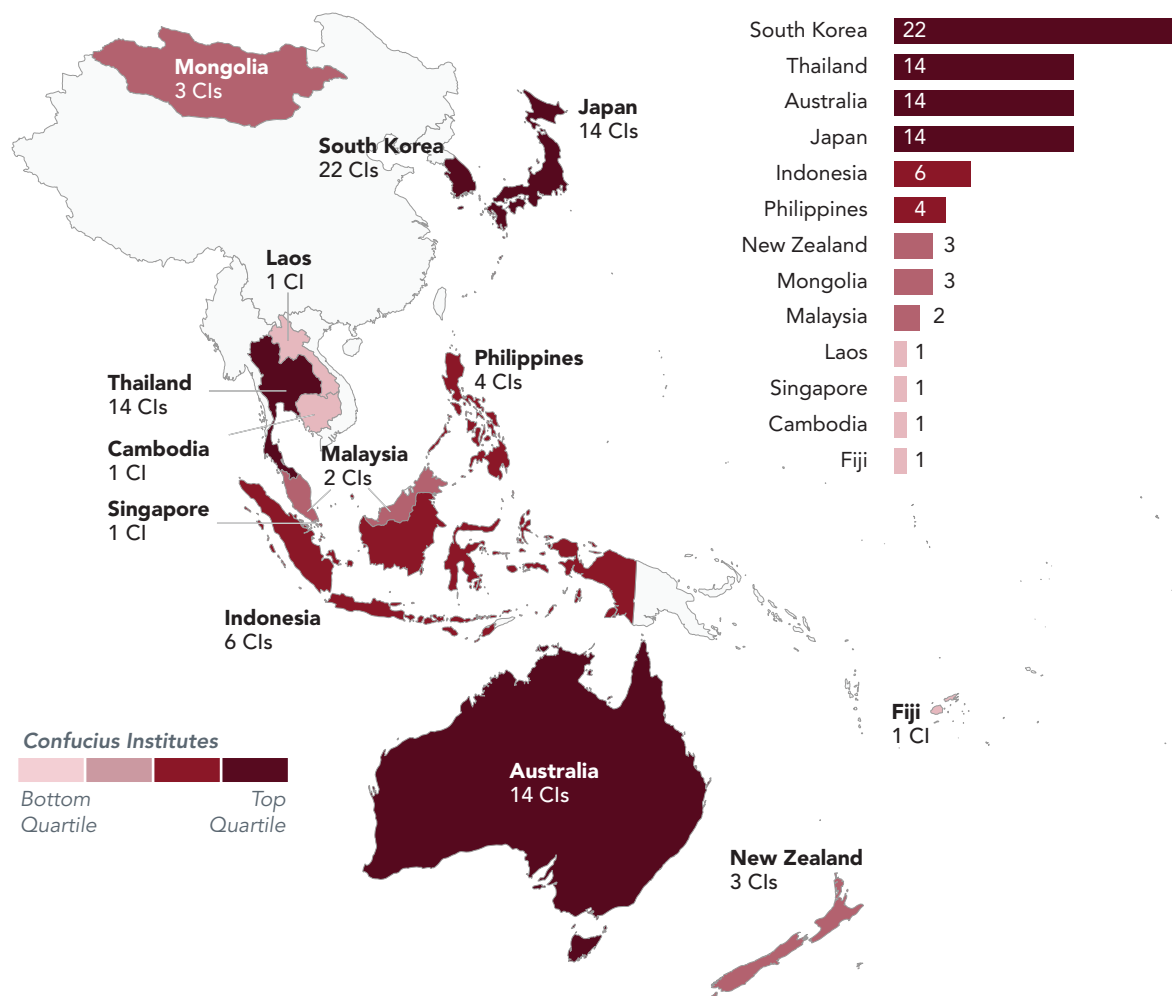
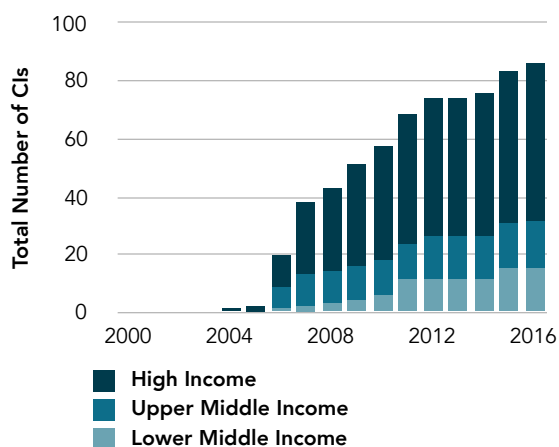
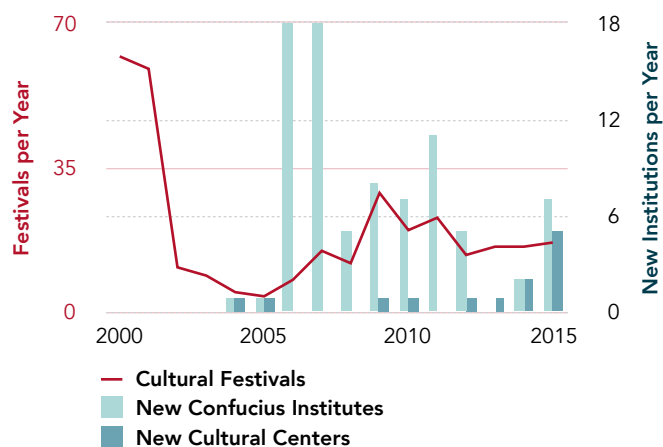
In its bid to woo hearts and minds, Beijing views cultural diplomacy as an invaluable instrument. Former President Hu Jintao once argued that cultural dominance was critical not only to maintain strong domestic cohesion, but also expand China's soft power influence abroad and win against the competition (Hartig, 2016b).<sup>20</sup> While it is difficult to enumerate all possible examples of cultural diplomacy, we particularly focus on three areas in which China is trying to burnish its image: cultural festivals, cultural centers, and Confucius Institutes (CIs). Figure 2 provides an overview of China's cultural diplomacy by the numbers, including

the distribution of CIs in the region, and a comparison of its use of CIs, cultural centers, and cultural festivals over time.

Beijing's sponsorship of cultural festivals is one of the prongs of its cultural diplomacy strategy; however, this has become less emphasized in the EAP region in recent years. Cultural festivals are events of varying length—a day, week, or even year—that China works with the receiving country government to coordinate to increase the visibility and familiarity of Chinese culture for foreign publics. Beijing initially used these activities to strengthen ties with Chinese diaspora communities in receiving countries as a gateway to influence public opinion, but it has sought to widen its outreach to include the business community, youth, and other citizens that are not of Chinese descent (Brady, 2017). In addition, China actively promotes a wide range of ad-hoc sports, music, art, and dance exhibitions, as well as cultural centers (Brady, 2017).

Established and managed by the Hanban—a public institution affiliated with the Chinese Ministry of Education—Confucius Institutes (CIs) are non-profit, but government-operated organizations with the mandate to promote Chinese language and culture (Nguyen, 2014). CIs are usually set up as a partnership with a local university in the receiving country (or secondary schools in the case of Confucius Classrooms<sup>21</sup>), and have the additional objective to promote local cooperation with Chinese businesses (Lien et al., 2011). See Box 2 for more details on how CIs operate in EAP countries.

Figure 2: China's Cultural Diplomacy Tools By the Numbers

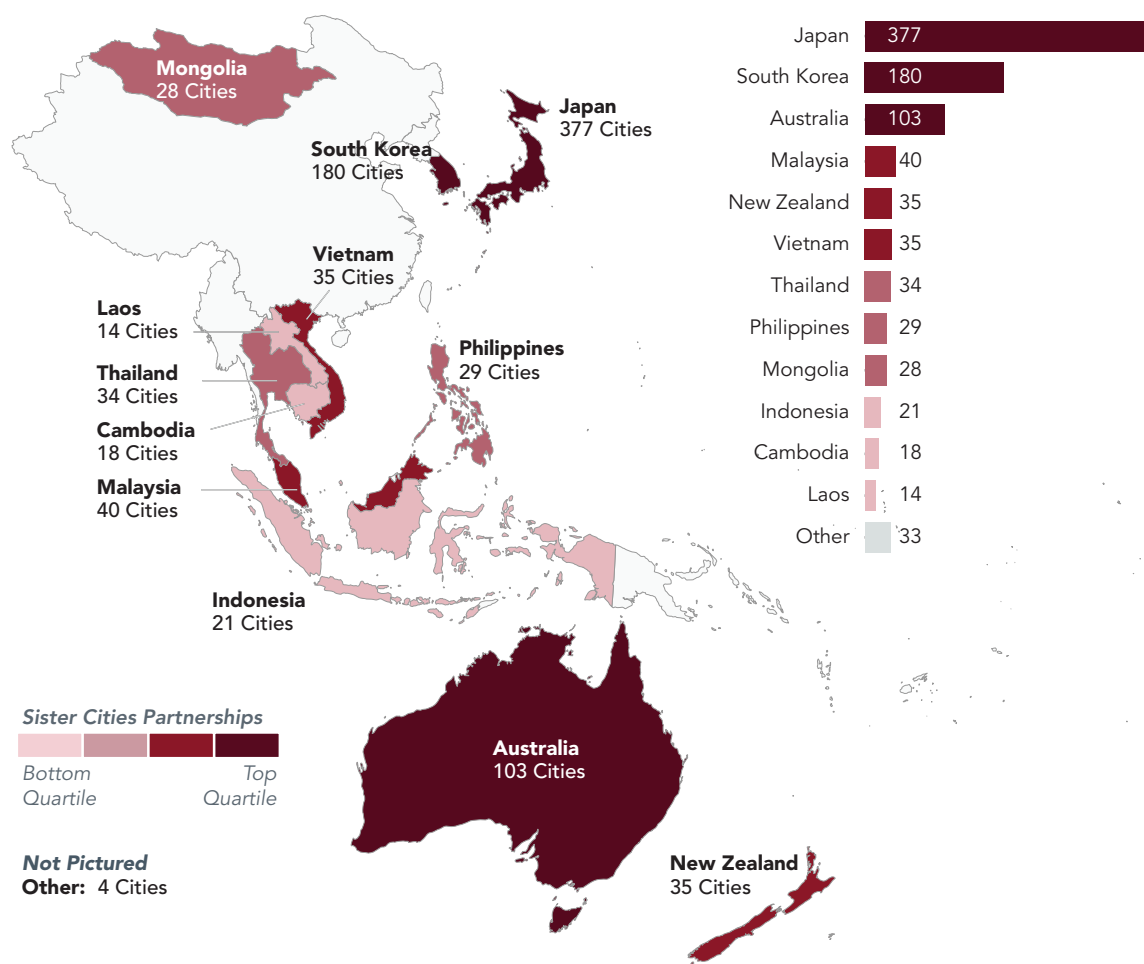
**Confucius Institutes per Country, 2016****Running Total of Confucius Institutes by Recipient Country Income Level****New Cultural Centers, Confucius Institutes, and Festivals per Year\***

\* Data for cultural events and official visits in 2016 was not available at the time of this study. Only years 2000-2015 are included in this chart.

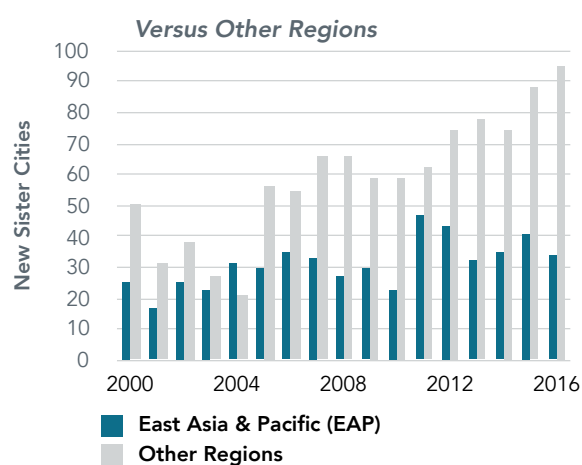
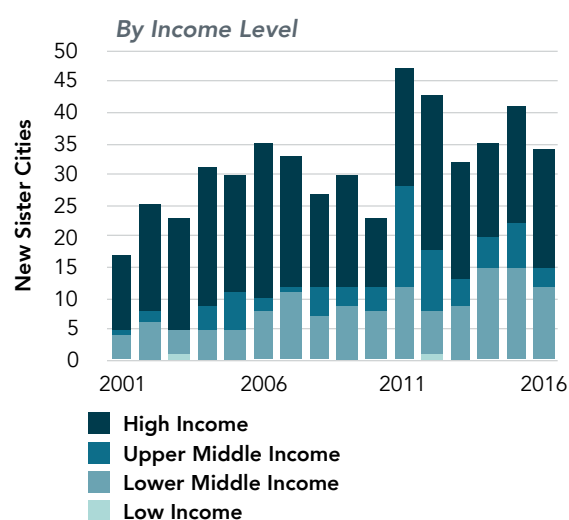
**Sources:** For cultural centers, AidData's Global Chinese Official Finance Dataset, Version 1.0; for cultural events, China Foreign Affairs Yearbooks (2000-2015); for Confucius Institutes, Xiang and Huang (2015) and Hanban (n.d.).

Figure 3: China's Exchange Diplomacy By the Numbers

## Chinese Sister Cities per Country, 2016



## New Sister Cities in EAP



Sources: CIFCA (n.d.), plus supplemental data from targeted Internet searches for Japan and Malaysia.

China is opening new CIs at breakneck speed, with over 525 established since 2004, including 89 in the EAP region (Hsin-Huang & Yang, 2014; Hanban, n.d.). Beijing also set up 1,073 of the smaller Confucius Classrooms, of which 159 are based in EAP countries, surpassing China's goal of 500 CIs and 1,000 Confucius Classrooms by 2020. China initially emphasized opening new CIs in the EAP region in its rapid growth phase between 2004–2007 (Yuan et al., 2016).<sup>22</sup> It has since slowed its pace, as Beijing shifted from measuring success in terms of sheer number of new CIs to improving the reputation, quality, and standardization of existing services (Liu, 2015). Beijing's ambition is for its network of CIs to serve as a central distribution system for Chinese language and cultural communication training globally, in order to make Mandarin a widely used language worldwide (Ministry of Education, 2013).

As we will see in Chapter 3, local perceptions of CIs can fluctuate widely between those who push back against what they see as propaganda infiltrating local universities and those with a more sympathetic view that these institutes add value, or at least do limited harm. CIs satiate a greater demand for Mandarin language training spurred by a Free Trade Agreement between China and Association of Southeast Asian Nations (ASEAN) countries that took effect in 2010 (Wong, 2010; d'Hooghe, 2014). However, critics express concern that CIs exert undue influence on behalf of the Chinese government with local universities and inhibit freedom of speech by actively shutting down conversations around issues sensitive to Beijing, such as Tibet, Taiwan, maritime claims, and the Falun Gong (Paradise, 2009; Hartig, 2014).

Even in the face of pressure from the Chinese government, Vietnam has been one of the most reticent countries in the region to receive a CI. As one senior Vietnamese education official argued, "in the view of Vietnamese people, Confucius Institutes are nothing but a political organ [of China]...[if a] Confucius Institute is established in Vietnam, it is synonymous with the Vietnamese government's confirmation of [its] subordination to China" (Giang, 2009, as quoted in Nguyen, 2014, p. 96). Ross Babbage, a former senior intelligence analyst for the Australian government, also opposed the New South Wales Department of Education hosting a CI (Lim & Furze, 2017). However, others argue that Chinese voices should also be heard based on freedom of expression (Gil, 2018).

### 2.1.3

#### **China vies to influence the world's best and brightest with its exchange diplomacy**

Relationships are central to Beijing's public diplomacy efforts, and it uses a variety of exchange programs—from scholarships to visit or study in China, to sister cities which foster ties between community and business leaders—targeting current and future opinion

makers across all sectors of society. The aim of these exchange programs is to create personal relationships between Chinese people and their counterparts in receiving countries to build trust and grow a "cadre of willing interpreters and receivers" (Metzgar, 2015, p. 226) that adopt China's norms and values in the political, social, economic, or foreign policy spheres (Huang, 2005; Luo, 2014; Hartig, 2016a).

Sister cities, or "city diplomacy," are tools of exchange diplomacy that China has embraced to foster greater interaction between local-level officials and business leaders in other countries with their Chinese counterparts (Pluijm & Melissen, 2007). China has brokered over 2,500 sister city arrangements since the first in 1973. This diplomacy matches a "twin" Chinese city, town, or province with a foreign counterpart (CIFCA, n.d.; Acuto et al., 2016).<sup>23</sup> The focus of these agreements may vary, but they often entail a commitment to increasing trade relations, sponsoring cultural festivals and exhibitions, partnerships on issues of mutual interest (e.g., education, environment), as well as knowledge sharing and capacity building. Figure 3 gives an overview of China's sister cities program as an example of its exchange diplomacy, including the distribution of sister cities in the EAP and over time.

More than one third of China's sister cities are in the EAP region, which has seen a 115% surge in these friendship arrangements from 440 in 2000 to 950 in 2018. However, China may be broadening its focus beyond its backyard, as the number of sister cities is growing comparatively faster in regions other than EAP. High-income countries (e.g., Japan, Australia, South Korea) and geographically proximate neighbors (e.g., Malaysia, Vietnam, Thailand) are the locations of the vast majority of China's sister cities in EAP, which allows Beijing to make inroads with leaders and citizens in these high priority countries.

China has also positioned itself as a premier destination for international students to complete their education, leading to a huge uptick in foreign students from 85,000 in 2002 to 442,000 in 2016—a 420% change (China Power Team, 2017; Bislev, 2017).<sup>24</sup> The lion's share of these international students are from EAP countries (41%), which is double or triple the representation from other regions. Nonetheless, China is clearly looking to attract students from further afield and is achieving some success, as the number of students from regions outside of EAP is growing rapidly over time, particularly from Africa (Chinese MoFA, 2000–2015; Breeze & Moore, 2017). Figure 4 shows a breakdown of international students in 2016 from the EAP region studying in China.

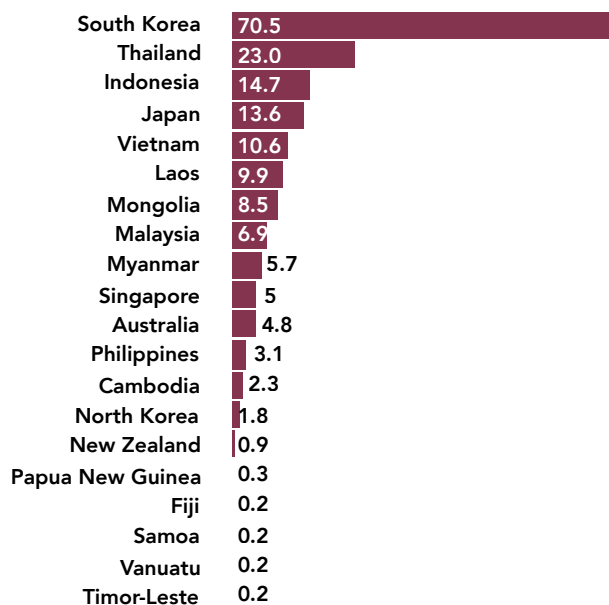
Beijing has made substantial inroads to harness its educational offerings in service to "the nation's diplomatic strategies" (Metzgar, 2015, p. 224)—attracting international students through scholarships, loosened visa requirements, and cooperative

agreements (Kurlantzick, 2007). In close collaboration with China's leading C9 League universities (the Chinese equivalent of the US Ivy League), the Chinese government is actively cultivating greater awareness of, and interest in, opportunities for foreign nationals (Metzgar, 2015, p. 231), arranging trips to China for school principals from other countries, and providing Chinese language teachers to work with university, secondary, and even primary school students (Kurlantzick, 2007).

Recognizing that today's top students may be tomorrow's political leaders, intellectuals, and experts, China has launched a prestigious scholarship program called the Yenching Academy based at Peking University. The scholarship is similar to the Fulbright and Rhodes Scholarship programs (Yang, 2007; Metzgar, 2015; Nye, 2004).<sup>25</sup> China is also experimenting with training and exchange programs for professionals, such as those targeted towards journalists, cultural leaders, politicians, and the military. Beijing's efforts to expand and diversify its exchange activities could indicate both a desire to socialize a wider cadre of future leaders in favor of—or at least sympathetic to—its views.<sup>26</sup>

**Figure 4: International Students in China by Country**

*Number of international students in 2016 (thousands)*



**Sources:** China Power Team (2017); China Foreign Affairs Yearbook (2000-2010).

## 2.1.4

### China's infrastructure investments dwarf the rest of its financial diplomacy overtures

As the world's second largest economy, China has made headlines for its deep pockets and apparent willingness to use its power of the purse as a tool of public diplomacy to improve its relations with foreign leaders and citizens. In EAP alone, Beijing's financial diplomacy comes with a hefty price tag of over US\$48 billion between 2000-2016, according to our estimates.<sup>27</sup> Our measure of financial diplomacy includes four categories of Chinese official finance that are likely most visible to citizens or leaders, such that they could effectively sway their perceptions of China: infrastructure investments (US\$45.8 billion), humanitarian aid (US\$273 million), budget support (US\$613 million), and debt relief (US\$90 million).

Infrastructure investments comprise 95% of China's financial diplomacy targeted to EAP countries, dwarfing the three other categories (see Figure 5).<sup>28</sup> These investments serve as visible reminders of China's generosity to improve the lives of foreign citizens (e.g., transportation facilities, schools, hospitals, and power stations) or those of leaders (e.g., government office buildings).<sup>29</sup>

Beijing may derive benefits from these infrastructure investments that are financial (e.g., collecting interest payments on loans), reputation-based (e.g., being seen as helping another country), and strategic (e.g., being a major shareholder in an emerging economy).<sup>30</sup> In return, recipient countries get access to (relatively) unrestricted funding at a scale that they likely cannot get from traditional donors and lenders.

Beijing's signature infrastructure initiative, BRI, is an unprecedented US\$1 trillion undertaking to develop a regional transportation network of railways, roads, pipelines, ports, and telecommunications facilities to integrate the Silk Road Economic Belt and the Maritime Silk Road (Perlez & Huang, 2017). With BRI, China is poised to not only unlock economic dividends through lowering transaction costs for the exchange of goods, services, and capital, but also strengthen communication linkages that facilitate the exchange of ideas, people, and information with other countries in the region (Albert, 2018).

China invests less in humanitarian assistance, budget support, and debt relief compared to its infrastructure investments. However, the former are still important tools to sway public opinion or garner praise from foreign leaders. Beijing's provision of humanitarian assistance to help other countries cope with natural disasters (e.g., typhoons, hurricanes, earthquakes) allows it to ingratiate itself in the eyes of citizens and leaders at a time when they are particularly open to these overtures.

In granting budget support rather than projectized aid, China can position itself favorably with government elites that appreciate the flexibility of un-earmarked funding. Beijing may also use the carrot of debt relief to reward policymakers for acting in line with its objectives. Cambodia is a case in point. China announced a US\$90 million debt forgiveness package shortly after Cambodia used its position as chair of the 2016 ASEAN summit to block a statement on the South China Sea (Baliga & Sokheng, 2016; Sothoeuth, 2016).

China's financial diplomacy is accompanied by great fanfare (Hanson, 2008a). The Chinese government often bundles its agreements together and holds high profile signing ceremonies with the media in attendance. Such visibility can be a double-edged sword. This show of generosity may raise awareness among foreign citizens of China's overtures, but it could provoke skepticism or public outcry if projects are delayed, deferred, or appear to create an undue dependence on another country. We explore some of these impressions on the ground in our three country case studies in Chapter 3.

China differentiates its financial diplomacy from that of Western donors through espousing a principle of non-interference in the domestic policies of its partner countries (Lum et al., 2008). For EAP leaders, this promise of aid without the strings Western nations have traditionally attached (i.e., commitments to democracy, human rights, free trade) is attractive (Lum et al., 2008). While China's financial support fills "a void left by the West" (Sun, 2014), critics raise the possibility that Beijing's ready supply of capital may lead its recipients to debt insolvency as they enter into repayment (Pryke, 2018; Abbey, 2018).

