



CHINA'S EMERGENCE AS A GLOBAL SECURITY ACTOR

Strategies for Europe

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Executive Summary

THE CHALLENGE: CHINA'S EMERGENCE AS A GLOBAL SECURITY ACTOR AFFECTS CORE EUROPEAN INTERESTS

There is a new reality in Europe-China relations, shaped by China's emergence as a full-spectrum global security actor. Europe increasingly meets China in security interactions closer to home and thus beyond matters related to East Asian security. Rather than being primarily concerned with China's growing global military force projection capabilities, Europe is more exposed to other aspects of Beijing's new global security activism and will be for some time to come. This includes a new Chinese security diplomacy, Beijing's application of economic strength in pursuing Chinese security interests, and its efforts to shape the institutions and norms that guide global security.

More direct security interactions with China are already affecting core European economic, political and security interests in the immediate and wider European neighborhood. China also increasingly challenges European security ambitions, including European and transatlantic unity as well as European strategic autonomy and support for a rules-based international order. It is therefore high time for European decision makers to more rigorously take China into account in national, European and transatlantic security policymaking and planning.

The Brexit vote in the United Kingdom, the rise of populist sentiment across Europe and the advent of the Trump administration carry the risk of European and transatlantic navel-gazing in the years ahead. However, European Union member states should take the current period of strategic reflection and repositioning, including on global security matters and European security cooperation, as a window of opportunity to take stock of China's global strategic arrival and what it means for Europe and its foreign and security policy interests, for European relations with Beijing and Washington, and those with other partners in Asia and beyond. This will require decision makers to look beyond China's role in East Asia and the economic sphere.

In making sense of China's new global security activism, European foreign and security policy decision makers will have to take into account that the globalization of China's national security policy largely represents the catching-up of this policy with an otherwise already "global China." Yet, despite its ongoing internationalization, domestic factors continue to render China a unique global player and a difficult partner in global security.

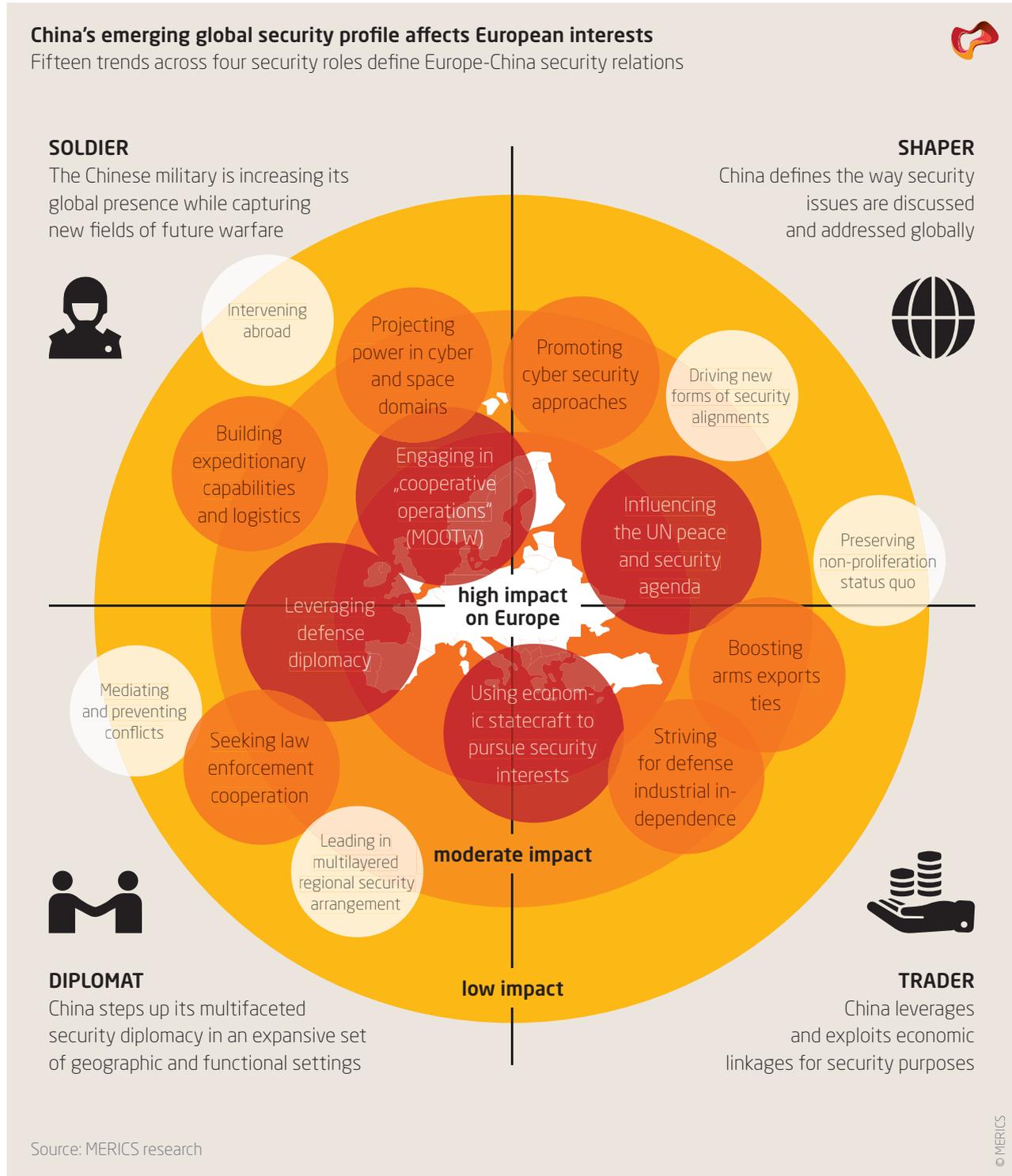
Domestic factors continue to render China a unique global player and a difficult partner in global security

Moving target: Four roles characterize China's global security profile

The general trajectory of China's emergence as a more visible and powerful global security actor is becoming clear. By 2022, China's global security profile will be made up of four at times overlapping roles, with the following key characteristics:

- As a "diplomat," Beijing will have succeeded in winning over a growing number of security partners in its neighborhood and beyond through a mix of deepened security exchanges, defense diplomacy, economic incentives and leveraging regional and multilateral security cooperation formats. New security partnerships will help Beijing to more effectively manage transnational security issues, such as terrorism or illegal trafficking, and potential threats to Chinese interests, overseas assets and citizens.
- As a "soldier," China will have developed the capabilities necessary to project power in theaters far away from China's borders and be able to sustain multiple small-scale operations at the same time. China will also exert significant power in new domains of war, namely cyber and space.
- As a "trader," China will have more effectively deployed economic means to pursue security interests. While China's economic statecraft will have a mixed record in contributing to development and resilience in countries in the European periphery, it will continue to mature, providing Beijing with a more effective instrument to sway global alignments on security issues. At the

Figure 1.1



same time, progress in China's defense industrial modernization will dramatically change relations, both with a growing number of arms export clients and with countries from which China seeks to source critical dual-use technologies.

- As a "shaper" of global security norms and institutions, Beijing will have invested substantially more time, diplomatic and financial resources in regional and global security multilateralism, providing global public security goods and international peace and security in some instances. However, shaping global security will also mean the externalization of Chinese security concepts that have proven "successful" at home, such as Beijing's information control-focused

approach to cyber security or its approach to fighting corruption. More importantly, China will flexibly drive new state-centered and sovereignty-focused security alignments that challenge the influence of Western security arrangements and partnerships.

From a European perspective, these four roles that will make up China's global security profile by 2022 will predominately manifest themselves in the form of 15 trends illustrated in figure 1.1 above. These trends will vary in terms of the speed and direction of their development as well as in their impact on European security interests. Yet all of them will become increasingly visible and will pose challenges to European foreign and security policy decision makers over the next five years.

A NUANCED APPROACH: CHINA CAN BE A PARTNER, COMPETITOR OR ADVERSARY FOR EUROPE

European policymakers would be well-advised to pursue a balanced and differentiated approach to China as a global security actor. China's security roles and the trends identified in this paper that underpin these roles suggest that there will be three distinct ways in which Europe will be affected by China's likely global security behavior by 2022. These different types of interaction also warrant distinct response logics, which are set out below (with more detailed policy priorities provided in the conclusion). Critically, European foreign and security policymakers must also have policy responses in store for those Chinese security activities that are likely to have a significant impact on Europe but where it is not yet clear whether this impact will be positive or negative.

1. Europe and China meet in largely non-confrontational security interactions with high impact on European security interests

By 2022, the most visible cluster of European security interactions with China will revolve around mostly soft security interactions, ranging from the strategic use of economic instruments to the People's Liberation Army's (PLA) growing defense diplomacy outreach and interactions in military operations other than war (MOOTW). The relevance of interacting with China on pressing security issues in Europe's near and wider neighborhood as well as within the United Nation's (UN) system is likely to have increased dramatically.

Security relations with China in this cluster of activities will often be underpinned by overlapping interests and potential for cooperation. European decision makers will need to adapt to a new reality in which they need Beijing's cooperation or even consent on security issues that are important for Europe. Europeans will also benefit from a more independent, outspoken and mediating Chinese role, as Beijing is likely to pursue a relatively reliable and consistent course in global security affairs.

Beijing is likely to pursue a relatively reliable and consistent course in global security affairs

Key aspects of engaging China include:

- **Improving knowledge and avoiding miscalculations:** European actors need to deepen exchanges with China to better understand Beijing's priorities, evolving approaches and policy signals. At the same time, they have to improve information sharing and analysis of developments that affect China's security policy.
- **Building trust and recognizing China's contributions:** Appropriate public recognition and a positive narrative around security cooperation will facilitate pulling Beijing into a more responsible position. Transparency and more frequent practical military exchanges as well as high-level government dialogue on security matters will be crucial to building confidence and trust.
- **Engaging with China on European terms in a clear-eyed and conditional manner:** European advances in engaging China need to be clear-eyed with a view to fundamental limitations, serious trade-offs, and potential downsides. Conditioning factors range from China's security behavior in its regional environment to conflicting security preferences among key European

allies, as well as China's reluctance to shoulder responsibilities and a lack of interest in cooperating with Europe in many fields.

- **Moving from baseline exchanges and coordination to burden-sharing:** Proactive information sharing, coordinated diplomatic exchanges on the ground in conflict regions and agreements on baseline coordination with Chinese counterparts will go a long way toward promoting European interests. However, China will also be able and should be asked to take on an increasing number of tasks that Europeans cannot or are not currently willing to undertake (alone), such as crisis management in certain African countries and beyond, and contribute to burden-sharing and the provision of global public security goods.
- **Taking calculated risks:** Pulling China into security cooperation on European terms will require not only proactive efforts and some compromises on non-essential security issues, but also calculated risk-taking. European decision makers should carefully design testing grounds and advance further pilot projects for deeper security engagement with China, for instance in Afghanistan or Africa.

2. Europe and China meet in competitive and adversarial security interactions with medium to high impact on European security interests

Fundamental uncertainties regarding China's ultimate intentions will complicate security relations with Europe

This cluster includes China's power projection capabilities in global cyber- and information warfare and space affairs, as well as Beijing's efforts to shape related governance approaches with bilateral partners and in global institutions. China's rapid defense industrial upgrading will render guarded European research and development (R&D) cooperation with China more attractive, especially in those fields where Europe is already lagging behind. However, the growing weight of China's defense industry in global markets will also pose challenges to European security diplomacy and commercial ties with third countries. Furthermore, Europe will be confronted with more coordinated and proactive Chinese measures to foster alignments with countries across the globe, including in and around Europe, on state-driven and sovereignty-focused, sometimes also anti-American and anti-Western, security norms and practices.

In general, security relations with China in this cluster of activities will be more challenging for Europe and will involve strongly competitive and adversarial elements. Strategic distrust by European security elites and fundamental uncertainties regarding China's ultimate intentions will complicate relations. Cyber and information warfare, as well as the acquisition of critical dual-use technologies, will be among the few fields with potential for a more tangible "China threat" scenario. China will also confront European partners with a difficult choice regarding whether to adapt to Chinese interests or face consequences. European decision makers will need to avoid a situation in which they are deepening cooperation with China in global security matters while China-related conflicts and Beijing's assertiveness in its neighborhood are escalating.

Key aspects of engaging China include:

- **Gathering intelligence and having a European strategic debate:** Maintaining unity and developing an independent position of strategic autonomy in the face of a more assertive and ultimately challenging Chinese security role on the global plane requires independent, reliable, and Europe-wide information-sharing on Beijing's policies and behavior as well as a more connected policy debate inside the European strategic community.
- **Prioritizing new domains:** European militaries need to systematically integrate knowledge on China's intentions, capabilities, and "holistic warfare" tactics as well as the global implications of China's information and communication technology (ICT) and defense industrial strategies in their assessments of European vulnerabilities and competitiveness in the space and information/cyber domains. Orchestrating a global alliance on multilateral governance and political agreements with China on these issues will be necessary if Europe wishes to maintain at least some form of level playing field.
- **Providing alternatives and working with partners:** A strategically autonomous European China policy will require putting security interactions with China on European diplomatic agen-

das with third countries. European actors need to be vigilant, assist third countries' hedging and be willing to offer alternatives to or counter-balance (soft and hard) Chinese influence if necessary. In engaging with China, the United States still remains a default partner for Europe. In the future, mirroring Europe-China engagement with partners in wider Eurasia as well as seeking stronger alignment with countries like Canada, Australia, Singapore, South Korea, India and Japan will be essential.

3. Europe and China meet in security interactions with only limited direct impact on European security interests by 2022

Trend developments in this cluster will point in different directions: While China is building up expeditionary capabilities to prepare the ground for more robust and sustained out-of-area missions, high-profile PLA interventionism will still be unlikely during the next five years. While Beijing invests substantial diplomatic capital in constructing and using an expansive set of regional security frameworks, more concrete diplomatic successes in mediating conflicts will be rare. A strong push for domestically motivated international cooperation and outreach, for instance on law enforcement, will not necessarily result in a decline in Beijing's overall ambivalence towards international security regimes, for instance on non-proliferation.

In general, this mixed picture regarding security relations with China in this cluster of activities nevertheless already poses specific challenges today. Not only are these developments likely to become defining features of European-Chinese interactions in the coming years, but Europe also needs to use every opportunity to influence the way in which China chooses to engage in these fields.

Key aspects of engaging China include:

- **Monitoring and outreach:** European foreign, intelligence and military services will not only have to monitor these developments, as well as their impact on EU members and partners, but they will also have to proactively reach out to Chinese counterparts on principles and pathways for future security exchanges in these fields.
- **Leading Europe:** Based on the specific competences and regional security profiles of European member states, individual governments need to continue to lead on European-Chinese security interactions. At the same time, they should use joint EU leverage and improve intra-European information sharing and cooperation.
- **Signaling and multilateralizing:** European foreign and defense ministries and the European External Action Service (EEAS) need to coordinate on identifying those security interactions in which it is most feasible to signal (conflicting) European preferences, and thereby nudge China into behavior more aligned with European interests or pull it into multilateral formats. In addition, they need to agree on a consistent set of talking points for high-level strategic dialogues between individual EU member states and Beijing.
- **Preparing for disappointment:** It is possible that security interactions with China in the future will involve more elements of competition and conflict. At the same time, China might also not be doing enough from a European perspective. Based on the trends identified in this report and working with more region-specific scenarios, European policymakers and the security community need to be prepared and should develop regularly updated contingency planning and alternative policy options.

European policymakers should develop regularly updated contingency planning and alternative policy options

1. Introduction: Europe needs to brace itself for China's emergence as a global security actor

NEW REALITIES: CHINA AND THE EU HAVE MORE DIRECT SECURITY INTERACTIONS

Thinking about China's role in international security, most European decision makers focus on Beijing's power projection in East Asia and the global repercussions of the lingering great power competition with the United States. This focus on the Asia-Pacific and on territorial conflicts in the South China Sea tends to diminish awareness of critical developments elsewhere. But from a European perspective it is actually those "other" developments that will in many respects be more consequential over the next five years. Therefore, this report pursues a different and forward-looking approach that takes into account a new reality: China is in the process of becoming a truly global security actor, which can draw on the full range of "hard" and "soft" security policy instruments. This process creates new spaces for European-Chinese security cooperation and competition. European-Chinese security interactions will also increasingly revolve around geographical areas close to Europe's borders. Moreover, China's new role will affect core European security interests that have had little or no China "linkage" to date.

Box 1.1

The first signs of a new reality in Europe-China security relations are already visible

- British, Italian and German citizens evacuated by the Chinese navy from war-torn Yemen
- Joint naval drills with Russia in the Mediterranean and the Baltics, as well as a missile defense exercise near Moscow
- The construction of a Chinese naval base in Djibouti
- Chinese security forces operating in Afghanistan
- The People's Liberation Army (PLA) conducting exercises with the United Kingdom and Germany
- Chinese hackers spying on British aerospace and defense company BAE
- Extradition treaties between Spain, France and China coming into effect
- European Union member states seeking investment from China, complicating the joint positioning of the EU on the South China Sea arbitration case
- China financing development in the Middle East and North Africa (MENA)
- China shifting from vetoing to abstaining from voting on critical Syria resolutions of the United Nations Security Council (UNSC)
- Chinese peacekeepers interacting with European ones in the current UN multidimensional mission in Mali
- Beijing's Poly group aiming at joint arms production with Serbia

All of these European-Chinese security encounters noted in box 1.1 have taken place since 2015. In fact, leaving out the Yemen evacuation and the Sino-Russian naval drills in the Mediterranean, they took place over the course of 2016/2017 alone. Underpinning this new reality of European-Chinese security encounters is what can best be summarized as a new phase of China's "strategic arrival" with far-reaching geopolitical implications for Europe and the rest of the world.¹

However, it is not only China's security ambitions and global agenda that are on the move. The European context of security policymaking is shifting rapidly as well. Recent years have seen leading EU member states as well as the European External Action Service (EEAS) launch full-fledged reviews of European security policy priorities. While implementation is yet to follow, a major institutional overhaul of the EU's Common Security and Defense Policy is in the making. European members have also made more ambitious defense budget pledges in the context of the North Atlantic Treaty Organization (NATO). This changing context of European security policymaking and drive towards greater strategic autonomy offers a window of opportunity to make the necessary provisions for China's emergence as a global security actor.

European-Chinese security interactions will increasingly revolve around geographical areas close to Europe's borders

The globalization of China's national security policy simply represents a normalization of an otherwise already "global China"

China's emerging global security activism is already affecting core European security interests in the immediate and wider European neighborhoods. China also increasingly challenges overarching European security ambitions, including European and transatlantic unity, strategic autonomy and support for a rules-based international order. Dealing with this new reality is going to be a defining feature of Europe-China relations and policies in the years to come. It requires decision makers to firmly look beyond China's role in its neighborhood but also beyond the economic sphere that has dominated Europe-China relations so far.

Bilateral security encounters with China will become regular business for European foreign policy and military decision makers, including within the frameworks of the EU, NATO and the Organization for Security and Co-operation in Europe (OSCE). But European responses to China's emergence as a global security actor will also become a critical factor in transatlantic security cooperation and in relation to other key European partners. In addition, European businesses operating in volatile regions around the world will increasingly have to take China's new global security presence into account.

Box 1.2

The "Asia Factor" in Europe-China security relations remains critical

China's neighborhood is a springboard and testing ground for China's international security behavior. Monitoring developments in the region will provide European decision makers with insights into how Beijing, with growing capabilities, is likely to act in regions closer to Europe.

China's leaders today already operate with a geographically expansive approach to "regional" security, as vividly expressed by President Xi Jinping's foreign policy pet project, the Belt and Road Initiative. At the same time, several European governments and the EU have recently developed more explicit "Asia policies" which also increase direct European exposure to Chinese security interactions in the region.

China's take on global security matters will still be shaped by but less directly linked to developments in its immediate neighborhood, including regional crisis hot spots such as Cross-Straits relations, North Korea and the East and South China Seas.

While not the core focus of this report, China's behavior in these conflicts will continue to condition European engagement with Beijing on security matters. China's activities in the Asia-Pacific region affect European interests in regional and global stability, as well as key strategic partners and the viability of global security norms.

THE BIG PICTURE: EUROPE NEEDS A COMPREHENSIVE FORWARD-LOOKING ASSESSMENT

This report offers a comprehensive stock-take of the building blocks of China's emerging security role and their trajectory over the next few years. This stock-take includes a detailed analysis of domestic drivers and of concrete steps Beijing has undertaken domestically to realize its global security objectives. It also captures empirical evidence on the direction and impact of 15 key trends (figure 1.1), which have been identified as critical for China's full-spectrum global security role, including diplomatic ("diplomat"), military ("soldier"), economic ("trader") and agenda-setting ("shaper") activities.

Drawing on these elements, the report provides a forward-looking assessment of China's likely future global security profile by 2022 and its implications for Europe. Having a clear idea of China's likely profile and the opportunities and challenges for Europe is vital for engaging in a more informed and strategic European debate. It should also serve as a starting point for more meaningful exchanges with partners, including in the United States and China.

To a certain extent, the globalization of China's national security policy simply represents a normalization of an otherwise already "global China." It is part of a security-political catch-up process in which China's leaders try to keep step with their country's global presence and exposure

This report has four key characteristics:

- **Scope:** The report is comprehensive in that it identifies and systematically examines trends that characterize the full spectrum of Chinese global security activities. While comprehensive in breadth in that it goes beyond military notions of security, the report does not aim to provide an in-depth assessment of every aspect of the 15 trends identified. Rather, it emphasizes those elements that are particularly relevant to Europe.
- **Time frame:** The report is forward-looking in projecting trend developments and their impact on Europe by 2022. This five-year time span allows for enough analytical “grip” on a rapidly moving target in a highly volatile international context and with critical uncertainties related, for instance, to the trajectory of US-China relations. By 2022, China should also have transitioned into a new leadership era, which creates a natural horizon for the development of China's external security relations.
- **Focus:** The report intentionally has a strong Europe bias. Trends that are analyzed in this report have been selected on the basis that they are likely to affect Europe directly. In doing so, this report does not subscribe to the prevalent focus on soft security interactions or broadly defined non-traditional security matters (including, for instance, the important fields of climate security or resource scarcity) as the core of Europe-China security relations.
- **Approach:** The selection of trends and their analysis embedded in an ongoing monitoring effort of China's global security activities. The production of this report has further benefited from a “Delphi exercise” composed of an expert survey and workshops as well as structured exchanges with European policymakers. To assess the direction and impact of individual trends, the authors of this report and participants in the Delphi exercise carefully weighed domestic and international factors and considered potential game changers.

in other realms. It is important to acknowledge China's strategic arrival and increasingly global security role as “normal,” legitimate, and to some extent welcome.

However, Europe will also realize that China continues to be fundamentally different in many regards and therefore also inherently difficult to deal with in the domain of global security. Compared to other international players, China's global security role is fundamentally different in its ambitions and in how Beijing pursues its goals. The pace and multi-faceted nature of China's growing global reach, its sheer weight and growing military and diplomatic capabilities, put relations with China into a very different category from European security interactions with other actors. Dealing with China will also be complicated by a lack of transparency and uncertainty about its intentions due to the peculiarities of China's political system.

FACTORS OF UNCERTAINTY: CONFLICTING TRENDS SHAPE CHINA'S GLOBAL SECURITY PROFILE

China's emergence as a global security actor is not only influenced by unique domestic factors. Its strategic arrival on the global stage also takes place in a highly fluid international environment. The structure and findings of this report serve as a baseline for assessing unexpected developments and for interpreting change both in the domestic realm and on the international plane.