Moreover, as we will discuss in Chapter 3, interviewees from EAP countries often argue that Beijing uses financial diplomacy to extract security or economic concessions from other countries. If this is correct, there may in fact still be strings attached with Chinese financing, but of a different form as compared to the typical conditionalities of Western donors.<sup>31</sup> Figure 5 provides an overview of the distribution of China's financial diplomacy in the EAP region by sector, country, and type.

### 2.1.5

#### **China exploits policy windows to capture leaders' attention with elite diplomacy**

Sometimes it pays to go right to the top. China entertains more visiting dignitaries and elites each year than any other nation, while its own leaders travel to receiving countries regularly (Shambaugh, 2014). In cultivating relationships with political, military, and business elites, Beijing emphasizes the win-win nature of closer ties to China, such as offering support without conditions and its commitment to not meddle in other countries' domestic issues (Kurlantzick, 2007). In

addition to being a ready supply of capital to finance the priority projects of elites, Beijing may enhance the standing of a foreign leader by publicly announcing its support for the leader's policies or positions.

Although the frequency of official visits between China and EAP countries has slowed subsequent to its peak in 2001, Beijing's elite-to-elite diplomacy plays well in the EAP, where several government executives have authoritarian tendencies and find China's embrace of their top-down control a welcome alternative to remonstrations from the West (Kurlantzick, 2006). This attitude is underscored by Cambodia's Secretary of State Phay Siphon who stated, "the power of China is getting much bigger . . . we choose China because [its investment] does not come with conditions" (Kynge et al., 2016).

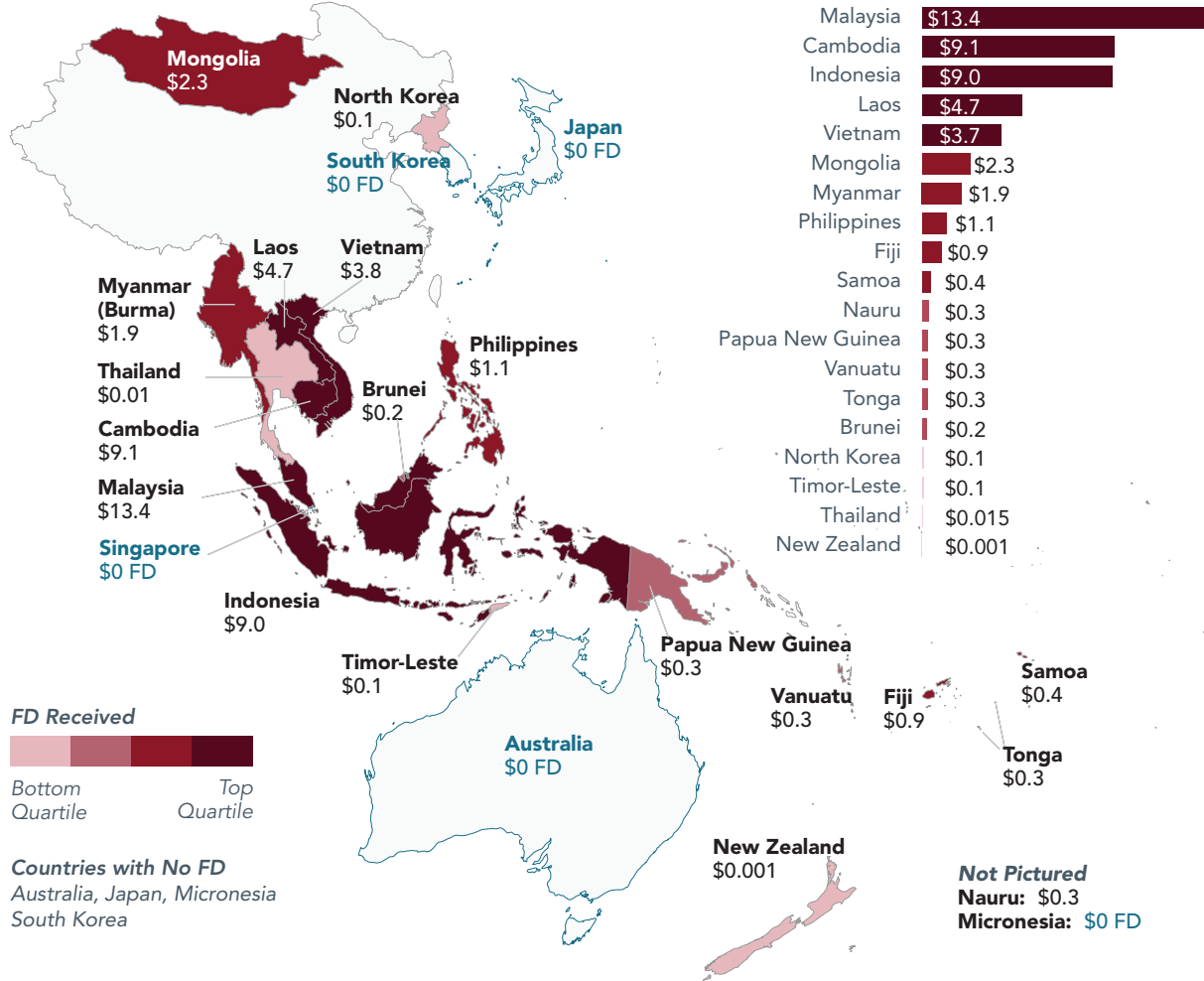
In addition to cultivating relationships between civilian leaders, military diplomacy is another important tool that China adopts at the elite level to build relationships and convince counterparts that its rising power in the region is peaceful and not threatening (Smith, 2016; Tiezzi, 2015). President Xi has publicly emphasized the integral role of military diplomacy within China's foreign policy strategy (Xinhua, 2015), which was further affirmed by a recent press release on further developing China's military diplomacy (State Council Information Office of PRC, 2017). Figure 6 gives an overview of China's elite-to-elite diplomacy in EAP.

A significant surge in visits and exchanges between military leaders from China and other countries attests to the fact that Beijing is backing up its public affirmations of military diplomacy with action. According to Jost and Strange (2018), nearly half of all official visits or exchanges between China and other countries are led by military officers. Asia, the most highly prioritized region for military diplomacy, accounts for 41% of all military-to-military visits between 2003 and 2016 (Allen et al., 2017). Beijing seeks to broaden its inroads with elites through courting military leaders that often have substantial influence in many EAP countries. China's civilian leaders may also derive additional benefit from deploying military leaders who can utilize their expertise to "acquire and distribute defense information and technology," while maintaining existing diplomatic relations (Jost & Strange, 2018).

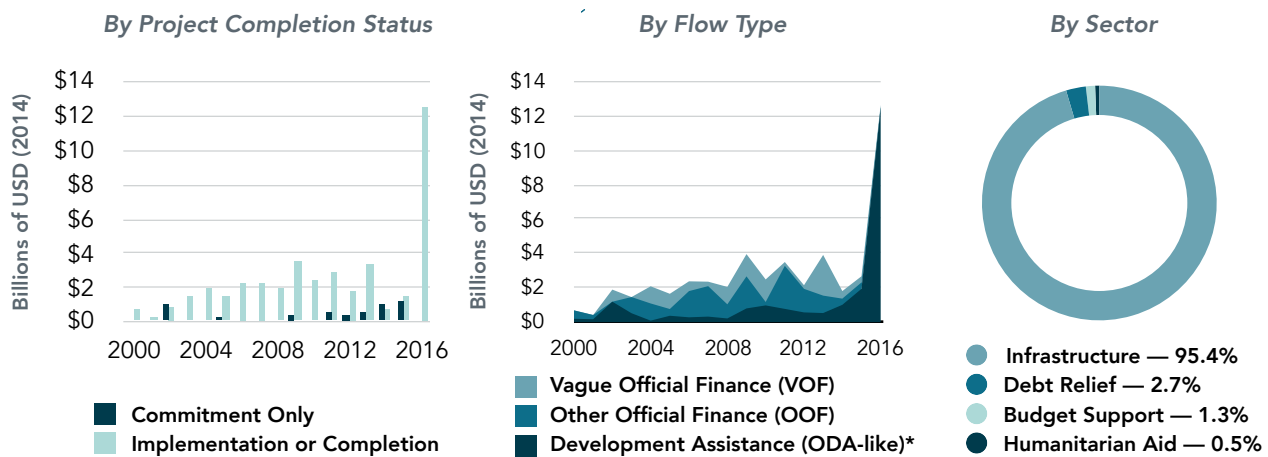
China is said to be opportunistic in when, where, and how it engages with foreign elites. Some argue that it exploits "policy windows" (Kingdon, 1984)—such as those created by domestic political transitions or the weakening of ties with other powers—as an opening for Beijing to garner favor with civilian, military, and business leaders (DiLorenzo & Cheng, 2017; Kurlantzick, 2006).

Figure 5: China's Financial Diplomacy By the Numbers

**Chinese Official Finance with Diplomatic Intent, 2000-2016**  
(USD billions, deflated to 2014 Constant USD)



**Official Finance with Diplomatic Intent, 2000-2016**



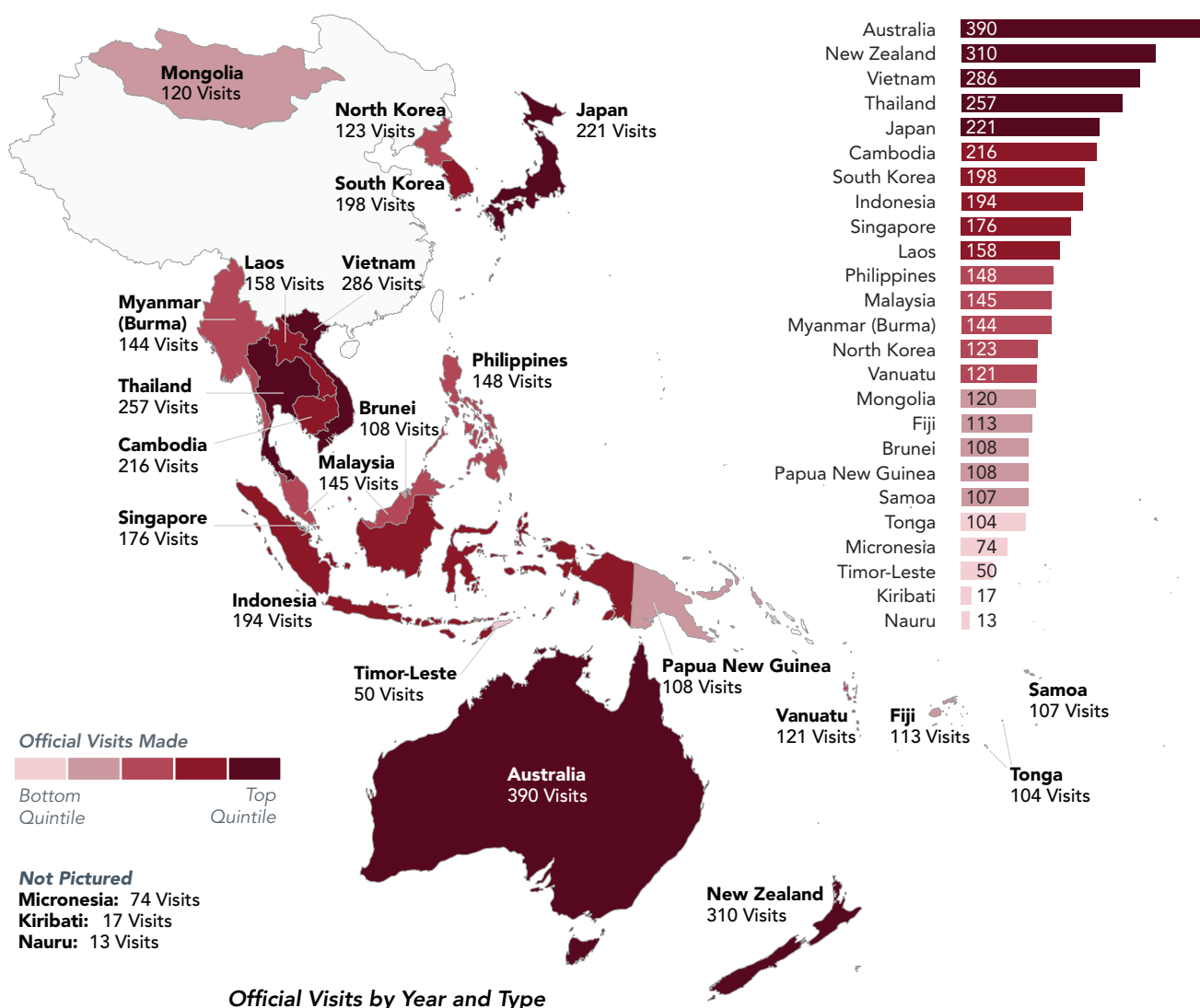
\* This funding includes at least a 25% grant element, which is the standard set by the OECD's Development Assistance Committee (DAC) for Official Development Assistance (ODA). Since China is not a DAC donor, AidData classifies these funds as "ODA-like" and funds that are not ODA-like as OOF. VOF represents financial flows that cannot be classified as either ODA-like or OOF.

**Notes:** The 2016 funding spike is driven by a large infrastructure project committed to Malaysia as part of the Belt & Road Initiative.

**Source:** AidData's Global Chinese Official Finance Dataset, 2000-2014, Version 1.0 (plus extended data to 2016 for the EAP region).

Figure 6: China's Elite-to-Elite Diplomacy By the Numbers

## Official Visits by Country, 2000-2015\*



\* This measure includes visits made by Chinese officials to an EAP country, as well as visits made by that country's officials to China.

Source: China Foreign Affairs Yearbooks (2000-2015).

## SECTION 2.2

### Which public diplomacy instruments does China favor and with whom?

Building upon the previous overview of China's public diplomacy toolkit, in this section we quantify Chinese public diplomacy over time and space, paying particular attention to which tools Beijing appears to favor and whether this varies by geographic context within the EAP region. In other words, is China's approach uniformly consistent, or is there variation in how it deploys its public diplomacy tools to respond to conditions in different countries?

For this analysis, the authors collected the best available information on China's public diplomacy activities during the period of 2000-2016 in 25 EAP countries from academic datasets, government records, previous studies, and AidData's own TUFF methodology. Data limitations preclude us from capturing the full breadth and depth of China's public diplomacy activities; however, this study breaks new ground by quantifiably measuring a much broader range of activities than has been previously attempted in the policy or academic literature.

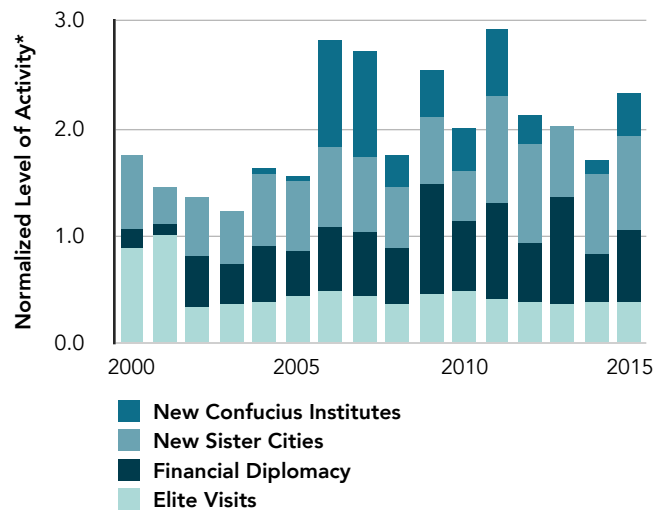
In this section, we quantify the scope and direction of Chinese public diplomacy using proxy measures which coincide with four of the five public diplomacy strategies previously discussed: Confucius Institutes (cultural diplomacy), sister cities (exchange diplomacy), high-level visits (elite-to-elite diplomacy), and official finance with diplomatic intent (financial diplomacy). These proxy measures are a rough barometer of China's public diplomacy activities over time and in different countries. These proxy measures are defined in Table 2. While some of the measures studied, particularly CIs and sister cities, may only directly impact a small number of people in a particular country, they shed light on Beijing's broader public diplomacy decision-making and, in this respect, are a good approximation for how China aims to build inroads in the EAP region.

Since our four proxy indicators involve different units of analysis (e.g., number of sister cities, dollars allocated), we have to normalize these disparate values using a common scale (see Figure 7). The authors developed two normalized measures to compare China's public diplomacy activities across countries and time: the volume of China's public diplomacy received by a given country (engagement) and the composition of those activities (diversity) during the period of 2000-2016. Box 3 and Appendices A-3 and A-4 discuss the process used to collect and compare these data.

**Table 2: Proxy Measures for Quantitative Analysis of Chinese Public Diplomacy**

Category	Proxy Measure Used
<b>Informational Diplomacy</b>	N/A—insufficient data available to conduct comparable descriptive or statistical analysis
<b>Cultural Diplomacy</b>	Number of established Confucius Institutes present in an EAP country
<b>Exchange Diplomacy</b>	Number of sister city agreements between cities or provinces in an EAP country and China
<b>Financial Diplomacy</b>	Total amount of official finance dollars committed by China in assistance to an EAP country to provide budget support, humanitarian assistance, infrastructure investments, and/or debt relief
<b>Elite-to-Elite Diplomacy</b>	Number of civilian or military official visits at national or provincial levels between China and a given EAP country

**Figure 7: Public Diplomacy Portfolio Composition in EAP (Normalized Values)**



\* Y-Axis is normalized according to the highest value in each category.

**Notes:** This figure shows the mix of China's public diplomacy tools over time in the EAP region. Using normalized values to compare the different types of diplomacy, we see that China's portfolio composition has varied over time (e.g., a heavy focus on official visits in 2000 and 2001, and bursts of activity on CIs from 2006 and 2007). 2016 is not included because official visits were not available that year. If included, the chart would show a dramatic increase in financial diplomacy in 2016. See Appendices A-3 and A-4 for a description of our methodology.

**Source:** Normalized values for four measures of public diplomacy across time calculated by AidData.

### Box 3: Quantifying the Tools of Chinese Public Diplomacy

We collected data from a range of sources to create the most comprehensive quantitative look to date into China's public diplomacy efforts in EAP. Leveraging existing secondary data, as well as undertaking extensive new data collection, we first identified indicators for each type of Chinese public diplomacy activity. From those indicators we chose a representative proxy variable for each category of public diplomacy to use in our overall portfolio analysis and statistical models. While individual tools of public diplomacy may not impact a broad range of citizens or elites (e.g., CIs or sister cities), we believe the specified proxy variables are representative of China's engagement with a receiving country for that public diplomacy category. For more detailed information (including sources and data limitations), please see Appendices A-3 and A-4.

#### Informational Diplomacy

Given time and resource constraints for producing this report, we were unable to find enough systematic, comparable data for the countries and time period in the study to quantify informational diplomacy. Please see Box 2 and Chapter 3 for qualitative information on China's activities in this sphere.

#### Cultural Diplomacy

We initially collected data for three indicators of China's cultural diplomacy activities in the EAP: the cumulative number of CIs operating each year, the cumulative number of Chinese cultural centers operating each year, and the number of cultural events carried out each country-year (includes culture years, culture weeks, culture months, China tourism years, friendship years, friendship conferences, and culture festivals).

Of these indicators, we chose the number of CIs in each EAP country per year as our main proxy variable. We selected this proxy for cultural diplomacy for three reasons: (1) the data on cultural centers and cultural events showed very little variation on a country-year basis, which limits their utility for our statistical models (see Chapter 4); (2) correlation and principal component analysis shows that the CI measure represents the relevant variation for the measures as a group; and (3) Chinese CIs are mandated to deliver Chinese content (e.g., language, culture,

messages) and control the narrative around Chinese interests, which represents the approach and goals of this type of Chinese public diplomacy.

#### Exchange Diplomacy

We initially collected data on two measures of exchange diplomacy: (1) the cumulative number of sister or friendship city arrangements between a Chinese city or province and their counterparts in an EAP country; and (2) the number of students studying in China from each EAP country every year. Of these two indicators, we use the number of sister/friendship cities as the proxy variable to represent China's exchange diplomacy in each EAP country for our quantitative and statistical analysis. Our rationale for using sister cities as a proxy variable is as follows: (1) these arrangements most closely represent the type of relationship-building engagements that require ongoing, active participation from a Chinese institution (a city or provincial government) and their counterpart in an EAP country; (2) the number of students studying in China may be more representative of a given EAP foreign public's current perceptions and relationship with China, rather than China's efforts to create new exchange opportunities. There is a moderate correlation between the number of international students in China from an EAP country and the number of sister cities in that country.

Given additional time and resources, we would recommend that further research seek to collect yearly data on China's efforts to deploy exchange tools in other countries, such as the number of scholarships offered by the Chinese government, the number of medical teams deployed, or the number of political or technical training exchanges carried out between China and other countries.

#### Financial Diplomacy

To measure how China may be leveraging its power of the purse to woo foreign publics and leaders, we isolated official government financing from China to EAP countries that likely has the most diplomatic intent: direct budget support, debt relief/restructuring, humanitarian relief programs, and investments in infrastructure within the country. We use the aggregate amount of these flows per EAP country-year as a proxy for China's total financial diplomacy in each country. These data represent information curated from

official and unofficial sources using AidData's TUFF methodology, and represent the most complete estimates for Chinese official financing activities available. The TUFF methodology captures information on Chinese official finance investments from four sources: (1) English, Chinese, and local-language news reports; (2) Chinese ministries, embassies, and economic and commercial counselor offices; (3) the aid and debt information management systems of finance and planning ministries in counterpart countries; and (4) case studies and field research undertaken by scholars and NGOs.

#### Elite-to-Elite Diplomacy

We quantify China's efforts to build close, meaningful relationships with other EAP elites using the total number of high- and provincial-level visits with Chinese government and military (including those occurring either in EAP countries, in China, or in a third-party location). If China is interested in building closer relationships and garnering greater influence with a particular EAP, we would expect China's elites to spend more time and effort in engaging those elites with various forms of visits and direct interactions. As such, we believe this is a reasonable measure of China's engagement in elite-to-elite diplomacy.

#### Normalizing China's Public Diplomacy Activities Using a Common Scale

To create a measure of engagement, we normalized the four variables (sister cities, high-level visits, CIs, and financial diplomacy) across time to a scale of 0-10. We then combined their scores, giving equal weight to each type of public diplomacy. To create the diversity score, we took the normalized scores of the four public diplomacy types for each country, and calculated the distance between what we would expect for a well-balanced portfolio, where each type of public diplomacy accounts for 25% of the total engagement.

For example, if China's public diplomacy efforts in Japan were split equally between sister cities, CIs, and official visits, but it received no financial public diplomacy, we would calculate its diversity score as follows:  $|(33\%-25\%|+|(33\%-25\%|+|(33\%-25\%|+|(0\%-25\%|) = 0.49$ . To transform these scores so they are more intuitive (with higher values representing higher levels of diversity), the value was then inverted using this equation:  $2 - (\text{diversity score, e.g., } 0.49 \text{ in the example above}) = 1.51$ .

### 2.2.1

#### **China is not only ramping up its public diplomacy efforts across the board in EAP, but is also diversifying its efforts with Confucius Institutes and an uptick in financial diplomacy**

China dramatically increased its cultural, exchange, and financial diplomacy in the EAP region between 2000 and 2015 (see Figures 6 and 7). The Chinese government opened new Confucius Institutes (CIs) in EAP countries with breakneck speed: 18 a year from 2005 to 2007, with another burst of activity in 2011, and a subsequent slowdown to three or four new CIs on average per year through 2016. It expanded its financial diplomacy with EAP countries during the 2000 to 2015 period, which we expect to continue in future years in light of Beijing's commitments made under the Belt and Road Initiative. Sister cities remain an important part of China's engagement with countries in the region. However, China appears to be increasingly selective in how it uses official visits, as this was the sole measure that saw a continued decline in activity during the period of study.

### 2.2.2

#### **Beijing strategically targets a different mix and volume of public diplomacy tools to EAP countries in light of anticipated risk and reward**

China appears to be strategic in how it targets its public diplomacy efforts in light of anticipated risk and reward. Specifically, China substantially varies the amount and mix of tools it deploys across EAP countries. Figure 8 shows how China's level of engagement and the diversity of tools it uses varies between different groups of EAP countries.

Japan, South Korea, and Australia attract the highest volume and most diverse set of inbound Chinese public diplomacy activities. While these high-income countries do not receive any financial diplomacy from China, they receive a disproportionate share of Chinese sister cities, CIs, and official visits compared to other EAP countries. This may imply that China feels the need to export a positive image of itself to the citizens and leaders of those countries with the greatest ability, in light of their economic, diplomatic, and/or military assets, to undermine or strengthen China's geostrategic position.

However, these overtures by China can also provoke something of a backlash. One such negative reaction is visible in Australia from scholars like Fitzgerald (2018b) who are concerned about the country's porous borders in the face of sophisticated efforts by Beijing to mobilize the Chinese diaspora to project its values, as well as its use of "clandestine influencing operations" alongside more mainstream public diplomacy. The Australian media is also decidedly less sanguine about the motives behind Chinese public diplomacy efforts, and this skepticism has provoked a "war of words"

between Australian- and Chinese-owned media outlets (Sun, 2018).

Indonesia, Cambodia, Malaysia, and Thailand receive the second highest volume of public diplomacy activities from China in the EAP region. Beijing wields financial diplomacy as its preferred instrument for cultivating relationships in the first three countries. Thailand does not attract similar investments, but receives a higher share of CIs. Official visits are also an important public diplomacy tool for China in all four countries; however, these countries are far less likely to establish sister city arrangements. China's interest in Indonesia and Malaysia may be partly due to the fact that these are two of the largest ASEAN member countries in population and the economy size. Meanwhile Cambodia and Thailand may be particularly open to China, as they have had more estranged relationships with the West.

In the case of Thailand, this may be partly attributed to Western countries "souring" on Bangkok following a controversial military coup in May 2014 (Rutigliano, 2018; Kurlantzick, 2018). However, Zawacki (2017) makes the argument that Thailand has been drifting toward China for some time, perhaps due to Bangkok's embrace of authoritarian capitalism and the better integration of the ethnic Chinese diaspora in Thailand than is the case in other Southeast Asian countries (Kurlantzick, 2018). Meanwhile, Cambodia's willingness to support Beijing's positions in bodies such as ASEAN has "left the strong impression that [it is] a mouthpiece for China" (Kawashima, 2018). Beijing may value Cambodia not only as a market for its exports, but as a willing partner in advancing its interests in international fora even in the face of pressure from the West (Thul, 2017; Chen, 2017).

The remaining ASEAN countries (e.g., Philippines, Myanmar, Laos, Vietnam), along with Mongolia, Fiji, and New Zealand still receive a diverse mix of Chinese public diplomacy activities, but the overall level of Beijing's engagement with these countries is substantially lower than with the two previous groups. Noticeably, these countries still have substantial, but relatively smaller economies (in nominal GDP) than those that get more public diplomacy attention from Beijing, with the exception of Cambodia (IMF, 2018).

The Philippines will be an interesting case to watch in the future to see if these trends change over time. Our quantitative data on Chinese public diplomacy activities only goes through 2016, which was a consequential year for Chinese-Filipino relations (see Chapter 3), with the election of President Rodrigo Duterte, who has publicly expressed more favorable views towards Beijing than his predecessor. It remains to be seen if these warmer relations at the top will translate into an uptick in China's public diplomacy efforts in the Philippines.

On the surface, China engages in limited public diplomacy with some of the less populous EAP countries—Samoa, Tonga, Micronesia, Kiribati, Vanuatu, Timor-Leste, Micronesia, Singapore, Brunei, Papua New Guinea—in terms of the absolute volume of its activities. Yet, strikingly, China's public diplomacy engagement per capita in these countries easily outstrips that of Japan and South Korea (the countries with the highest level of absolute public diplomacy engagement). Notably, the preponderance of China's engagement with these less populous EAP countries is in the form of official visits (90% on average).

As we will discuss in Chapter 3, two possible drivers of China's outsized per capita engagement in the Pacific could be Beijing's interest in reducing the number of countries that provide diplomatic recognition to Taiwan, and its desire to mobilize support in multilateral international fora, such as United Nations. Singapore and Brunei have relatively large economies, despite their small populations, which may partly explain Beijing's interest in these two countries. While we include information on Chinese public diplomacy to North Korea, we recognize that this may be under-reporting the actual level of engagement which is fairly opaque.

## SECTION 2.3

### Concluding thoughts

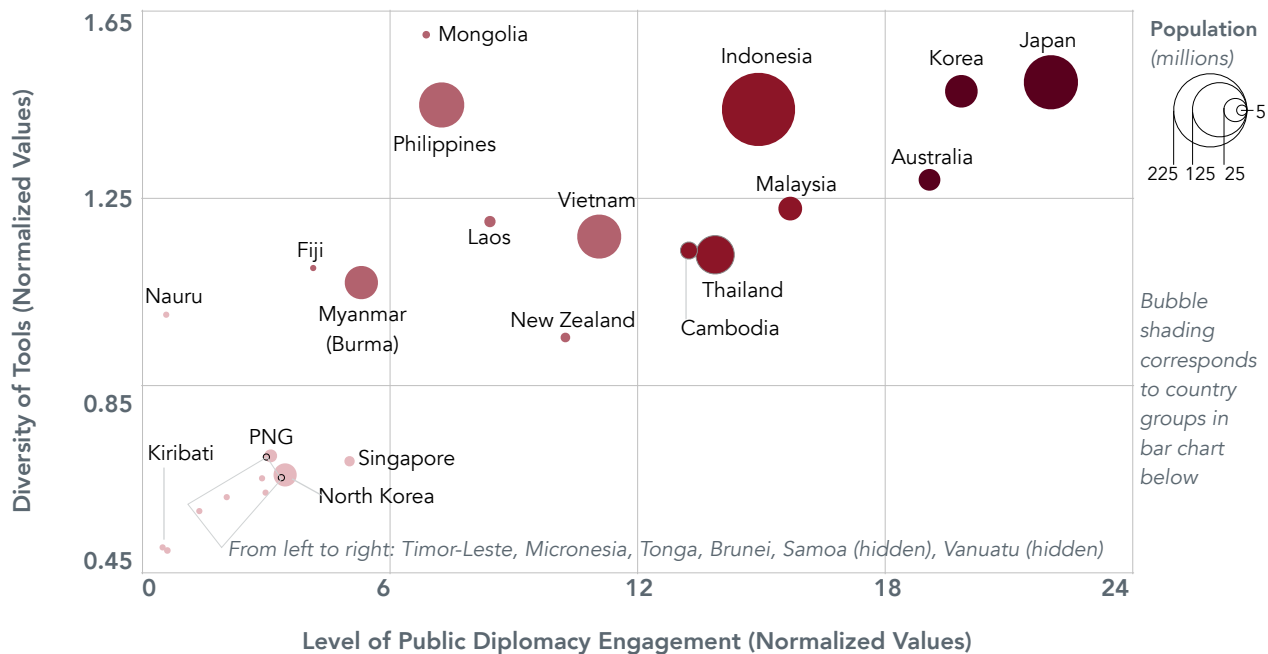
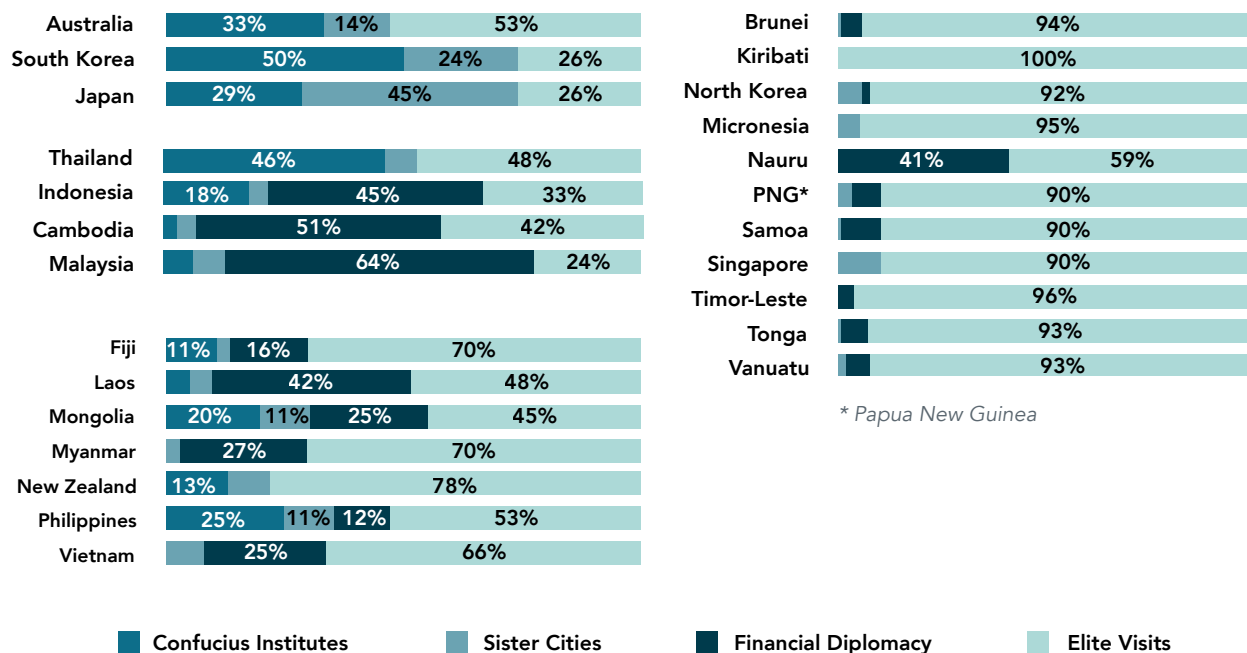
In this chapter, we gained a better understanding of which instruments are in China's public diplomacy toolkit, as well as how and when it wields them to advance its objectives in the EAP region. We have seen that China does not have a one-size-fits-all strategy, but rather appears to vary the scope and composition of

how it engages EAP countries with its public diplomacy efforts based upon anticipated risks and rewards.

In deploying its public diplomacy tools, Beijing takes a centralized approach orchestrated by the Chinese government or state-owned enterprises (SOEs) which can create both advantages and disadvantages. On the one hand, centralization allows for a more unified message (i.e., many activities or actors speaking with one voice), but this may come at the cost of the intended target audience for these overtures viewing them as propaganda (Brady, 2017; d'Hooghe, 2014; Nguyen, 2014).

We have also seen that China enthusiastically embraced public diplomacy as a foreign policy tool, underscored by a growing volume and diversification of its efforts over the period of study (2000-2016). But what is it hoping to achieve for its efforts? Our descriptive analysis alluded to several possible motivations for China's "public diplomacy efforts," from the desire to quell general disquiet about its intentions, to advancing specific ends such as cultivating new markets for Chinese businesses and influencing countries to comply with its foreign policy positions and security needs.

In Chapter 3, we turn from the macro-level analysis of China's public diplomacy inputs across the region to a grassroots perspective on how these overtures are perceived in three EAP countries—the Philippines, Malaysia, and Fiji—through interviews with 76 public, private, and civil society leaders. This is supplemented by an additional literature review to corroborate facts and elaborate on themes raised by interviewees in order to ground our discussion of China's public diplomacy efforts from the vantage point of those Beijing seeks to influence.

**Figure 8: China's Public Diplomacy Footprint in the EAP Region****Level of Public Diplomacy Engagement versus Diversity of Tools Used by China Across EAP Countries****Composition of China's Public Diplomacy Activities by Country**

**Notes:** Scores (for the level of overall engagement and diversity of public diplomacy tools) use normalized values to compare the four different types of diplomacy in each country. See Appendix A-4 for a description of our methodology. Composition refers to the mix of public diplomacy tools used by China in a given country.

**Source:** AidData.

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- <sup>14</sup> In fact, China poses a particularly difficult challenge to policy and academic researchers because it does not participate in generally-accepted international reporting mechanisms, such as the Organisation of Economic Co-Operation and Development's Development Assistance Committee (OECD-DAC) that tracks countries' international development financing flows.
- <sup>15</sup> According to former Chinese President Hu Jintao's statement regarding the initiative, China "will build a modern media system and enhance the power of news media for domestic and world service so as to create a favourable social environment and atmosphere for public opinion" (Si, 2014).
- <sup>16</sup> The growth in China's international broadcasting is particularly impressive since much of this expansion occurred only since 2005.
- <sup>17</sup> One hundred forty bureaus are outside China. Languages include Chinese, English, French, Russian, Spanish, Arabic, Portuguese, and Japanese (Yang, 2015).
- <sup>18</sup> Languages include Chinese, English, French, Russian, Spanish, Arabic, and Japanese.
- <sup>19</sup> Countries include Australia, Japan, South Korea, Singapore, Malaysia, Thailand, Indonesia, Myanmar (Burma), and the Philippines (China Daily, 2018).
- <sup>20</sup> President Hu Jintao called for increased focus on cultural diplomacy as part of China's "going global" campaign. Speaking to the CCPCC in late 2011, President Hu argued, "We must clearly see that international hostile forces are intensifying the strategic plot of Westernizing and dividing China, and ideological and cultural fields are the focal areas of their long-term infiltration," (Hartig, 2016b).
- <sup>21</sup> Confucius Classrooms are often established in secondary schools either as satellites to larger Confucius Institutes in the country, or as stand-alone institutions with a much smaller sphere of influence and fewer resources. These classrooms provide access to language classes, Chinese cultural materials, and cultural events for the host school or the community (Lien et al., 2011).
- <sup>22</sup> Global figures for cultural centers and cultural events not collected due to time constraints.
- <sup>23</sup> Sister city arrangements are often brokered by third party organizations, such as the China International Friendship Cities Association, which helps pair Chinese cities or provinces with cities and provinces abroad (CIFCA, n.d.).
- <sup>24</sup> This data comes from the China Foreign Affairs Yearbooks for 2002-2015. AidData collected data for the years 2002-2010, and used the data provided by ChinaPower collected from the same source for 2011-2016 (China Power Team, 2017). Data for 2000-2001 is not available.
- <sup>25</sup> Schwarzman Scholars at Tsinghua University is another prestigious scholarship recently started at a Chinese University, though this program was sponsored by a non-state actor, Stephen Schwarzman, who is a businessman based in the U.S. (Metzgar, 2015).
- <sup>26</sup> An additional form of exchange diplomacy China uses is sending medical teams abroad to train and interact with experts and communities in other countries. For example, each medical team China dispatches to an African nation is sent from one province in China, creating a "buddy system" between particular provinces in China and states in Africa (Kwete, 2017).
- <sup>27</sup> To estimate China's financial diplomacy footprint, AidData tracks two types of financing vehicles: official development assistance (ODA or "aid"), which meets OECD standards that the flow is highly concessional in its terms (i.e., including a grant element of at least 25%), and other official flows (OOF), which are less concessional and more commercially and representationally oriented. See OECD (2018).
- <sup>28</sup> Common categories of infrastructure investments include transportation (e.g., railways, highways, airports); service delivery (e.g., school buildings, hospitals); entertainment and real estate (e.g., sports stadiums, convention centers, housing complexes); electricity (e.g., dams, power stations); government buildings (e.g., executive branch buildings, legislative buildings).
- <sup>29</sup> These large infrastructure projects may also have negative consequences, such as for those displaced by a dam or road structure.
- <sup>30</sup> The steep increase in financing in 2016 reflects funding for a major railway project in Malaysia for US\$12 billion (part of China's Belt and Road Initiative).
- <sup>31</sup> China may be leveraging its financial diplomacy to pressure countries to align with China's interests by threatening to cancel projects or cut off its official financing support (d'Hooghe, 2014, p. 189). Two examples are cited by d'Hooghe (2014). One, after Vietnam invited Taiwan to the 2006 Asia-Pacific Economic Cooperation (APEC) summit in Hanoi, China suspended US\$200 million in aid to Vietnam. Two, many believe China pressured Cambodia to side with China in a 2012 ASEAN ministerial meeting when discussing the South China Sea, leading to (at the time) an unprecedented failure by ASEAN to issue a joint communique on the subject.

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## CHAPTER THREE

# How do other countries perceive China's public diplomacy efforts and its influence?

Beijing seeks to attract friends and allies throughout the EAP region in the hope of changing the narrative from the 'China threat' to a story of its peaceful rise. In Chapter 2, we discussed in the abstract how the volume and sophistication of China's public diplomacy efforts has undisputedly grown in recent years. Yet, practitioners and scholars remain skeptical of how these overtures are perceived by those Beijing seeks to influence.

In this chapter, we draw upon interviews with 76 government officials, private sector leaders, civil society representatives, academics, and foreign diplomats to understand how Beijing wields public diplomacy to achieve its objectives. Organized as three case studies, the chapter looks at Chinese public diplomacy from the vantage point of three EAP countries: the Philippines, Malaysia, and Fiji. The authors also conducted a supplemental literature review of research studies, opinion surveys, and news reports to corroborate facts and probe deeper into themes raised by the interviewees.

Interviewees shared their insights on the following topics: the extent and drivers of Chinese public diplomacy activities; perceptions of mainland China; and the results of Chinese public diplomacy-related interventions. Box 4 provides an overview of how the three countries and interviewees were selected. Additional information, such as the full interview guide and a breakdown of interviewees by stakeholder group and country for each of the case studies, is included in Appendix A-5.

### **Key findings in this chapter:**

#### **Philippines**

- *Support for President Duterte's domestic agenda, the "build, build, build" campaign, overshadows all other types of Chinese public diplomacy in the Philippines.*
- *China's public diplomacy overtures have won Beijing key allies and gains among the*

*Philippines' political elites, but they face an uphill battle to win over the average Filipino.*

- *The durability of China's foothold in the Philippines depends upon its follow-through, its ability to broaden support beyond Duterte, and the continued apathy of the West.*

#### **Malaysia**

- *Financial diplomacy dwarfs Beijing's other overtures and provokes criticism that these projects increase Malaysia's indebtedness only to advance China's security interests.*
- *A lack of sensitivity to Malaysia's domestic context on the part of Chinese companies and the Chinese embassy can undercut the efficacy of Beijing's public diplomacy overtures.*
- *Beijing has outsized influence in setting the terms for its economic deals, but it is uncertain how much its public diplomacy has won real concessions from Malaysian leaders.*

#### **Fiji**

- *Financial diplomacy and official visits are Beijing's favored tools to curry favor with elites and win over the Fijian public with demonstrations of its good will.*
- *Beijing has parlayed its public diplomacy overtures with Fijian leaders into a series of foreign policy wins, though its success is not without roadblocks.*
- *China had an unrivaled playing field over several years for its public diplomacy efforts to consolidate influence, but it will need to broaden its reach to keep this advantage.*

**Box 4: At a Glance — Country Case Study Methodology**

Five candidate countries were initially selected for the case studies (Cambodia, Myanmar, (Burma), the Philippines, Malaysia, Fiji) using the following criteria:

- Size of Chinese public diplomacy-related investments in the country
- Strategic importance to China in terms of economic, political, and military alliances
- Accessibility to relevant individuals across desired interviewee cohorts
- Representative of China's public diplomacy-related engagements in the broader EAP region

These five countries are all large recipients of Chinese development

assistance and investments, and they are good examples of countries where China has sought to leverage public diplomacy initiatives in service of broader geopolitical strategies. We ultimately selected three final case study countries—the Philippines, Malaysia, and Fiji—to conduct as part of this study based upon feasibility of implementation.

In constructing the sampling frame, the authors initially identified 15-20 policymakers and scholars in each country whose official responsibilities or scholarship gives them unique visibility on the inputs and outcomes of Chinese public diplomacy activities. We supplemented our initial set of interview candidates with snowball sampling, as interviewees recommended additional people knowledgeable about the topic. In each country, we sought to have representation among the interviewees from the following audience segments:

(1) academics, journalists, and think tanks; (2) current or former government officials from the executive and legislative branches; (3) business, social, or cultural organization representatives; and (4) representatives from foreign embassies that interact with both sending (e.g., China) and the receiving country officials.

Sixty-four semi-structured interviews were conducted in the three countries, with 76 individuals from four cohorts:

- Academics/Journalists/Think Tanks (Philippines-11; Malaysia-15; Fiji-5)
- Domestic Government Officials (Philippines-8; Malaysia-7; Fiji-4)
- Foreign Embassies (Philippines-3; Malaysia-2; Fiji-4)
- Social/Cultural Organizations (Philippines-2; Malaysia-1; Fiji-2)

**SECTION 3.1**

## The Great Race: China's golden opportunity to consolidate gains in the Philippines

The Philippines has traditionally been on the fence about China, but the election of President Rodrigo Duterte in 2016 created a window of opportunity for Beijing to reset relations using its public diplomacy toolkit. In wooing the Philippines, Beijing seeks to neutralize a vocal critic of its maritime claims,<sup>32</sup> curtail Western influence in the region, and open new market opportunities for Chinese investment.<sup>33</sup> China may be aided in its quest by the perception that the Philippines' traditional allies, namely the United States, are less visible and unwilling to back Manila's sovereignty claims. President Duterte's enthusiasm notwithstanding, China's overtures to the average Filipino must still overcome long-standing chronic distrust of its motives, and its inroads with elites must withstand the next political transition.

**3.1.1**

### There is high distrust of China among average Filipinos, fueled by animosity towards its maritime claims, philosophical differences, and poor quality products

Filipinos we interviewed were unhappy with China's maritime claims in the South China Sea.<sup>34</sup> Interviewees cited several prominent flash points that worsened relations between the two countries, including Beijing's violation of a 2012 verbal agreement brokered at diplomatic levels to withdraw forces from the Scarborough Shoal, aggressive maneuvers by the Chinese Coast Guard in 2015 against Philippine reconnaissance aircraft and fishing boats in disputed waters, as well as China's rejection of the result of a 2013 arbitration proceeding that the Philippines initiated and won against China under Annex VII of the United Nations Convention on the Law of the Sea (UNCLOS).<sup>35</sup>

The perspectives shared by our interviewees are broadly in line with public perception surveys of Filipinos that show a dramatic swing in attitudes regarding China,<sup>36</sup> from moderate favorability (+17) in June 2010 to its lowest point in 2015 (-46) following a string of negative public relations incidents (SWS, 2010 and 2015).<sup>37</sup> China regained some of the ground it lost with the Filipino public in the first quarter of 2017, moving from poor to neutral (+7).<sup>38</sup>

Nationalistic fervor in the face of Chinese aggression in the South China Sea may partly explain the recent decline in public perceptions, but it does not fully explain why Filipinos have given China a negative trustworthiness rating in 36 out of 45 surveys conducted since 1994. Interviewees pointed to three additional explanations for why Filipino opinions of China are depressed. There are deep-rooted philosophical differences between the two societies dating back to the Cold-war era notion that China is “communitistic,” while the Philippines is “democratic” (Tuazon, 2014). In addition, for many Filipinos their most influential impression of China is their frustration with cheap and inferior quality goods made in China. Finally, language barriers make it difficult for Filipinos, few of whom speak or read Mandarin, to consume Chinese pop culture and news as they do English-language media.

Perceptions of the Chinese diaspora may also affect how Filipinos view mainland China, for better or worse. Several interviewees alluded to the outsized presence of the Filipino-Chinese community. Barely 1% of the population, the Filipino-Chinese community controls 60% of the private economy, including the country's four major airlines and almost all of the country's banks, hotels, shopping malls, and major conglomerates (Chua, 2004). Ethnic Chinese businessmen dominate the Forbes 2016 list of richest Filipinos.

Interviewees pointed to a growing discontent among non-Chinese Filipinos who contrast the relative wealth of the Filipino-Chinese community with the country's high levels of poverty and food insecurity overall. Meanwhile, prominent Filipino-Chinese owned businesses have made the headlines for their poor treatment of employees. However, interviewees distinguished between better integrated Filipino-Chinese who have lived in the Philippines for generations and are more accepted by the Filipino public versus negative impressions of “new arrivals.”

We also interviewed representatives of the Federation of Filipino-Chinese Chambers of Commerce and Industry, Inc. (FFCCCII) and the Bahay Tsinoy—two Filipino-Chinese organizations that recognize the need to invest in better relations with mainstream Filipino society. Both organizations promote greater understanding and shared community through social ventures. The FFCCCII supports barrio schools,<sup>39</sup> volunteer firefighter troops, and medical missions. The Bahay Tsinoy runs a museum and newspaper, *Tulay*, which highlights the historical roots of Philippines-China relations from trade and cultural exchange to the role of the Chinese diaspora in Filipino society.