The profile of China's global security role in 2022 has been weighed against a wide range of domestic and international factors, including conceivable disruptive events. Looking at domestic factors, the general trajectory of China's global security role can be expected to be fairly stable (see chapter 2). These include strong factors pushing for a greater Chinese global security role, such as a deeply engrained sense of mission within the Chinese Communist Party (CCP), economic necessities, societal pressure, and the ambitions of the Chinese military and defense industry. Most importantly, China's more outward-facing security policy is embedded in broader

Europe will realize that China continues to be fundamentally different in many regards and therefore inherently difficult to deal with in the domain of global security

changes concerning the way China has conducted its foreign policy since 2013, both in institutional and substantive terms. Hence, China's more ambitious national security interests constitute much more than simple adjustments to unfolding international events and endeavors to be able to more effectively protect assets and citizens abroad.² Rather, China's expansive security policy is an expression of changes in its grand strategy. As such, they are part of Xi Jinping's top strategic priorities.

Experts surveyed for this report particularly stressed three external factors that will impact the direction of trends: (1) crises that threaten Chinese citizens and assets abroad; (2) interactions with third countries repositioning themselves as a reaction to China's growing security engagement; (3) the space that the West, the United States in particular, will leave to China to pursue its goals. While all three factors might limit some elements of China's security role, overall, they are likely to catalyze China's pursuit of its global security interests. China's growing international presence and exposure to risks will expedite Beijing's global security efforts. With Beijing's growing confidence and capabilities, external actors will be less inclined or able to shape China's behavior. US push-back against China and US pull-back from the region, other theaters or global multilateralism, provide further incentives and opportunities for Beijing to accelerate its efforts to prepare the global environment for China's ambitious national revival.

There are good reasons to expect a rapidly maturing Chinese role in the global security domain. Yet it would be wrong to assume that all 15 trends identified in this report will develop evenly. The following chapters distinguish between "stable," "accelerating," and "inconsistent" trends. Stable trends, for instance, include China's growing engagement to shape the UN peace and security agenda. Trends currently accelerating are driven by synergies of domestic and international factors and new leadership priorities. These include China's defense diplomacy outreach and the build-up of expeditionary capabilities. Inconsistent trends such as Beijing's ambivalent policies on non-proliferation highlight the conflicted nature and uncertainty regarding the intentions, capacity, and effectiveness of China's international security engagement.

China's expansive security policy is an expression of changes in its grand strategy

OUTLINE OF THE REPORT: EUROPE MEETS CHINA AS A DIPLOMAT, SOLDIER, TRADER AND SHAPER

A projection of China's future global security role needs to be rooted in an assessment of changes of domestic drivers, threat perceptions, ambitions and Beijing's strategic outlook. Chapter 2 provides an overview of institutional adaptations that have taken place in recent months and years aimed at facilitating China's maturing security role.

The following four chapters (chapters 3–6) deal with the development of a total of 15 key trends that are likely to define China as a global security actor by 2022. They focus on Beijing's growing willingness and ability

- to broker security through diplomatic means in an expansive set of geographical locations and functional settings ("diplomat");
- to project military power beyond its immediate neighborhood and in new conflict domains ("soldier");
- to use economic statecraft for security purposes and to leverage the growing strength of its defense industry in global markets ("trader");
- to actively shape the structural environment of its security interactions and the normative foundations underpinning the global security environment ("shaper").

Chapter 7 takes European security interests as a starting point to describe where developments across these four security roles intersect with European security ambitions and priorities. The chapter provides a synopsis of China's likely global security profile by 2022 and identifies challenges for Europe. The conclusion outlines principles and policy priorities to help European decision makers navigate a dynamic new reality of more direct Europe-China security relations.

2. Domestic factors propel a more outward-facing national security policy

KEY FINDINGS

- The globalization of China's national security policy represents its catching-up in the security domain with an otherwise already "global China" exposed to risks that come with its expanded economic presence overseas and faced with emerging security threats.
- Beijing's more outward-facing national security policy is embedded in a major overhaul of China's foreign policy and a struggle for national renewal.
- China's leaders will flexibly adapt what they define as key national interests in line with shifting strategic priorities.
- Beijing is more willing to "take strategic initiative" and actively shape the international security environment, moving away from its long-standing principle of "non-interference."
- China's foreign security policy follows a two-pronged strategy of being more assertive on "hard issues" while offering incentives and cooperation to those who align with Chinese goals.
- China's leaders have initiated major institutional adaptations. These include a restructuring of the People's Liberation Army (PLA) with the aim of realizing increasingly outward-facing security objectives. Most of these reforms and their implementation are still incomplete.
- Limited international experience, vested interests blocking necessary (military) reforms, role conflicts, a volatile economic transformation and other domestic factors are likely to constrain China's more global security posture.

ON A MISSION: BEIJING SEEKS TO SECURE THE GLOBAL ENVIRONMENT FOR ITS EXPANSIVE NATIONAL MODERNIZATION

In February 2017, at one of the rarely publicized meetings of China's new "National Security Commission" (国家安全委员会), Chinese President Xi Jinping addressed the top echelon of China's (security) elites with verve: China should not only actively shape the international order but also international security policy. It should increase international cooperation and "guide" (引导) the international community in these efforts. Calling for a "global vision of national security policy" (全球思维谋篇布局) and stressing the need to take the strategic initiative (战略主动), he vowed to build up the necessary capacities to implement this comprehensive global vision, especially in areas such as technology, equipment, personnel, and law.

These statements need to be taken seriously. They reveal a relatively consistent and far-reaching overhaul of China's approach to the pursuit of its national security interests. This overhaul was initiated and is being implemented since Xi Jinping came to power in 2012/2013. This development clearly goes beyond mere adjustments to unfolding international events and defensive reactions in order to protect assets and citizens abroad. Rather, it is an expression of China's updated "grand strategy," and encompasses a comprehensive set of activities across different security roles: China acting as a "diplomat," "soldier," "trader," and "shaper" in global security affairs.

But could this all be mere empty talk? Is Beijing's security diplomacy and international engagement still simply "a kind of theatrical show, more symbolism than substance?"³ In some cases, the answer is yes. And a forward-looking analysis of China's likely global security profile in the next five years needs to fully take into account the gap between Beijing's (current) rhetoric and (future) actions. There is also no doubt that several critical domestic factors will constrain the development of some elements of China's future global security role (box 2.1).

A forward-looking analysis of China's global security profile needs to take into account the gap between Beijing's rhetoric and action

The rhetoric-action gap and constraining factors notwithstanding, there are good reasons why substantial progress in the direction of what China's leaders are outlining for their country's future security posture is highly likely.

First, China's path towards a new global security role reflects objective needs related to deepening interdependence, and risks resulting from China's growing weight and presence in the global economy. Chinese leaders, not unlike other capable governments around the world, also engage forcefully to tackle what they perceive as "emerging" security threats, ranging from terrorism and vulnerabilities in new domains such as cyber- and outer space, as well as "global volatility"

Box 2.1

Domestic factors are likely to constrain the development of China's global security role

The following factors have been selected based on input by experts participating in the survey and ensuing workshops that have underpinned the writing of this report. These factors have also been considered for the evaluation of trend directions and their impact in the following chapters.

- **Mission overload and strategic overreach:** China's ambitious project of national rejuvenation carries complex historical baggage. It is simultaneously fed by both a sense of regime insecurity and of civilizational greatness, past victimization and future entitlement. This creates a complex bundle of motivational factors, including nationalist tendencies that will be difficult to navigate for China's leaders. International observers and leading Chinese security experts also alert the Chinese leadership to the risk of excessive military and economic expansionism resulting in a situation of "strategic overdraft" (战略透支).⁶
- **Role conflicts:** Coming from a position of relative restraint and reactivity, China has to deal with legacy policies ("non-interventionism," "non-alignment") that make its outward posture conflicted. Balancing domestic development priorities with global needs or developing country status with a great power role will continue to create internal conflicts with unclear international outcomes.
- **Volatile economic transformation and challenging political trajectory:** China's shifting growth model, slowing growth, and potentially disruptive developments, such as a deepening debt or financial crisis, will affect China's capabilities and its willingness to engage abroad, making them unclear and hard to predict. While China's political system seems to be more stable than just a few years ago, its future trajectory could bring about major changes in the way China handles foreign (security) policy.⁷
- **Risky centralization:** While top-level design and centralized decision-making have been critical factors for China's rapid upgrading of its global security role, the current level of centralization carries risks regarding future leadership transitions, not least because it creates powerful losers, but also because contradicting and balancing forces potentially lose influence.
- **Uncontrolled and shadowy forces:** Despite a substantial re-centralization in foreign and security policy decision-making, Beijing by no means has effective control over the full range of actors impacting on China's security interactions. At the same time, observers encounter a lack of transparency regarding the influence of more shadowy or indirectly controlled actors that Beijing is actively using to pursue foreign security policy goals.
- **Vested interests:** PLA reforms in particular run against the interests of powerful groups within the system. Reducing troop numbers by 300,000 soldiers, dismantling the formerly powerful four General Departments, ending the PLA's commercial activities and prosecuting against corruption among the rank and file are reasons enough for PLA generals to feel disgruntled without, however, necessarily creating agency for obstructing the global security goals of the political leadership.
- **Limited skills and experience:** Many ministries still lack the expertise needed to deal with challenges that accompany China's active international expansion.⁸ China's new global role is only emerging as Beijing seeks to build up professional capacity in relevant fields. Inexperienced Chinese actors and a lack of international exchange will also create misunderstandings and complicate reliable signaling. Conducting joint operations with a global reach, switching to a joint staff command system and meeting the increasing demands under budgetary constraints all require a fundamental change in the mindset and the organizational culture of the PLA.

more broadly. Xi Jinping personally takes credit for writing a “new chapter” (新篇章)⁴ on how China integrates these and other non-domestic threats into a “comprehensive” (总体) security approach to protect China’s “core interests” (核心利益).

Second, China’s expanding international security activism is also an expression of much broader changes in the way China’s leaders have conceptualized and practiced foreign policy since 2013. Put simply, they have clearly left behind Deng Xiaoping’s maxim that China should “bide its time, hide its brightness” (韬光养晦) and other principled constraints in favor of a more proactive, sometimes assertive (and perceived by some as aggressive) foreign policy. “Striving for achievements” (奋发有为), taking “strategic initiative” (战略主动), and China conducting a confident and distinctive “major country diplomacy” (大国外交) are now the mantras of the day.⁵

Third, from Beijing’s perspective, all this is part of a much greater struggle and race for national revival or “great rejuvenation” (复兴). While this historic mission is deeply engrained in the Chinese communist party’s self-conception, it has been re-vitalized under Xi and substantiated with more concrete policy goals. It makes a difference – certainly for international counterparts – that China’s more outward-oriented, global approach to national security matters comes with a strong sense of entitlement, urgency, and competition for influence. At the same time, Chinese leaders and security policy experts are highly conscious of, and sometimes even obsessed with, the current limitations of China’s capabilities to project power.

Finally, the development of an outward-facing security profile is unlikely to reverse because China’s leadership has already undertaken a series of far-reaching steps to build up relevant military and civilian capacities and to adapt domestic institutions to the task. For some of these steps, there is a great degree of continuity with the reform attempts of earlier administrations. Yet the restored grip of stronger “top-level design” (顶层设计) leadership and a very palpable sense of Xi Jinping’s personal mission act as strong catalysts and lead to a faster reform pace.

China’s more outward-oriented security approach comes with a strong sense of entitlement, urgency and competition for influence

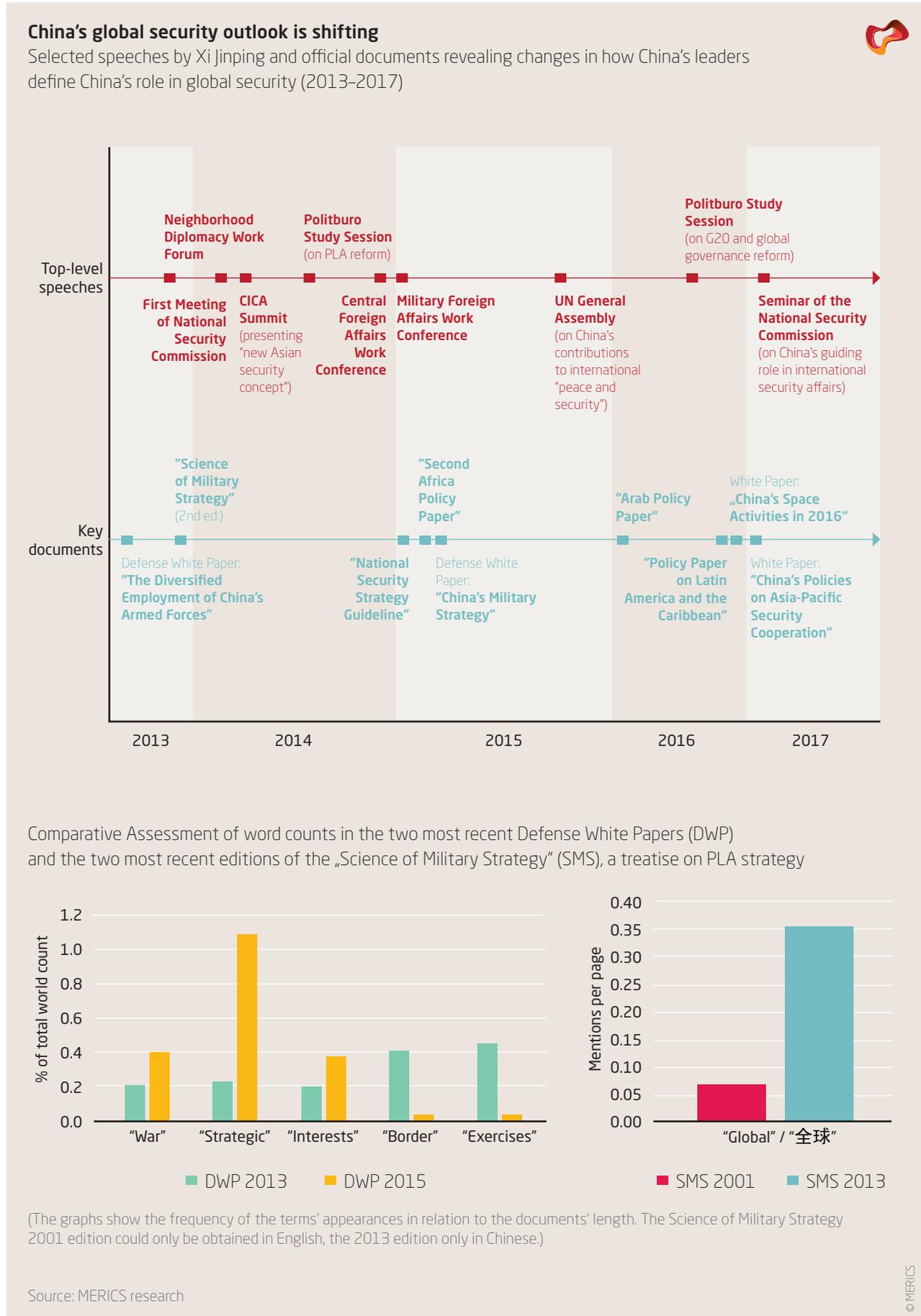
NEW ENVIRONMENT: CHINA’S NATIONAL SECURITY STRATEGY CONFRONTS NEW THREATS AND VULNERABILITIES

China’s official narrative on its national security priorities or “core interests” (核心利益) has not fundamentally changed in recent years. These priorities are encapsulated in Article 2 of the amended National Security Law of 2015, which formally describes them as safeguarding “the political regime (国家政权), the sovereignty (主权), the unity and territorial integrity of the nation (统一和领土完整), people’s livelihoods (人民福祉), sustainable economic development of society (经济社会可持续发展), and the country’s other major interests (国家其他重大利益).”

In practice, China’s outward-oriented security posture continues to be strongly conditioned by Party leaders’ concerns for “state or regime security,” and a persistent focus on matters of sovereignty and territorial integrity related to Taiwan, Tibet and Hong Kong. In the broader picture of its outward security posture, Chinese leaders also continue to be very much preoccupied with generally defensive concerns related to dealing with US-China security competition by building up asymmetric deterrence and crisis management capabilities.

Yet, despite these continuities, China’s increasingly comprehensive and flexible approach to security has shifted substantially in the last five years (figure 2.1). The key feature of this shift is a more prominent recognition of the need to protect overseas interests and to manage emerging security threats with global features.

Figure 2.1



China's leaders grapple with new vulnerabilities resulting from an expanding economic presence abroad

In many regards, the globalization of China's national security policy represents its catching up in this policy domain with an otherwise already "global China." China faces a set of new vulnerabilities that result from its still expanding overseas economic presence. Accordingly, China's leaders are under pressure to protect assets and citizens abroad and to secure trade routes and energy corridors on land and at sea.

High-level strategy documents reflect a growing recognition of the need to protect Chinese citizens and assets from overseas risks as a core task of China's national security policy: at the Central Work Conference on Foreign Affairs (中央外事工作会议) in 2014, Xi Jinping called for "ardently protecting China's overseas interests" (要切实维护我国海外利益) and for "strengthening its capability to do so" (加强保护力度).⁹ The latest Defense White Paper of 2015 lists "safeguarding the security of China's overseas interests" (维护海外利益安全) as one of the PLA's eight "strategic tasks" (战略任务). The National Security Law amended in 2015 also stipulates that it is the Chinese military's duty to defend China's overseas interests, if necessary by military force.

China's leaders also recognize that the implementation of the "Belt and Road Initiative" (BRI), China's signature foreign policy project, will expand China's overseas interests and extend them even further into unstable regions. Accordingly, the PLA Academy of Military Science's (AMS, 中国人民解放军军事科学研究院) *Strategic Review* of 2015 describes China's growing exposure to security threats resulting from the implementation of the BRI and argues that these will force China to develop new and proactive models for securing its overseas interests.

A suicide bomb attack against the Chinese embassy in Kyrgyzstan in August 2016 fueled already intense debates among Chinese security experts on how to handle the security threats in key areas of China's BRI.¹⁰ In May 2017, the Chinese government also hosted its first security-focused international conferences dedicated to the security challenges facing the BRI ("一带一路"安全合作对话会) focusing on "public security," "anti-terrorism," and the "protection of overseas interests" with representatives from 20 countries including Pakistan, Russia, Vietnam, Turkey, Spain, Saudi Arabia, and Belarus.¹¹

Related to the maritime component of the BRI but embedded in a much broader "maritime power" (海洋强国) strategy, the PLA Navy (PLAN) is shifting its focus to "combine offshore defense and open seas protection" (向近海防御与远海护卫型结合). In public diplomacy terms, Chinese Navy officials explain that "with the expansion of foreign trade, as well as China's One Belt and One Road initiative, the Chinese navy has taken on a new mission, which is to protect the country's overseas interests."¹² The 2015 Defense White Paper underlines this strategic rebalancing, stipulating that "the traditional mentality that land outweighs sea must be abandoned" (必须突破重陆轻海的传统思维).

The "Belt and Road Initiative" will force China to develop new and proactive models for securing its overseas interests

China's publicized strategic narrative stresses emerging security threats

Among what China's leaders describe as emerging security threats, transnational terrorism is a clear priority for the Chinese government. Indeed, in 2016 and 2017 several Islamic State (ISIS) propaganda videos hinted at recruitment and attack plans in China. Reports, including some by US security experts and the Israeli Foreign Ministry, have found that hundreds if not thousands of Chinese Muslims are fighting in the ranks of Jihadi organizations in Syria, confirming to some extent official Chinese assessments on the subject.¹³

In the most recent Defense White Paper published in 2015, terrorism is the first concrete threat mentioned after the vague notion of "international and regional turmoil" (国际和地区局势动荡). Notably, the 2015 document characterizes "regional terrorism (地区恐怖主义), separatism (分裂主义), extremism (极端主义)" (the "three evils") as "rampant" (猖獗) and no longer merely "on the rise" (上升) as in earlier years. Similarly, the most recent edition of the AMS *Strategic Review* devoted a whole new chapter to the "increasing threat of terrorism and its severe impact on regional and global security" (恐怖主义威胁持续加剧严重冲击全球和地区安全), emphasizing that since 2015, terrorism has spread around the world.

“A world where disorder breaks out everywhere” - volatility enters the official discourse on China’s global security environment

Dirk Schmidt (Trier University), Senior Policy Fellow at MERICS

The Chinese leadership generally craves stability at home and abroad and tends to be highly risk averse in its diplomatic practice. At the same time, official foreign policy documents have traditionally been full of references to ongoing changes and structural transformations in international relations.

More recently, and especially since the global financial crisis in 2008, Chinese leadership statements about the China’s security environment have highlighted risks and uncertainties associated with traditional and non-traditional security threats: the so called “three evil forces” of terrorism, religious extremism, and separatism; hot spot issues (e.g. the Korean peninsula), Taiwanese independence, protests or movements against ruling autocratic governments (“color revolutions”), transnational crime, cybercrime, infectious diseases, and threats to energy resource supplies. Remarkably, until very recently, volatility was mostly referred to as an economic phenomenon, i.e. the result of a “blind reliance” on unregulated forces in the global energy, currency and capital markets.

On the occasion of year-end reviews of China’s diplomacy and trends in international relations in 2016/2017, the Chinese leadership and foreign policy think tanks¹⁶ added new items to the list of concerns, often under the catchphrase “Black Swan events” (黑天鹅事件), most notably the election of Donald Trump as the 45th president of the United States and the Brexit referendum in the United Kingdom, both part of the rise of populism, nationalism, anti-globalization forces and anti-establishment movements in the West. These developments are now characterized as sources of volatility that have their origins in “social contradictions,” i.e. unfair national economic systems and an outdated international architecture that led to an unfair distribution

of wealth and to conflicts between old and new elites. While global disorder is on the rise,¹⁷ seen from Beijing, these challenges are contrasted with the so called “underlying dominant trends of the times.” These trends supposedly continue to drive the development of international relations forward and serve as reasons for optimism: multipolarization, economic globalization, peace and development, peace and stability in the Asia-Pacific, the reform of the international order.

This worldview is obviously rooted in dialectical and historical materialism (i.e. structural forces) and is based on the assumption that “objective,” “scientific” historical laws are at play: A more volatile and turbulent global situation is nothing but “the unavoidable result of the realignment and transformation of the international architecture.” Therefore, individual rulers (e.g. D. Trump) or unexpected events (e.g. Brexit) can stir up trouble for some time but cannot invalidate or reverse these trends.

Thus from the Chinese leadership’s perspective the task of dealing with volatility and uncertainty is straightforward: the prevention of risks should be prioritized by stepping up “national security planning” (i.e. in-depth analysis of internal and external security threats)¹⁸ and by stabilizing one’s own periphery by means of a development strategy (i.e. BRI), by initiating and supporting steps towards a more “just” and “fair” global governance system, by enlisting broad collaboration for a global fight against terrorism, and by promoting a “multi-pronged approach” to international conflicts that addresses their respective “root causes” (and not just the symptoms) and seeks political solutions from a perspective of impartiality and objectivity.

China is expanding its presence not only in the physical but also in the virtual world, which makes it more of a target both at home and abroad. Chinese leaders anticipate new types of conflict in cyberspace and outer space and have started to strengthen capabilities in these realms. The 2013 edition of the Academy of Military Science’s “Science of Military Strategy” (战略学) and the 2015 Defense White Paper explicitly introduced outer space and cyberspace as “fields of military struggle” (军事斗争) and strategic security competition, portraying China as a major victim of hacking intrusions and as threatened by attacks on the country’s cyber infrastructure.