### 3.1.2

#### **Elites close to President Duterte's inner circle are willing to “compartmentalize” and accept Beijing's economic largesse in return for their silence on maritime security**

The majority of interviewees described Philippine foreign policy as highly personalistic and driven by the proclivities, perceptions, and relationships of the chief executive. China and the Philippines have had a bipolar relationship since the late 1990s—from the “golden age” under Gloria Macapagal Arroyo to the “icy” interactions with Benigno Aquino and subsequent “thawing” of relations under Duterte, whose “pivot to China” campaign seeks to strengthen ties. Some interviewees describe this as a pendulum whereby each new administration seeks to recalibrate the Philippines' position between two powerful forces—China and the United States—and course correct if it becomes too dependent on one or the other.

Several interviewees said that those government officials in the executive and legislature that are within the president's inner circle have largely adopted Duterte's “compartmentalized view” towards China. They are willing to cozy up to Beijing and turn a blind eye to Chinese maneuvers in the South China Sea in exchange for economic opportunities in the form of infrastructure investments, access to export markets for the Philippines' tropical fruits, and tourism dollars from Chinese visitors. Even former China skeptics who previously opposed closer ties with Beijing have engaged in “turncoat politics,” expressing unwavering support for Duterte's desire to broker closer relations between the two countries and bring in Chinese money to fund his “build, build, build” agenda.<sup>40</sup>

Of course, some members of the present administration we interviewed said they were “silently vocal” behind closed doors about their president's weakness for China's public diplomacy efforts and do not always agree with Duterte's foreign policy directives. However, these officials are reluctant to challenge the status quo in the face of the president's governing style, which they described as maintaining a “culture of fear” and “leadership by one.” These officials take a “wait and see” attitude, as they are skeptical regarding how much the president's love of China will be able to undo the inertia of long-standing military alliances and cultural affinity with the West that may keep the China-Philippines relationship in check.

The military is one group that has been willing to go on record publicly about their less sanguine view of China, taking action to ensure their concerns are heard. Interviewees pointed to the 2017 National Security Policy as a case in point. It emphasizes the South China Sea dispute as the “foremost security challenge to the Philippines' sovereignty and territorial integrity” and lauds the US military presence in the region as a “stabilizing force.” Military leaders also pushed back

against the Duterte administration's desire to revoke the Enhanced Defense Cooperation Agreement with the United States. They have resisted several attempts by President Duterte to broker closer relations between the Chinese and Philippines militaries. Many interviewees drove home this point with the example of the military's unwillingness to use Chinese donated firearms that were earmarked for them. These firearms were redistributed to the Philippine National Police (PNP) in 2017.<sup>41</sup>

Former officials and those outside of the executive branch were even more willing to voice dissent, raising the specter of Sri Lanka as a cautionary tale of the dangers of being in Beijing's debt,<sup>42</sup> questioning China's follow-through on its commitments, and calling China's incursions in the South China Sea an affront to national sovereignty. One prominent example cited was the fact that the Philippine Senate held a February 2018 hearing to investigate reports that China registered official names for five undersea features in the Benham Rise with the International Hydrographic Organization, and called upon members of the Duterte administration to testify as to the government's response (see also Roxas, 2018).

### 3.1.3

#### **Support for President Duterte's domestic agenda, the "build, build, build" campaign, overshadows all other types of Chinese public diplomacy in the Philippines**

Taking advantage of thawing relations with the Duterte administration, China has doubled down on its public diplomacy overtures in recent years in a race to consolidate gains while a sympathetic interlocutor is in power. Beijing hopes to utilize its public diplomacy to soften its image in the Philippines to be seen not as a threat, but rather as working in the interest of Filipinos. In sharp contrast with Western countries where any number of state and non-state actors engage in public diplomacy activities, China's overtures are seen by interviewees as being "officially unified," in that they are centrally coordinated by the Chinese government.

China deploys a mix of public diplomacy tactics in the Philippines (see Chapter 2), and one of the most visible tools on the ground is its financial diplomacy, particularly in the form of grants and loans for infrastructure projects. Every interviewee confirmed this observation. Under its signature Belt and Road Initiative (BRI), Beijing has financed railways (e.g., the Calamba-Bicol section of the PNR South Rail), access to potable water (e.g., the Angat Water Utilization and Aqueduct Improvement project), as well as improvements in irrigation and fisheries (e.g., the Agno River Integrated Irrigation project and General Santos Fish Port Complex), among other projects. These investments in highly visible infrastructure projects are accompanied with great fanfare and are well targeted to reach both

elites—in light of Duterte's "build, build, build" agenda—and the Filipino public.

Yet, Beijing's financial diplomacy is not without its share of controversy. Interviewees mentioned two Chinese-financed projects that are particularly notorious in the eyes of the public. The Fort Magsaysay drug rehabilitation facility, funded by Chinese philanthropist Huang Rulun and heavily publicized by President Duterte in his war on drugs (Felongco, 2017), has been met by skepticism on the part of prominent Filipinos that question its utility. Dionsio Santiago, former Chairman of the Dangerous Drugs Board (DDB), called the construction of the rehabilitation facility a "mistake" and was subsequently forced to resign.<sup>43</sup> A second controversial initiative is the proposed four-lane China Friendship Bridge.<sup>44</sup> A gift to Manila from the Chinese government, the bridge was praised by President Duterte, but criticized by prominent members of civil society who question its ability to ease traffic and its potentially adverse impacts on the nearby walled city of Intramuros, a heritage site (Robles, 2018).

Consistent with what we observed in Chapter 2, elite-to-elite diplomacy, such as official visits from Chinese leaders to Manila, as well as invitations for delegations of executive branch officials and congressmen to visit Beijing, is another go-to tool for China. Interviewees frequently cited these attempts by China to turn the heads of their countrymen, saying that Beijing puts on a show for visiting Filipino dignitaries to make them feel special, but in fact, "this is how they treat everyone." As of April 2018, President Duterte alone has visited China three times since his election in 2016.

Zhao Jianhua, the Chinese Ambassador to the Philippines since 2014, embodies Beijing's personalized approach to cultivating relationships with government counterparts in Manila. Described by one interviewee as "prolific," Ambassador Zhao is regularly seen cutting ribbons at opening ceremonies with press in attendance, conducting meetings with Philippine government officials, and is said to have a direct line to President Duterte.

China-Philippines relations are further cemented by President Duterte's close relationship with Chinese President Xi Jinping, which has been featured extensively by the media and reinforced by our interviewees. Nonetheless, it appears that even this relationship may have its limits, as Manila reinforced several "red lines" with Beijing in May 2018 in relation to the South China Sea dispute (Gomez, 2018). As described by Foreign Secretary Alan Peter Cayetano, the Philippine government would find any attempt by China to build on the disputed Scarborough Shoal, extract oil and gas from the Philippines' exclusive economic zone (EEZ), or make any coercive move against the Philippine marine detachment guarding the Second Thomas Shoal as "unacceptable" (Gomez, 2018; Heydarian, 2018).

Historically, China has been more comfortable with using the power of its purse and relationships with elites to advance its objectives; however, it is increasingly experimenting with tactics to reach the Filipino public. Interviewees supported this assertion by pointing to China's recently intensified efforts to promote student exchange programs and scholarships for Filipino students to study at Chinese universities,<sup>45</sup> as well as inviting businessmen, academics, and journalists to visit China for conferences, study, or training.

Beijing utilizes people-to-people exchanges to socialize Filipino citizens to Chinese values, philosophy, and positions, seeking to garner greater empathy for, and understanding of, China's role in the world. Interviewees largely alluded to these exchanges as "leaving a good taste in the mouth" of Filipinos and "highly effective." However, some of those interviewed acknowledged that China's exchange diplomacy is "rough around the edges"<sup>46</sup> and that the current supply of opportunities to study in China outstrips demand.

Interviewees noted that there has been an uptick in Chinese cultural diplomacy, showcasing its language, traditions, and the arts, in the Philippines in recent years. The embassy's annual Chinese New Year celebration is a prime opportunity to raise awareness and cultivate admiration for China among Filipinos. Initially targeted narrowly to Filipino-Chinese and government officials, Beijing has increasingly sought to use the event to broaden its outreach with mainstream Filipino cultural groups, civil society, media, and the business community.

Interviewees also reported that China uses one-off cultural events to cultivate admiration and good will with the Filipino public. A popular example given was a high-profile performance by the acclaimed National Ballet of China at Manila's Cultural Center of the Philippines in October 2017.<sup>47</sup> Notably, one interviewee pointed to President Duterte's support as the linchpin to pulling off this performance that had been previously delayed for three years.

Beijing has established four Confucius Institutes (CIs) in the Philippines as part of its public diplomacy efforts.<sup>48</sup> As in other countries, the CIs offer students and the broader community an opportunity to study Chinese philosophy, history, and language. Nonetheless, interviewees highlighted that the operation of these institutes is dictated by the Chinese Ministry of Education (via the Hanban), provoking a backlash among academics and university administrators who view this as an infringement upon their scholastic independence.

Compared with other instruments in its toolkit, China's use of informational diplomacy has been muted in the Philippines. China Central Television (CCTV) channels broadcast content in Mandarin and are only available as

paid premium channels in the Philippines, both of which impede a broad viewership. China Daily and CRI, two other traditional providers of news and content out of China, operate in the Philippines, but are not viewed as go-to information sources for Filipinos. Several journalists interviewed were quick to point out, however, that the Chinese Ministry of Foreign Affairs (MoFA) engages in paid public relations, such as weekly updates and statements in local print media (e.g., *Philippine Star*, *Manila Bulletin*).

### 3.1.4

#### **China's public diplomacy overtures have won Beijing key allies and tactical gains among political elites, but they face an uphill battle to win over the average Filipino**

Beijing scored a major political win for its public diplomacy efforts, successfully brokering an agreement between President Duterte's political party, Partido Demokratiko Pilipino-Lakas ng Bayan (PDP-Laban),<sup>49</sup> and the Communist Party of China (CPC). As described by interviewees, under the 2016 agreement, card-carrying members of the ruling PDP-Laban party will receive policy training in Fujian at the CPC provincial party school. In a further show of support, the Philippine Department of Foreign Affairs (DFA) issued a statement praising the urban development model of the Chinese city of Xiamen and highlighting how Philippine cities and municipalities could learn from this model. Many interviewees agreed that this helps China overcome perceived philosophical differences with its political or development ideology, as this becomes mainstreamed among the Filipino political class.

Another tangible victory for China was the willingness of the Duterte administration to publicly laud Beijing's support domestically and align with its interests internationally. Interviewees routinely referred to a speech Duterte gave to the 43rd Philippines Business Conference, where he dutifully thanked Russia, the United States, and Australia for their help in bringing an end to the Marawi conflict, but singled out China for supplying the rifle used to kill the leader of a pro-Islamic militant group.<sup>50</sup> President Duterte also controversially took an overtly pro-China stance during his chairmanship of the 31st Association of Southeast Asian Nations (ASEAN) summit, refusing to raise the UNCLOS ruling in favor of the Philippines' claims in the South China Sea and citing this as a matter between him and Beijing. Interviewees pointed to Duterte's actions as ceding ground to China at the Philippines' expense, a 180-degree policy shift from the Aquino era, which was widely criticized at home.

Beijing's public diplomacy has also opened up economically lucrative opportunities for Chinese businesses. In bilateral talks with Chinese Premier Li Keqiang in 2017, Duterte offered to have a Chinese company become the third telecommunications provider in Philippines and break the duopoly enjoyed

by Smart and Globe (Ranada, 2017). China Telecom was subsequently selected to enter the Philippine market and will commence operations in mid-2018 (South China Morning Post, 2017). Several interviewees we spoke with attributed this preferential treatment to the success of China's elite-to-elite diplomacy with the Malacañang palace and questioned why such an offer was not made open to the most competitive global bidder.

Nonetheless, China's success with Philippine political elites has not extended to a warm embrace among average Filipinos—including civil society interviewees we spoke with—who expressed concern regarding Beijing's undue influence with their political leaders. Duterte's joke before an audience of Filipino-Chinese businessmen in February 2018 that "China should consider making the Philippines one of their provinces" and his downplaying of concerns regarding China's construction of military bases in the South China Sea provoked a firestorm among the Filipino public and members of the opposition (Heydarian, 2018).

Filipinos we interviewed are reluctant to trust the "new and friendly China" rhetoric. While public perceptions of China have marginally improved from negative to neutral as of early 2017, this is a far cry from a ringing endorsement (SWS, 2018).<sup>51</sup> Yet, interviewees were also pragmatic in recognizing that severing ties with one of the Philippines' largest trading partners is not economically feasible nor desirable. That said, they do want greater transparency and fairness around China's transactions with the Philippines. Interviewees universally said that President Duterte should use the UNCLOS ruling to gain leverage for his country with Beijing.

Those interviewed urged caution in viewing China as a source of "ready money," especially if such investment requires sourcing Chinese materials or labor, which displaces opportunities for Filipino businesses and curtails domestic economic spillover benefits. Moreover, several interviewees argued that the Philippines should only accept Beijing's financial diplomacy if it is the most economical option. They argued that this is often not the case, citing Japanese infrastructure loans with an interest rate of 0.1-0.3% compared to Chinese capital with a price tag as high as 2-3%.

### 3.1.5

**The durability of China's growing foothold in the Philippines depends upon its follow-through, its ability to broaden support beyond Duterte, and the continued apathy of the West**

There was broad agreement among interviewees that China is visibly expanding its public diplomacy presence in the Philippines. But this may have as much to do with a retrenchment on the part of traditional allies, as it does with the election of a leader that is less

antagonistic towards Beijing. China is a relative latecomer to the public diplomacy game, but has gained ground fast. In the words of one interviewee, "China offers everything [Western countries] offer and just a little bit more."

It is certainly true that Chinese assistance comes at a steep price for the Philippines, and not only because its investments come with higher interest rates. President Duterte has compartmentalized his dealings with Beijing, turning a blind eye to China's encroachment in the South China Sea in exchange for access to capital to finance his "build, build, build" agenda and the ability to reduce dependence on traditional Western allies.

It remains to be seen whether China's foothold in the Philippines will grow or wane in the coming years. The answer likely depends on the following factors. Beijing must be able to convince the skeptics that it will translate the fanfare of its commitments into yuans on the ground or Filipinos will see through its "empty promises." China must also broaden its appeal beyond President Duterte's inner circle to secure lasting soft power beyond the next presidential election in 2022. Finally, China's hold on the Philippines is somewhat dictated by the extent to which other powers continue to cede influence. Interviewees believed that Western countries could easily reverse the "pivot to China" if they renewed their commitment to the Philippines on two issues: financing domestic infrastructure and backing its maritime claims in the South China Sea, which reduces the appeal of making concessions to China.

## SECTION 3.2

### Shifting Sands: China's warm welcome in Malaysia may be in for an upset

One of the friendliest countries to China in the EAP region, Malaysia is valuable to Beijing as a strategic gateway to the Indian Ocean,<sup>52</sup> a leading destination for Chinese trade and investment,<sup>53</sup> and a major player in ASEAN.<sup>54</sup> Shared history and culture, along with the support of outgoing Prime Minister Najib Razak helped China curry favor with both elites and citizens. In return, Malaysia views Beijing's overtures as a welcome economic boost, but casts a wary eye towards its growing regional strength. To hedge bets and maximize leverage, Malaysia adroitly balances relations with China and the West. But Beijing is likely in for an upset due to a shocking opposition win by Mahathir Mohamad, who criticized the previous administration for "selling out to China" (Ming & Tan, 2018).

### 3.2.1

#### **China is popular in Malaysia and its public image has improved in recent years, but rising scrutiny of the outgoing Najib administration may tarnish Beijing by association**

Interviewees emphasized that Malaysia has a long track record with China—from a vassal state during the 14<sup>th</sup> century Ming dynasty to the first ASEAN country to recognize China in 1974.<sup>55</sup> Beijing refers to this shared history in order to reinforce that its relationship with Malaysia is mutually beneficial. Other Malaysians largely share this view: 74% rated China favorably in a 2014 Pew Survey and 70% felt its investments in their country were a net positive in a 2017 Merdeka Survey (Pew Research Center, 2014; Rahim, 2017).

As described by interviewees, perceptions of China have improved in recent years alongside its increased economic engagement with not only the Chinese diaspora, but also the broader Malaysian community. A growing number of Malaysians admire China's accomplishments, with one interviewee noting that the media frequently talks about China's "competence," and Malaysians who visit China return impressed by the visible progress it has made.

This reputation for Chinese ingenuity is reinforced by stories on the ground in Malaysia, such as one example frequently cited by interviewees. The 106-floor Tun Razak Exchange building in Kuala Lumpur is being built at a breakneck pace of one story every two to three days. Visiting the site, the Chinese ambassador reportedly recognized the public diplomacy value of the project, saying that "the rapid pace of construction for The Exchange 106 is known to every Malaysian household" and the project "gives Chinese citizens a lot of face" (Malaysiakini, 2018).

Home to the third largest overseas Chinese community in the world,<sup>56</sup> Malaysians are largely familiar with Chinese culture through their interaction with Malaysian Chinese. This familiarity can cut both ways, as highlighted by interviewees. On the one hand, Beijing can skip the introductory work it does in other countries (EIAS, 2017). On the other hand, whether one is ethnic Malay (the majority of the population) or of Chinese (25%) or Indian (7%) descent can color perceptions of mainland China.

Interviewees noted that Malaysian Chinese, who traditionally served as a point of entry into Malaysia for trade and investment activities from mainland China,<sup>57</sup> have somewhat more positive attitudes towards China than ethnic Malays, though numbers are positive across the board (Rahim, 2017).<sup>58</sup> But residual distrust of China, dating back to Beijing's support for a communist insurgency to unseat the Malaysian government in the 1960s and 70s (Mysicka, 2015), continues to be an issue

for ethnic Malays, as is resentment of the dominant role of Malaysian Chinese in the economy (Noor, 2009).

Many interviewees explained that the administration of outgoing Prime Minister Najib and his United Malays National Organisation (UMNO) party depend on ethnic Malays from rural areas for political survival. In mobilizing votes, UMNO exploits latent ethnic tensions for political ends, blurring the lines between mainland China and the Malaysian Chinese community, which has fanned the flames of anti-Chinese sentiment among some Malay nationalists. Paradoxically, while they stirred up inter-ethnic strife at home, Prime Minister Najib and his government promoted increased trade and investment from mainland China as good for Malaysia.

These same pro-Malay policies provoke divergent reactions among the Malaysian Chinese community. Some feel frustrated by limited economic opportunities to the point that they celebrate the visible mainland Chinese presence in Malaysia as a way to denigrate ethnic Malays. Conversely, others are resentful of growing mainland Chinese presence and fearful that the actions of these interlopers could inflame existing domestic racial relations.

While popular perceptions of mainland China continue to improve, interviewees reported that Chinese investment was more politicized in the run up to the 2018 presidential elections. The opposition party led by former Prime Minister Mahathir Mohamad tapped into rising concerns regarding Malaysia's increasing debt burden, which more than doubled since Najib entered office in 2009 (Jomo & Muhtar, 2017), as well as accusations of corruption and kickbacks (Dermawan, 2018). Mahathir's campaign to improve the regulation and transparency of Chinese investments resonated with the majority of Malaysians and the opposition was voted into power in May 2018 in an unexpected win against the ruling party.

### 3.2.2

#### **China's interests were well-aligned with those of the Najib administration, but out of step with incoming Mahathir Mohamad's agenda**

Interviewees noted that China's warm welcome among Malaysia's political elites was aided by Prime Minister Najib Razak's belief that his short-term political prospects were tied to improving economic growth. Viewing a partnership with Beijing on infrastructure development as his ticket to achieving that goal (Bernama, 2017), Najib and his supporters were motivated to reduce political friction with Beijing and smooth the path for Chinese investment, such as Belt and Road Initiative spending.

This close relationship opened the door to criticism by the political opposition that the Najib administration was selling out as a quid pro quo for Beijing's bailout of

the troubled 1Malaysia Development Berhad (1MDB)—a development fund owned by the Malaysian government (The Straits Times, 2016).<sup>59</sup> Public discontent on this issue was sufficiently palpable that Malaysians voted into office opposition candidate Mahathir Mohamad, the former Prime Minister from 1981 to 2002, in a surprise upset of the ruling party in the May 2018 elections (Paddock, 2018).

For better or worse, perceptions of China are very much linked to how political elites view outgoing Prime Minister Najib. Most interviewees credited (or blamed) him for increasing economic engagement with mainland China, a decision which became increasingly politicized in the run up to the 2018 presidential elections. That said, Najib's interactions with Beijing are not entirely out of step with those of previous prime ministers, who maintained positive engagement with China throughout the post-Cold War era (Kuik, 2013).

China is seen as a relatively more reliable and predictable partner than the United States or Japan, but political elites wish that Beijing's investments were better monitored and regulated by the government. Interviewees argued that perceptions of China also depend upon where one sits within government, with the Foreign Ministry more concerned about Beijing's intentions than the Defense Ministry, which is wary of taking a more hawkish stance in light of Malaysia's weaker military position vis-à-vis China.

The terms of Beijing's relationship with Malaysia may shift in the coming years with the incoming Mahathir administration, but it remains to be seen by how much. China's popularity within the government extends beyond Najib, though interviewees felt that career civil servants were more reserved in their enthusiasm for Chinese investment than Najib and his inner circle. Many political elites still view the partnership with mainland China as a relationship of convenience and, arguably, necessity. Beijing bankrolled Malaysia's economic growth at a tenuous time when Western investors were unwilling to step in due to the stalling of Najib's structural reforms and mounting scrutiny over corruption charges.

### 3.2.3

#### **Financial diplomacy dwarfs Beijing's other overtures and provokes criticism that these projects increase Malaysia's indebtedness only to advance China's security interests**

Financial diplomacy not only comprises the lion's share of Beijing's public diplomacy portfolio in Malaysia, but also dominates the mindshare of Malaysian people when they think about China's presence in their country. Chinese investment has grown quickly since the launch of Belt and Road Initiative (BRI). It accounted for just 0.8% of Malaysia's net FDI inflows in 2008, but jumped to 14.4% in 2016 (Tham, 2018). Beijing's capital infusions into Malaysia's large-scale infrastructure and

property development sectors dwarf that of other major players,<sup>60</sup> making China Malaysia's top source of FDI in these sectors in 2017 (Shukry & Ho, 2018).<sup>61</sup>

Beijing's penchant for investing in high-profile rail and port projects has been a lightning rod for controversy. On the one hand, some interviewees appreciate China's willingness to finance projects that Malaysia wants, and with generally favorable loan terms. For example, China funded the East Coast Rail Link<sup>62</sup>—a US\$13 billion dollar project to connect the east and west coasts of peninsular Malaysia—with a 20-year soft loan at a 3.25% interest rate and no payments due for the first seven years (Kana & Kaur, 2017). On the other hand, this and other projects financed by Chinese soft loans were cited by interviewees as controversial because of Malaysia's growing indebtedness to Beijing.<sup>63</sup>

Moreover, some interviewees questioned whether the ramp up of Chinese infrastructure investments was necessary for Malaysia's economic growth or if it merely serves Beijing's strategic interests. Projects such as the Melaka Gateway Deep Sea Port (part of a US\$10 billion land reclamation project designed to position Malaysia as an alternative regional shipping hub to Singapore) and the Kuantan Port Expansion (a US\$900 million expansion of an existing port) are particularly suspect in their view, since Malaysia's current ports are not operating at capacity.

Lingering concern over whether Malaysia is getting a good deal for opening its economy up to Beijing is another source of controversy. Forest City, a US\$100 billion Chinese-Malaysian joint venture to create four artificial islands north of the Singapore border to house 700,000 future residents,<sup>64</sup> is a particular flashpoint due to its focus on sales to Chinese buyers and concerns that Malaysia will be overrun by foreigners (Today, 2016). The Alibaba Digital Free Trade Zone—a regional logistics hub and electronic platform designed to ease trade between Malaysian and Chinese small and medium enterprises (SMEs)—is similarly criticized for giving Alibaba a de facto monopoly on e-commerce.