Finally, volatility and global risks have gained prominence in the leadership’s assessment of China’s security environment. Top-level statements on the occasion of the adoption of China’s

National Security Guidelines in January 2015 argued that “volatility” and “turbulence” characterize the current state of international affairs.¹⁴ Even more pronounced was Foreign Minister Wang Yi’s identification at the annual forum on China’s foreign relations in December 2016 of “unprecedented changes” and “unexpected problems” in China’s security environment.¹⁵

RE-ORIENTATION: BEIJING’S OUTWARD-FACING SECURITY POLICY ALIGNS WITH BROADER FOREIGN POLICY CHANGES

China’s foreign policy has changed significantly since Xi Jinping came to power. A subtle but important indicator for this development is how leaders have come to frame a long-standing tenet of China’s foreign policy: the recognition of what they call a “period of strategic opportunity” (战略机遇期). Coined in the early 2000s, this term refers to the first two decades of the 21st century, during which Chinese leaders nourished the belief that China could continue to build up its national capabilities and to increase its international power without incurring direct challenges from other powers. Since Xi Jinping came to power, this “strategic opportunity” has been framed as something that needs to be grasped much more forcefully. The re-orientation of China’s security strategy is at the center of this more proactive stance.

Important continuities notwithstanding, this re-orientation entails fundamental changes in Beijing’s general foreign policy outlook, its principles, posture and practice. Chinese leaders have come to recognize much more clearly that China’s national interests are continuously expanding and that Beijing needs ambiguity and flexibility to redefine issues as key interests if and when they excel in strategic and political significance.¹⁹

China’s national security now contains “far more subjects, a greater range and a longer time span” (2015 Defense White Paper). Chinese leaders argue that China’s key interests, including regime stability, are increasingly confronted with threats that emerge in regions far away from China. Accordingly, “other major interests” (其他重大利益) gain in relevance, including protecting assumed “maritime rights and interests” in the wider Asian region, catching up on capabilities in new domains of warfare, and safeguarding overseas interests. In fact, a “comprehensive security outlook” that will be part of Xi Jinping’s “official legacy,” was consolidated in January 2017. It covers as many as 11 areas: political, territorial, military, economic, cultural, societal, science and technology, information, ecological, nuclear, and resource security.²⁰ While this may seem a mere listing exercise, embedded in this comprehensive approach is a highly dynamic, more proactive understanding of the linkages between domestic and international, regional and global, traditional and non-traditional security, as well as between development and security and China’s own and “common security” (共同安全) with other states.

According to a leading Chinese expert, the foreign policy re-orientation under Xi has involved a purposeful “synthesis” of military and economic strategy (我们正在目睹“战略军事”与“战略经济”同时运用的合成实践).²¹ China’s security strategy is now also meant to contribute to the realization of the “two centenary goals” (两个一百年) that are at the heart of what the leadership promotes as the “Chinese dream of the great renewal of the Chinese nation” (中华民族伟大复兴中国梦). These two goals are (1) the doubling of the 2010 gross domestic product (GDP) and per capita income of urban and rural residents as well as completing the building of a moderately well-off society by 2021, followed by (2) the transformation of China into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious by 2049.

To achieve these goals, Beijing’s foreign policy posture has clearly shifted from being passive to a more proactive stance. In China’s leaders own words, this entails a shift from avoiding conflicts to tackling their root causes, from “risk prevention” and adaptation to external conditions to “bravely taking responsibility” being “creative,” and taking “strategic initiative.”²² It is also a shift from “maintaining a peaceful environment for economic construction” to “shaping a favorable international environment for national reform, development and stability, to protect national sovereignty, security and developing interests” under Xi Jinping. Along with this change in posture, Chinese leaders are cautiously adapting long-established foreign policy principles, including the principles of “non-interference” and “non-alignment” (see box 2.3 and chapter 6).

Beijing’s foreign policy posture has shifted from a passive to a proactive stance

Selective pragmatism: China takes cautious steps away from “non-interference/non-intervention”

Dirk Schmidt (Trier University), Senior Policy Fellow at MERICS

In its official rhetoric, the Chinese leadership still upholds sovereignty, territorial integrity and non-interference in the internal affairs of other countries as inviolable principles of international relations. This is not only due to tradition (The Five Principles of Peaceful Coexistence) and China’s advocacy of “South-South cooperation,” but also serves the key domestic concern of the ruling CCP, i.e. regime survival. These three key principles can only be understood against the backdrop of Beijing’s ongoing deep-seated suspicions about “hostile external forces” aiming to overthrow communist rule. Thus, they are used as a (supposedly UN-backed) reassurance that all countries have the indisputable right to choose their own social systems and development paths.²⁶

However, in several cases in recent years the PRC has slowly shifted away from these key guidelines and shown adaptation, flexibility and pragmatism. The changes in rhetoric and actual policy initiatives can at minimum be attributed to the following drivers:

- the need to protect growing Chinese overseas interests (Chinese company assets and citizens becoming victims of internal strife, civil war, terrorist attacks, and piracy in host countries/regions);
- the international trend towards human security, humanitarian intervention, and the expectations of the international community that China would act as a “responsible stakeholder” (regarding, for example, atrocities such as in Sudan/South Sudan);
- the opportunity to use interventions far from China proper as laboratories for the PLA to gain practical non-combat-related training and exposure to cooperation with foreign armies.

These drivers all point to one common feature: the move away from non-interventionism is not yet part of a fundamental reversal of China’s long-term blueprint. Rather, as a strategic adaptation, it is the result of several intersecting features. The Chinese leadership under Xi Jinping has on several occasions expressed its willingness to shoulder more responsibilities that suit its status as a “major power” and to play a more active role in shaping the international architecture.²⁷ Under the slogan of “citizen security” (以人民安全为宗旨) it has reacted to bottom-up pressure from society to do more to protect PRC nationals abroad. Finally, it responded to the lively debate in Chinese academic

circles and online media to find new forms of “creative involvement” beyond the traditional “low profile” stance of Chinese foreign policy.²⁸

China’s preparation for and actual engagement in interventionism has so far come in several forms (see following chapters): contributing to peacekeeping operations authorized by the United Nations (UN); capacity building for evacuation operations; institutional upgrading to deal with crisis situations abroad, including the use of special envoys and improving consular protection services); reaching out to opposition/rebel groups and tribal leaders in crisis-stricken countries to hedge against the loss of an existing partner.

In contrast to earlier unequivocal refusal to participate in interventions where Chinese interests are at stake, the Chinese leadership has pledged support for (especially humanitarian) interventions, provided that several conditions (norms and principles) are met:

- Nation states still have the primary responsibility for stability, peace, and security in their own territory.
- Multilateral humanitarian intervention can only be legitimate when the situation in a given country constitutes an imminent threat to peace and security.
- The UN Security Council is the only legitimate institution to authorize humanitarian intervention in the name of the international community and only after the host country or the conflict parties have given their consent.
- Regional organizations (e.g. African Union, Arab League) should agree and play a supportive role.

Yet China still clearly shies away from wholeheartedly subscribing to Western norms (including the “responsibility to protect,” R2P) and practices of interventionism. From the Chinese leadership’s perspective several limitations still apply:

- China is still suspicious of unilateral interventions, which it sees as Western plots to pursue geostrategic motives or to trigger regime change in the target countries.
- China tries to avoid going against individual leaders (see the ongoing support for B. al-Assad in Syria, O. Al Bashir in Sudan).
- China is still skeptical about the usefulness of sanctions (if applied by others) as they are believed to deliver no lasting positive effect but tend only to serve the interests of one side in a conflict.

In practice, China now also promotes its own vision for security in a very broadly defined Asia. At the 2014 summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA), a recently reactivated regional institution to which the United States is not a party, Xi Jinping put forward a “new Asian security concept” and proclaimed that the people of Asia should run Asian affairs, solve Asian problems and uphold the security of Asia.²³ Following on from this, the Chinese government’s first ever policy paper on security cooperation in the Asia-Pacific, issued in January 2017, called upon governments in the region to form “partnerships” (伙伴关系) rather than “alliances” (联盟), effectively clarifying Beijing’s long-term goal of upending key tenets of the current regional order based on a system of alliances led by the United States.

All these changes make China’s new foreign and security policy under Xi not simply more assertive. It is both “harder,” i.e. more competitive and uncompromising on those “hard issues” that touch on core interests, and “softer on the soft issues” (硬的更硬软的更软), which involves providing more carrots, cooperation or “showing kindness by providing public goods and economic assistance.”²⁴

In line with being “hard on the hard issues,” Beijing’s leaders are quite outspoken regarding “ongoing global power shifts” as a framework condition for their new engagement and pursuit of international security goals. Although Chinese officials ceaselessly speak about win-win cooperation, they do not shy away from international power struggles: at the Central Work Conference on Foreign Affairs (中央外事工作会议) in 2014, Xi Jinping urged the foreign policy community to be “keenly aware of the protracted nature of contest over the international order” (要充分估计国际秩序之争的长期性).²⁵ The Chinese government is today at least partly willing to enter into direct competition for influence, if necessary including confrontation with other major powers, not only in international politics more generally, but also in international security affairs specifically.

IN THE MAKING: CHINA IS ADAPTING INSTITUTIONS AND BUILDING UP CAPACITY FOR ITS GLOBAL ROLE

To realize its global security objectives, Beijing is building up capacity and reforming domestic institutions, including a fundamental restructuring of the Chinese military. Announcements of institutional changes and implementation steps appear in a fast-paced rhythm. Yet most of these reforms are still very much in the making and their implementation progress is mixed.

What has become strikingly clear, however, is that Xi Jinping has a firm grip on national security policymaking and is driving related reforms. “Top-level design” (顶层设计) and strengthened CCP leadership are already enhancing the effectiveness of China’s national security policy. The establishment of the long-discussed National Security Commission in November 2013 to plan and implement China’s grand strategy was a major step in that direction, despite its strong domestic focus and (at least publicly) unclear relation to other central coordinating bodies for foreign security policy matters.²⁹

Table 2.1 provides an overview of selected institutional changes across the four security roles: diplomat, soldier, trader, and shaper, discussed in more detail in the following chapters. The progress of these institutional adaptations needs to be monitored closely as their implementation success will define China’s capacity to actually perform its envisioned more outward-facing, global security role.

Xi Jinping has a firm grip on national security policymaking and is driving related reforms

Table 2.1



Beijing expands and sharpens its tools for global security activism

Selected policy measures and assessments of policy implementation

- Policymakers publicly discuss institutional change ■ Major steps are undertaken
■ Implementation of institutional change is announced ■ Institution is fully operational

	Policy step	Assessment of implementation
Diplomat	Office for International Military Cooperation (中央军事委员会国际军事合作办公室) is upgraded to become one of the Central Military Commission's functional departments (Jan 2016)	■
	Ministry of Public Security (MPS) is stepping up its efforts to coordinate the international activities of Chinese law-enforcement agencies through a high-level work conference (全国公安国际合作工作会议) (Feb 2017)	■
	First State Commissioner for Counter-Terrorism and Security Matters (国家反恐安全专员) begins international counter-terrorism talks (Dec 2015)	■
	Ministry of Foreign Affairs (MFA) introduces new measures to improve consular protection of Chinese citizens abroad: a global 24-hour emergency hotline (Sep 2014); government-trained consular liaison volunteers (Nov 2016)	■
Soldier	Counter-terrorism law (反恐怖主义法) allows Ministry of State Security (MSS), MPS, and PLA to fight terrorism abroad (Dec 2015)	■
	PLA is restructured to improve efficiency and warfighting capabilities (Nov 2013)	■
	PLA introduces Overseas Operations Office under Operations Bureau of the Joint Staff Department of China's Central Military Commission (Mar 2016)	■
	PLA introduces Strategic Support Force (战略支援部队) to deal with cyber and space issues (Dec 2015)	■
	PLA boosts special forces training (Jan 2016)	■
	PLA announces expansion of its marine corps from 20,000 to 100,000 personnel (Mar 2017)	■
	MPS introduces standby armed police peacekeeping force under the UN framework (Dec 2016)	■
Trader	Asian Infrastructure Investment Bank (2015), New Development Bank (2014), and several other newly set-up funds invest in regions of China's strategic interest to channel state financial resources overseas	■
	Central Commission for Integrated Military and Civil Development (中央军民融合发展委员会) chaired by Xi Jinping is established (Jan 2017)	■
	Committee for Strategy in Defense Science, Technology, and Industry Development (国防科技工业发展战略委员会) is tasked to coordinate the "economic and defense development" outlined in current Five-Year Plan (June 2015)	■
	Top-level economic work conference reinforces pressure on defense industry SOEs to experiment with mixed ownership (Dec 2016)	■
	Chinese private security companies form industry association to share intelligence, logistics networks, base facilities and defense equipment (Apr 2016)	■
Shaper	Politburo study session on global governance reform (全球治理体系变革) outlines fields in which China intends to shape global governance including global security (Sep 2016)	■
	New Cyber Administration of China (CAC) establishes an International Office dedicated to the promotion of China's concept of cyber sovereignty (2013)	■
	AMS, CAC, People's Armed Police (PAP) and other agencies host international fora on security issues (e.g. Xiangshan forum, World Internet Conference/Wuzhen summit)	■
	Beijing aims to increase number of Chinese nationals in international organizations' leadership positions (e.g. Vice Minister of Public Security Meng Hongwei becoming president of Interpol, Nov 2016)	■
	Ministry of Defence's (MoD) Peacekeeping Office and UN discuss concrete steps to establish a Chinese peacekeeping standby force (Jun 2016)	■
	MoD strengthens Chinese-run UN peacekeeping training center and continuously expands the number of participants	■

Source: MERICS research

3. Diplomat: China expands its soft security power in Asia and beyond



3. Diplomat: China expands its soft security power in Asia and beyond

KEY FINDINGS

- China is effectively using its defense diplomacy and institutional security influence to shape strategic priorities and build trust in Europe's wider neighborhood.
- Beijing is taking on a much more pronounced role in international mediation as one of the clearest examples of it moving away from "non-interference" in other countries' domestic affairs.
- China's increasing push for international law enforcement cooperation with Western countries is a prime example of Beijing's attempt to externalize the pursuit of primarily domestic interests.
- China forges its own regional security frameworks in order to reduce the influence of other security arrangements and partnerships.
- China will shoulder some responsibility in training the Afghan military, and might become a partner in conflict resolution along the Belt and Road, in Africa and with on-the-ground police cooperation worldwide.

China's security diplomacy over the last few years has surprised many observers. The People's Liberation Army (PLA) expanded its traditional South-South defense diplomacy to other parts of the world and now even conducts joint medical military exercises with the German army. Beijing has complemented its regional institutional security diplomacy, growing confident enough to set up a unilateral counter-terror mechanism in South and Central Asia without the participation of other major powers. In other parts of the world, China is now involved in active conflict resolution, for instance sending its Special Representative for African Affairs to mediate between the warring parties in South Sudan. Elsewhere, agreements on cyber security and closer law enforcement cooperation are part of confidence building measures with new partners, including in the transatlantic space.

China has already come a long way to establish itself as an international security provider through diplomatic means. Official statements and Communist party rhetoric on China's changing security diplomacy sound wooden and noncommittal. However, traditional policy objectives such as maintaining stability and expanding influence in China's neighborhood are now complemented by new imperatives. In a crucial shift, Beijing is upgrading its security diplomacy to complement China's international presence in other spheres.

Towards this end, Chinese global security behavior follows four major trends. First, China has made defense diplomacy central to both its military strategy and diplomatic outreach. Second, China has assumed a leading role in regional security frameworks. Third, Chinese diplomats are becoming much more visible and confident in global conflict prevention and mediation efforts. And finally, Beijing is extending its international law enforcement efforts through a network of agreements and coordination with Western countries.

Taken together, Europe will find China to be a much more active and cooperative partner in diplomatic security provision in its wider neighborhood and beyond. But European leaders will also be confronted with a more influential China trying to set security agendas, shift policy approaches and shape the strategic priorities of other countries.

Traditional policy objectives such as maintaining stability and expanding influence in China's neighborhood are now complemented by new imperatives

PAST PROFILE: CHINA LACKS RESOURCES AND CONFIDENCE TO EFFECTIVELY BROKER SECURITY ABROAD

In the first decade of the 21st century, China generally lacked capabilities and avoided the foreign entanglement necessary for brokering security abroad. However, Beijing did take conceptual and organizational steps to be ready for stronger diplomatic security activities and gathered experience in low-risk environments.

The PLA continued to maintain traditional South-South defense diplomacy, intensified relations with partners of the Shanghai Cooperation Organisation (SCO), and sponsored the Xiangshan Forum (2006) as a multilateral dialogue format. Due to the lack of capabilities and mutual trust and because of its traditional reluctance to get involved abroad, China did not yet cooperate with Western militaries or provide high-level training to foreign armed forces.

With regard to regional security frameworks, China was one of the co-founders of the SCO in 2001, but did not initiate or participate in the establishment of other mechanisms. For a long time, it rejected the SCO's expansion. Additionally, Beijing was a mostly passive member of the "Conference on Interaction and Confidence-Building in Asia" (CICA).

Chinese diplomats engaged in low-key bilateral conflict resolution efforts in places like Zimbabwe and Nepal in the early 2000s, relatively risk-free learning environments. Yet Beijing remained wary of getting drawn into other foreign conflicts and taking on more responsibility. Only as host of the six-party talks on North Korea's nuclear program, held intermittently from 2003 to 2007, did China agree to take on a higher profile role.

On law enforcement matters, Beijing supported United Nations (UN) treaties on the fight against organized crime and counter-terrorism and co-established the underfunded and mostly ineffective "Regional Anti-Terrorist Structure" (2001) within the SCO. Bilaterally, China kept a rather low profile, relied on a small network of judicial cooperation treaties with like-minded countries, and focused on regional police cooperation against gambling and drug trafficking. Liberal democracies largely stayed clear of closer collaboration with China's courts and police due to concerns related to the death penalty, torture, and the rule of law more generally.

DRIVERS: BEIJING ACTS ON THE NEED TO BUILD TRUST AND FOSTER GREATER STRATEGIC ALIGNMENT WITH INTERNATIONAL COUNTERPARTS

Beijing's diplomats have graduated from rather passive roles in multilateral conflict resolution settings to more active participation

Over the last four years, China has reoriented its foreign and security policy with a new sense of confidence and mission that builds on new capabilities and responds to new threats as well as domestic and international expectations. Beijing now aims for, in Xi Jinping's words at the CICA Summit 2014, "common, comprehensive, cooperative and sustainable" Asian security ultimately provided by Asians themselves.³⁰ As the 2015 Defense White Paper shows, the Chinese leadership is convinced that achieving this goal requires a much more proactive, multi-pronged and globalized approach to security diplomacy (and force projection). Building trust and confidence through a much more bilateral and multilateral security diplomacy and positioning Beijing as a reliable and active broker of security are at the center of this new approach.

China has also acquired the means to expand its security diplomacy. The PLA's improved capabilities allow for new defense diplomacy through port calls and joint exercises further afield. The SCO, the first Chinese-led security organization, might still be inefficient, but it has been institutionally consolidated and is expanding. Beijing's diplomats have graduated from their rather passive roles in multilateral conflict resolution settings to more active participation. Additionally, China has secured a much larger network of judicial cooperation treaties that allow its courts to request evidence collection and even the extradition of suspects from a growing number of Western democracies.

China is both pushed and pulled to become more engaged in diplomatic activities to broker security abroad. The Chinese government has realized that ballooning trade volumes, outward investment and numbers of expats make China more exposed. Chinese citizens and influential Chinese companies also demand that their government improve the protection of citizens and commercial interests abroad by helping to mediate domestic or international armed conflict,

and cooperate with other states' law enforcement agencies against terrorism and organized crime.

This fits with international expectations for China to act as a responsible player and devote newly acquired resources and capabilities to security provision in these fields. Beijing's security dialogues and joint exercises are also driven by the desire to build trust, allay anxieties about China's growing military strength, and shape strategic priorities. Through more active use of security frameworks, Beijing seeks to grow its institutional influence. Meanwhile, the internationalization of Chinese police and judicial work is meant to complement Beijing's ongoing domestic law enforcement campaigns.

KEY TRENDS: CHINA ADVANCES DIPLOMATIC SECURITY INITIATIVES IN ASIA AND ALONG THE "BELT AND ROAD" ROUTES

The following four trends illustrate China's comprehensive and proactive multi-faceted security diplomacy offensive. Through defense diplomacy exchanges and cooperation, institution building and active conflict resolution, Beijing protects its interests and expands its influence. Complementing these efforts, China pushes for more international law enforcement cooperation.

Trend 1: China makes defense diplomacy central to both its military strategy and diplomatic outreach

The PLA, in a major policy shift, has upgraded the status and geographic reach of its defense diplomacy in the form of exchanges and dialogues, joint exercises and the provision of military training. President Xi Jinping himself gave the marching orders in 2015 when he declared that "military diplomacy" should occupy a „yet more prominent position" both in China's overall diplomatic efforts and in its national security strategy. White papers on security and defense later confirmed the centrality of interaction with foreign militaries in non-combat contexts to strengthen trust and reduce anxieties, improve risk management, and influence counterparts' strategic thinking.³¹

Consequently, the PLA's diplomacy through visits, exchanges and dialogues has taken on a new quality. The PLA navy's (PLAN) improved capabilities (see chapter 3) allow for more frequent and further afield port calls, such as a tour of Persian Gulf states in a 6 month, 20 nation tour to Asia, Africa, and Europe in 2017.³² China's National Defense University now receives officers from most African militaries, a development that is challenging the role of France and its European allies as traditional security guarantors in Africa. Additionally, the Chinese defense apparatus has built the Xiangshan Forum into a prominent platform for regional security dialogue.

A second aspect of Beijing's new defense diplomacy is its expansion in geography, range of partners, and in non-combat related joint exercises. One striking example is the first ever joint exercise between PLA and German armed forces in 2016, when units from both sides practiced humanitarian medical rescue operations. Since 2013, the Chinese navy has participated in a large number of joint exercises with both Western navies and traditional partners, for instance naval search and rescue as well as command and control exercises with the United States, Singapore and Brunei (Group Sail, 2014), Iran (Velayat-3, 2014), and France (2015), as well as humanitarian assistance and disaster relief (HA/DR) exercises with the United States (2015).

Over the course of 2016, China also increased efforts to provide military training to foreign armed forces. Beijing announced that it will provide undefined military training to the Afghan army and limited medical training to the Syrian Arab Army.³³ China already trains UN peacekeepers from various countries. Hundreds of PLA advisers, moreover, help with capacity-building efforts in African militaries. China's focus herein is additionally shaped by long-standing ties and arms sales (see chapter 5), with Tanzania and Zimbabwe, where China has also built new military academies, being prominent examples.

In January 2015, President Xi Jinping proclaimed a "new phase of military diplomacy"

There is a top-level empowerment for China's new defense diplomacy

At the Military Foreign Affairs Work Conference (全军外事工作会议) in January 2015, President Xi Jinping proclaimed a "new phase of military diplomacy" (军事外交新局面).³⁴ The 2015 Defense White Paper followed up by calling upon the PLA to "actively expand military and security cooperation" and "promote the establishment of a regional framework for security and cooperation." Actions have followed: Within the broader effort of PLA restructuring, the Office for International Military

Cooperation (国际军事合作办公室) in the Ministry of Defense became one of the Central Military Commission's (CMC) functional departments (with the former Foreign Affairs Office serving "as the foundation" of the now upgraded office) in January 2016. The office serves as the primary contact point for exchanges with foreign militaries. Its changed status is primarily visible in the fact that it now directly reports to the powerful CMC.

Trend 2: China assumes greater leadership in regional security frameworks

China is developing a multilayered security network at different levels: pan-Asian, Eurasian, and local. Beijing has successfully expanded its influence through institutions such as CICA, the SCO and new Chinese-led minilateral mechanisms. China's actions match the rhetoric of key strategy documents such as the January 2017 "China's Policies on Asia-Pacific Security Cooperation," which identifies these institutions as instrumental in the protection of China's security interests. China can grasp opportunities for bilateral exchange and confidence-building to increase its regional influence relative to the United States and Russia by building on its improved diplomatic standing and using frameworks that they do not participate in, or at least do not lead exclusively. Herein, a more impactful CICA could be detrimental to the importance of fora centered around the Association of Southeast Asian Nations (ASEAN) in the Asia-Pacific. An enlarged SCO limits American influence in South Asia, and stronger counter-terror cooperation within the SCO, as well as new minilateral mechanisms, reduce the Collective Security Treaty Organization's (CSTO) prominence in Eurasia.

Beijing has successfully expanded its influence through institutions such as CICA, the SCO and new China-led minilateral mechanisms

Firstly, Beijing decided to revive CICA and use it to expand its own influence. Until recently, CICA was a largely dormant organization that included most Asian states and had a broad understanding of security issues, comparable to the approach taken by the OSCE. After Xi Jinping used the CICA Summit in 2014, when China took over the organization's chairmanship, to call for Asian security to be "safeguarded by Asian countries themselves," Beijing started to link CICA into its broader security policy. China allocated much greater financial resources to CICA, equipping its Secretariat's new headquarters in Astana, engineered Memoranda of Understanding with the SCO, set an agenda of counter-terrorism and law enforcement cooperation, and instituted Track II diplomacy to promote its respective approaches. The jury is still out, though, on whether CICA will be an effective tool for Chinese diplomacy, and whether it can ever be more than that.

Secondly, China's approach to the expansion of the SCO, the centerpiece of its regional network, has changed remarkably. Only recently has Beijing given up its long-standing opposition to the accession of India, which has now joined the organization together with Pakistan in June 2017. China decided that expanding the SCO to South Asia could help overcome Indian resistance to the "Belt and Road Initiative" (BRI) and serve as a catalyst for Chinese regional influence. These considerations appear to have outweighed concerns over the potential weakening of Chinese power within an expanded but less effective SCO. Importantly, discussions about the accession of other countries have also picked up, for instance with Iran after the successful conclusion of the P5+1 talks on Tehran's nuclear program. Turkish president Erdoğan has also shown renewed interest in the SCO in 2016.

Thirdly, Beijing has begun to proactively set up minilateral security frameworks, such as the quadrilateral coordination mechanism on counter-terror activities with Pakistan, Afghanistan and



China takes a leading role in shaping Asian security architecture

China builds a multilayered network of security institutions and becomes a prominent conflict resolution actor

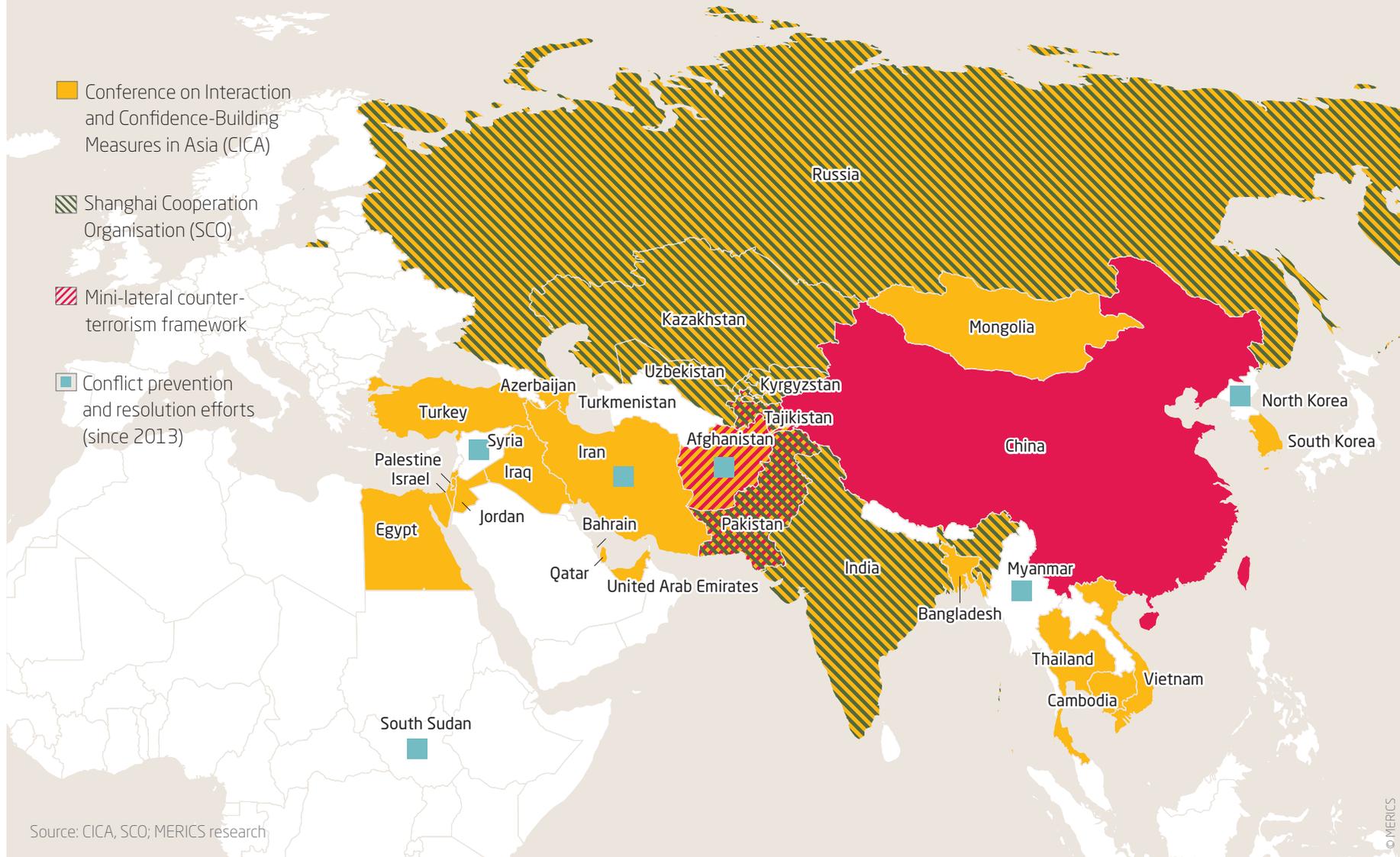


Figure 3.1

Tajikistan established in 2016. This mechanism constitutes China's first Eurasian security venture without Russian participation and illustrates how China is turning into an additional security provider in Central Asia, next to Russia. Moreover, the new agreement demonstrates that China is coming to terms with the looming security vacuum in Afghanistan after US withdrawal and is willing to address security threats in its own neighborhood and along the "Belt and Road" routes.

Trend 3: China plays a more visible and confident role in global conflict prevention and resolution diplomacy

The Chinese government set out the goal of playing a bigger role in peaceful dispute resolution in both its 2015 Defense White Paper and its regional policy papers on Africa (2015) (see box 3.3) and the Arab world (2016).³⁵ The Chinese government aims to play a moderating role and claims to be "working hard for political settlement"³⁶ on conflicts ranging from Afghanistan and Syria to South Sudan and Myanmar. Beijing generally remains careful, though, to emphasize respect for sovereignty and locally-led processes. It is, however, also encountering resistance, for instance from the Myanmar government in May 2017 against its offer to mediate between Bangladesh and Myanmar over the Rohingya issue.³⁷

Despite several setbacks, over recent years Beijing has managed to position itself as an important diplomatic intermediary by (1) participating in multilateral conflict resolution processes, (2) proactively setting up new multilateral formats and (3) through increased bilateral efforts.

Firstly, China managed to change international perception of its role by actively contributing to the "P5+1 talks" on Iran's nuclear program. All other participating governments, the other permanent members of the UN Security Council and Germany, acknowledged China's constructive role in negotiating the 2015 "Joint Comprehensive Plan for Action" that sets out the steps for removing sanctions on Iran in return for international monitoring of its nuclear sector and limiting its enrichment capacity.

Secondly, Beijing took the initiative in establishing a new multilateral conflict resolution format, the "Quadrilateral Coordination Group," on the war in Afghanistan, with Kabul, the US and Pakistan. Following an informal exchange on the sidelines of the Heart of Asia conference at the urging of Foreign Minister Wang Yi in December 2015, the four nations met for a first official round of talks one month later. Although talks have since stalled, China's involvement in such multilateral peace processes has been broadly welcomed, including by the EU Commission in its paper on "Elements for a new EU strategy on China."³⁸

Thirdly, China has started to engage more visibly on a bilateral level, most prominently in South Sudan, where it has important energy interests and has an opportunity to showcase its commitment to African peace and security. Beijing also contributed financially to the East African trade bloc IGAD's (Intergovernmental Authority for Development) mediation efforts, and contributed personnel to IGAD's ceasefire monitoring mission. Perhaps more consequentially China has strongly engaged in mediation itself. Since 2014, Beijing has hosted both sides of the conflict, Foreign Minister Wang Yi met representatives in Sudan, and Beijing's Special Representative for African Affairs was repeatedly sent to facilitate negotiations. China has not been able to resolve this complicated, multi-faction conflict, however, and has so far not replicated this level of engagement elsewhere.

Beijing has managed to position itself as an important diplomatic intermediary

Conflict resolution plays a key role in China's Africa policy

Beijing claims a unique role in contributing to conflict resolution in Africa: "China supports African countries' efforts in independently resolving their continent's issues in their own way. Based on the principles of respecting the wills of African countries, not interfering in African countries' internal affairs and observing the basic norms governing international relations, China will play a constructive role in maintaining and promoting peace and security in Africa. It will explore means and

ways with Chinese characteristics to constructively participate in resolving hot-button issues in Africa and exert a unique impact on and make greater contributions to African peace and security. The Special Representative of the Chinese government on African Affairs will continue to play a contributing part."

Source: China's Second Africa Policy Paper (2015).³⁹

Trend 4: China expands its law enforcement cooperation reach and increasingly targets and engages liberal democracies

Another important tool for China's foreign and security policy is law enforcement diplomacy through expanded treaty networks, political agreements, and practical inter-agency cooperation. China's 2017 White Paper on Asia-Pacific Security Cooperation devotes a lot of attention to these types of non-traditional security cooperation. Beijing's emphasis is clearly shifting to a more active bilateral approach, although it remains strongly supportive of UN and multilateral efforts. Beijing also seeks to influence these multilateral efforts by securing high-level positions, such as the Interpol presidency now held by Meng Hongwei, the former vice minister for public security.⁴⁰

Beijing is upgrading bilateral judicial cooperation by expanding its network of mutual legal assistance and extradition treaties. Most importantly, China secured an extradition treaty with Italy, which became the first EU member state to extradite to China in 2015. After Italy had broken the taboo of extraditing to China, five other member states followed: Bulgaria, Greece, Spain, Hungary and France. In 2017, Beijing even requested the extradition of Taiwanese passport holders from Spain. Additionally, the United Kingdom and China ratified a mutual legal assistance treaty, regulating cooperation in the gathering of judicial evidence. Both types of judicial cooperation treaties could help China to repatriate corruption and terrorism suspects and recover assets.

With the introduction of a "State Commissioner for Counter-Terrorism and Security Matters" (国家反恐安全专员) in December 2015, the Chinese government has also created a new counterpart for international law enforcement exchanges in this field. The party-state media quickly referred to Cheng Guoping, a former vice foreign minister, as China's anti-terror chief. His task is to coordinate the nation's efforts to prevent terrorist attacks. Internationally, the new position signals that the Chinese leadership has identified counter-terrorism as a priority and wants to expand its law-enforcement exchanges with international counterparts. So far, the new state-commissioner has held at least six bilateral counter-terrorism talks with Tajikistan, Kazakhstan and Pakistan.

Beijing is also responding to law enforcement pressure from international counterparts in the relatively new field of cyber security. In this area, policy approaches and objectives often differ markedly between China and Western countries. The Chinese government focuses on information control and "cyber sovereignty" (see chapter 6), as opposed to internet freedom and governance that includes non-government stakeholders. Beijing seeks political agreements in this field mainly to present itself as a responsible player and to build trust. It has already concluded three such legally non-binding deals, which address cyber theft and cyber espionage against private companies, with the United States and the United Kingdom in 2015, and with Australia in 2017. China is also in the process of negotiating another agreement with Germany.

The effects of these agreements are difficult to estimate. China is among the top five leading source countries for denial-of-service and Web application-based global cyber attacks.⁴¹ In

Beijing is upgrading bilateral law enforcement cooperation, seeking extraditions and agreeing to curb cyber attacks

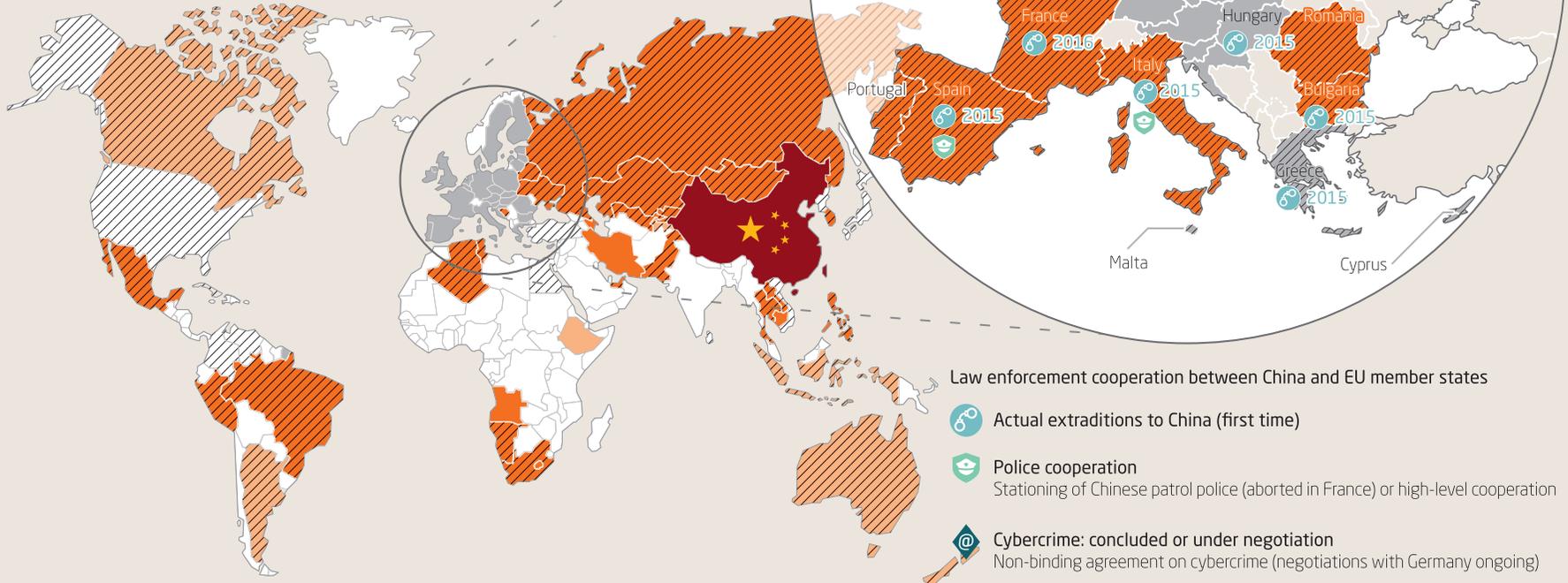
Chinese law enforcement goes global

European states cooperate with China on extradition, joint police action and fighting cybercrime



Figure 3.2

- Extradition treaty
- ▨ Extradition treaty under consideration
Negotiations ongoing or treaty signed but not ratified
- ▨ Mutual legal assistance treaty
Collection of evidence and service of documents



Source: Ministry of Foreign Affairs of the People's Republic of China, MERICS research.

the last two years, according to respective government authorities, high profile attacks and more sophisticated espionage attempts have targeted GitHub (2015), the US Office of Personnel Management (2014/2015), the Australian Bureau of Meteorology (2015), the Washington-based National Foreign Trade Council, BAE and PWC in the United Kingdom, as well as the Korean company Lotte (2017).⁴² There is evidence, however, that (detected) incidents of *commercial espionage* dropped markedly after the United States signed an agreement with China. Critics argue that Chinese perpetrators simply became better at avoiding detection.⁴³

China is making major progress in international police cooperation, with a focus on human and drug trafficking and a much expanded geographic reach. Over the course of 2016, three developments highlighted China's increasing reach. First, the Ministry for Public Security (MPS) and the US Drug Enforcement Agency reached a deal to share evidence. Second, MPS officers participated in a major police operation, led by Spain and Europol, against a large human trafficking ring. Third, People's Armed Police forces conducted joint border patrols with Afghanistan to block the movement of transnational terrorist fighters.

CHINA AS A DIPLOMAT IN 2022: BEIJING DELIVERS A MORE MATURE "SOFT SECURITY" PERFORMANCE

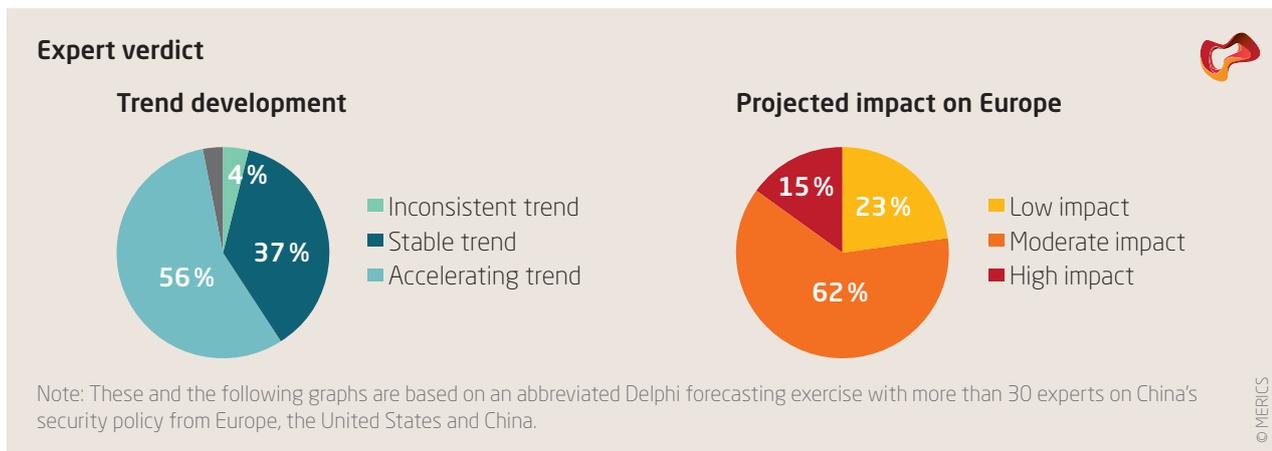
China will be in a central position as a diplomatic security provider in Asia and along the "Belt and Road" routes when its next leadership generation is scheduled to take over in 2022. The Chinese leadership will continue its new active security diplomacy and will dedicate sizeable resources. China will benefit from European and Russian weakness, as both are increasingly occupied with internal politics and anemic growth, and are receding as dominant diplomatic security providers in Africa and Eurasia. Both, as well as the United States and other actors, will in many ways grow more willing to cooperate with China in the face of mounting and increasingly global security challenges. China's more prominent role will develop despite a series of underlying economic and political limitations that are already evident or are likely to manifest themselves within the intervening period. Successful security diplomacy will allow China to partly offset misgivings and translate new capabilities into regional and institutional influence.

China will in many ways become both an indispensable partner and an inescapable challenge in global security diplomacy, including for European governments. Beijing's activities will touch upon European interests in the wider neighborhood from Afghanistan to Africa and even reach Europe itself. European leaders will have many more opportunities to cooperate with China on alleviating tensions and preparing their militaries for non-combat missions through joint exercises. They will find China ready to shoulder some responsibility in training the Afghan military, and to be a partner in conflict resolution along the "Belt and Road" and in on-the-ground police cooperation worldwide. At the same time, European governments have to expect Chinese efforts to set the security agenda, shift approaches regarding which actors to include in conflict resolution, which cyber behavior to criminalize, and whether to focus on counter-radicalization in efforts to combat terrorism. What is more, China's institutional security influence will reach Europe's doorstep and enable Beijing not only to gain trust, but also to influence strategic priorities among defense establishments in the extended neighborhood.

China will be a key diplomatic security provider along the Belt and Road by 2022

Accelerating trend, moderate impact: China makes defense diplomacy central to both its military strategy and diplomatic outreach

Figure 3.3



Through its upgraded defense diplomacy, China will build trust with Asian and African armed forces, and thereby they will increasingly recognize and acknowledge Chinese security priorities. Confidence building with Western and neighboring forces, meanwhile, will remain limited. Encouraged by growing and more sophisticated Chinese arms exports (see chapter 5), many armed forces in developing countries will be eager to receive PLA training and will gradually become more receptive to Chinese influence. The PLA will find many opportunities for broader non-combat related engagement and confidence building. States worldwide are eager for China to contribute to resolving global challenges, and are anxious to foster friendly relations with a growing military power. Many leading liberal democracies and neighboring states, however, will continue to exercise caution due to China's unresolved territorial disputes, its relations with Moscow and Pyongyang, and the overall lack of political reform. Despite these reservations, increased interaction between European and Chinese militaries will help build confidence. A more prominent Chinese security engagement in Afghanistan could provide European counterparts engaged in NATO's Operation Resolute Support with an opportunity to coordinate advisory and training roles, to further reduce instability in the form of terrorism, drug trade, and illegal migration.