Traditionally, China has been most comfortable using the power of its purse to cultivate favor in Malaysia, and its use of other public diplomacy instruments has been more limited. Interviewees attributed some of this reticence to the desire to avoid causing resentment among the Malaysian Chinese community that already takes leadership on important cultural events (e.g., Chinese New Year) and runs their own Chinese-language newspapers and other media. Nonetheless, interviewees noted Beijing's increased efforts in recent years to facilitate exchanges, open Confucius Institutes (CIs), and conduct elite-to-elite diplomacy led by the Chinese embassy in Kuala Lumpur.

Journalists we spoke with noted that while CCTV and Xinhua are present in Malaysia, Beijing has made far greater use of local Chinese language media. *Sin*

*Chew*, the primary local Chinese language newspaper which also has the largest circulation in country, is seen as friendly to China. The Chinese ambassador writes columns directly for the paper and reports on embassy events, with embassy statements regularly filling its pages. Mainstream Chinese language media is dominated by the holdings of one particular Malaysian Chinese tycoon, Tiong Hiew King. His significant business dealings with mainland China allegedly influence the overwhelmingly positive coverage of China in his papers. Comparatively, independent Chinese language media, primarily found online, is smaller and viewed as less reflexively pro-China.

Although the Chinese embassy does some outreach with English-language media, there is almost no coverage in Bahasa or Tamil papers. According to one interviewee, "*The Star* pays more attention to China than the *New Strait Times*," which may be due to the fact that *The Star's* major shareholder is the Malaysian Chinese Association (MCA),<sup>65</sup> a Malaysian political party that has increasingly aligned itself with China in recent years.

In Malaysia, interviewees said that the majority of Beijing's cultural diplomacy is in the form of language training and cultural studies. Beijing opened two CIs and several smaller Confucius Classrooms across the country, but these institutions restrict their focus to Mandarin language training, and interviewees did not consider them to be influential in changing perceptions of China. The embassy has made generous donations to Malaysian Chinese-language schools and the University of Malaya's China Studies Institute. In 2016, China opened its second overseas university campus, Xiamen University Malaysia Campus, in Sepang. However, the university has largely attracted mainland Chinese who wish to study in Malaysia, rather than Malaysian students.

Beijing also sponsors numerous exchange programs for Malaysians to visit or study in China. Surprisingly, in light of positive perceptions of China among the general public, Malaysia trails other Southeast Asian countries (Thailand, Indonesia, Vietnam, and Laos) in the number of students (approximately 6,000 in 2016) pursuing studies in mainland China (The Straits Times, 2017). The vast majority of scholarship recipients are ethnic Malays, as few Malaysian Chinese elect to study in mainland China.

Beyond students, interviewees pointed out that Beijing facilitates exchanges for influential leaders from the Malaysian government, military, and academia. During these visits, the Chinese government makes sure to showcase specific regions and sectors it believes will influence its visitors to think of China favorably. As one interviewee recounted, Chinese hosts took them on a tour of road-building projects targeting small villages to highlight how the government is addressing rural poverty.

China also hosts political exchanges. For example, former Prime Minister Najib's UMNO party and the Malaysian Chinese Association (MCA) were invited to observe the CCPC in Beijing. Both UMNO and the MCA have signed memoranda of understanding with the CCPC and sent their members to receive training from the China Executive Leadership Academy (The Sun Daily, 2017). Beijing consolidates the relationships it builds through exchange programs. Some interviewees reported that the Chinese government maintains an alumni network for Malaysian military who have gone to China for training.

Interviewees view personal outreach via the Chinese ambassador as another vehicle for Beijing's public diplomacy in Malaysia.<sup>66</sup> Former Ambassador Huang Huikang gave high-profile speeches and attended social events during his 2014 to 2017 term. His successor, Ambassador Bai Tian, assumed a lower profile following public outcry when he accompanied politicians associated with Prime Minister Najib's ruling coalition to events in their home districts, giving the appearance of supporting their candidacies in advance of the 2018 elections. In one example cited by several interviewees, Bai attended an event in Deputy Prime Minister Dr. Ahmad Zahid Hamidi's constituency, offering scholarships to residents and donations to local schools (Ho, 2018).

### 3.2.4

#### **Lack of sensitivity to Malaysia's domestic context on the part of Chinese companies and the Chinese embassy can undercut the efficacy of Beijing's public diplomacy overtures**

Embassy officials and Chinese businessmen may not think of their day-to-day interactions with Malaysian people as public diplomacy, per se, but the fact of the matter is that they can substantially influence, for better or worse, perceptions of mainland China. Interviewees pointed to several instances in which these individuals inadvertently undercut the good will that Beijing's more formal overtures may have garnered, either from overreach or inaction.

The Chinese embassy has made only limited efforts to understand the local context in Malaysia, according to several interviewees. Embassy officers prioritize a heavy formal event schedule over informal engagements to get to know local actors, particularly outside of the Malaysian Chinese community. As such, embassy officials can be tone deaf to local sensitivities, sometimes with decidedly negative consequences.

Interviewees cited a 2015 incident during Ambassador Huang's tenure as a case in point. Walking in Chinatown the day before an ethnic Malay rights group planned to hold a rally, he stated that China would not "sit idly by" in the face of an "infringement on China's national interests or...[the] legal rights and interests of Chinese citizens and businesses" (Teo, 2015). Criticizing

the Malaysian government for its failure to protect its ethnic Chinese citizens, the ambassador's comments reinforced concerns that China blurs the lines in viewing Malaysian Chinese as Chinese nationals in contradiction of the 1974 normalization of relations agreement between the two countries (Saranvanamuttu, 2010).

Many Chinese companies working in Malaysia are state-owned or government-linked, but unlike the embassy, this does not necessarily mean that Beijing can control everything they do. Yet a number of interviewees said the average Malaysian may not make that distinction and the ill-advised actions of Chinese companies can create a backlash for Beijing's public diplomacy efforts. This might involve accusations of subtle or overt racism that alienate ethnic Malays, such as including banners only in Mandarin at launch events,<sup>67</sup> as well as lack of regard for the environmental impacts of Chinese-run projects on local communities.<sup>68</sup>

Seeking to improve relations with local communities, Chinese companies have reportedly initiated corporate social responsibility efforts, such as the company managing the Forest City project in Johor, which donated cows during the hajj and sponsored students. However, the utility of these overtures is only as much as they are visible to the public, with one interviewee stating that local communities were often not aware of these activities.

At the end of the day, these incidents have caused controversy, but the long-term impacts on how Malaysians view mainland China are not obvious. Beijing's financial diplomacy may smooth the way for Malaysians to forgive and forget. As one interviewee noted, "money does work; cash is king."

### 3.2.5

#### **Beijing has outsized influence in setting the terms for its economic deals, but it is uncertain how much its public diplomacy has won real concessions from Malaysian leaders**

Buoyed by its extensive financial diplomacy, Beijing has an outsized influence in Malaysia in some respects. Critics claim that the government has let China take the lead in setting the terms of economic engagement, often to Malaysia's detriment, and complain that there is one set of rules for China and another for everyone else. Interviewees noted that this may, in part, have to do with supply and demand: China is the only foreign player that is willing to invest heavily in response to Malaysia's desire for large-scale infrastructure projects. In the absence of competition, China has more leverage to maximize the financial returns on its investments.

However, interviewees also argued that Malaysia is weak in enforcing its established standards, most notably a 30% local content target in its 2017

memorandum of understanding with China. Interviewees acknowledged that this local content clause was a suggestion, rather than a requirement, and that it was difficult for Malaysia to enforce due to World Trade Organization rules. Rather than impose sanctions, officials turn a blind eye to Chinese companies that evade labor regulations in using unauthorized Chinese workers on tourist visas to overcome quotas.<sup>69</sup> Disagreements over Chinese business practices and the terms of investment deals are reportedly exacerbated by lack of transparency on the part of both governments, leading to rumor mongering and widespread distrust.

It is less certain what Beijing gets for its public diplomacy in terms of security or foreign policy concessions. According to interviewees, Malaysia largely "respect[s] China's policies around the world," limiting engagement with Taiwan, supporting the One China policy, and avoiding criticism of China on core issues like Tibet or Xinjiang. However, these positions have long been a part of Malaysia's foreign policy stance and predate the ramping up of China's public diplomacy efforts. As one interviewee described, the government is only outspoken when there is "no possibility of retaliation," and this is not limited to China.<sup>70</sup>

Interviewees were most likely to highlight the non-response of Malaysia to Chinese incursions in the South China Sea as the most direct proof that Malaysia has acquiesced to Beijing's wishes as a result of its diplomatic overtures. However, even this is up for debate. As some interviewees alluded to, this may have less to do with Chinese public diplomacy than it does with Malaysia's broader "hedging and balancing" approach to foreign policy.

The Malaysian government wants to avoid a fight with China that they feel they may not win and would be costly to their interests of balancing relationships with multiple players. In contrast with other Southeast Asian countries, Malaysia's maritime claims are not particularly salient to the public who, in the words of one interviewee, "don't care much about territorial disputes over rocks." That said, some interviewees noted that the Malaysian government does have a red line that it defends privately, if not publicly. When Chinese coast guard vessels entered Malaysia's exclusive economic zone (EEZ) in 2016, diplomats publicly downplayed the issue, but the Defense Ministry received instructions to do a flyover to signal its quiet resolve.

### 3.2.6

#### **Malaysia's love affair with China may have as much to do with the dynamic of other foreign powers pulling out while Beijing is doubling down**

While Beijing's public diplomacy gets uncertain returns in the form of specific foreign policy concessions, it does appear to be effective in shaping generally

positive perceptions of China among Malaysians. Malaysia stands out as one of the few countries in the region where citizens view China's state-driven development model as something to which their country should aspire, according to the AsiaBarometer, a public opinion survey. Interviewees largely confirmed this perspective, saying that Beijing's economic development model is considered to be well thought out and coherent. Malaysians also give China high marks relative to other foreign players who put in place protectionist measures or impose conditions on business opportunities.<sup>71</sup>

Private sector leaders were quick to publicly support Chinese initiatives like the BRI and policies on Taiwan, possibly due to the widespread belief that being pro-Beijing is good for business and a prerequisite to pursue investment projects with China. Even smaller businesses hew to China's policy preferences: the Kuala Lumpur Hawkers and Petty Traders Association pushed for the Malaysian government to ban a Falun Gong procession in 2017 (Yap, 2017). As one interviewee declared, "everybody needs China, and China doesn't need you." Even with the election of an administration more antagonistic towards Beijing, the general consensus among interviewees was that China is in Malaysia to stay because the underlying constraint remains the same: Malaysia needs investment and China is the only actor willing to play that role.

Similar patterns can be observed with political elites and intellectuals. The MCA has taken such a strong stance in aligning its positions with Chinese policies that one interviewee remarked: "MCA ministers seem better able to give talks on BRI than the Chinese themselves." Beijing has cultivated these relationships, offering opportunities for MCA members of parliament to visit and receive training in China, as well as seeming to campaign on their behalf to the point of provoking public outcry. Academics are also careful to describe China in positive terms, as they know that Beijing's critics lose opportunities for funding or travel to China.

While China is making inroads with Malaysians, interviewees say that Western actors have "all but disappeared." In their view, the West is disinterested in engaging with Malaysia and its immigration policies have further harmed its image with Malaysians, perhaps with the exception of the urban, English-speaking population.<sup>72</sup>

Even with the election of an administration less sympathetic to Beijing, Malaysia will likely maintain its pragmatic strategy of balancing foreign powers against each other. This approach has historically been successful. Whenever the West engages with Malaysia, interviewees say that, "China comes knocking." Meanwhile, returning from a high profile trip to China, former Prime Minister Najib quickly went to Japan to demonstrate that he is spreading his efforts around and not relying solely on China.

Yet, the sustainability of this strategy depends upon two extrinsic factors that are less within Malaysia's control. First, China must continue to be willing to respect the government's red lines; and second, other powers must remain interested in actively engaging Kuala Lumpur. Both of these factors may be in question. Some fear that Beijing is a rogue actor and that, instead of "win-win" deals, it wants Malaysia to be in its debt and ready to do China's bidding. Even Malaysians that are more optimistic about Beijing's intentions fear the unintended consequences if the relationship with Beijing is not well-managed, particularly in the absence of other willing investor countries. Ultimately, Kuala Lumpur may be faced with stark trade-offs if Beijing goes too far in the South China Sea or continues to interfere in domestic politics, either sacrificing a ready supply of investment dollars or its sovereignty.

## SECTION 3.3

### Deliberately Pro-China: Fiji positions Beijing as an "irresistible force" in the South Pacific

Estranged from the West following a 2006 military coup, Fiji embraced China as a strategic ally with a similar affinity for autocratic rule (Wallis, 2017, p. 8). In a region where half of all countries have formal diplomatic relations with Taiwan,<sup>73</sup> Beijing values Fiji's embrace of the One China policy and sees the island nation as an attractive stepping stone<sup>74</sup> to project influence in the South Pacific, as well as an investment opportunity for Chinese businesses. Nonetheless, the durability of Beijing's hold on Fiji rests narrowly on its influence with the incumbent Bainimarama administration. To ensure it withstands the test of time, China must overcome a pronounced cultural divide that limits the resonance of its efforts with the public.

#### 3.3.1

##### **Beijing won the loyalty of political elites for its willingness to "stick with Fiji" while other countries disengaged following the 2006 military coup**

The first Pacific Island nation to establish diplomatic relations with China in 1975 (Xinhua, 2009), Fiji's political elites have long "looked north"<sup>75</sup> to China and other Asian partners in pursuit of trade and investment opportunities. The two nations grew even closer following a military coup. Repudiated by Western nations, the administration of Prime Minister Josaia Voreqe (Frank) Bainimarama saw Beijing as its sole ally when Fiji was left "to swim alone in a very large ocean" (Tarte, 2010).<sup>76</sup>

The 2006 coup substantially altered the playing field in Fiji, as China stepped confidently into the emerging vacuum left by the disengagement of Western powers (Zhang & Lawson, 2017). Previously, pro-China leanings of Fiji's elites were moderated by their engagement with the West (Zhang & Lawson, 2017). However, in response to the coup, Western nations dramatically scaled back aid, introduced economic sanctions, and levied travel warnings to undercut tourism to Fiji. They also facilitated the 2009 expulsion of Fiji from the regionally important Pacific Islands Forum (PIF). In retaliation, Fiji deported several Australian and New Zealand High Commissioners between 2006 and 2009.

China took a decidedly different posture from Western nations following the coup. It reiterated its policy of "non-interference" in domestic affairs (Wallis, 2017), and actually increased its aid to Fiji (Hanson, 2008b; Hameiri, 2015; Bozzato, 2017). In doing so, interviewees said that China won over local political elites by "sticking with Fiji" during this difficult period. As described by interviewees, by the time that Western nations re-engaged with Fiji, they were at a disadvantage relative to Beijing, which had disproportionate influence affecting everything from press coverage for aid projects to the ability to sway political elites in favor of their agendas.

However, Fijian political elites have not necessarily "sold their souls" to Beijing, as one interviewee explained. Instead, they argued, the stance of the government might be characterized as "intelligently pro-China." Suva, Fiji's capital, is generally more measured in its engagement with Beijing than other Pacific Island nations who have taken on enormous debt burdens to China, which thus far Fiji has avoided. That said, interviewees uniformly noted that Prime Minister Bainimarama has a strong relationship with Beijing and that the Ministry of Foreign Affairs is focused on expanding upon the existing official relationship with China.

### 3.3.2

#### **Fijian citizens are more wary of China's outsized presence than their leaders, while tensions over 'new arrivals' and cultural divisions increase suspicions of Beijing's intentions**

Fijian public opinion of mainland China is more mixed than that of its leaders. Beijing's aid and infrastructure investments are popular and generally appreciated by the general public. Notably, Fijians attend Chinese cultural events and public relations activities (e.g., hand-over ceremonies) at a higher rate than comparable activities organized by other foreign embassies. Fijian students, meanwhile, have positive impressions of scholarships from Beijing for them to learn Chinese technology, language, and culture (Zhang et al., 2017).

Yet, interviewees noted that Fijians are also wary of Chinese influence in their country and protective of their indigenous culture and traditions.<sup>77</sup> Fijians' devotion to rugby and Christianity may put China at a disadvantage in cultivating cultural connections in the same way as other countries in the region. Interviewees used phrases like "out of touch," "disconnected," and "godless and amoral" to describe Chinese people, underscoring significant dislocation between the two cultures. They also expressed concern about Beijing's use of foreign laborers and materials in its aid projects, as well as the build quality and project selection criteria.

The Fijian Chinese community (1%) is minuscule compared to the sizable Indo-Fijian community (38%) and the indigenous Fijian population of iTaukei (57%).<sup>78</sup> The small number of Fijian Chinese may partly explain the limited inroads Chinese culture has made in Fiji. Economically, the Fijian Chinese have a far greater influence on mainstream Fijian society. They own small-to medium-sized businesses at a higher rate than either the iTaukei or other ethnic minorities, and they make up a significant portion of Fiji's emerging middle class (Field, 2018).

Similar to what we saw in the Philippines and Malaysia, there is a bifurcation between the first waves of Fijian Chinese that began resettling on the island in 1855 and more recent arrivals. As described by interviewees, the ancestors of the former were born and raised as Fijian nationals. Fairly wealthy and integrated within Fijian society, they often attend private schools alongside iTaukei and speak Fijian more fluently than Mandarin.

Comparatively, the more recent arrivals immigrated to Fiji in the last 10-15 years and are viewed more negatively by other Fijians as interlopers that intrude upon jobs and economic opportunities. Language barriers and cultural differences (e.g., in leisure activities and religion) fuel suspicion of these new arrivals, along with perceptions—propagated by media stories—of Chinese immigrant-run drug or prostitution rings. While the new arrivals do look to the more established Fijian Chinese for help, they also view them as outsiders.

Beijing reportedly engages with both groups of Fijian Chinese. According to interviewees, the Chinese embassy in Suva views the more established Fijian Chinese as an important entry point to cultivate relationships with the general public. The embassy's engagement with new arrivals does not appear to significantly hinder China's ability to achieve its agenda in-country, even in the face of this group's low approval rating with the average Fijian.

### 3.3.3

#### **Financial diplomacy and official visits are Beijing's favored tools to curry favor with elites and win over the Fijian public with demonstrations of its good will**

Since most Fijians are disconnected from policy decisions, it is unsurprising that Beijing places heavy emphasis on cultivating relationships with Fiji's political elites. Official visits account for a disproportionate share of China's public diplomacy efforts in Fiji (see Chapter 2). Interviewees attested to the importance of these large-scale, ceremonial visits, which Beijing uses to curry favor with elites and broadcast its goodwill to the Fijian public.

China strategically leverages these public occasions to announce aid increases or demonstrations of cooperation, such as the formalization of the "China-Fiji important cooperative partnership" following the 2006 coup (Strüver, 2017). Interviewees confirmed that Beijing's elite-to-elite diplomacy is enhanced by friendly relations between President Xi Jinping and Prime Minister Frank Bainimarama.

Financial diplomacy is another high visibility instrument Beijing uses to win over both citizens and elites in Fiji. Although it does not depend upon aid in the same way as other Pacific Island countries (Schmaljohann & Prizzon, 2014), Fiji seeks investment partners in infrastructure and disaster relief to support its bid to become a regional economic hub. In contrast with regional powers like Australia and New Zealand that shy away from such projects,<sup>79</sup> China reportedly stepped into the breach in a big way, committing approximately US\$360 million since 2009 to finance bridges, roads, rails, and ports.<sup>80</sup> Branded with large 'China Aid' signs, interviewees remarked that these projects are launched with great fanfare at opening ceremonies attended by local media.

Much of China's infrastructure investments are in the form of concessional loans (Zhang & Shivakumar, 2017), raising fears of mounting debt obligations and concerns that Beijing will use this as leverage to induce alignment with its interests.<sup>81</sup> Two interviewees claimed that the government has "shied away from accepting such [concessional] loans in recent years." However, Fiji was one of the largest beneficiaries of the 2006 loan facility to Pacific island countries, and the Chinese Export-Import Bank remains Fiji's largest external creditor in 2017 (Brant, 2013; MoE, 2017). China also provides post-cyclone humanitarian relief; technical and in-kind assistance in health, agriculture, and fisheries; and scholarships to Fijian students.

Cultural diplomacy is another hallmark of China's overtures to ingratiate itself with the Fijian public. According to interviewees, associations of Fijian Chinese that have lived in Fiji for multiple generations coordinate with mainland China to promote Chinese culture through festivals (e.g., Chinese New Year),

cultural centers, museum exhibits, operas, and other public displays frequented by prominent Fijian elites and government officials. China also established one of its signature Confucius Institutes at the University of South Pacific in Suva and holds classes and events to introduce Fijians to Chinese language and culture.

Beijing's informational diplomacy in Fiji has been primarily routed through local Fijian media, such as a ten-year long partnership with the *Fiji Sun*, a major government-backed newspaper. Through a journalism training program, Fijian journalists travel to China to learn about its culture, write about its policy priorities (e.g., the Belt and Road Initiative), and develop their skills. Interviewees reported that, incrementally, Chinese involvement in such media outlets has become mainstreamed, which enables Beijing to secure disproportionate media coverage in both the volume and favorability of stories.

### 3.3.4

#### **Beijing has parlayed its public diplomacy overtures with Fijian leaders into a series of foreign policy wins, though its success is not without roadblocks**

Due to the widespread perception that it "stuck with Fiji" and Beijing's savvy cultivation of a deep, personal relationship with the sitting prime minister, China arguably gets a better bang-for-buck out of its public diplomacy overtures than other foreign powers. In this section, we highlight a number of examples raised by interviewees (and confirmed by past research studies or news reports) which cast a spotlight on Beijing's influence with Fiji's leadership in both foreign policy and domestic decisions.

Following its expulsion from the Pacific Islands Forum, the Bainimarama administration stated that it would only rejoin if Australia and New Zealand were expelled and China was allowed to join (Fox, 2015). In 2014, Fiji officially endorsed the One China Policy as part of the 'Strategic Partnership of Mutual Respect and Common Development' (Strüver, 2017) in an international demonstration of its solidarity with Beijing. Relatedly, Fiji closed down its Trade and Tourism Representative Office in Taipei, the last foothold of its diplomatic relations with Taiwan after years of Chinese pressure (Linder, 2018). Interviewees had mixed opinions as to whether China is seeking to place a military base on the island or is combative against 'traditional powers' (Lanteigne, 2015).

More controversially, Fijian police cooperated with their Chinese counterparts in July 2017 to arrest 77 Chinese nationals living in Fiji and extradite them to Beijing without lodging formal charges (AFP, 2017). As described by interviewees, Fijian citizens and Western powers cried foul play, but the Fijian government insisted this operation was business as usual. This close coordination between Beijing and Suva on an extrajudicial operation reinforced a broad sense of

suspicion held by the Fijian public towards the Chinese presence in the country. The media's claim that the deported nationals were sex workers only served to fan the flames of distrust among the general public (Cohen & Webb, 2017).

As the largest source of foreign direct investment to Fiji (Xinhua, 2017a and 2018), Chinese investors backed by Beijing appear to have preferential access to the economy (Zhang, 2017). Interviewees frequently claimed that the government and Fiji's state-controlled media were selling Chinese development projects more extensively than those of similar size funded by other partners such as New Zealand, Australia, India, and the United States. Meanwhile, diplomats from traditional powers lament the Chinese ambassador's unfettered access to top politicians, as well as Beijing's ability to control the media narrative about its involvement in the country.

However, not all is smooth sailing for Beijing, and interviewees cited some evidence of pushback against China's economic and security objectives. Fiji does not support China on the South China Sea issue, instead choosing to maintain "no position" (RNZ, 2016). Despite considerable pressure from Beijing, the government-run Fiji Airways long delayed instituting a direct flight to China, while initiating direct flights to other countries, such as Singapore. As recounted by interviewees, the public and some elites view the "new wave" of Chinese entrepreneurs negatively and as part of a concerted strategy on the part of Beijing to use Chinese labor and materials, rather than the local equivalents, for its investment projects.<sup>82</sup>

### 3.3.5

**China had an unrivaled playing field for several years to consolidate its influence, but it will need to broaden its reach to keep this advantage**

Some argue that Fiji's leaders fan the flames of great competition rhetoric in order to cajole all foreign players into engaging with Fiji on more favorable terms than might otherwise be on offer (Hameiri, 2015). Prime Minister Bainimarama may be trying to hold all countries at arms-length, but China does have the advantage vis-à-vis other foreign powers, in that it stuck with Fiji following the 2006 coup. China's influence with Fiji's political elites may be less the result of effective public diplomacy tactics or confrontation with the West, as it is opportunism in being in the right place, at the right time, and with the means and mandate to fill the vacuum left by the disengagement of other powers.