Box 3.3

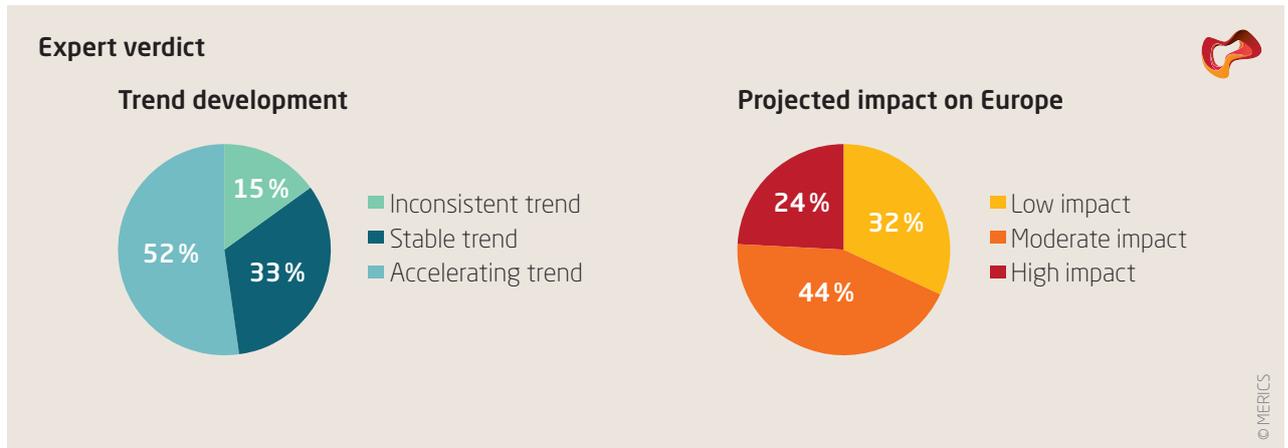
Game changer: Afghanistan's civil war intensifies drastically after an abrupt US withdrawal

Should the Trump administration decide to leave Afghanistan practically overnight, America's allies would presumably follow in quick succession. Both the Taliban and ISIS would immediately seize the opportunity, attack Afghan security forces – only in control of half of the country anyway – and take territory close to the borders of China, Pakistan and Tajikistan. Afghanistan's government would then cast about for new support, and China could hardly refuse when the alternative would be a 650,000 square kilometer training camp for

Uighur Islamist fighters right across the border. Beijing will not readily send its armed forces into an almost certain quagmire. It would, however, likely increase state-driven investment and development aid flows to Afghanistan, take much more responsibility for funding, training and equipping Afghan police and border forces, initiate new conflict resolution formats, exercise with and train the Afghan army, and potentially accelerate the country's accession to the SCO.

Accelerating trend, moderate impact: China assumes greater leadership in regional security frameworks

Figure 3.4



China will assume a leading role in regional security frameworks and will firmly establish itself as an additional security provider in Central and South Asia. Moscow already tacitly accepts Beijing as a co-security provider in Eurasia, a trend that will be solidified by Russian overstretch due to commitments in Ukraine and Syria, and Russia's need for support in securing borders and stabilizing autocratic regimes in Central Asia. Building on cooperation with Pakistan and Tajikistan, China will also assume a larger security role in Afghanistan, potentially including a push for Kabul to be next in line for SCO accession after Iran. Progress will depend on the rate of US retrenchment and China's ability to overcome a current lack of trust on the part of the Afghan government.

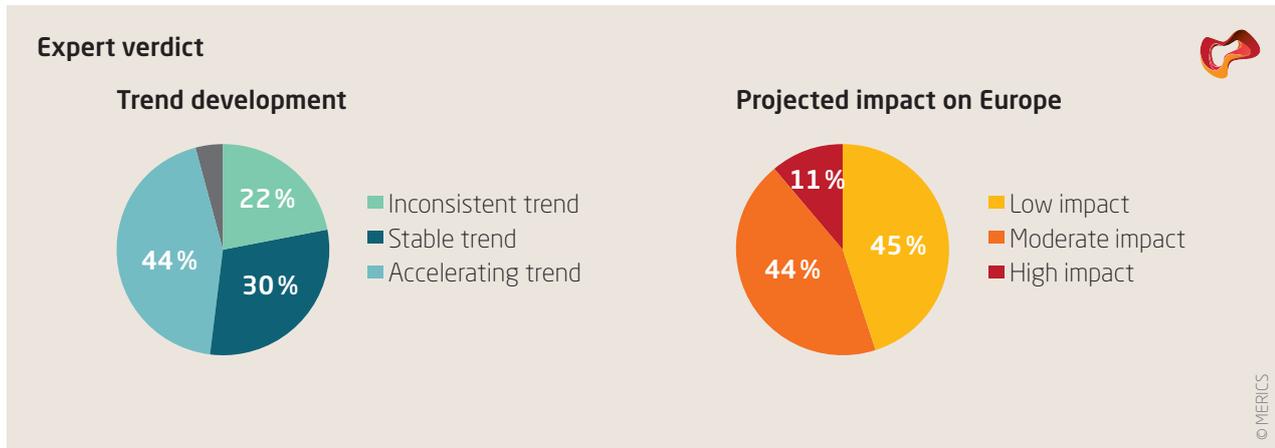
China complicates other powers' balancing efforts by "layering" its institutional outreach. Beijing is gradually maximizing its influence, much more pragmatically than in the past, by engaging with organizations on the supra-regional, regional, and sub-regional levels alongside varying participation by other large powers. It both seeks to elevate its position within existing institutions and sets up new frameworks with growing confidence. This strategy is not necessarily effective in the short term, but decision makers should anticipate that China will continue on this course, and should expect Chinese-led or co-led security frameworks to proliferate, especially on 'softer' issues and on the minilateral level.

Some of these frameworks may help diffuse tensions and contribute to confidence building between Europe and China, as well as with other members. However, it is in Europe's interest that China does not exert dominant influence in frameworks such as the ASEAN Regional Forum, CICA, the SCO or new minilateral cooperation formats. To pursue its own security interests, Europe needs to enter into a new race for shaping what is likely to become a more networked security architecture in Asia. China may attempt to use its clout in these regional frameworks to increase its agenda-setting power, potentially eroding European influence in this area.

Europe needs to enter into a new race for shaping what is likely to become a more networked security architecture in Asia

Accelerating trend, low to moderate impact: China plays a more visible and confident role in global conflict prevention and resolution diplomacy

Figure 3.5



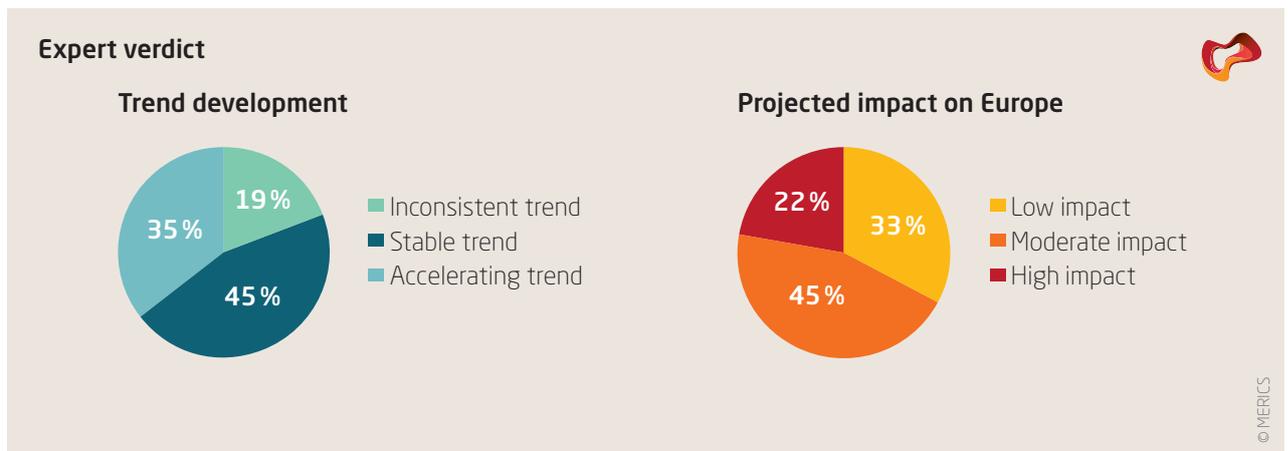
By slowly taking on a greater role in global conflict resolution, especially along the “Belt and Road” routes and in Africa, Beijing will considerably increase its diplomatic weight. But that could be tempered by a lack of concrete success stories. It will take time before China once again exposes itself as much as it did trying and failing to bilaterally mediate the conflict in South Sudan. Heeding calls from its own elites, it will rather participate in multilateral processes that carry less risk. China will also stay involved in discussions about non-interference.

China will increase its diplomatic weight, but it will lack success stories

China faces other challenges as well, first and foremost a lack of trust among potential conflict partners in Beijing’s ability to mediate successfully due to China’s lack of a resolution track record and its image as a self-interested actor. In the long run, however, Beijing will become a globally relevant conflict resolution actor, a role that will increase its international standing and influence. European counterparts will see a China ready to shoulder a greater burden, but they will also face a mediator that is often not willing to meet with non-state actors and take on genuine responsibility. This may leave Europe to complement Chinese efforts or pick up the pieces in cases where Chinese initiatives fail and European interests are affected.

Stable to accelerating trend, moderate impact: Beijing extends its international law enforcement efforts

Figure 3.6



China's progress in law enforcement cooperation will be patchy, as some states remain skeptical about Beijing's judicial reforms and international promises. Beijing is likely to extend its network of judicial cooperation treaties, secure more extraditions from more countries and in more controversial cases. The Chinese government will also try to influence international norms and how they are defined. This includes shifting the definitions, particularly in non-democratic developing states, of terms such as corruption (to include "improper" behavior), cybercrime (to include censored behavior), and terrorism (to include non-violent behavior). In some parts of the world though, China will continue to face challenges in trying to forge closer judicial cooperation.

Although interested in closer cooperation, liberal democracies like Germany and Canada will continue to reject Chinese extradition requests and will remain skeptical of Chinese promises to tackle cyber-attacks. They will also resist efforts to undermine principles like "non-refoulement" in refugee law or attempts by Beijing to exclude civil society actors from UN processes. However, cooperation arrangements between China and European member states could also contribute to reaching Europe's goals of working more closely with China on transnational crime issues, including terrorism and other forms of organized crime.

China's track record in promoting law enforcement cooperation with third states will be patchy

4. Soldier: The PLA goes global



4. Soldier: The PLA goes global

KEY FINDINGS

- Since 2013 Beijing has embraced a more comprehensive and outward-looking strategy of military force projection, moving China away from the longstanding principle of non-interference.
- The People's Liberation Army (PLA) has gradually become involved in a broader range of force projection activities beyond China's neighborhood, mostly military operations other than war executed under the United Nations (UN) framework.
- In the meantime, the PLA is likely to run some small-scale interventionist, crisis-driven operations as a response, for instance, to attacks on Chinese interests or citizens overseas.
- Despite building up relevant capabilities, China will not be able to sustain multiple prolonged operations overseas by 2022.
- Increasingly comfortable with potential intervention abroad, China is on a path to developing a full-fledged expeditionary force. This makes more frequent and more intensive PLA involvement in traditional European spheres of interest highly likely.
- As part of the overall strategy of military "informatization," the PLA is rapidly developing its defensive and offensive cyber and space capabilities. This process has been catalyzed by the establishment of a dedicated Strategic Support Force to oversee and coordinate China's capabilities in these two domains.

The days when Chinese soldiers were mainly guarding dusty border outposts are gone. Chinese soldiers are being deployed to the East African port of Djibouti, Chinese warships are sailing through the Mediterranean, and the Chinese military is preparing for cyber and space warfare. The PLA now projects power well beyond China's neighborhood in the Asia-Pacific. It will turn into a force to be reckoned with globally by 2022.

Though China has been involved in international military operations for some time, the number and range of the PLA's activities has increased considerably over the last few years. Four trends characterize China's current force projection activities. First, the PLA is increasing its participation in military operations other than war (MOOTW), including UN peacekeeping operations, counter-piracy missions, non-combatant evacuation operations and humanitarian assistance/disaster relief (HA/DR) operations. Second, Beijing is preparing for future PLA interventionism abroad by laying the ground for Chinese troops to operate overseas. Third, the PLA is developing the necessary capabilities to sustain out-of-area missions. And fourth, the PLA is increasingly focused on military cyber and space capabilities, following Beijing's strategy of "informatization" (信息化).

Taken together, these trends reflect China's newfound level of comfort with potential intervention abroad. Future, possibly unilateral, PLA operations abroad will create substantial challenges for Europe as Chinese troops increase their presence in the wider European neighborhood. European states will have to pay attention to these developments and consider the fundamental question of how and to what extent they wish to engage with the PLA.

The PLA will turn into a force to be reckoned with globally by 2022

PAST PROFILE: PLA INTERNATIONAL OPERATIONS ARE LIMITED TO MILITARY OPERATIONS OTHER THAN WAR

Until 2013, the PLA had a very limited presence beyond China's immediate neighborhood due to its lack of expeditionary capabilities and Beijing's commitment to a policy of offshore defense. Chinese troops did become involved in a number of brief but significant international operations beyond the Asia-Pacific region, but these were mostly limited to military operations other than war (MOOTW).

For instance, China began contributing troops to UN peacekeeping operations in the early 1990s, and the number of Chinese personnel involved has increased steadily ever since: China's contributions went from 52 personnel in early 2000 to 1,868 personnel in early 2013, despite a small drop in personnel between 2010 and 2013 (see figure 4.1).

China's navy has also participated in the multinational effort to combat piracy in the Gulf of Aden since operations began in 2008. And the PLA conducted its first ever international non-combatant evacuation operation (NEO) in 2011, when it evacuated 35,000 Chinese citizens from war-torn Libya, deploying the frigate *Xuzhou* to support and protect the operation. It was China's first operational deployment to the Mediterranean.

Additionally, between its first ever joint exercise in 2002 – when it participated in a counter-terrorism drill with Kyrgyzstan – and 2013, the PLA also substantially expanded its engagement with foreign militaries. Much like its international operations, however, most of the PLA's joint exercises until 2013 focused on non-traditional security threats such as counter-terrorism, counter-piracy, and HA/DR.

DRIVERS: BEIJING SEEKS TO PROTECT CHINA'S OVERSEAS INTERESTS AND RAISE ITS INTERNATIONAL PROFILE

Beijing's new strategy of military force projection involves deeper international engagement

That situation has changed rapidly since the 2013 shift in China's foreign and security policies. When China's national security outlook became more globalized, Beijing began to embrace a more comprehensive strategy of military force projection that involves deeper international engagement and a gradually expanding range of force projection activities. This points to a shift from China's traditionally defensive national defense policy to a more proactive one that also involves power projection.

This change is clearly reflected in the PLA's strategic tasks, as defined in the two most recent Defense White Papers. The 2010 White Paper outlined some very narrow tasks for the PLA, reflecting China's focus on territorial defense and a small number of well-defined military operations overseas:

- Safeguarding border, coastal and territorial air security
- Maintaining social stability
- Participating in national construction, emergency rescue and disaster relief
- Participating in UN Peacekeeping Operations
- Conducting escort operations in the Gulf of Aden and waters off Somalia
- Holding joint military exercises and training with other countries
- Participating in international disaster relief operations⁴⁴

The 2015 Defense White Paper, on the other hand, described much broader strategic tasks for the PLA, leaving room for Beijing to deploy Chinese troops abroad in a range of situations:

- To deal with a wide range of emergencies and military threats, and effectively safeguard the sovereignty and security of China's territorial land, air and sea
- To resolutely safeguard the unification of the motherland
- To safeguard China's security and interests in new domains
- To safeguard the security of China's overseas interests
- To maintain strategic deterrence and carry out nuclear counter-attack

- To participate in regional and international security cooperation and maintain regional and world peace
- To strengthen efforts in operations against infiltration, separatism and terrorism so as to maintain China's political security and social stability
- To perform such tasks as emergency rescue and disaster relief, rights and interests protection, guard duties, and support for national economic and social development⁴⁵

The different priorities in the two documents clearly highlight the increasingly international focus of the PLA's mission, as well as the fact that China's military now has substantial leeway to act overseas. The driving forces behind this change of outlook are varied, as discussed in chapter 2, and can be broadly categorized in two large groups. Beijing responds to the increasing exposure of its expanding overseas interests to the threats of transnational terrorism, civil unrest, and anti-Chinese sentiment, as well as to domestic expectations that Beijing will act to protect these interests. At the same time, the shift in priorities also reflects Beijing's growing ambitions to expand its influence in the international security arena. This shift requires the government to act, or at least present itself, as a responsible player working to protect global security and stability.

Despite this change in policy and the new mandate for the PLA to become an international security player, the reality on the ground is only changing gradually. The PLA has indeed expanded its international presence since 2013. This is obvious when one compares the current Chinese participation in MOOTW to the pre-2013 state of affairs, or when looking at the number and content of the PLA's joint exercises and military drills. Since 2013, the PLA has shifted the focus of these exercises and drills from non-traditional security threats to conventional warfare, meant to provide Chinese troops with the necessary experience to operate effectively abroad. China has also stepped up its engagement with foreign militaries. In 2016 alone, the PLA participated in at least 24 bilateral and multilateral combat exercises with over 15 different countries, including traditional partners like Russia and Pakistan but also new ones like the United Kingdom and Saudi Arabia.

Nevertheless, the PLA's global activities remain limited in both scope and duration, and do not involve a significant presence of Chinese boots on the ground. China's global activism is, for now, still mostly limited to (often multilateral) MOOTW in specific regions of Central and South Asia and of East Africa, where Beijing has the infrastructure and partnerships to support such missions. This is because China's military still lacks the capabilities and logistical networks to sustain prolonged expeditionary operations far from its borders. Furthermore, most Chinese troops lack the experience to effectively run unilateral operations in conflict zones or unstable areas abroad.

To address some of the issues preventing the PLA from sustaining long-term, unilateral operations far from China's borders, Beijing has also launched a wide-ranging modernization drive to provide the PLA with the necessary capabilities to effectively project force abroad. These reforms involve a sweeping restructuring of the PLA, meant to improve the military's efficiency and war-fighting capabilities, as well as to strengthen CCP control over the armed forces. Major steps so far include the demobilization of 300,000 soldiers and the replacement of the former military regions with theater commands, with military command structures no longer divided along the different military services. The former four general departments under the Central Military Commission (中国共产党中央军事委员会, CMC) have also been split up into 15 smaller bodies that report directly to the CMC.

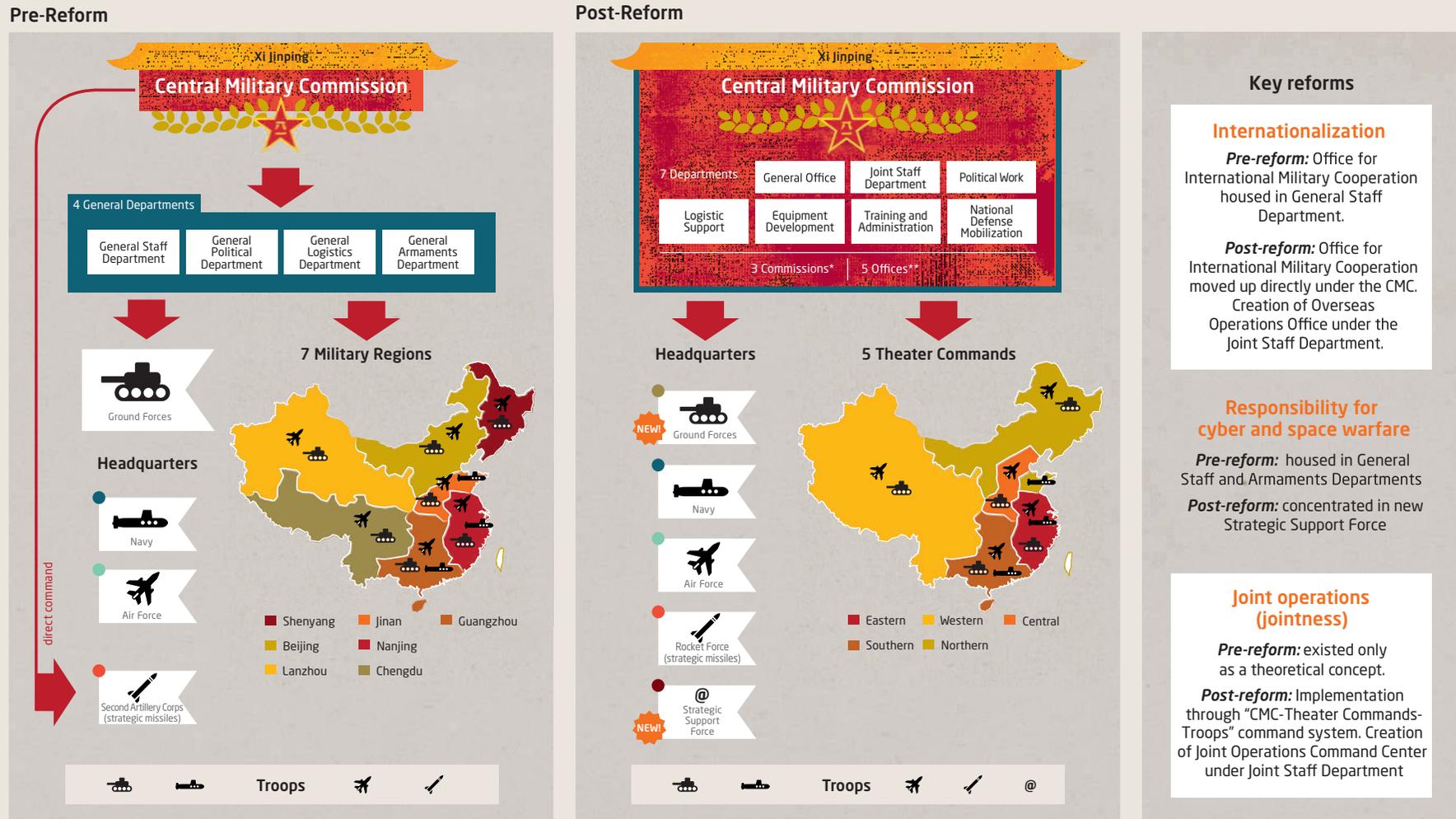
The PLA's global activities will be limited in both scope and duration



Figure 4.1

A total overhaul of the PLA underpins China's expanding global security role

PLA restructuring (2015-2020) aims to promote internationalization, informatization, and jointness



* Discipline Inspection Commission, Politics and Law Commission, Science and Technology Commission

** Office for Strategic Planning, Office for Reform and organizational Structure, Office for International Military Cooperation, Audit Office, Agency for Offices Administration

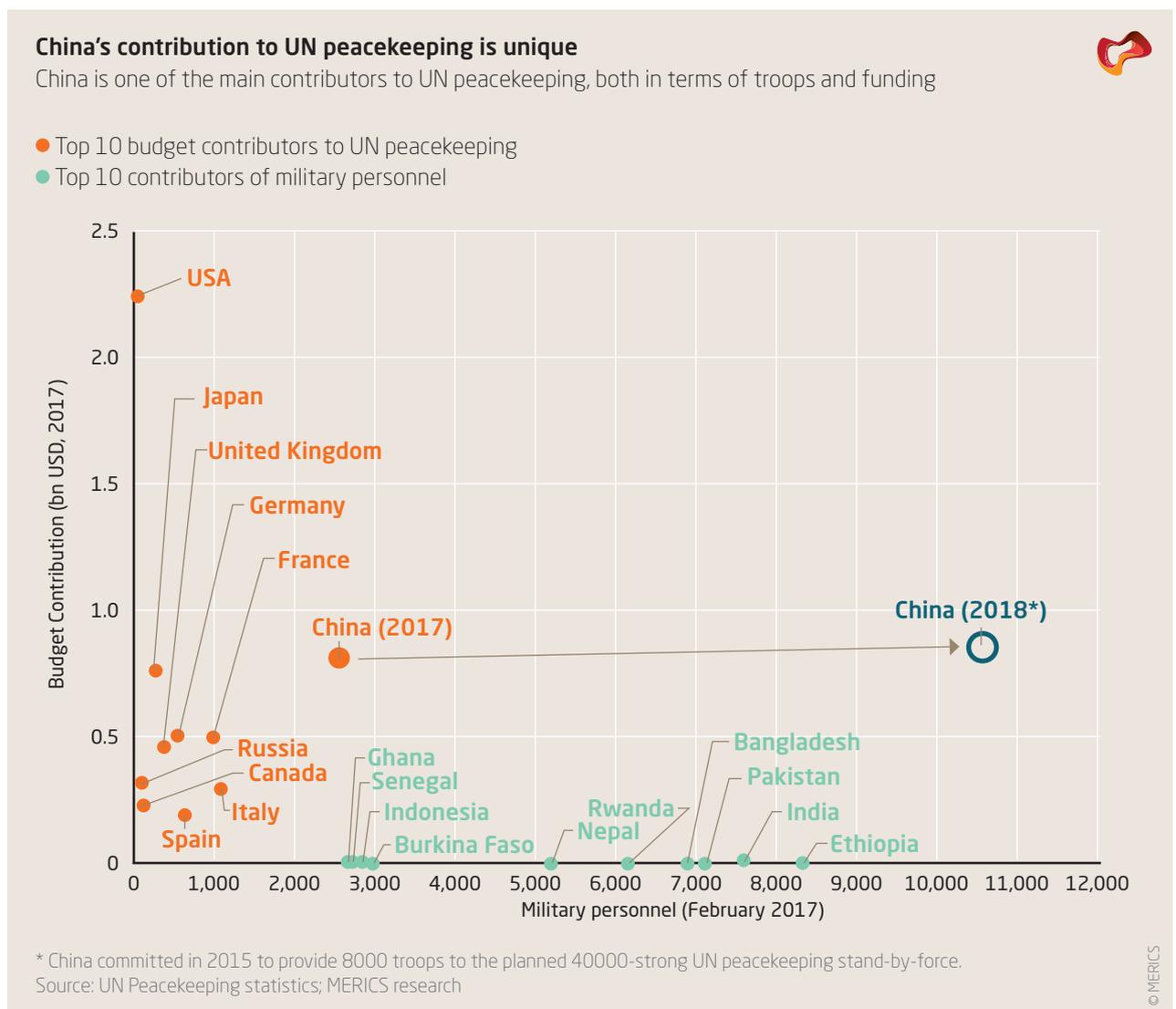
KEY TRENDS: THE PLA PROJECTS ITS POWER IN NEW THEATERS AND DOMAINS

Despite the lack of detail on how exactly the PLA is going to operationalize China's new national security outlook and its new mission to become a global force, four major trends related to China's force projection activities can be gleaned from recent developments. All of them illustrate how the PLA is trying to globalize its activities and project force increasingly far away from China's borders.