Nonetheless, Beijing's advantage may hold only so long as Fiji's leaders see continued engagement with China as a net positive versus the alternatives, and there are a number of factors that could decisively alter the status quo. Beijing's influence is strongest with the prime minister and his inner circle. China could quickly lose its hard won gains in Fiji in the next political

transition. As one interviewee observed, "if people are worried about China's influence in Fiji, they need to make sure Fiji has a legitimate democracy," arguing that restoring democracy is the only way to change the balance of power.

That said, other interviewees suggest that there is a broader appreciation for the value of engaging with China among civil servants across the government, that does not solely reside with the prime minister and his inner circle. This attitude could partly reflect the growing perception that Western countries are "watering down" their commitments to address climate change in small island developing states (SIDS), while China has taken a regional leadership role in supporting countries like Fiji with projects to enhance adaptation and resilience efforts.

At the end of the day, the durability of Beijing's influence on Fiji will depend on its ability to broaden and deepen its influence with elites and citizens beyond the incumbent Bainimarama administration. To succeed, Beijing must overcome the cultural divide that limits the resonance of its public diplomacy overtures with the general population.

## SECTION 3.4

### Concluding thoughts

In this chapter, we examined how China deploys its public diplomacy toolkit in the context of three countries, and the ways in which public, private, and civil society leaders perceive these overtures. The views on the ground in the Philippines, Malaysia, and Fiji give rise to several hypotheses about how China determines which public diplomacy tools to use and at what level in different countries.

A common view across the three countries is that Beijing uses its public diplomacy activities to open up new markets for Chinese businesses and investment opportunities to get a financial return on its excess foreign currency reserves as part of its "going out" strategy. A second explanation interviewees raised for why China engages in public diplomacy activities is to assuage concerns regarding its territorial claims and to cajole leaders to support its foreign policy positions in the United Nations and regional fora. Finally, a third view raised across the three countries is that China is opportunistic in knocking on open doors to maximize its influence, such as moments of political transition (Philippines and Fiji) or economic necessity (Malaysia and Fiji) in EAP countries, as well as its natural inroads with the Chinese diaspora.

Throughout the three country studies, we have also seen that Beijing is successfully converting its public diplomacy tools into steadily growing influence, particularly with political elites and somewhat less so

with the general public. However, China's ascendancy is contested by some EAP leaders and citizens, who cast a wary eye on whether Beijing's influence and development model are a net positive for their countries and who question its intentions. Moreover, we have also seen the limits of Beijing's ability to convert discrete public diplomacy tools into its desired outcomes: some of its efforts appear to have had greater success than others.

Drawing upon these insights, we can also derive additional hypotheses about which public diplomacy tools are more or less effective in increasing China's favorability in the eyes of foreign publics, as well as altering the behavior of elites to act in closer alignment with Beijing's wishes. There is perception in EAP countries that financial diplomacy is a lightning rod for controversy—popular with political elites and the business community, but encountering greater skepticism and concern in other quarters. Elite-to-elite diplomacy was routinely mentioned as a particularly powerful tool for turning the heads of EAP leaders and

a tactic at which Beijing excels. China's use of exchange and cultural diplomacy was generally not seen to be as effective as yet and still "rough around the edges," in the words of one interviewee from the Philippines that also capture a broader perception across the board.

These arguments are compelling, but fall short of giving us a systematic way to understand how Beijing determines what public diplomacy tools to use with which countries. Neither do these trends confirm whether China's public diplomacy activities help Beijing earn a "good neighbor dividend" for its efforts: more favorable public perceptions of China and closer alignment with Beijing in the policy decisions undertaken by policymaking elites. In Chapter 4, we put some of these possible explanations to an empirical test using a series of econometric models to isolate the drivers of Beijing's public diplomacy allocations, as well as the relationship between China's public diplomacy activities, public perceptions, and the voting behavior of EAP leaders in the United Nations General Assembly.

<sup>32</sup> Dominance of the South China Sea is a crucial ingredient to China's ambition to become a regional and global hegemon (Kang, 2007). The Philippines is a strategic gateway to that objective for two reasons: its geographic location and the fact that it has historically been the most vocal critic in the Association of Southeast Asian Nations (ASEAN) of China's aggressive maritime expansion.

<sup>33</sup> China is the fastest growing major economy in the world, maintaining an annual Gross Domestic Product (GDP) growth rate of close to 10%. As Dollar (2015) suggests, with initiatives like "One Belt, One Road," China is actively looking for new markets to get a financial return on its surplus of foreign exchange. This is consistent with China's explicit 1999 "Go Out Policy" and current strategy to encourage its state-owned enterprises to invest overseas.

<sup>34</sup> Filipinos refer to the contested area as the West Philippine Sea, but for ease of international readers we use the South China Sea throughout the case study.

<sup>35</sup> The ruling confirmed the Philippines claim to Benham Rise, a seismically active undersea region in the Philippine Sea, as a part of its continental shelf. China released a statement saying that they do not recognize the ruling and that it seeks to claim the Benham Rise in the near future as part of a so-called 'Chinese second-chain islands.'

<sup>36</sup> Social Weather Surveys are conducted by Social Weather Stations (SWS), a private non-stock, non-profit social research institution established in 1985. Respondents answered the following question: Please indicate if your trust/faith in (country) is Very Much, Somewhat Much, Undecided if Much or Little, Somewhat Little, Very Little, or you have Not Heard or Read anything about the (country) ever? The net trust ratings are as follows: excellent (+70 and above); very good (+50 to +69); good (+30 to +49); moderate (+10 to +29); neutral (+9 to -9); poor (-10 to -29); bad (-30 to -49); very bad (-50 to -69); execrable (-70 and below).

<sup>37</sup> Additional public relations incidents beyond the maritime disputes include the 2010 Rizal Park hostage crisis, the 2010 execution of suspected Filipino drug mules in China, and President Aquino's failure to attend the China-ASEAN Expo in 2013.

<sup>38</sup> This is not mere rhetoric, as tensions over the South China Sea conflict have provoked a series of cyber attacks, export restrictions, fishing bans, and protests between the two countries.

<sup>39</sup> A private sector-led school-building construction program, Barrio Schools seeks to address a shortage of classrooms throughout the Philippines with donations from FFCCII members and other Filipino Chinese organizations or individuals.

<sup>40</sup> Duterte's signature "build, build, build" campaign seeks to finance 75 flagship projects, including six airports, nine railways, three bus rapid transits, 32 roads and bridges, and four seaports. The objective of the campaign is to reduce costs of production, improve rural incomes, encourage countryside investments, create more jobs, and facilitate ease of transporting goods.

<sup>41</sup> The official reason given by the government for the policy shift was that the police forces needed the firearms more acutely; however, interviewees privately point to the military's preference for American weapons as the impetus for the redistribution.

<sup>42</sup> Interviewees specifically raised this concern in the context of China's Belt and Road Initiative, which they view as pushing recipient nations into a debt trap, such as the case of Sri Lanka being forced to formally hand over control of the Hambantota port to China on a 99-year lease after not being able to repay its debt.

<sup>43</sup> There are also sporadic reports in Philippine media about large shipments of Chinese drugs entering the country illegally, which raises questions among Filipinos regarding China's commitment to curb the drug trade, as opposed to building token structures.

<sup>44</sup> The China Friendship Bridge connecting the Binondo and Intramuros districts in Manila and a widening of the existing Pantaleon-Estrella bridge to the financial district of Makati City were announced during the BRI Forum in Beijing in May 2017.

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- <sup>45</sup> Nanjing University, Tsinghua University, and Beijing University are some prominent Chinese universities that offer stipends, tuition waivers, and allowances to Filipino students.
- <sup>46</sup> This is a reference to interviewees who told us that exchange trips to China needed to be better organized and less open-ended. They found that similar trips organized by Western countries were better planned and had clear objectives.
- <sup>47</sup> A reciprocal performance in 2018 by Ballet Philippines is in the planning stages.
- <sup>48</sup> The four CIs are embedded with Ateneo de Manila University in Makati City; Bulacan State University in Malolos City; Angeles University Foundation in Angeles City; and University of Philippines Diliman.
- <sup>49</sup> PDP-Laban was President Duterte's political party when he ran in the 2016 presidential election. Since then, it has formed coalitions with other parties in the Philippines to become the dominant political party with an overwhelming majority in Congress.
- <sup>50</sup> The Marawi siege was a five-month long armed conflict between the Philippine armed forces and militants from the Islamic State of Iraq and the Levant (ISIL) in mid-2017, during which President Duterte declared martial law. Numerous interviewees counter the president's claim, saying that the rifle in question was not provided to the military by China (Rappler, 2017).
- <sup>51</sup> Net trust ratings for China rose by one grade from poor to neutral, at +7 (38% much trust, 31% little trust) in December 2017, up by 20 points from the -13 in September 2017.
- <sup>52</sup> Malaysia is geographically positioned at the intersection of shipping lanes that connect China to the Indian Ocean. An estimated 80% of Chinese oil is transported through the Straits of Malacca, and Beijing is investing in new ports along Malaysia's coasts to ensure an uninterrupted supply of goods and natural resources which bypass Singapore. This is in line with China's strategy for resource security (Teoh, 2016).
- <sup>53</sup> Malaysia is one of China's largest trade partners in Southeast Asia, with bilateral trade reaching US\$96.3 billion in 2017 (MIDA, 2018). China has increased its investments in Malaysia, in line with its "going out" strategy (Wang, 2016), since the launch of BRI in 2013 and was its top foreign investor in 2015 (Chew, 2016), particularly dominant in large-scale infrastructure investment. China's uptick in investment in Malaysia continues to be strong (growing by 44% in Malaysia in the first three quarters of 2017), even as Chinese FDI fell globally by 40% during the same time period (Kana, 2018).
- <sup>54</sup> One of the founders and key members driving decision-making within ASEAN, Malaysia is politically useful to China's regional ambitions (Chang, 2014).
- <sup>55</sup> In 1974, Abdul Razak Hussein, father of Prime Minister Najib Razak, re-established relations with China following Beijing's withdrawal of support for a Communist insurgency in Malaysia (Kuik, 2013).
- <sup>56</sup> The ethnic Chinese population numbered 6.5 million in 2011 (Poston & Wong, 2016).
- <sup>57</sup> Previously, Malaysian Chinese small and medium enterprises served as intermediaries for businesses from the mainland to come into Malaysia. Today, large-scale Malaysian Chinese tycoons are more likely to benefit from business opportunities with China than SMEs, and are accordingly much more pro-China, with one interviewee stating that they "treat the Chinese ambassador like a god" and proactively push for Chinese-supported policies like the BRI and "peaceful reunification" with Taiwan.
- <sup>58</sup> There are some differences across socio-economic and generational lines. Older Malaysian Chinese have a stronger cultural affinity toward China than younger people who are quick to describe themselves as Malaysian first and show less interest in mainland China. Interestingly, there is significant admiration among Malaysian Chinese for Taiwan, and the vast majority who want a Chinese language university education choose to study in Taiwan, not mainland China.
- <sup>59</sup> Allegations were made in 2015 that the 1MDB fund had been used to funnel money to Prime Minister Najib and his associates. After 1MDB's bonds were downgraded, the fund had difficulty raising money to pay its debts, and Chinese SOEs have since stepped in to bail out the fund.
- <sup>60</sup> Although Japan is China's main competitor for infrastructure spending elsewhere in Southeast Asia, it has invested less than US\$11 billion on infrastructure in Malaysia since 2000, compared to US\$47 billion from China (Alegado, 2018).
- <sup>61</sup> Investment projects include both loans from Chinese banks and contractors, as well as equity investment and joint ventures with Chinese companies. Many of these companies are state-owned or government-linked, but complex ownership structures make it difficult to understand the full extent of Chinese government involvement in some companies.
- <sup>62</sup> Financing was provided by a Chinese SOE and soft loans from the Export-Import Bank of China.
- <sup>63</sup> Soft loans, guaranteed by the Malaysian government, finance some projects, but are controversial in Malaysia due to fears of government indebtedness and the questionable cost-effectiveness of certain projects.
- <sup>64</sup> This project is also partially owned by the Sultan of Johor.
- <sup>65</sup> The MCA is a political party targeted at the Malaysian Chinese community and member of the ruling Barisan Nasional coalition.
- <sup>66</sup> The embassy's database of guests for events is predominantly Malaysian Chinese.
- <sup>67</sup> The first incident refers to the launch of the East Coast Rail Link (ECRL).
- <sup>68</sup> This refers to environmental degradation from Chinese-run bauxite mining in Pahang province (Head, 2016).
- <sup>69</sup> Some Chinese companies have modified their practices to hire more local workers (primarily Bangladeshi and Indonesian laborers in Malaysia), though this may be more due to the desire to lower costs rather than in response to public pressure. In the past year, the Malaysian government also created a sourcing directory to help foreign companies more easily source inputs from local SMEs.

- <sup>70</sup> For example, after Kim Jong Nam was murdered in Kuala Lumpur, Malaysia did not point a finger directly at the Democratic People's Republic of Korea (DPRK) government, and despite serious grievances with Russia over MH17, Malaysia did not expel its diplomats. An interviewee went on to say that this means the only country Malaysia vocally pushes back against is Israel. Malaysia doesn't have relations with them, "so there are no consequences."
- <sup>71</sup> One interviewee used the example of Alibaba's Jack Ma, and his willingness to work alongside Malaysia to resolve any issue, versus Bill Gates to describe the difference between Chinese and American businesses. Bill Gates made demands that Malaysia would have to fulfill before he invested, while Jack Ma committed to working alongside Malaysia to solve any issues.
- <sup>72</sup> Two particular sources of contention raised by interviewees were that the United States was seen as having reneged on promises to include Malaysia in its visa waiver program and promoting an immigration policy that was discriminatory towards Muslims.
- <sup>73</sup> The South Pacific is somewhat unique in this respect for, in comparison, almost all countries in Africa and Asia accept 'One China,' with a comparable number of holdouts in Latin America and the Caribbean.
- <sup>74</sup> Indeed, as Chinese Premier Wen Jiabao noted in 2006, "as far as China is concerned, to foster friendship and cooperation with the Pacific Island countries is not a diplomatic expediency...[but] rather [a] strategic decision" (quoted in Wallis, 2017). In this respect, Suva, as one of the largest cities in the Pacific, is a stepping stone to gain a foothold in regional fora such as the Pacific Island Forum and Melanesian Spearhead Group (Hasenkamp, 2014; Wallis, 2017).
- <sup>75</sup> Former Prime Minister Laisenia Qarase (2000-2006) originally coined the term 'look north' to describe this orientation.
- <sup>76</sup> It is worth noting that China initially reacted negatively to the 2006 coup, but China's decrease in engagement with Fiji was not nearly as drastic as that of other traditional powers and relations were quickly restored in 2007 (Yang, 2011).
- <sup>77</sup> This reticence likely extends to other countries as well, as several experts noted a spirit of unity and solidarity among Fijian citizens, which contributes to a collective perception of external groups as threatening.
- <sup>78</sup> See CIA World Factbook (2018).
- <sup>79</sup> Instead, Australia and New Zealand devote their assistance to security, budget support, or other service delivery sectors.
- <sup>80</sup> Rural road upgrades in the north and bridge construction in Suva are well-known examples (Zhang, 2018).
- <sup>81</sup> For example, in neighboring Tonga, "[concessional] loans from China account for 64% of the nation's debt stock," (Dornan & Brant, 2014) while Vanuatu's debt to China is 44% of its total external debt (authors' calculations, based on figures reported in Klan, 2018). Per budget estimates for 2016/2017, loans from China account for 40% of Fiji's external debt (PMC, 2017).
- <sup>82</sup> This concern may be exacerbated by the fact that Fiji attracts the largest number of Chinese tourists in the region (Hinsdale, 2017) due to a 2015 visa-exemption agreement between the two countries. This could inflame tensions if the public feels that these visitors are encroaching on jobs and economic opportunities, rather than raising the economic prospects of Fijian nationals.

## CHAPTER FOUR

# How effective is China's public diplomacy with other countries?

If the volume and diversity of its efforts in the EAP region are any indication, China has enthusiastically embraced the tools of public diplomacy to fulfill its ambitions as a rising power and take its "rightful place in the world" (Kang, 2007; Rachmand, 2016; Fullerton, 2018). In Chapter 1, we summarized the ultimate objective of China's public diplomacy activities as earning a good neighbor dividend: more favorable public perceptions of China and closer alignment with Beijing in the policy decisions undertaken by policymaking elites.

In this chapter, we put several hypotheses about which tools Beijing uses, with whom, and to what end to an empirical test. First, we examine which factors might explain how Beijing determines its public diplomacy allocations for EAP countries. Second, we assess whether the public diplomacy a country receives relates to public perceptions of China's favorability on three dimensions. Finally, we look at the whether there is any relationship between the public diplomacy an EAP country receives and the likelihood that its leaders will back Beijing's foreign policy positions in international fora such as the United Nations General Assembly (UNGA).

### Key findings in this chapter:

#### Drivers of China's public diplomacy allocation

- *Beijing targets its public diplomacy to open market opportunities for Chinese firms and sway natural resource 'gatekeepers.'*
- *Beijing tailors its public diplomacy approach in response to local social dynamics, such as the level of Internet penetration, size of the Chinese diaspora, and popular discontent.*
- *Beijing uses sister cities to make inroads with countries that are less aligned with its security concerns and Confucius Institutes to consolidate relationships with its allies.*

#### Relationship between public diplomacy and public opinion of China in EAP countries

- *Beijing's financial, cultural, and elite-to-elite diplomacy are generally associated with more*

*favorable views of China, but its sister cities lag behind.*

- *Perceptions of China are not monolithic: cleavages exist along socio-economic and political lines as to how to interpret Beijing's influence.*

#### Relationship between public diplomacy and the UNGA voting behavior of EAP countries

- *Beijing's relationships with political elites and cultural diplomacy appear to go hand in hand with its ability to influence how EAP countries vote in UNGA.*
- *EAP countries are most likely to vote with Beijing when they receive financing on more generous terms, but not necessarily when they accept more Chinese firms.*

## SECTION 4.1

### 4.1 What motivates how China wields its public diplomacy tools with other countries?

In Chapter 2, we quantified the volume and composition of China's public diplomacy toolkit to understand what instruments they deploy with which countries in the EAP region. On the surface, it appeared that China does not have a one-size fits all strategy, but rather varies the scope and composition of how it engages with EAP countries based upon anticipated risks and rewards. This observation was largely affirmed by the perceptions of interviewees in our three case study countries in Chapter 3, who offered their own explanations of what drives Beijing's public diplomacy efforts.

Building upon these earlier discussions, in this section we examine how three sets of factors correlate with the amount and type of Chinese public diplomacy invested in EAP countries:<sup>83</sup> (1) economic opportunities (the perceived value of an EAP country as a market for

Chinese investments and business); (2) security concerns (alignment or misalignment of an EAP country with Beijing's foreign policy); and (3) openness to influence (likelihood of success based upon enabling conditions in an EAP country). Table 3 details several hypotheses for how we would expect Beijing to take each of these factors into account in order to maximize anticipated returns (or mitigate risk) in deploying its public diplomacy toolkit in EAP countries.

The authors identified proxy indicators for each hypothesis and constructed a set of panel regression models to assess the extent to which these factors may explain how Beijing allocates its public diplomacy tools in different countries.<sup>84</sup> For our dependent variables, we use the four public diplomacy measures introduced in Chapter 2: Confucius Institutes (cultural diplomacy), sister cities (exchange diplomacy), official visits (elite-to-elite diplomacy), and official finance with diplomatic intent (financial diplomacy). Figure 9 summarizes the results from the statistical models, and further information on the variables, assumptions, and methods is available in Appendix A-7.

#### 4.1.1

##### **Beijing targets its public diplomacy to open market opportunities for Chinese firms and sway natural resource 'gatekeepers'**

Countries that represent high-value market opportunities tend to receive more Chinese public diplomacy activities; however, the driver is not necessarily overall wealth, but rather openness to Chinese goods, services, and investments. In fact, being a richer country (higher levels of GDP per capita) is negatively associated with Chinese cultural and exchange diplomacy, once all other factors are taken into account. The one exception to this rule is official visits: wealthier countries do, in fact, receive more elite-to-elite diplomacy.

As we anticipated, Beijing appears to be quite deliberate and strategic in how it channels different public diplomacy instruments towards EAP countries, depending upon the specific market opportunity they represent. Countries that accept a greater number of new Chinese firm entrants attract a disproportionate number of Confucius Institutes and sister city agreements. Meanwhile, Chinese leaders are more willing to bestow official visits on resource-rich countries where they presumably can persuade government officials (as the gatekeepers) to give them access to resource rents.

China is experimenting with a growing array of public diplomacy activities, but there is evidence of a substitution effect. As countries increase their consumption of Chinese imports,<sup>85</sup> they receive fewer official visits. Meanwhile, as countries transition from being mere consumers of Chinese imports to attractive markets for Chinese investment, Beijing shifts its

overtures to emphasize cultural and exchange diplomacy.

#### 4.1.2

##### **Beijing tailors its public diplomacy approach in response to local social dynamics such as the level of Internet penetration, size of the Chinese diaspora, and popular discontent**

Beijing varies its public diplomacy strategy on the basis of how connected a country's citizens are with the outside world. It targets more exchange and cultural diplomacy activities and fewer official visits to countries that have higher levels of Internet use. This makes good strategic sense, as the Internet gives citizens in these contexts a larger megaphone to share their views, create pressure for their officials, and compare their country's interactions with China versus other actors. In other words, digitally-engaged citizens are better equipped to drive elite decision-making and popular perceptions in their countries than their analog peers.

Consistent with a prevailing view on the ground in our three country studies and the broader literature, Beijing does appear to take the presence (or absence) of a large Chinese diaspora into account in its public diplomacy efforts. Countries with higher numbers of Chinese migrants in 2010 receive more sister cities and Confucius Institutes. This is broadly what we would expect to see if China views the Chinese diaspora in EAP countries as a stepping stone to influence mainstream popular perceptions.

Despite arguments in the academic literature (DiLorenzo & Cheng, 2017) and from interviewees in the three country studies, we do not find any evidence to support the claim that China opportunistically changes the amount or type of public diplomacy activities in EAP countries following a change in political leadership (i.e., the leading coalition). This non-finding contradicts the conventional wisdom that China exploits these opportunities to advance its agenda. That said, Beijing may be more willing to take advantage of popular discontent, as we find that countries with higher levels of domestic unrest (i.e., riots, strikes, protests) do, in fact, receive more CIs.

#### 4.1.3

##### **Beijing uses sister cities to make inroads with countries that are less aligned with its security concerns and uses Confucius Institutes to consolidate relationships with its allies**

When wooing democratic countries or those that have formal military alliances with the United States, China relies more heavily on sister cities than it does with other countries. This could signal a long-term strategy for Beijing to cultivate alliances outside of the central government in order to make inroads with local

government officials, businessmen, and civil society while it waits for a time when political leaders are more amenable to its views.<sup>86</sup>

China appears more willing to deploy Confucius Institutes to countries that are closely aligned with its security and foreign policy concerns. The more militarized disputes a country has with China, the less likely it is to receive a CI. A similar dynamic is true for countries that diverge more from China in their voting in the United Nations General Assembly. As we observed previously in Vietnam (Chapter 2) and the Philippines (Chapter 3), political leaders or local educators in countries that are less historically aligned with China may be more reticent to opt-in to the CI program, which would impede Beijing's ability to use this tool. Alternatively, Beijing may seek the path of less resistance in using CIs to consolidate relationships with existing allies, rather than convince the skeptics.