Trend 1: The PLA develops a stronger international presence in military operations other than war

The PLA has stepped up its participation in international and mostly multilateral military operations other than war (MOOTW), especially UN peacekeeping operations and counter-piracy operations, and it has expanded its area of engagement, moving further west into the Middle East and Africa. China has also started to take on a leading role in some of these operations, thus increasing Beijing's influence in the international arena. As part of Xi Jinping's restructuring of the PLA and in order to plan, prepare and execute such overseas military operations other than war, the PLA created an Overseas Operations Office (中央军委联合参谋部作战局海外行动处) in March 2016 under the authority of the Operations Bureau of the Joint Staff Department of the Central Military Commission.⁴⁶

Figure 4.2



China's contributions to UN peacekeeping operations are the largest out of all permanent members of the UN Security Council

China's troop contributions to UN peacekeeping operations have increased steadily in the last few years, growing from 1,868 personnel in early 2013 to 2,567 in February 2017 – by far the largest contribution of all permanent members of the UN Security Council. Besides which, President Xi Jinping announced in September 2015 that China would contribute an additional 8,000 troops to build a UN peacekeeping standby force.⁴⁷ This came in addition to China's creation in December 2016 of a standby police force, comprised of 300 Chinese policemen and women selected from border control forces, which is ready to be deployed abroad under the framework of the UN.⁴⁸ China's Ministry of National Defense – through the PLA – has also held numerous training sessions and courses for foreign peacekeepers at its Peacekeeping Military Training Center since its opening in 2009. While the exact nature of this training is unknown, the number of sessions increased in 2016 and will continue to grow in the next few years, especially since Xi Jinping pledged at the UN's 2015 Leaders' Summit on Peacekeeping that China would train up to 2,000 foreign peacekeepers by 2020.

Beijing also continues to participate in the multinational anti-piracy mission in the Gulf of Aden. In April 2017, the PLA Navy sent the 26th deployment to the region since the mission began in 2008. But the PLA also plans to expand its area of operations. In July 2016, during a visit to Togo, PLA Major General Qian Lihua announced that Chinese troops would join anti-piracy efforts in the Gulf of Guinea and would help littoral states in the region build the necessary infrastructure to secure navigational safety in the area.⁴⁹

The PLA has also undertaken several international evacuations and humanitarian assistance/disaster relief (HA/DR) operations in recent years. Besides the 2011 evacuation operation in Libya, the PLA again evacuated almost 900 workers from that war-torn country in 2014. And in 2015, Chinese troops evacuated nearly 600 Chinese citizens and foreign nationals from Yemen. In addition, China's hospital ship, *Peace Ark*, was deployed to the Philippines in 2013 to assist with recovery efforts following Typhoon Haiyan. Also in 2015, the PLA conducted its largest-ever deployment of troops for humanitarian purposes when it sent over 1,000 personnel to Nepal after the earthquake in April. Furthermore, China was involved in the international search for the missing Malaysian Airlines flight MH370 between 2014 and January 2017.

Box 4.1

The PLA's "new historic missions" laid the ground for its internationalization

In 2004, former President Hu Jintao outlined a new set of "historic missions" (新的历史使命) for the PLA. These included: (1) providing an important guarantee of strength for the Chinese Communist Party (CCP) to consolidate its ruling position, (2) providing a strong security guarantee for safeguarding the period of important strategic opportunity for national development,

(3) providing powerful strategic support for safeguarding national interests, and (4) playing an important role in safeguarding world peace and promoting common development. These historic missions laid the foundation for later decisions and policy changes to expand the PLA's international presence and provide China's armed forces with new power projection capabilities.

The growing involvement in mostly multilateral military operations other than war is part of Beijing's response to the growing threats against its interests and citizens abroad and domestic pressures for the government to respond. But it is also a proactive attempt by China to enhance its standing in the global security arena and to shape global norms, especially when it comes to peacekeeping operations, as discussed in chapter 6.

PLA participation in these operations also provides Chinese troops with opportunities to gain experience and improve interoperability with foreign militaries. This will allow the PLA to both conduct its own unilateral operations and participate in multinational operations more effectively in the future; operations that will over time take place further away from China's borders.

Trend 2: The PLA prepares for intervention abroad, with an emphasis on out-of-area, counter-terrorism capabilities

China's approach to counter-terrorism shows signs of militarization and a growing focus on unilateral interventionist operations. Beijing still advocates for the UN to lead on issues of international terrorism. However, provisions in the 2015 Anti-Terrorism Law (反恐怖主义法) that allow for direct PLA involvement in counter-terrorism operations overseas⁵⁰ signal that China is laying the ground for unilateral PLA counter-terrorism missions. This marks a clear departure from Beijing's former policy of non-interference.

Box 4.2

China's Anti-Terrorism Law provides the PLA with a mandate to launch counter-terrorism actions abroad

Article 71 of China's 2015 Anti-Terrorism Law provides a new legal mandate for Chinese troops and law enforcement officials to engage in unilateral counter-terrorism actions overseas.

"Upon reaching an agreement with relevant nations and reporting to the State Council for approval, the State Council's Public Security Department and Na-

tional Security Department may assign people to leave the country on counter-terrorism missions.

The Chinese People's Liberation Army and Chinese People's Armed Police Forces may assign people to leave the country on counter-terrorism missions as authorized by the Central Military Commission."

Although the scope and nature of the missions the PLA could undertake is still unclear, not least because these new provisions have yet to be fully operationalized, the door is now open for new approaches to engagement with terrorist threats. Beijing's strong focus on Uighur terrorism suggests that PLA or People's Armed Police (PAP) overseas counter-terrorism missions are most likely to take place in strategically important areas of Central Asia and the Middle East where there seems to be a substantial presence of Uighur militants or other groups with links to the East Turkestan Islamic Movement. An early but yet unconfirmed example of this kind of overseas counter-terrorism operation is the rumored presence of Chinese troops in Afghanistan in recent months, a story which gained traction in February 2017.⁵¹ While the PLA denied that Chinese troops were inside Afghanistan, it confirmed that China was undertaking a "joint counter-terrorism operation" with Kabul with the involvement of "law enforcement authorities" from both sides.⁵²

Chinese troops are also conducting increasing numbers of drills and joint exercises with various partners, including the SCO, Saudi Arabia, and India, meant to provide the PLA with operational experience in counter-terrorism missions. These exercises have taken place in a range of situations, from desert combat to hostage rescue exercises in winter environments. A recent exercise, for instance, featured Chinese PAP troops storming a gated compound in the desert that seemed to simulate the compound where Osama bin Laden was killed in 2011.⁵³

Provisions in the 2015 Anti-Terrorism Law allow for direct PLA involvement in counter-terrorism operations overseas

Box 4.3

China defines terrorism broadly, which allows for more expansive action against terrorist threats

Article 104 of China's new Anti-Terrorism law defines terrorism as "propositions and actions that create social panic, endanger public safety, violate person and property, or coerce national organs or international organizations, through methods such as violence, destruction, intimidation, so as to achieve their political, ideological, or other objectives."

Much broader than the European or the UN definitions, China's definition is especially vague on the specific offenses that could be considered terrorism,

as well as the characteristics of attack targets and the motivations behind said attacks. This provides Beijing with substantial leeway to decide on a case-by-case basis whether an attack can be considered terrorism and prosecuted as such. Taken together with the provisions allowing direct PLA or PAP counter-terrorism missions overseas, the new law opens the door to more expansive intervention against terrorist networks inside and outside of China's borders.

Chinese Uighurs are fighting in the ranks of the Al Qaeda branch in Syria

China's actions are a response to a series of recent trends that have made international terrorism a priority for Beijing. First, Chinese citizens and assets overseas are becoming the targets of international terrorist groups. The first known Chinese national killed by ISIS was Fan Jinghui, who was kidnapped by the group and then executed in November 2015. Besides this, the emergence of ISIS, the group's growing focus on the situation in Xinjiang, and the growing number of Uighurs who have joined terrorist organizations in Syria and Iraq have turned international terrorism into an issue of domestic concern for the Chinese leadership.

According to a report by the Israeli Foreign Ministry, 3,000 Chinese Uighurs are fighting in the ranks of the Al Qaeda branch in Syria, and several hundred more have joined ISIS.⁵⁴ The attack on the Chinese embassy in Kyrgyzstan in August 2016 was reportedly perpetrated by some of these Syria-based Uighur militants.

These factors have contributed to Beijing's change of stance on the issue of international terrorism. The shift was reinforced by an ISIS online propaganda video circulated on February 27, 2017, showing Chinese Uighur militants threatening to come to China to "spill rivers of blood as revenge on behalf of the oppressed" and to "plant the caliphate's flag."⁵⁵

Along with the other trends identified in this chapter, the evolving view on counter-terrorism operations reflects both China's move away from non-interference and a newfound level of comfort with potential intervention abroad.

Trend 3: The PLA develops capabilities for longer out-of-area operations

Given the limitations placed on its global activities by a lack of capabilities, the PLA has focused on developing advanced expeditionary skills, as well as logistics and supply networks, that will allow it to project power further away from China's borders.

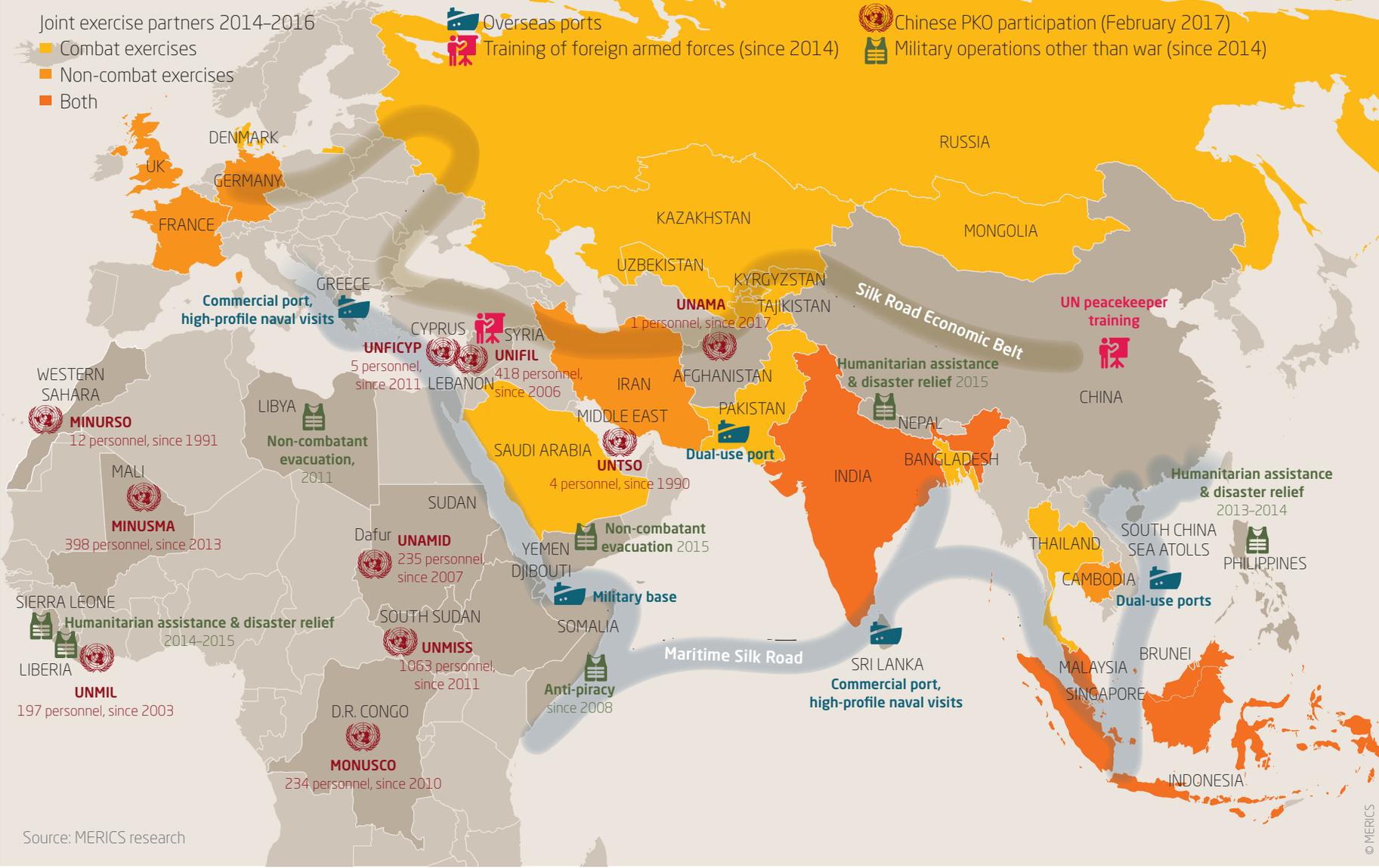
In April 2016, China's Ministry of National Defense announced that it was building China's first ever overseas "support facility" (保障设施) in Djibouti. This facility, which is to all effects a permanent military base, will primarily act as a supply and logistics point to support PLA Navy missions in the Gulf of Aden. China signed a 10-year contract for the location, which will potentially host a few thousand military and civilian personnel, and for which it will pay Djibouti USD 20 million a year.⁵⁶ The PLA's new facility will be in the same city as Camp Lemonnier, the United States' largest permanent military base in Africa, along with smaller Japanese and French bases, and Italian and German garrisons.

The protection of Beijing's planned "Maritime Silk Road" (21世纪海上丝绸之路), part of the "Belt and Road Initiative" (BRI), will also require the PLA to continue expanding its maritime presence and to focus on conducting counter-piracy and counter-terrorism operations along the route.



The PLA is on the move

China's armed forces engage in a much broader range of joint exercises, training and military operations other than war



Source: MERICS research

MERICS

Figure 4.3

China will expand its network of overseas ports and facilities

To facilitate this, China is likely to expand its network of ports and facilities in the region. This expansion could follow the template of China's engagement in Gwadar, Pakistan, where Beijing's commercial investment in the port was followed by military deployments and visits by the PLA Navy (PLAN). That model has already been replicated in the Seychelles and in Djibouti. Other potential locations for dual-use ports include Colombo and Hambantota, Sri Lanka, and maybe also Piraeus, Greece: all of these are ports in which China is already involved through different commercial arrangements that could one day include a military component so as to turn them into PLA naval bases or ports of call. Greece's membership in NATO, of course, makes such a development for Piraeus much more unlikely.

The PLA is also undergoing a process of extensive modernization to develop the necessary expeditionary capabilities that will allow it to conduct unilateral out-of-area missions. The PLA Navy has, for instance, invested heavily in new nuclear-powered submarines and upgraded frigates and destroyers, including the new Type 055 destroyer, which could come into commission in early 2018.⁵⁷ The PLAN has also developed a new generation of large amphibious assault vessels – the Type 075 Landing Helicopter Dock⁵⁸ – and launched China's first indigenous aircraft carrier on April 26, 2017. The PLA Air Force (PLAAF) has, in turn, unveiled the new J-20 stealth fighter⁵⁹ and a new seaplane, the AG-600, that will likely be used for resupply purposes, as well as for maritime patrols.⁶⁰ The PLAAF has also announced that it is developing a new generation strategic bomber with a longer range of action.

Besides longer-range capabilities, the PLA is focusing on developing vital new systems with more advanced logistical capacities to support its ability to operate further away from home. In June 2016, for instance, the PLA received the first Xian Y-20 military transport aircraft, which provides the PLA Air Force with the ability to quickly mobilize large combat forces and transport large quantities of supplies.⁶¹ China is also working on building up its aerial-refueling tanker fleet and its fleet replenishment ship force. In 2016, three new Type 903A replenishment ships were commissioned into the PLAN, and the first, more advanced, Type 901 ship is currently undergoing sea trials.⁶² One year earlier, in 2015, the PLAAF commissioned the H-6U aerial refueling tanker, the first such aircraft developed by China, which significantly improved China's long-range attack and integrated combat capabilities.⁶³

In March 2017, the PLA also announced that it would increase the size of its PLAN Marine Corps from around 20,000 to 100,000 personnel.⁶⁴ This amphibious force is likely to take on a more central role in China's military and is widely expected to be deployed abroad, most likely to the Chinese bases and ports in Djibouti and Gwadar, at least initially. This move is meant to turn China's Marine Corps into an expeditionary force with a wider range of capabilities, more similar to the US Marine Corps in role and mission.

Furthermore, China's response to the US Global Positioning system (GPS), the Beidou navigation system (北斗卫星导航系统), is expanding its coverage rapidly: by 2018 it will provide services along the "Belt and Road" routes and it is expected to achieve global coverage by 2020.⁶⁵ Besides civilian uses, Beidou will provide the PLA with enhanced open-seas surveillance capabilities, supporting expeditionary operations further away from China's neighborhood.

All this reflects China's desire to protect trade routes in the Indian Ocean and to support counter-piracy and counter-terrorism operations in the area. However, it is also clear that Beijing is preparing for future, potentially unilateral, PLA operations increasingly far away from China's shores.

Figure 4.4

The PLA is catching up

China's military capabilities are catching up to American and European systems



Source: MERICS research

© MERICS

Trend 4: The PLA wants to become a global leader in space and cyberspace

China's vision of national security has expanded to include the new domains of space and cyberspace. As part of the overall strategy of military "informatization" (军队信息化), the PLA is rapidly developing its defensive and offensive cyber and space capabilities. Late in 2015 Xi Jinping announced the creation of the Strategic Support Force (中国人民解放军战略支援部队) to oversee and coordinate China's capabilities in these two domains. Stronger military cyber and space capabilities would allow the PLA to offset Western, especially US, dominance in conventional military capabilities in case of conflict.

Although the PLA is generally secretive about its military cyber and space capabilities, authoritative documents like the Science of Military Strategy (战略学) and Science of Campaigns (战役学), published by the Chinese Academy of Military Science and the National Defense University, together with the White Paper on China's Space Activities in 2016 and the recently published National Cyberspace Security Strategy provide some insight into Beijing's priorities.

As a result of Beijing's focus on military "informatization," the PLA has worked on building up its cyber and space capabilities and has been conducting a growing number of military drills and exercises to provide training opportunities for troops in this area.

Box 4.4

Cyber and space play a key role in the PLA's strategy of "informatized" warfare

China's 2015 Defense White Paper clearly showed a shift in China's military strategy. The new guidelines changed the overall goal of China's military strategy to "winning informatized local wars" (打赢信息化局部战争) and revealed the central role that information technology now plays in military thinking and planning. The White Paper firmly placed the domains of cyber and space in a prominent position as the "commanding heights of strategic competition" (战略竞争新的制高点). The new strategy has driven recent PLA structural reforms, as well as efforts to acquire and develop new "informatized" warfighting capabilities. At the current

stage of informatization, the PLA is focused on using new technologies to enhance its C4ISR capabilities, i.e. command, control, communications, computers, intelligence, surveillance and reconnaissance.

The ultimate goal of this process is to achieve information superiority over adversaries and to use this in the early stages of a conflict. In case of conflict, the PLA would employ its cyber and space capabilities to launch a pre-emptive attack against an enemy's logistics and communication nodes and delay a potential response. That would allow the PLA to exploit the resulting blindness of the enemy by means of conventional warfare.

China's military strategy depicts the cyber and space domains as the "commanding heights of strategic competition"

A series of alleged Chinese intrusions into various countries' private and public networks and databases over the last few years suggest that Chinese military operators are able to penetrate networks and steal information. While Chinese cyber operations are run by several services and ministries, the Third Department of the PLA's former General Staff Department is reportedly responsible for many of these acts of cyber espionage. In 2014, the US Department of Justice indicted five members of this Department for stealing private business information from American companies. Private cyber-security firms have also attributed a number of other attacks against both American and European firms to this same PLA department.⁶⁶ Hacks into government and defense networks attributed to Chinese military operators include the 2015 hack of the US government's Office of Personnel Management and several penetrations of US Department of Defense servers, including the US Transportation Command. Recently, some Chinese hackers seem to have shifted focus and are increasingly targeting critical infrastructure in Asia. According to the cyber-security firm FireEye, attacks have been recorded in India, Indonesia, the Philippines and Vietnam.⁶⁷

Nevertheless, there is a large gap between being able to penetrate networks and being able to interfere with them. It is unclear whether China has the capabilities to do the latter. China's defensive cyber capabilities are equally opaque, but Chinese officials often claim that China itself

is the largest victim of cybercrime in the world and that computer viruses are rampant in China, making unclassified state networks and private networks in the country vulnerable to cyber attacks.

China's inherently dual-use space program is also growing at a rapid pace and assists the PLA in its efforts to become a global leader in this sector. Beijing has invested heavily in improving its space capabilities, especially its satellite communications, space-based C4ISR capabilities, and satellite navigation systems. The focus has been placed on depriving potential adversaries from using their own space-based assets in case of conflict. To achieve this, the PLA has developed and tested several counter-space capabilities, such as directed-energy weapons, satellite jammers and anti-satellite missile systems. In December 2016, for instance, China flight-tested its new Dong Neng-3 anti-satellite missile,⁶⁸ in what was claimed to be China's ninth test of this kind of weapon. China has also acquired a number of ground-based satellite jammers since the mid-2000s.⁶⁹ In addition, Beijing plans to launch a further six to eight new satellites this year, continuing to expand the coverage of the Beidou Navigation System.