The relationship between Beijing's use of financial diplomacy and its security concerns is less obvious. We do not see any clear signal that China systematically

chooses to send its financial diplomacy to countries with which it is engaged with military disputes or that have military agreements with the United States. Nor do we see that Beijing has a proclivity for disproportionately sharing its financial largesse with autocracies over democracies. This could point to a deficiency in our statistical model or, alternatively, popular arguments such as those from interviewees in our three country studies that Beijing intentionally uses the power of its purse to assuage concerns regarding its territorial claims and regional strength may be overstated.<sup>87</sup>

Two areas in which money does seem to come into play are voting patterns in the UN General Assembly and historical aid relationships.<sup>88</sup> Countries that are less willing to vote with China in the UN generally receive less financial diplomacy from Beijing. Meanwhile, countries that have frequently received aid in the past from China not only get more sister cities, but also more financial diplomacy from Beijing than is true in other countries.

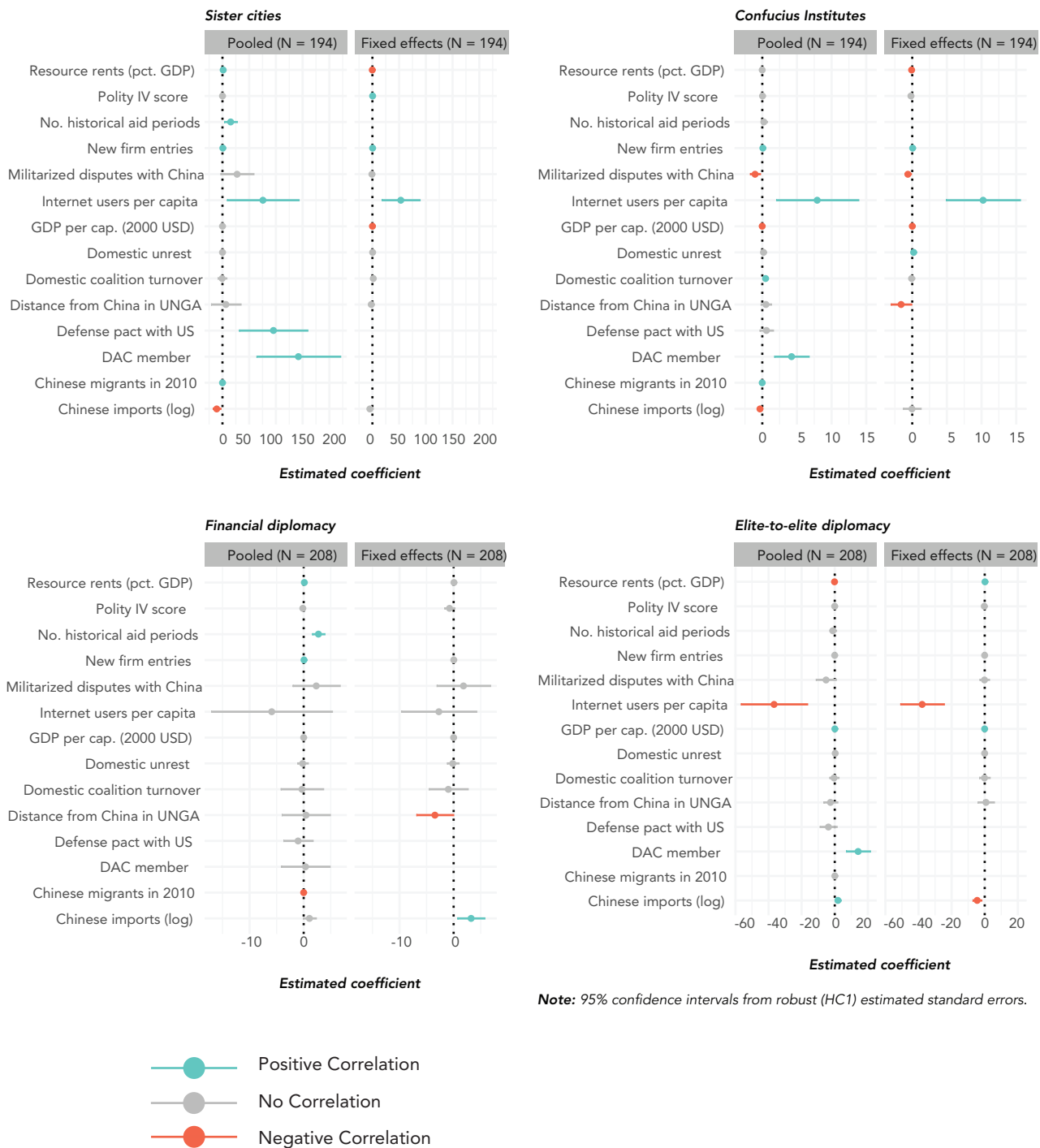
**Table 3: Analyzing the Determinants of China's Public Diplomacy Allocations**

Factor	Hypothesis for Testing	Proxy Measures Used*
<b>Economic opportunities</b>	China targets a higher volume and diversity of public diplomacy activities to EAP countries it deems to be high-value, rather than low-value, markets for Chinese goods, services, and investments.	The value of a market for China is measured by: <ul style="list-style-type: none"> <li>• Size of the economy (GDP per capita);</li> <li>• Size of natural resource endowments (as a percentage of GDP);</li> <li>• Volume of Chinese imports; and</li> <li>• New firm entries per year.</li> </ul>
<b>Security concerns</b>	China uses different public diplomacy activities to reward EAP countries that are highly aligned with its foreign policy positions or cajole countries that are less aligned to change their behavior.	A country's relative alignment with China's foreign policy is measured by: <ul style="list-style-type: none"> <li>• Voting with China in the UN General Assembly;</li> <li>• Militarized disputes with China; and</li> <li>• Presence or absence of a military pact with the United States.</li> </ul>
<b>Openness to influence</b>	China is opportunistic in targeting a higher volume and diversity of public diplomacy activities to EAP countries it deems open to Chinese influence than those that are more closed.	Openness to Chinese influence is measured by: <ul style="list-style-type: none"> <li>• Level of democratization (Polity IV measure);</li> <li>• Domestic unrest;</li> <li>• Domestic coalition turnover;</li> <li>• Number of Chinese migrants (in 2010);</li> <li>• Historical patterns of Chinese aid to the country (number of historical aid periods a country received aid from China); and</li> <li>• Number of Internet users.</li> </ul>

\* The number of Chinese migrants and historical aid periods are included in an initial model that does not account for country-level or year unobservables (no fixed year or country effects). These variables drop out of the models that include country-fixed effects since they do not vary during our temporal domain.

**Notes:** See Appendix A-7 for more information on the variables and model specifications.

Figure 9: Visual Representation of Statistical Model Outputs — Drivers of Chinese Public Diplomacy



**Notes:** This is a summary representation of the panel regression models used to test which country attributes were associated with more or less of a specific type of Chinese public diplomacy. The results for each type of public diplomacy are shown separately and include the estimated coefficients from two models, one with country- and year- fixed effects (labeled fixed effects) and one without (labeled pooled). The number of observations ("n") refers to the number of country-year rows for which the covariates and that particular type of public diplomacy are not missing in the data. In the sister cities and Confucius Institute models, the measurement of the dependent variable is a cumulative count of sister cities/CIs up to and including that year. In the financial diplomacy and elite-to-elite diplomacy models, the measurement of the dependent variable is a count of dollars (logged) and a count of diplomatic visits, respectively. 95 percent confidence intervals from robust (HC1) estimated standard errors. For the full regression tables, please see Appendix A-7.

**Table 4: Analyzing Public Perceptions of Favorability and China's Public Diplomacy**

Factor	Hypothesis for Testing	Proxy Measures Used
<b>Volume of Chinese public diplomacy</b>	People who live in countries with a higher volume of Chinese public diplomacy efforts will view China differently than those who live in countries that have fewer of these activities.	<p>A country's volume of China's public diplomacy activities is measured by:</p> <ul style="list-style-type: none"> <li>• Number of established Confucius Institutes in an EAP country;</li> <li>• Number of sister city agreements with China in an EAP country;</li> <li>• Chinese official finance dollars committed with diplomatic intent; and</li> <li>• Number of civilian or military official visits between China and a given EAP country.</li> </ul> <p><b>Source:</b> See Appendix A-3.</p>
<b>Individual-level socio-economic characteristics</b>	Some people are predisposed to be more or less favorable to Beijing because of their own life experiences.	<p>We test whether people's perceptions of China's favorability varies on the basis of their specific individual attributes:</p> <ul style="list-style-type: none"> <li>• Gender;</li> <li>• Age;</li> <li>• Education level;</li> <li>• Income;</li> <li>• Employment status; and</li> <li>• Residence in urban or rural areas.</li> </ul> <p><b>Source:</b> AsiaBarometer Waves 3 and 4, demographic questions.</p>
<b>Attributes of the countries in which an individual lives</b>	Some people are predisposed to be more or less favorable to Beijing because of the unique characteristics of the countries in which they live.	<p>We test whether people's perceptions of China's favorability varies with the unique characteristics of countries in which they live:</p> <ul style="list-style-type: none"> <li>• Trade openness (trade as a measure of GDP);</li> <li>• Inflation in consumer prices;</li> <li>• Unemployment rate;</li> <li>• GDP per capita in constant US\$2,000; and</li> <li>• <i>polity2</i> composite democracy score</li> </ul> <p><b>Sources:</b> World Development Indicators; Polity IV project (Marshall et al., 2010).</p>

**Notes:** See Appendices A-6 and A-7 for more information on the variables and model specifications.

## SECTION 4.2

### Why do some people and countries perceive China more favorably than others?

As introduced in Chapter 1, the overarching question guiding this report is: how effective is China in translating upstream public diplomacy inputs into its desired ends? We define these ends as the good neighbor effect, which comprises two components: (1) favorable public opinion on the part of EAP citizens regarding mainland China, in keeping with Beijing's desire for greater status or admiration; and (2) alignment on the part of EAP leaders with Beijing's particular foreign policy interests.

In this section, we test the first part of our hypothesis that citizens in EAP countries that receive a greater volume of Chinese public diplomacy efforts will have more favorable views of China. Of course, as described

in Chapter 3, it is equally possible that these public diplomacy activities could be associated with negative attitudes towards Beijing, particularly if people are predisposed to view China differently based upon their life experiences and where they live. With that in mind, we examine how three sets of factors correlate with how people in EAP countries perceive China: (1) the volume of Chinese public diplomacy activities in their country; (2) their individual socio-economic characteristics; and (3) the attributes of the countries in which they live. Table 4 details several hypotheses for how we would expect to see perceptions of China's favorability vary in accordance with these factors, as well as the measures used to test them.

Drawing upon two waves of the AsiaBarometer, a survey of public attitudes in the Asia region, the authors estimated a set of probit models using a survey participant's response to three questions as an approximation of public perceptions of China's favorability in EAP countries (the outcome variable of interest).

- Most influential: Respondents answered the question: "Which country has the most influence in

Asia?" We code an answer as '1' if they answered China and '0' for all other answers.

- Positive influence: Respondents answered the question: "Generally speaking, the influence China has on our country is?" We code an answer as '1' if they answered "very positive," "positive" or "somewhat positive." All other answers are coded '0.'
- Best development model: Respondents were asked to answer the question: "Which country should be a model for our own country's development?" We coded an answer as '1' if they answered China and '0' for all others.

Interviewees argued that critical differences exist between the various tools of public diplomacy and how they are perceived by EAP countries. For this reason, we assess whether and how perceptions vary in relation to each of the four public diplomacy measures introduced in Chapter 2: sister cities (exchange diplomacy), Confucius Institutes (cultural diplomacy), official financing with diplomatic intent (financial diplomacy), and official visits (elite-to-elite diplomacy). Figure 10 summarizes the results from the statistical models, and further information on the variables and methods is available in Appendix A-7.

As we discuss the results of the statistical models, it is important to emphasize that the AsiaBarometer gives us a snapshot of how various factors, including the volume of Beijing's public diplomacy activities, over the previous 10 years might be related to a respondent's perception of China. Data limitations preclude us from saying that these perceptions were explicitly caused by the volume of China's public diplomacy with a given country; instead, we report on whether these two things appear to be associated with each other and how. We provide more information in Box 5 on the variables we constructed using the AsiaBarometer survey and the limitations of this data to understand perceptions of China's public diplomacy activities.

#### 4.2.1

##### **Beijing's financial, cultural, and elite-to-elite diplomacy are generally associated with more favorable views of China, but its sister cities lag behind**

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 in their countries. This is broadly consistent with the argument that many interviewees made in the three country studies that Beijing's financial and elite-to-elite diplomacy were two of its more effective tools in influencing public opinion. There is one exception:

while official visits were associated with more positive views of Beijing's bilateral engagement among citizens in EAP countries, this does not appear to extend to perceptions that China has more influence in the region overall.

China appears to reap greater favorability dividends from its less-concessional financing (i.e., other official flows or OOF) than it does from with its traditional forms of aid (i.e., official development assistance or ODA). Individuals from countries that received higher levels of OOF viewed Chinese influence more positively than those who received generous handouts from Beijing. This latter finding is consistent with experimental research in Africa, which indicates that the public does not have as strong a preference for Chinese aid as it does for aid from traditional development partners (Findley et al., 2017). Interestingly, residents of countries that received more traditional aid from China viewed Beijing as having less regional influence.

This enthusiasm among residents of EAP countries that receive less generous types of financial support from Beijing runs counter to the conventional wisdom that countries want to avoid burdensome, high-interest debt in favor of more concessional funding like official development assistance. It might be the case that the 1997 Asian Financial Crisis badly tarnished the reputations of some traditional donors and increased China's attractiveness as a source of financing that does not insist upon austerity measures or other intrusive policy conditions. Alternatively, EAP countries may associate traditional aid with neo-colonialism and prefer less generous terms if they have greater autonomy to choose how they stimulate growth (Matthews et al., 2016). It remains to be seen if the high profile travails of countries like Sri Lanka and Cambodia struggling to service mounting debt to Beijing dampens this enthusiasm in the future (Hurley et al., 2018). These examples were raised as cautionary tales of the danger of indebtedness to China by interviewees in all case study countries.<sup>89</sup>

As discussed in Chapter 3, interviewees questioned whether Beijing will follow through on its promises, which are made with great fanfare, but are sometimes slow to be realized in practice. Therefore, we might expect to see a difference in favorability of perceptions of China based upon whether financial diplomacy projects were merely committed or actually implemented by Beijing. This skepticism does not yet appear to come through in the data. We do not see any indication that respondents varied in their views of China as having a positive influence or the best development model depending upon whether projects were implemented or only committed. In fact, both types of financial diplomacy were associated with respondents viewing China as having more regional influence.

**Box 5: Using the AsiaBarometer to Measure Public Perceptions of China's Favorability — Process and Limitations**

As a partner of the Global Barometer Surveys, the AsiaBarometer is a cross-national comparative survey of public attitudes which includes several questions on international relations (e.g., most influential countries in the region, impression of other countries). According to AsiaBarometer, a model survey has a sample size of 1,200 respondents for a minimum confidence interval of  $\pm 3$  percent at 95% probability.

AsiaBarometer surveys adhere to the following research protocols to ensure a high standard of rigor and comparability:

- National probability samples that give every citizen in each country an equal chance of being selected to participate.
- A standard questionnaire instrument containing a core module of identical or functionally equivalent questions.
- Intensive training of fieldworkers using codified instruction manuals on interview records, interview etiquette, and sampling.
- Face-to-face interviews in respondents' homes or workplaces in the language of the respondent's choice.
- Quality checks are enforced at each step of data conversion to ensure information from paper returns are entered correctly

In section 4.2, we use respondent answers to three questions as our perception-based measures of China's favorability. Based upon respondent answers we coded their responses to

whether they viewed China as the most influential country in the region, as having a positive influence in their own country, and as having the best development model for their country to emulate. We also used respondent answers to several demographic questions in the survey to determine whether and how respondent perceptions of China varied on the basis of their individual characteristics (e.g., gender, education, employment, age, income, residence in urban or rural areas). The full questions used are available in Appendix A-6.

We use responses from Waves 3 and 4 of the AsiaBarometer survey, which were administered between March 2010 - March 2012 and June 2014 - November 2015, respectively. Wave 3 countries include: the Philippines, Taiwan, Thailand, Mongolia, Singapore, South Korea, Indonesia, Malaysia, Japan, Vietnam, Hong Kong, China, and Cambodia. Wave 4 countries include: Taiwan, Singapore, the Philippines, Mongolia, Thailand, Malaysia, China, Myanmar, Indonesia, Vietnam, Hong Kong, Japan, South Korea, and Cambodia. However, at the time of writing, AsiaBarometer had only released the Wave 4 results for Mongolia, the Philippines, Taiwan, Thailand, Malaysia, Myanmar, Singapore, South Korea, and Cambodia.

So that our country-level measures are not susceptible to short term fluctuations in measures that may not plausibly be perceptible to survey respondents, and to avoid problems of missing measures at a single point in time in individual countries, we took averages of our measures of Chinese public diplomacy investments and country-level control variables across the 10-year period preceding each

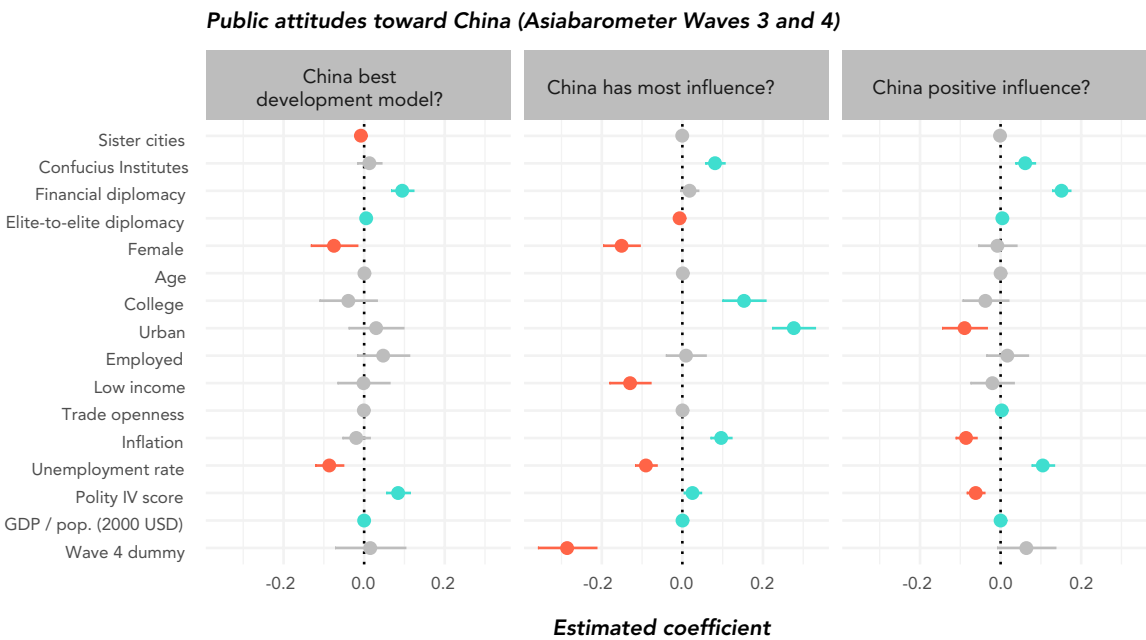
survey wave. In combining multiple waves of the survey, we also include a dummy variable that takes a value of 1 for responses in Wave 4 and 0 otherwise to account for any survey-wave-level effects on respondent attitudes.

Given limitations in the data available from AsiaBarometer, we were not able to build a statistical model that measured the actual changes in public's perception of China over time. As such, our current models provide a snapshot view of how factors over the previous 10 years might affect or relate to a person's perception of China. Caution should be used therefore before asserting causation rather than association in our results. We have excluded small island countries and territories with populations less than 500,000 as of 2016.

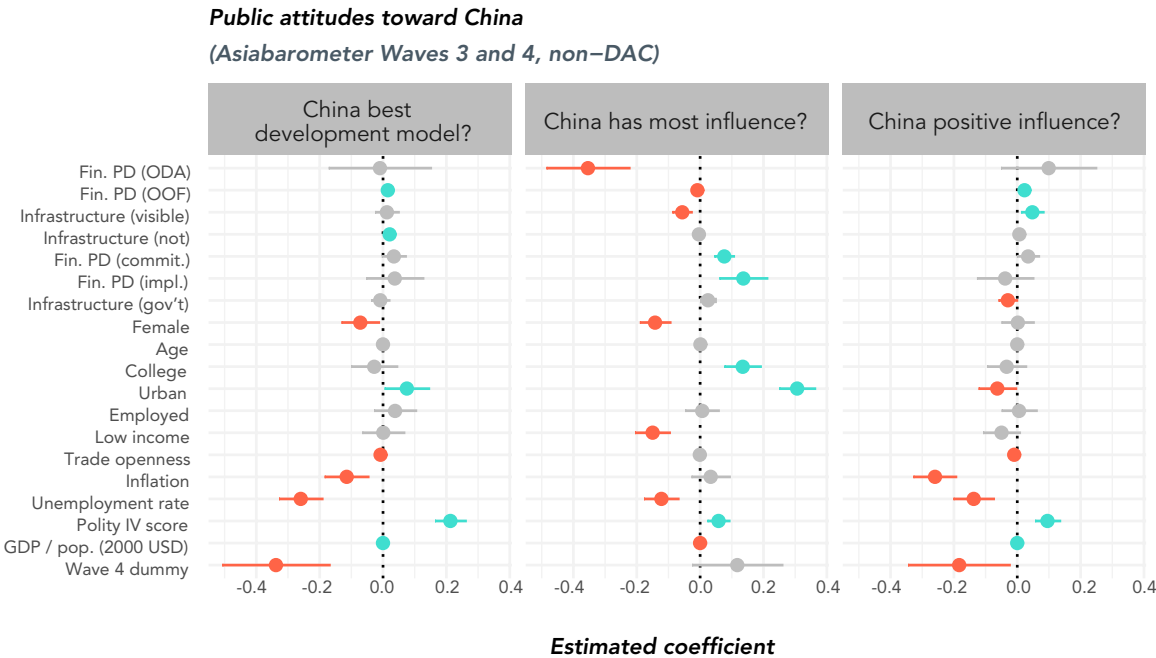
Due to the fact that only two waves of the AsiaBarometer survey include our key survey questions for nine countries, we do not include a set of dummy indicator variables for respondents' countries. Instead, we include control variables for a number of country-level factors that may affect perceptions of China and Chinese public diplomacy investments. From the World Development Indicators we include measures of trade openness (trade as a percent of GDP), inflation in consumer prices, unemployment, and GDP per capita in constant 2000 USD. We also include the polity2 composite democracy score from the Polity IV project (Marshall et al., 2017).

For more information, please see [asiabarometer.org](http://asiabarometer.org) and Appendices A-6 and A-7.

Figure 10: Visual Representation of Statistical Model Outputs — Effects of Diplomacy on Perceptions of China



**Note:** Ninety-five percent confidence intervals from estimated standard errors around coefficients (probit models). Country-level covariates are aggregates (mean or sum) for 10 years prior to survey. In a third model, we include an interaction term for age and the tools of public diplomacy and we found statistically significant relationships, but these are not presented here. See Appendix A-7 for the full regression results.



**Note:** Ninety-five percent confidence intervals from estimated standard errors around coefficients (probit models). Country-level covariates are aggregates (mean or sum) for 10 years prior to survey. The full regression results for all models are included in Appendix A-7.

- Positive Correlation
- No Correlation
- Negative Correlation

Given the heavy emphasis in the country studies and the sectoral focus of China's financial diplomacy on infrastructure, we would expect to see such projects to be strongly associated with public perceptions, either positive or negative. Since people can only credit China for those projects that they can readily observe and monitor, we tested whether respondents' views of China varied in relation to the volume of Chinese-financed infrastructure projects in their country that were more or less visible. We find that the presence of more visible infrastructure projects is associated with positive views of Beijing's influence in a respondent's own country, but negatively correlated with perceptions of China having the most regional influence.