Box 4.5

The new Strategic Support Force takes control of previously dispersed cyber and space capabilities

As part of the restructuring announced by President Xi Jinping in 2015, the PLA created the Strategic Support Force (SSF) (解放军战略支援部队) to consolidate space and cyber functions and improve the integration of China's armed forces. The new force was tasked with focusing on technological innovation and its uses in real combat situations, improving efficiency and the integration of military and civilian developments. This would allow the electronic intelligence collected by the PLA and

elements of information warfare to be contained under the roof of a single organization that is under the direct command of the Party's Central Military Commission. In setting up the SSF, some tasks were taken away from the General Staff Department. Under the command of Lieutenant General Gao Jin, former president of the PLA Academy of Military Science, the SSF will provide C4ISR capabilities to all PLA services and coordinate overall cyber and space activities.

China's efforts in the cyber and space arenas are partially a response to international advances in these fields. China wants to catch up with other major space and cyber powers. But China's activities are also aimed at giving the PLA the capabilities to obtain an advantage over adversaries in case of conflict. The PLA's progress in these two areas supports other force projection activities and moves Beijing closer to its goal of "information superiority," allowing the PLA to collect information for intelligence and for potential offensive operations. Furthermore, information obtained from other countries contributes to China's military modernization by providing the PLA with key foreign technologies.

The PLA's internationalization will continue, also spurred by the acquisition of foreign military and dual-use technologies

CHINA AS A SOLDIER IN 2022: BEIJING HAS A TRULY GLOBAL MILITARY FOOTPRINT

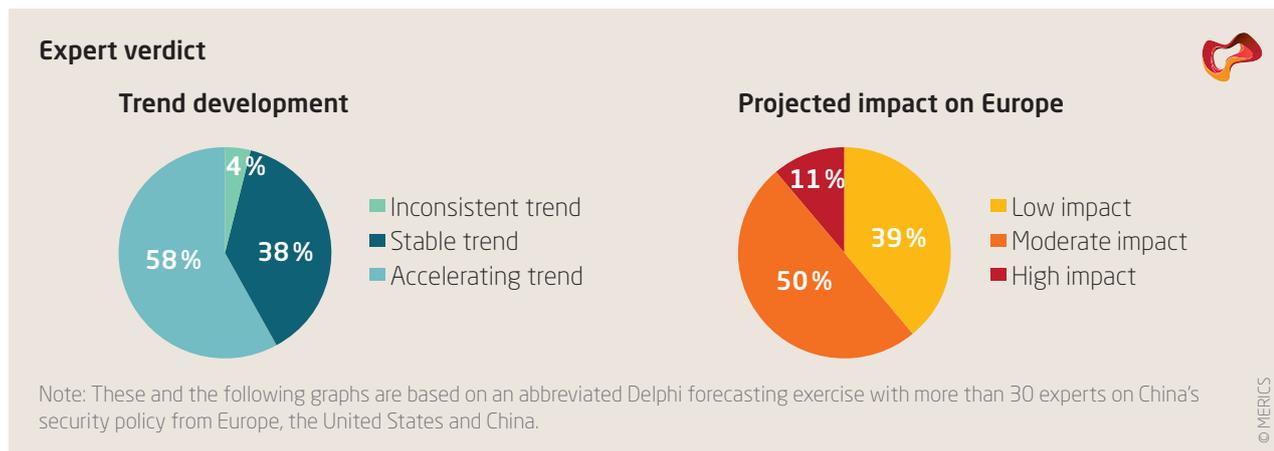
By 2022, the PLA will have substantially expanded its international presence, becoming active in a wider range of regions, many of which are critical to European security and economic interests.

Within the next five years, the PLA will remain unable to conduct unilateral, large-scale interventionist missions far away from China's shores. Most of the PLA's overseas activities will thus continue to be focused on military operations other than war. The PLA will, however, run more interventionist, crisis- or event-driven operations, for instance as a response to attacks on Chinese interests or citizens overseas. By 2022, China will also be much closer to attaining advanced expeditionary capabilities and a blue water navy, as the PLA's process of modernization and internationalization will continue at an increasingly fast pace, spurred by high levels of investment by the central government and the acquisition of foreign military and dual-use technologies through various methods, including cyber espionage.

Missions like peacekeeping operations, the protection of sea lines of communication or non-combatant evacuations will create opportunities for Europe-China military cooperation. However, Europe will also have to deal with issues of strategic mistrust and miscommunication between the PLA and European militaries, as well as with the impact that the PLA's new role has on European military priorities and national security concerns.

Accelerating trend, moderate impact: The PLA develops a stronger international presence in military operations other than war

Figure 4.5



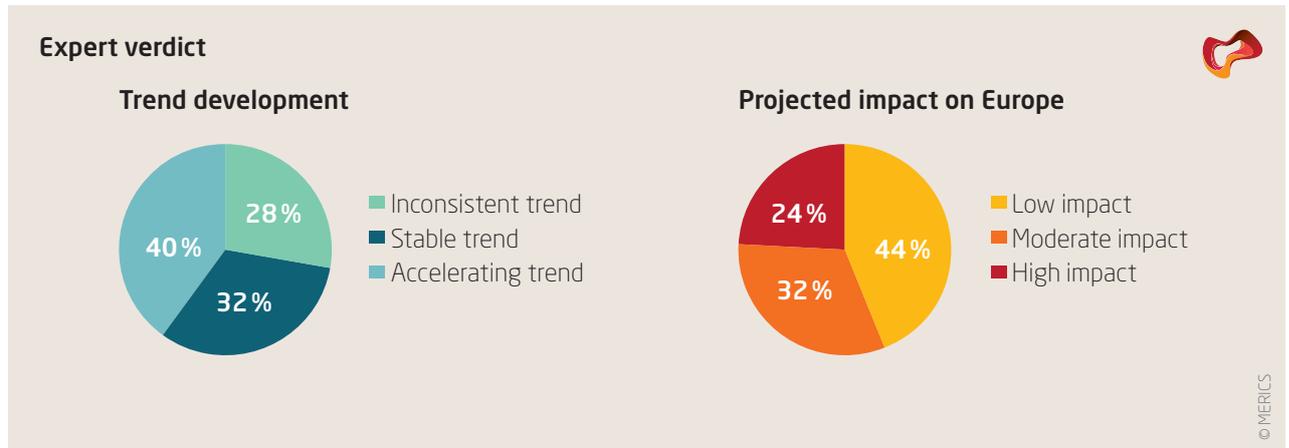
Increased PLA international engagement will lead to more regular contact between European and Chinese troops on the ground

Beijing will be pressured by both domestic and international forces to deepen the PLA's engagement in missions dealing with transnational threats, such as counter-piracy operations, peacekeeping and humanitarian assistance missions. As a result, by 2022 China's contributions to UN peacekeeping operations will have increased substantially, and the PLA will most likely be running higher numbers of evacuation operations and humanitarian assistance missions in regions of strategic interest to Beijing, most likely in the Middle East and Africa. This will lead to more regular contact between European and Chinese troops on the ground. Such encounters will be helpful in reducing strategic mistrust between European states and China and can also help set up new military-to-military channels of communication.

European militaries will, however, also face issues of interoperability when working with their Chinese counterparts. The lack of common military doctrines, and equipment and communication standards, can hinder effective cooperation in joint missions. Furthermore, Europe will need to have a clear stance on information sharing with the PLA, along with well-defined rules of engagement, in order to protect European interests during instances of cooperation. Despite these limitations, shared interests and a pre-existing but modest track record of European-Chinese coordination on these kinds of operations, such as during counter-piracy missions in the Gulf of Aden, will create opportunities for Europe to further engage the PLA.

Accelerating trend, low impact: The PLA prepares for intervention abroad, with an emphasis on out-of-area, counter-terrorism capabilities

Figure 4.6



It is unlikely that the PLA will launch large-scale unilateral, interventionist counter-terrorism operations overseas within the next five years. However, by 2022 China will probably be increasingly involved in multilateral operations of this kind, as terrorism becomes a higher priority for Beijing. Beijing will feel compelled to provide adequate protection for Chinese citizens and assets abroad, especially energy sector workers in unstable countries along the “Belt and Road,” in the Middle East and in Africa. Chinese troops’ lack of combat experience, along with the negative balance of costs and benefits when it comes to sending in special operations troops to deal with crises or simply offer protection to Chinese citizens abroad, will prevent Beijing from completely turning towards a policy of interventionism by 2022. A failed overseas operation leading to the death of Chinese soldiers or civilians, for instance, could turn domestic public opinion against Beijing’s new strategy of force projection, forcing the PLA to rethink its international involvement in counter-terrorism missions overseas.

Box 4.6

Game changer: ISIS attacks on Chinese soil

A major terrorist attack on Chinese soil perpetrated by a foreign terrorist organization would drastically accelerate the PLA’s efforts to internationalize its operations. If China were to be attacked by ISIS-affiliated terrorists based in Syria, for instance, and if there were a significant number of casualties, Beijing would most likely be forced to retaliate due to domestic public pressure. Such an attack would lead to Beijing deciding to become more involved in multinational efforts to combat terrorism in Syria and the Middle East. However, given the

PLA’s new legal mandate to launch international counter-terrorism operations, the Central Military Commission may also decide to deploy Chinese soldiers to the Middle East as a response. The presence of PLA soldiers running a unilateral counter-terrorism operation in Syria, right on Europe’s doorstep, would have consequences for Europe and would require an immediate response by European member states to engage Beijing, coordinate actions and protect European security interests.

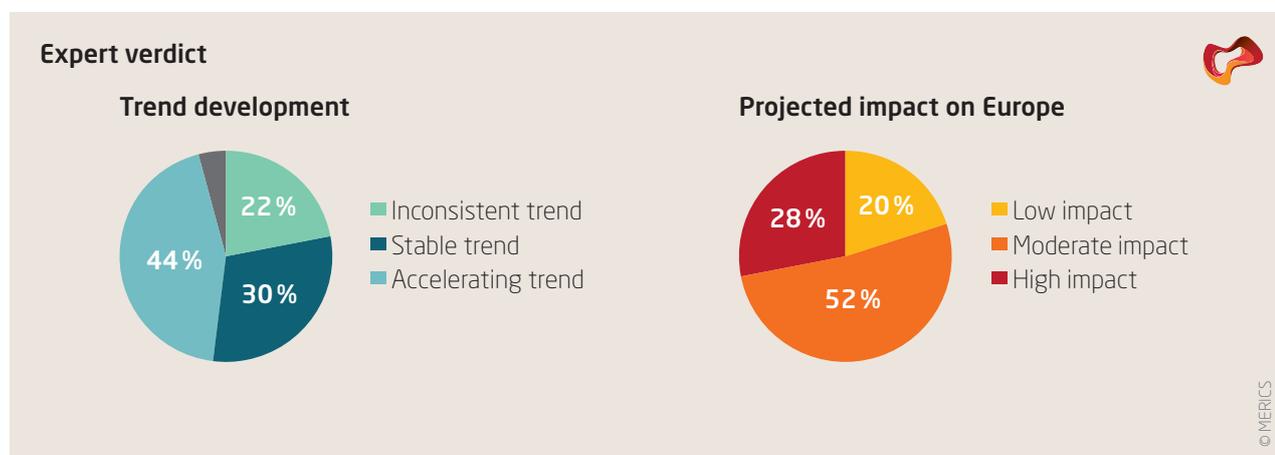
As a response to this problem, Beijing may turn to Chinese private security companies, which are beginning to expand internationally, trying to provide security services to Chinese firms abroad. Cooperation with international security firms is also likely, as such firms seek to expand their operations in and around China. Frontier Services Group, for example, announced in late 2016 that it plans to build two training bases in Xinjiang and Yunnan and develop strategic partnerships with

Chinese security firms in order to operate along China’s “Belt and Road Initiative” (BRI). This carries clear strategic implications for Europe, as European member states will have to deal with private firms operating under the direction of Beijing in areas of concern to member states.

In any case, it is not unthinkable that by 2022 the PLA may, as a response to a specific crisis or event, unilaterally deploy a small number of troops in a brief out-of-country mission to protect and evacuate Chinese assets. Such actions should be of concern to Europe, since the targets and principles of engagement can differ widely between European militaries and law enforcement agencies and their Chinese counterparts. Furthermore, unilateral actions of this kind have the potential to further destabilize already unstable countries. If these actions take place in Europe’s backyard, they could lead to substantial negative fallout for Europe, either in the form of increasing flows of refugees or by directly affecting European security and commercial interests abroad.

Accelerating trend, moderate impact: The PLA develops capabilities for longer out-of-area operations

Figure 4.7



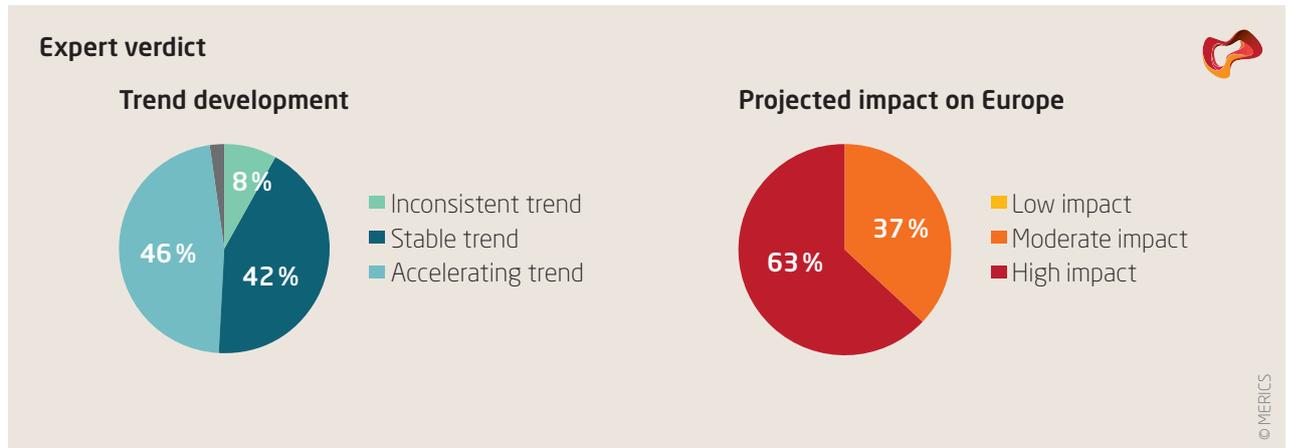
Beijing will have a more frequent presence in Europe’s more immediate neighborhood

By 2022, the PLA will have a permanent presence in its base in Djibouti, and it will also have more sustained deployments in Gwadar and potentially Sri Lanka, tasked with protecting the maritime routes of the BRI. It is also likely that Beijing will have a more frequent, although not permanent, presence in Europe’s more immediate neighborhood, particularly the Mediterranean, by 2022. Further military exercises in the region, similar to the Sino-Russian “Joint Sea” naval drill in the Mediterranean in 2015,⁷⁰ are also likely. This expansion of the PLA’s area of operations into the Indian Ocean and the European neighborhood will allow for cooperation and some burden sharing in the protection of sea lines of communication and global trade routes. However, it will also bring Chinese military assets much closer to the locations of critical European military facilities and assets, raising security and espionage concerns for affected European member states.

Furthermore, the PLA will have acquired a number of critical expeditionary capabilities by then, including the commissioning of its second aircraft carrier and the deployment of more advanced replenishment ships and aerial tankers. The lack of sufficient training for troops, as well as technological bottlenecks and the long procurement and production processes for military hardware will, however, continue to constrain the PLA’s ability to sustain long-term operations far away from China’s borders by 2022.

Stable to accelerating trend, high impact: The PLA wants to become a global leader in space and cyberspace

Figure 4.8



The military modernization process will also substantially improve China's cyber and space capabilities within the next five years. Beijing will leverage China's rapidly growing domestic industrial complex to develop dual-use capabilities that will allow the PLA to gradually erode Western countries' technological edge. Chinese military-affiliated cyber operators will continue to target foreign governments and private firms, exfiltrating information that will aid in the PLA's modernization.

Although attacks have so far mostly focused on American targets, by 2022 there is likely to be an increased focus on European networks. More visible targeting of European entities can be a way for China to retaliate against the EU or specific states for specific policy positions. Or it can be a way for Beijing to sway public opinion in Europe and build support for Chinese initiatives or positions. Nevertheless, China will also become more vulnerable to countermeasures as the country becomes more dependent on cyber networks, which may deter Chinese cyber operations during peacetime.

The "space race" will also continue between now and 2022, as China develops more counter-space capabilities and the Beidou system achieves global coverage, providing the PLA with a fully domestic navigation system that is not dependent on the goodwill of the American government or European governments. The lack of transparency in this area and the limited dialogue between Europe and China on this issue will continue to be a source of mistrust and potential misunderstanding. This tension may be stemmed, or at least reduced, if current proposals for joint European-Chinese research and space exploration missions come to fruition over the next five years.

The PLA's process of internationalization also raises a number of broader concerns regarding European engagement with the PLA. Firstly, a greater PLA presence in the European neighborhood and the resulting, almost inevitable, European engagement with Beijing on security issues may impact European relations with the United States due to the fact that Washington currently sees Beijing as an adversary, or at least a competitor. This is especially relevant at a time when the European-American security alliance, and even the relevance of NATO, has been questioned by some members of the Trump administration. China's support for authoritarian regimes, such as that of Bashar al-Assad in Syria, and its alignment with Russia, will also make substantial European military cooperation with the PLA politically difficult both at home and abroad.

And second, Europe will need to carefully consider to what extent a close relationship with the PLA is in the best interests of EU member states. While partly necessary, closer cooperation between European militaries and the PLA will also aid China's military modernization efforts and speed up its internationalization.

EU member states must start paying attention to China's global security activism even if Europe is unlikely to encounter substantial PLA presence in its own neighborhood over the next

Closer cooperation between European militaries and the PLA will also aid China's military modernization efforts

five years and even though recent developments in this area still rank very low on Europe's list of priorities. The PLA will continue to make progress in all four areas outlined in this chapter, moving towards its goal of obtaining advanced force projection capabilities able to sustain operations further away from China's shores. Even though this will be a slow process that will not be completed by 2022, Europe must be ready to engage Beijing on these issues and must respond to potential future PLA activities in the European neighborhood that will affect European interests more directly.

5. Trader: Economic statecraft catalyzes China's global security policy



5. Trader: Economic statecraft catalyzes China's global security policy

KEY FINDINGS

- China effectively uses economic means, including financing, investment and (arms) trade, to pursue strategic and security-related interests, including vis-à-vis advanced economies.
- Some of China's economic engagement abroad will contribute to stability and economic development in areas of interest to Europe. Beijing also uses its economic levers to induce alignment with its own security priorities.
- Focusing primarily on positive economic security spillovers from its "Belt and Road Initiative" (BRI), Chinese policymakers struggle with new risks that result from Beijing's economic outreach.
- China is exporting more sophisticated weapons systems, thereby deepening security partnerships with a growing number of clients abroad.
- Forceful and blended defense and high-tech industrial policies in China are likely to radically tilt innovation dynamics and competition in global defense markets towards China.
- China is intensifying its campaign to secure foreign technology transfers for dual-use and directly defense-related purposes using a variety of means, including arms trade, targeted foreign acquisitions and economic intelligence abroad.

The close link between economics and security has certainly always been part of Chinese leaders' foreign and security policy calculus. Until recently, however, China's approach was still relatively restrained, defensive and domestically oriented. Today, China's blended economic-security engagement is central to China's global reach and security policy. This is probably most evident in the "Belt and Road Initiative" that seeks to help countries benefit from China's "economic prowess" and thereby make them "more reliant on its market and investments," and to subsequently "establish security dialogue, negotiation, and cooperation," as one Chinese senior policy advisor has put it.⁷¹

Three trends characterize China's changing approach to using economics for security purposes. First, Beijing is using instruments of economic statecraft in more targeted ways to foster development and security and shape other countries' policies in line with China's own security interests. Second, China's defense industry is becoming more successful in selling increasingly sophisticated weapons to a growing number of clients. This also helps China to strengthen political ties and bilateral security partnerships. Finally, China's defense industry is becoming more independent and innovative, which transforms the way in which Beijing acquires technology for its own advanced weapons systems.

For Europe, meeting and confronting China's blended economic-security behaviour on a global scale will create substantial challenges but also a few opportunities. By 2022, China's state-guided economic presence abroad will make China an influential actor in conflicts and security matters of European interest. While some of China's economic engagement abroad will contribute to stability and economic development, Beijing will also use its economic levers to induce alignment with its own security priorities. Europeans will also face intricate questions regarding dual-use technologies and they will fight an uphill battle in competing with China's defense industrial complex on the development of critical technologies for the next generation of warfare.

China's blended economic-security engagement is at the heart of China's global reach and security policy

PAST PROFILE: CHINA RARELY USES ITS ECONOMIC INFLUENCE FOR SECURITY-RELATED PURPOSES

Since the early 2000s, the lure of China's domestic market has made closer economic integration with China a highly attractive goal for many countries. Many governments were willing to compromise on diplomatic and security matters in return for market access. Beijing used "carrots" such as foreign aid, state purchases, preferential terms in trade agreements, and infrastructure projects for strategic, political and indirect security gains. Providing economic incentives has been integral to Beijing's attempts to improve China's overall strategic positioning vis-à-vis key regional partners. It has also helped China to gain international support for core political concerns.

Beijing is increasingly willing to use "economic sticks"

Chinese SOEs have for many years made forays abroad to secure resources in Africa and Latin America, and to source components for defense industrial modernization from Western countries. In the later 2000s, the growing success of Beijing's state-directed "going out" policy strengthened China's ability to link its economic engagement with strategic and political purposes. Domestic financial institutions have become more active in channeling state financing abroad.

In the first decade of the 21st century, Beijing used these instruments mainly for domestic, developmental or commercial reasons but did not use them in a coordinated way for other goals. Important exceptions include the myriad ways in which Chinese party-state actors have nurtured close ties – politically and in business – with powerful elites in neighboring countries. Several sanctions episodes, against Taiwan, Norway, and Japan in 2010, and against the Philippines and Japan in 2012, also indicate that Beijing is increasingly willing to use "economic sticks" in its pursuit of political, strategic and security-related goals in relations with other countries.

The limited technological capabilities of its defense industry have previously restricted China's ability to export weapons and reap associated benefits in politico-security relations with partner countries. China was a highly dependent country for its defense industrial development and one of the world's largest arms importers. While Beijing steered arms sales in conjunction with economic aid and development assistance to support broader foreign policy goals, its exports were primarily unsophisticated weaponry, small arms, transport vehicles and armored personnel carriers that China mainly supplied to poorer developing nations usually in Africa.

These characteristics of China's role as an arms trader remained largely unchanged until 2012, although China's overall presence did grow. Nevertheless, its defense industry continued to import key technology, designs, and components for major weapon systems for its military forces.

DRIVERS: CHINA'S DOMESTIC ECONOMIC TRANSFORMATION PROVIDES NEW SOURCES FOR INFLUENCING SECURITY MATTERS ABROAD

The global impact of shifting trade patterns and other economic interactions with China are deepening (see box 5.1). China is now the principal trading partner for most of its neighbors, its foreign direct investment (FDI) in Central Asia dwarfs flows from Russia, and it is on track to becoming the leading source of investment for countries of the Association of Southeast Asian Nations (ASEAN) and potentially even European countries. This creates new realities that make governments carefully consider how to manage their diplomatic and security ties with China.