When it comes to cultural diplomacy, Beijing's signature Confucius Institutes appear to be more closely associated with perceptions of China's influence than in attracting people to embrace its development model. Respondents living in countries with more CIs view Beijing as more influential, regarding that influence as positive. It is important to interpret this finding carefully, in light of the discussion in section 4.1. EAP countries must opt-in to the CI program, which may inhibit Beijing's ability to implement this tool in countries that are resistant or skeptical. In this respect, there may be a self-selection bias whereby countries that are already more favorable to China are more likely to accept Confucius Institutes than those countries that have less positive views.

One aspect of Beijing's public diplomacy efforts that appears to lag behind expectations is sister cities. Respondents living in countries that have higher numbers of sister cities are less likely to prefer China's development model and a higher volume of this type of public diplomacy does not appear to be associated with more favorable perceptions of Beijing's influence. Since China disproportionately targets its sister cities program to advanced economies in the region (see Chapter 2), the lack of positive effects may say more about the profile of countries that receive this diplomacy than the utility of the tool itself. One might also argue that sister cities have relatively limited reach and their benefits are most clearly seen by a subset of people living in those localities rather than an entire country.

#### 4.2.2

##### **Perceptions of China are not monolithic: cleavages exist along socio-economic and political lines as to how to interpret Beijing's influence**

Older people tended to have more favorable views of China as a positive influence and as a desirable

development model to which their countries should aspire in contexts where China has devoted fewer resources to public diplomacy.<sup>90</sup> Intriguingly, China's perceived favorability is somewhat less among older people who live in countries that receive more Chinese public diplomacy. We did find one exception to this, in that a higher volume of elite-to-elite diplomacy was associated with older people viewing China as having more regional influence. These statistically significant results were identified through interacting the age variable with the various tools of public diplomacy. Due to space constraints, these results are not included in Figure 10; however, they are available in Appendix A-7.

Demographic and socioeconomic factors also play a role in how people view China. Male, college-educated, and economically well-to-do respondents were more likely to see China as the most influential country in the region. City dwellers agreed that China is influential, but they were less likely to see Beijing's influence as positive in their countries. This could indicate one of two things: either the downsides of their country's engagement with China are disproportionately felt by city dwellers, or they have more opportunities to hear about the negative repercussions of Beijing's influence through greater exposure to the international media.

Moreover, a country's political and economic choices affect how its citizens view China, though not always in the way one might expect. Citizens in democracies were more likely to express admiration for Beijing's centrally planned economy compared with their peers in autocracies. This would appear to contradict the assumption that democratic principles and market-based economies necessarily go together. However, respondents living in democracies were wary of Beijing's growing influence. They were more likely to say that China had the most influence in the region, but also that this was a net negative in their countries.

In addition, countries with higher unemployment rates consider engagement with China as a net positive in the short-term in helping them break out of poverty, but not necessarily as the development model to which they aspire. Inflation rates cut the opposite way: when inflation is high, citizens are less likely to view China as having a positive influence.

**Table 5: Analyzing EAP Country UNGA Voting Patterns and China's Public Diplomacy**

Factor	Hypothesis for testing	Proxy Measures Used
<b>Volume of Chinese public diplomacy</b>	Countries with a higher volume of Chinese public diplomacy efforts will be more willing to align their voting in the UN General Assembly with China.	<p>A country's volume of China's public diplomacy activities is measured by:</p> <ul style="list-style-type: none"> <li>• Number of established Confucius Institutes in an EAP country;</li> <li>• Number of sister city agreements with China in an EAP country;</li> <li>• Chinese official finance dollars committed with diplomatic intent; and</li> <li>• Number of civilian or military official visits between China and a given EAP country.</li> </ul>
<b>Source:</b> See Appendix A-3		
<b>Political climate in EAP countries</b>	Some countries are predisposed to align their UNGA voting more or less closely with Beijing due to their political choices and environment.	We test whether countries' voting patterns systematically vary on the basis of several domestic political factors: level of democratization (Polity IV measure), domestic unrest, and domestic coalition turnover.
<b>Economic climate in EAP countries</b>	Some countries are predisposed to align their UNGA voting more or less closely with Beijing due to their economic choices and environment.	We test whether resource rents (as a percentage of GDP), income level (GDP per capita), Chinese FDI (new Chinese firm entrants into a country every year), trade openness (trade as a percentage of GDP), or unemployment rate affects alignment with China.
<b>Foreign policy and security conditions in EAP countries</b>	The inertia of past foreign policy and security choices means that countries that were previously aligned with Beijing are more likely to vote with China in the present than those that were historically less aligned.	We test whether previous foreign policy alignment and/or security ties or threats might affect current UNGA voting. We include a measure for how aligned a country's UNGA votes were the previous year, as we would expect close alignment in one year would predict close alignment in the next year. We also include a measure for the number of militarized disputes with China, with the theory that such events would decrease foreign policy alignment.

**Notes:** See Appendix A-7 for more information on the variables and model specifications.

## SECTION 4.3

### How well does China convert its public diplomacy overtures into foreign policy returns?

Beijing has numerous foreign policy objectives to advance its regional and global interests. In this section, we focus on its ability to secure one of them: convincing leaders of other EAP countries to align themselves with China's positions in international decision-making bodies. Specifically, we seek to isolate whether there is a relationship between Beijing's public diplomacy activities and the extent to which EAP countries vote together with China in the United Nations General Assembly (UNGA).

Admittedly, there are various possible measures to assess the degree of foreign policy alignment between China and a given EAP country, including,

but not limited to, diplomatic missions and visits, visa restrictions, military bases, voting in regional fora (e.g., ASEAN, PIF), and text- or sentiment-analysis of government statements. In this study, we chose to use data on the UNGA voting patterns, which is a variable that is widely used in the academic literature to study foreign policy change and similarity (e.g., Dreher et al. 2018; Bailey et al., 2017; Strüver, 2012). Building upon past work by Bailey et al. (2017), we calculate the difference between the UNGA voting patterns of China and a given EAP country during the period of 2000-2016 as our dependent variable of foreign policy alignment with China.

As Strüver (2012) explains, using UNGA voting data as a measure of foreign policy alignment with China offers several advantages: (1) it is available for all EAP states over time; (2) UNGA voting tend to exhibit a higher level of variance than other foreign policy decisions; and (3) many UNGA resolutions are symbolic in nature, thus containing more information on a nation's foreign policy interests, particularly international security, humanitarian, and political issues.<sup>91</sup>

The authors estimated a set of panel regression models to examine how four sets of factors correlate with the UNGA voting patterns of EAP countries: the volume of Chinese public diplomacy they receive, their domestic political and economic environments, as well as their historical foreign policy alignment with China. Table 5 details several hypotheses for the relationships we would expect to see between these factors and a country's UNGA voting.<sup>92</sup> More information on the variables, assumptions, and methods is available in Appendix A-7.

#### 4.3.1

##### **Beijing's relationships with political elites and cultural diplomacy appear to go hand in hand with its ability to influence how EAP countries vote in UNGA**

Interviewees in all three case study countries felt strongly that China's elite-to-elite diplomacy (i.e., official visits) was one of the most potent tools for Beijing to cultivate close ties with political elites, make its priorities known, and persuade leaders to adopt these positions as their own. In this respect, it should come as no surprise that we see that there is indeed a relationship between the amount of elite-to-elite diplomacy an EAP country received and their degree of foreign policy alignment. The more official visits between an EAP country and China, the more likely they were to vote with China in the UN General Assembly.

Nonetheless, we also see a relationship between a country's UNGA voting patterns and the presence of Confucius Institutes, which we would conventionally think of being more associated with public diplomacy that aims to reach more than political elites alone. This could indicate one of two things. Similar to the discussions in sections 4.1 and 4.2, it could be that countries that were already aligned with China were more likely to opt-in to the CI program and request more of such institutions. Alternatively, it could be that CIs are having the intended effect of softening Beijing's image and making alignment with China more attractive. However, we do not yet see the same for sister cities, our measure of exchange diplomacy.

#### 4.3.2

##### **EAP countries are most likely to vote with Beijing when they receive financing on more generous terms, but not necessarily when they accept more Chinese firms**

There was substantial speculation among interviewees in the case study countries that China cajoles leaders into accepting its foreign policy positions with financial diplomacy. If we look at China's financial diplomacy as a whole, it does not appear that countries that received more money are

any more likely to vote with Beijing in UNGA. However, breaking down financial diplomacy into separate financial flow types, a different picture emerges.

We found that EAP countries were more likely to vote with Beijing in UNGA if they had more of two types of financial diplomacy: concessional official development assistance (aid) and infrastructure financing for projects that were less visible to the public (ostensibly the pet projects of leaders). This pattern of evidence is consistent with the principle articulated in Dreher et al. (2018, p. 184): "for any given financial commitment, the larger the grant element, the more the recipient government will value the transfer and thus the larger the 'favor' a donor can expect in return." This distinction is important since the preponderance of Chinese financial diplomacy is in the form of less-concessional flows. It also says something about the limits of buying loyalty on less than generous terms.

EAP leaders likely consider their country's economic prospects when they make their UNGA voting decisions. Nonetheless, exposure to Chinese business was actually associated with lower levels of foreign policy alignment between EAP countries and China. EAP countries that attracted a greater number of new Chinese firms in the previous year were less likely to align with Beijing's foreign policy positions. While it is difficult to know with certainty, this finding might give some credence to the observation raised by several interviewees in the three case study countries that Chinese businesses can undercut Beijing's official overtures if these new entrants breed resentment for their employment practices, insensitivity to the local context, or are seen as competing unfairly with local firms.

Given the high profile nature of China's territorial disputes in the region, one might expect that leaders from EAP countries would be more resistant to aligning with Beijing in UNGA on the basis of security considerations. Surprisingly, we do not see any indication that the number of militarized disputes a country had with China in the previous year has any bearing on the voting behavior of EAP leaders.

## SECTION 4.4

### Concluding thoughts

In this chapter, we examined the drivers of Beijing's public diplomacy allocations, as well as the relationship between China's public diplomacy activities, public perceptions, and the voting behavior of EAP leaders in the United Nations General Assembly. Constructing a series of econometric models, we systematically tested

several hypotheses that emerged from our three country studies about what motivates China's public diplomacy allocations and how this might influence public perceptions and leader behavior in EAP countries.

So what does all of this say about the extent to which China's public diplomacy activities help Beijing earn a "good neighbor" dividend? Sometimes, the quantitative data nicely followed people's observations on the ground. We saw evidence that Beijing is indeed looking to open up market opportunities for Chinese firms and access to natural resources. Financial and elite-to-elite diplomacy were associated with more favorable views of China and, in some cases, the voting behavior of EAP countries in UNGA, as we expected to see based upon the observations of interviewees.

The contention raised by many interviewees that China works with and through the Chinese diaspora to reach mainstream society in EAP countries also receives some support in our econometric analysis. Sister cities did not make much of an impression on people we spoke with in the three country studies and in our models. Their relationship with public perceptions and UNGA voting was similarly muted. Finally, our statistical analysis gives some credence to the argument raised by interviewees that Chinese firms sometimes undercut Beijing's official overtures, as we found that EAP countries that accepted more

Chinese firms were less likely to vote with China in UNGA.

Conversely, we saw numerous instances where the statistical models returned surprising findings (or even non-findings) that were dissonant with what we and others expected to see. For all of the controversy swirling around CIs, we found that this form of cultural diplomacy was still associated with more favorable perceptions of China and a higher likelihood of voting with Beijing in UNGA. Despite compelling arguments from interviewees, we did not find any evidence to support the claim that Beijing is opportunistic in exploiting moments of political transition. There were also some mixed signals on the efficacy of financial diplomacy. For instance, less concessional flows were associated with more favorable popular perceptions, but countries who received more concessional flows voted more often with Beijing in UNGA.

In Chapter 5, we take a step back from the individual models, interviews, and data points to look at China's public diplomacy holistically and in light of the original theory of change and key questions raised in Chapter 1. The authors will reflect on what we think we have learned from opening the black box of Chinese public diplomacy activities, what is still unknown, and the implications for future research and practice.

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- <sup>83</sup> We have excluded small island countries and territories with populations less than 500,000 as of 2016 from all statistical analyses due to a lack of data availability. These include American Samoa, Brunei Darussalam, Cook Islands, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, Niue, Northern Mariana Islands, Palau, Pitcairn Islands, Samoa, Tonga, Tuvalu, and Vanuatu. North Korea is also dropped from our analysis due to poor data availability.
- <sup>84</sup> We estimated panel regression models with and without country- and year-fixed effects. To account for non-constant variance in the error term, we estimated heteroskedasticity-consistent standard errors. For more information, see Appendix A-7.
- <sup>85</sup> There is also some indication that consumption economies that are enthusiastic importers of Chinese goods may benefit more from Beijing's financial largesse. However, this particular finding should be interpreted with caution. Even though we find some indication of relationships between the financial diplomacy variable and various explanatory variables that are statistically discernible from a null effect (i.e., statistically significant), the presence of a negative adjusted R-squared value points to something about the financial diplomacy variable when we include country and year fixed effects that is a poor fit with this particular model. We include the full regression output in Appendix A-7 both with and without fixed effects.
- <sup>86</sup> US military pacts did not vary significantly across time and countries in the EAP region during the study period, so this measure could not be included in our country- and year-fixed effects model (on which we base most of our conclusions in this section). In the model without fixed year and fixed effects, a military compact was a statistically significant determinant of Chinese sister cities.
- <sup>87</sup> Even though we find some indication of relationships between the financial diplomacy variable and various explanatory variables that are statistically discernible from a null effect (i.e., statistically significant), the presence of a negative adjusted R-squared value points to something about the financial diplomacy variable when we include country and year fixed effects that is a poor fit with this particular model. We include the full regression output in Appendix A-7 both with and without fixed effects.
- <sup>88</sup> These findings on financial diplomacy should be interpreted with caution for the reasons stated previously.
- <sup>89</sup> Hurley et al. (2018) identified both Sri Lanka and Cambodia as countries at risk of debt distress from additional Belt and Road Initiative financing in their Center for Global Development working paper. Laos and Mongolia also make the list. While Sri Lanka is not geographically part of East Asia and the Pacific, it is clearly on the minds of people in the region, as it frequently was mentioned as a cautionary tale in the case study countries in light of the high-profile turnover of control of the port of Hambantota to Chinese interests on a 99-year lease in exchange for a billion dollars of debt relief (Lim & Mukherjee, 2018). Meanwhile, Sophal Ear in a 2018 interview with Radio Free Asia warned that no one wants Cambodia to "become a province of China" and the fact that its debt of US\$4.3 billion to Beijing is equivalent to 20% of its GDP is dangerous for its future independence (RFA, 2018).
- <sup>90</sup> The age variable is the raw actual age values reported by respondents and recorded in the AsiaBarometer survey. The Age variable is positive and statistically significant in the second model where we interacted public diplomacy with respondent age.
- <sup>91</sup> Of course, Strüver (2012) also points out that resolutions falling within the purview of UNGA's Economic and Financial Committee account for only a small fraction of votes and therefore is less helpful in capturing alignment on these issues.
- <sup>92</sup> Our units of analysis are East Asian and Pacific countries (excluding Taiwan) throughout the period of 2000-2016. To account for heteroskedasticity, we estimate heteroskedasticity-consistent standard errors. In interpreting the coefficients from the models, negative coefficients indicate that as the given covariate increases, the distance between a country's ideal point and China's ideal point becomes smaller, (i.e., more similar foreign policy interests). So that these changes can be interpreted in terms of convergence/divergence, we control for a country's similarity to China in the previous year and include country-fixed effects.

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## CHAPTER FIVE

# What does the future hold for China's public diplomacy?

China may be “late in the [public diplomacy] game” compared with other regional powers, as Melissen and Sohn (2015) observe, but we have seen in this study that what Beijing lacks in experience, it makes up for in enthusiasm. The anecdotal impressions of interviewees and the qualitative assertions of many scholars is borne out in the quantitative data: China has unequivocally increased the volume and diversity of its public diplomacy overtures throughout the East Asia and Pacific region between 2000 and 2016.

Building upon our working definition, we identified five categories of Chinese public diplomacy activities that Beijing deploys in the hopes of earning a “good neighbor dividend” consisting of more favorable perceptions of its peaceful rise and closer alignment with its foreign policy goals. While data limitations precluded us from capturing every facet of Beijing's efforts, we successfully quantified proxy measures for four of five dimensions of public diplomacy: Confucius Institutes (cultural diplomacy), sister cities (exchange diplomacy), official finance with diplomatic intent (financial diplomacy), and official visits (elite-to-elite diplomacy).

In this chapter, we reflect on what we have learned about the scope, direction, perceptions, and consequences of Chinese public diplomacy activities in EAP countries. We highlight several areas for future research and data collection in order to continue to increase our understanding of China's public diplomacy tactics and standing in the EAP region vis-à-vis other regional powers. We also assess the extent to which Beijing appears to be effective in swaying EAP countries toward its viewpoints and the implications for the region.

## SECTION 5.1

### What have we learned about Chinese public diplomacy overtures in the EAP?

China seems most confident in its longest standing public diplomacy tools: building relationships with political elites and using the power of its purse. Worth an estimated US\$48 billion between 2000-2016, Beijing's financial diplomacy (i.e., debt relief, budget support, humanitarian assistance, and infrastructure investments) dwarfs its use of other instruments with EAP countries. China entertains more visiting dignitaries and elites each year than any other country, while its own leaders travel to receiving countries regularly. Beijing's reliance on official visits has decreased overall in recent years, but elite-to-elite diplomacy still accounts for the lion's share (90%) of its outreach with most of the smaller countries in the EAP region.

Nonetheless, Beijing is demonstrably experimenting with a wider set of public diplomacy tools, particularly cultural and exchange programs, to augment its traditional engagement with EAP countries. The breakneck pace of growth in new Confucius Institutes and Confucius Classrooms is noteworthy both in sheer volume and the fact that EAP countries must opt-in to the program. The number of sister city agreements between China and EAP countries similarly surged by 115% between 2000 and 2016. Interviewees pointed to numerous examples of China's facilitation of a diverse array of exchange programs for both students (e.g., scholarship programs) and professionals (e.g., journalist trainings, and political party and military exchanges).

There is more support for the argument that China is strategic rather than opportunistic in how it targets its public diplomacy efforts, in that Beijing appears to vary the volume and type of tools it uses in different countries based upon anticipated risks and rewards. Opening up new market opportunities for Chinese businesses and investment in line with its “going out” strategy is top-of-mind for Beijing's leadership. In recognition that Confucius Institutes are sometimes a lightning rod for controversy among local educators

and politicians who view this as an encroachment upon their independence, Beijing is more likely to use this tool to consolidate relationships with its allies, and instead deploy sister cities to make inroads with countries that are less well aligned with its security concerns.

While China has broadened its outreach in recent years, building bridges with the Chinese diaspora to increase its favorability with foreign publics remains an important part of Beijing's public diplomacy strategy. Beijing channels a higher volume of its public diplomacy activities towards EAP countries with a larger diaspora presence. However, the utility of this approach in improving mainstream public perceptions of China is heavily influenced by how the ethnic Chinese minority is perceived by other ethnicities within EAP countries. Similarly, Chinese companies do not always operate at the direction of Beijing, but their engagement with EAP countries has the potential to undercut (or enhance) official public diplomacy efforts.

There are some indications that Beijing's public diplomacy overtures may be paying off in terms of more favorable public perceptions of China. Official visits and financial diplomacy were associated with EAP citizens viewing China as having a positive influence and a development model to which their countries should aspire. This is very much in line with our expectation that public diplomacy should increase the understanding, attraction, and perceived value of what a sending country (China) can offer to people in a receiving country. However, these public perception gains could be at risk in light of growing concern over the specter of indebtedness as EAP countries struggle to repay mounting debts to Beijing.

China has positioned itself as a premier destination for international students to complete their education. The fact that it has attracted large numbers of foreign students from the EAP and other regions is something of a testament to an increased awareness and interest in Chinese language, culture, and people. Despite some negative reactions cited in the literature and on the ground in case study countries, Confucius Institutes are still associated with more positive perceptions of China's influence, and the continued expansion of the program is, at least in part, responsive to local demand for Mandarin language instruction.

Although Beijing has broadened its outreach with average citizens in EAP countries over recent years, it is arguably most comfortable engaging with political elites and, in many countries, this has proven to be an effective strategy to achieve its foreign policy objectives. China has reportedly won significant security concessions with leaders in the Philippines and Malaysia with regard to a more muted public pushback on its territorial claims, as well as gained outsized influence in setting the terms for economic deals with all three case study countries. We also see some evidence of a relationship between the number of

official visits, Confucius Institutes, and official development assistance dollars an EAP country receives from China and the likelihood that it will back Beijing's positions in the UN General Assembly.

## SECTION 5.2

### What is still unknown or uncertain about China's public diplomacy in the EAP region?

While this study broke new ground in quantifying the volume and diversity of Chinese public diplomacy tools, there are several areas that would benefit from additional research and data collection that were infeasible in this report given scope, time, and budget constraints. One of these areas relates to better measures for informational and exchange diplomacy. Beijing has substantially ramped up its government-run international broadcasting at a time when many other countries have reduced their efforts in this area. However, there was insufficient data readily available for us to identify a measure of informational diplomacy to facilitate comparison over space and time in the EAP region. We selected sister cities as the best available data to measure exchange diplomacy for this study, but in doing so, we acknowledge that this fails to capture the likely importance of international students to China's public diplomacy efforts.

To fully answer the question of whether China's public diplomacy efforts are effective in achieving its objectives, we would need to be able to speak to the causal relationship between the activities of a sending country with the attitudes and actions of a receiving country. Unfortunately, due to data limitations, we could only identify associations or looser relationships between China's public diplomacy, public perceptions, and specific decision-making behaviors. In other words, we could not say that China's public diplomacy 'caused' something to happen—rather we can merely say whether or not there appeared to be a relationship and in which direction.

By design, this particular study was exclusively focused on the public diplomacy activities of one sending country (i.e., China) in EAP countries; however, the reality is far more complex, as citizens and elites often interact with many different sending countries simultaneously. In this respect, the ability of any one sending country to get traction with foreign publics and leaders is at least somewhat affected by the actions of other sending countries, such as the volume, diversity, and sophistication of other sending countries' public diplomacy efforts.

Future studies would do well to invest in additional data collection and research to fill in some of the remaining gaps: (1) comparable measures of information diplomacy and student exchanges over time and space; (2) data to capture changes in perceptions or behavior as a result of public diplomacy activities; and (3) comparative data on the public diplomacy activities and effectiveness of other foreign powers to situate China's overtures in the context of multiple sending countries.

### SECTION 5.3

#### What are the implications of Beijing's increasing public diplomacy for the EAP region?

If China is successful in its use of public diplomacy to persuade citizens and leaders to sympathize with its views, this has big implications for EAP countries. Beijing's intense focus on courting political and business elites, as well as its emphasis on financial diplomacy, could increase the risk of undue influence with leaders willing to exchange favors for economic gain. Concerns of this nature have already been raised in the three case study countries, as well as in the media. In this respect, it would be prudent for EAP countries to mandate greater disclosure of the amounts and terms of foreign grants or loans that support government activities, as well as any foreign funding received by political candidates.

Given growing sensitivities in several EAP countries regarding the fine line between public diplomacy and clandestine influencing operations, democratic governments in the region should take additional steps to curb foreign influence in their domestic political activities or campaigns. This could include new legislation to prevent foreign funding of political candidates and/or political parties, as well as the requirement that paid media advertisements or sponsored content be clearly labeled as such.

China's effectiveness in deploying public diplomacy tools to further its interests also has implications for other foreign powers whose influence it may displace. Australia, Japan, and the United States, among others, have long-standing military and economic interests in the region which require continued good will with foreign publics and access to EAP leaders. Yet, there was a prevailing feeling in the case study countries that Western countries had retrenched and drawn back on their public diplomacy efforts. Amidst pressures of budget reductions for aid and diplomacy efforts, there is a temptation for Western countries to turn inward rather than keep pace with the increasing volume and sophistication of China's public diplomacy efforts in the EAP. If they do so, they will effectively cede ground to Beijing.

Instead, Western countries should invest more effort in making their public diplomacy activities more targeted and tailored to the EAP region. Building upon this preliminary study of China's public diplomacy, we would suggest that it would be equally valuable to commission additional research that looks at the question of effectiveness from a comparative lens to understand what types of public diplomacy programs and which providers would be best received in the EAP.

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