As a result of its economic transformation at home, China's foreign economic policy is changing and, consequently, so is the way it can leverage economic exchange for other purposes:

- China's economic success today increasingly depends on developing new markets and taking a leading role in promoting trade and investment integration.
- The motors of China's own infrastructure-driven development, SOEs in the construction, telecommunications, transport, utilities, and energy sectors, must tap new international opportunities to thrive.
- To drive China's domestic economic restructuring, Beijing has devised new outward-directed industrial policies to promote high-tech acquisitions in advanced economies and to push for "industrial capacity cooperation" abroad.

- To maximize financial and strategic returns from China's growing creditor position, China's policy banks and other state-backed financial actors are expanding their international portfolios.

By using the instruments described above, the economic-security nexus in China's foreign relations has become more pronounced since 2013. With the launch of what is today formally labeled the "Belt and Road Initiative" (BRI), China's leaders have repackaged their economic statecraft into an overarching grand political narrative. A key motive of the BRI is to capitalize on China's growing economic prowess in strategic and security matters, although there are plenty of supportive economic and domestic drivers in place. Beijing's BRI public diplomacy is working in overdrive to spread a "win-win" vision for connectivity and economic integration in broader Eurasia. Yet at its heart, the BRI also serves other purposes: China's leaders aim to deepen asymmetric economic interdependence with Asian neighbors in line with China's new proactive, outward-expanding security policy.⁷²

Top-level leadership speeches and policy documents since 2013 clearly hint at this link. President Xi's landmark speech at the Work Conference on Neighborhood Policy (周边外交工作座谈会) in October 2013 argued that improvements in relations between China and its neighbors had extremely significant strategic value for China but that this is dependent on strengthening economic ties and deepening security cooperation. In calling for "synchronized progress" in economic and security cooperation to support China's vision for Asian security, Xi's speech at the 2014 CICA summit, as well as China's 2017 Asia-Pacific Security White Paper, prominently repeated these ideas.

Others are more explicit: The Chinese Academy of Military Sciences' annual *Strategic Review* in 2016 argues that the "Belt and Road construction provides not only the overseas space for China's national interests' expansion but also a practice model for maintaining overseas interest (sic)" Leading influential Chinese policy advisors do not hesitate to explain the BRI's general purpose as "crucial to the establishment of a new national security system" or as part of China's "readjustment to a leading development and security role."⁷³

Deepening asymmetries in interlocking economic and defense ties are a particularly powerful catalyst for China's security outreach, which focuses on some pivotal "Belt and Road" partners but is in fact more far-reaching. Even before the launch of the BRI, the "China-Africa Cooperative Partnership for Peace and Security" in 2012 had already spelled out what was developing rapidly on the ground in Africa: The continent is a "laboratory for third world security cooperation" for China.⁷⁴ This includes growing defense and counter-terrorism exchanges and other means of security cooperation, including bilateral support for defense capacities, support for the African Union's security role, peacekeeping missions and training (see chapter 4).

In this context, the sale of military goods is becoming a critical component of China's global security engagement. China has greatly increased the scope and sophistication of the weapons technology it can supply and has become a competitive supplier of submarines, missile systems, tanks, and aircraft at the lower end of the market. The country's arms exports in 2016 were at an all-time high. China's defense industry has emerged as the third largest global arms provider (behind the United States and Russia) and is a viable option for developing and emerging economies in regions of strategic interest to China.

Rapid defense industrial modernization at home equally affects the reverse, i.e. the import side of China's foreign economic-security relations. With growing capacity for indigenous manufacturing, China is today only the fourth-largest importer of arms (for the period 2012-2016), compared to being an inglorious "leader" in this field in the early 2000s. The list of China's most important sources of official arms imports continues to have a strong European profile (Russia, France, Ukraine, Switzerland, United Kingdom, Germany). For all these arms trade partners, relations with China are changing due to the relatively successful and expedited defense industrial modernization program pursued by the Chinese leadership.

The "Belt and Road Initiative" serves to capitalize on China's growing economic prowess in strategic and security matters

KEY TRENDS: CHINA'S PURSUIT OF SECURITY INTERESTS COMES WITH ECONOMIC STICKS AND CARROTS AND AN EXPANDING GLOBAL FOOTPRINT OF ITS DEFENSE INDUSTRY

The following three trends indicate how Beijing is likely to deploy economic instruments to achieve strategic and security-related goals in the next five years and how this will contribute to China's expanding global risk portfolio.

Trend 1: China uses economic statecraft in more targeted ways to foster development and security

China's financial engagement will help Beijing projecting a role as an important provider of public security goods

China's new economic statecraft catalyzes Beijing's outward-projecting security policy in different ways: (1) Elements of China's economic engagement in "Belt and Road" countries and beyond will contribute to development and this has the potential to strengthen resilience and stability in China's neighborhood and beyond; (2) Chinese economic engagement abroad exacerbates risks, for the host government and societies as well as for Chinese actors themselves; (3) Beijing is becoming more willing and effective in using its economic influence to induce and demand alignment on security policy matters.

Some forms of China's new economic statecraft lend themselves more than others to actually contributing to sustainable development and resilience abroad. This includes the channeling of financial resources through existing or newly set-up multilateral institutions such as the China-led Asian Infrastructure Investment Bank (AIIB, 2015) and the New Development Bank (NDB, 2014). When these banks and other domestic financial institutions, including new ones such as the Silk Road Fund, collaborate with other multilateral development banks, their engagement is largely welcomed by the international community. This engagement meets real demand, is less amenable to direct strategic manipulation and is subject to stricter rules for project governance and monitoring. China's multilateralized financial engagement is likely to be effective in consolidating China's role as an important provider of public goods, including development and security, while clearly targeting countries and regions of strategic interest to China (see box 5.1).

Box 5.1

China strives for a combined "leading development and security role"

One of the core features of China's global security policy is a more explicit framing of the development and security nexus as a key selling point for China's international engagement. In a speech by President Xi Jinping in May 2014 at the CICA summit, he proclaimed that "development means the greatest security and the master key to solving regional security issues" (发展就是

最大安全，也是解决地区安全问题的"总钥匙"). This linkage between development and security has since been prominently repeated in the White Paper on "The Right to Development" published by the State Council in December 2016 and the White Paper on "China's Asia-Pacific Security Cooperation Policy" released by the Chinese Ministry of Foreign Affairs in January 2017.

Much more important than its multilateral contributions however, are China's bilateral ways of deploying economic statecraft. This is true both in value terms and regarding the security implications and presence on the ground.

Comparing the three years before and after Xi Jinping came to power, the annual average value of Chinese SOEs' contracted projects abroad increased by 34% in Asia and 39% in Africa. More than 55 new industry parks and trade cooperation zones have been established since 2013 across Asia, Eastern Africa and Latin America. In 2016, the combined value of new "foreign contractual projects" for Chinese companies was USD 245bn, including more than 800 projects with a value of more than USD 50m each.

Massive overseas financing by China's state-driven financial institutions has enabled Beijing's "infrastructure foreign policy" frenzy. Among the lenders are the traditionally very active policy banks but increasingly also state-owned commercial banks and a series of newly set-up funds often combining commercial and state actors and with special regional portfolios. The China Development Bank has allegedly set aside more than USD 900bn for "Belt and Road"-related financing. By the end of 2016, it had already approved more than USD 160bn of such loans.⁷⁵ Other domestic banks are equally ramping up their overseas activities. In 2016, three of China's big commercial banks provided more than USD 50bn, 15% of their overseas loans, to BRI projects.⁷⁶

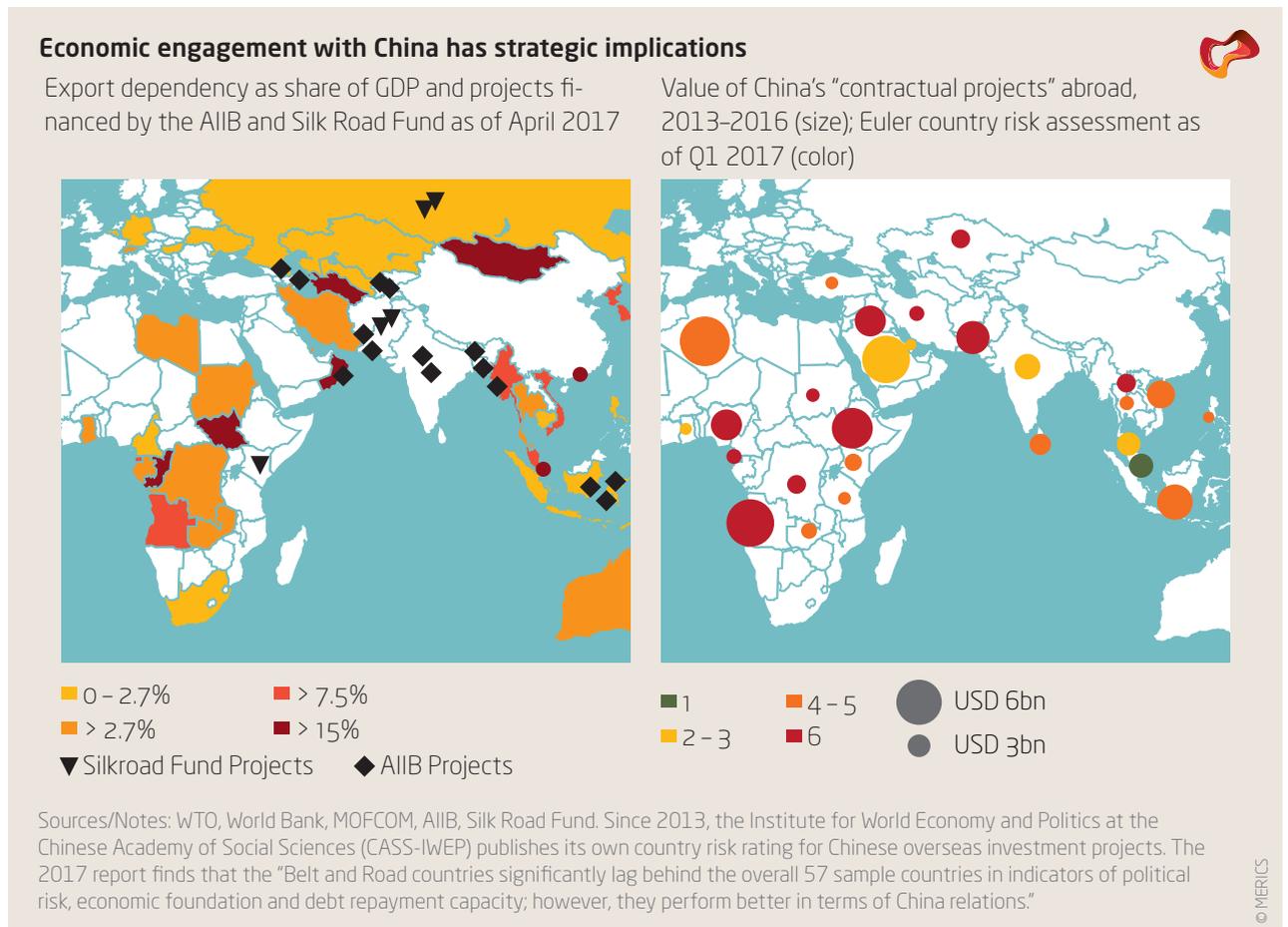
These targeted and largely state-directed efforts to finance infrastructure and development abroad naturally follow Beijing's security objectives and strategic guidance. Along the "Belt and Road" routes, for instance, there has been a remarkable wave of upgrades to defense ties between China and BRI-affected governments in late 2016 and early 2017. Partners include Belarus, Tanzania, Ethiopia, Malawi, Mozambique, Iran, Thailand, the Seychelles, Bangladesh, Myanmar, and Pakistan, as well as new high-level defense dialogues with Malaysia and Australia set up in spring 2017.

China's unconventional economic engagement abroad also creates new risks for foreign societies and governments as well as for Chinese actors themselves. Chinese investors are amassing asset quality problems and financial risks abroad while already burdened with non-performing loans at home. China's foreign policy is also becoming more embroiled in domestic politics and local conflicts in foreign countries, a development that increases the likelihood of Beijing one day playing a greater role in security matters abroad.

Most Chinese investment contracts are located in high-risk countries. The maintenance of power plants in Iraq, servicing telecommunication grids in Syria, copper mining in Afghanistan, infrastructure development in Pakistan, and oil drilling in Sudan are just a few examples highlighting exposure to operational and safety risks (figure 5.1). Accordingly, Sinasure, the Chinese state-led investment insurer, tops international rankings for "investment exposure." Official Chinese state-

Most Chinese investment contracts are located in high-risk countries

Figure 5.1



ments point to 350 security incidents involving Chinese firms abroad between 2010 and 2015. A rapid expansion of Chinese private security firms (often run by former members of the PLA) operating in BRI countries, or the sub-contracting of thousands of Pakistani forces to protect projects in the China-Pakistan Economic Corridor (CPEC) speak to the growing reality of mounting security risks and costs.

Host governments are equally exposed to new sources of volatility from Chinese companies, including their debt burden and association with a highly politicized business cycle at home. Furthermore, Chinese-financed big-ticket projects not only burden budgets but often create new opportunities for local graft and rent-seeking by predatory elites. Distributional effects and a potential lack of social and environmental standards have already fueled social and ethnic tensions and contributed to instability, for instance in Pakistan, Sri Lanka, Kyrgyzstan, Kazakhstan, and Tajikistan.

Finally, China's promises and the actual infrastructure contracts, financing and investments add another layer to an often substantial pre-existing trade dependence. This provides Beijing with more leverage in security interactions, negotiations and, eventually, confers coercive potential. Beijing uses economic levers to influence foreign governments' policy positions on what it considers its core security interests. In 2016 for instance, Beijing launched a global campaign to gain support for its position on the South China Sea arbitration outcome. Tellingly, the two EU member states most affected by "Belt and Road" investments in Europe, Hungary (Budapest-Belgrade high-speed railway) and Greece (Port of Piraeus), effectively thwarted a strong EU position on this issue.

The Chinese government has also demonstrated a greater willingness and capacity to use economic channels to coerce foreign governments. This has included restrictions on Taiwan-bound tourism from the Chinese mainland following Tsai Ing-wen's questioning of the One China Policy (2016), import tariffs on Mongolian products following a Dalai Lama visit (2016) and a forced shut-down of South Korean company outlets in China and a boycott of South Korean goods and tourism in response to the deployment of the US THAAD missile defense system (2017). Countries like Mongolia and Norway that were sanctioned and then tried to normalize relations had to produce official statements that acknowledged a broadly defined set of Chinese national interests.

Beijing uses economic levers to influence foreign governments' policy positions on what it considers core security interests

Trend 2: China's more sophisticated and expanding arms exports help to strengthen bilateral political and security ties

Chinese arms exports are rising rapidly in terms of total value and geographical spread. This development is driven by strong domestic incentives to and reforms of the Chinese defense industry. Chinese exports today outrank the three leading European exporters, France, the United Kingdom and Germany. Weapons exports by EU member states combined still account for over 20 percent of the global arms trade.

Figure 5.2



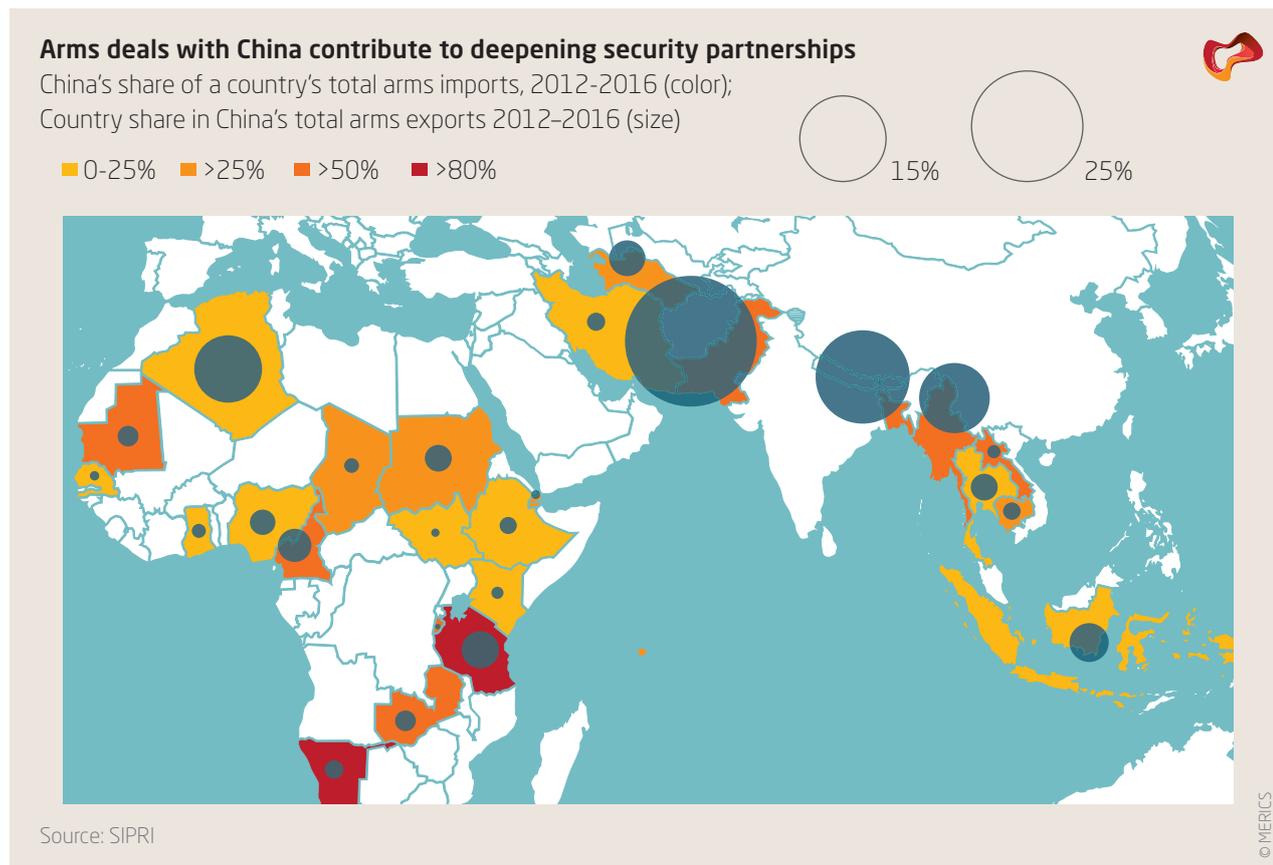
China is positioning itself as a viable alternative to countries previously dependent on weapons from Western or Russian manufacturers. Not only does this development erode the market share of traditional arms exporting nations, it also provides China's security diplomacy with a crucial "selling point" to deepen bilateral security partnerships.

The biggest increases in arms exports over the last two years have been in trade with Algeria, Myanmar, Turkmenistan and Thailand. In terms of value, South Asia has become China's most important market, with two thirds of Chinese exports between 2012 and 2016 going to Pakistan, Bangladesh, and Myanmar. Political changes in neighboring countries have recently allowed China to make further inroads into Southeast Asia where deepening ties with Thailand, Cambodia, Malaysia and potentially even with the Philippines are accompanied by new defense diplomacy and arms contracts.

China's most important clients, Pakistan, Bangladesh and Myanmar, are also on the list of those countries for whom imports from China represent more than two-thirds of their total arms import value in the last five years. This list, however, also includes several other, mainly African, client states (Tanzania, Namibia, Burundi, Cameroon, Laos, and Zambia). China's arms industry has been particularly successful on the African continent, where more than two-thirds of countries are currently using Chinese defense equipment.⁷⁷ China is also closing in on the European sphere of influence in Northern Africa. In 2016, the Algerian navy took delivery of its third Chinese naval ship, while Egypt has purchased Chinese UAVs.

China is positioning itself as a viable alternative to countries previously dependent on weapons from Western or Russian manufacturers

Figure 5.3



Similarly, China has quietly moved into Russia's traditional sphere of influence in Central Asia. Tajikistan (missiles), Kazakhstan (UAVs), Kyrgyzstan (transport vehicles), Turkmenistan and Uzbekistan (air defense systems) have all recently taken delivery of Chinese weapons. Also, deeper defense industry cooperation with Saudi Arabia and new arms deals (UAVs) agreed during King Salman's visit to Beijing in March 2017 are an indicator of China's new presence in the Middle East.

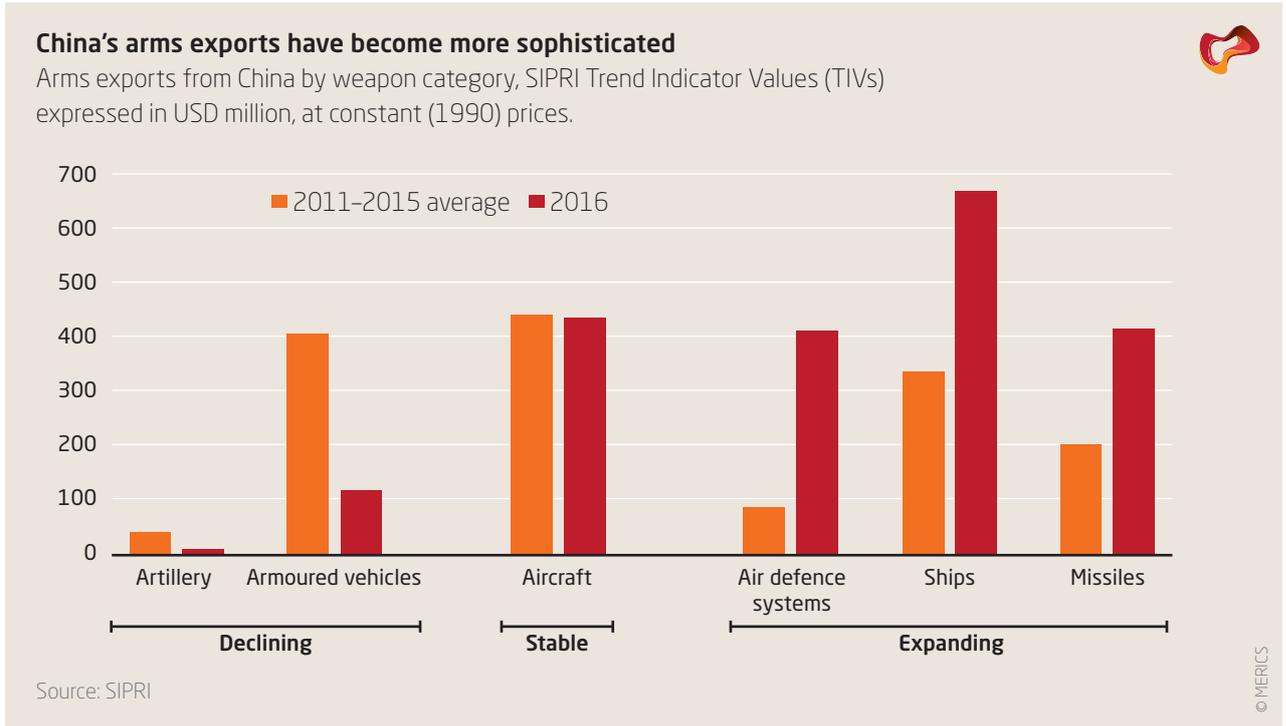
The most critical development regarding China's role relates not so much to the quantity but to the quality of weapons supplied. Not only does China produce more advanced weapons systems at home, it now also sells them abroad, with some of its missile technology already "close to parity" with similar Western weapons.⁷⁸ The Chinese leadership is investing heavily in closing technological gaps in the defense industry. One of the key priorities of the 13th Defense Science and Technology Industrial Development Five-Year Plan is to strengthen "equipment exports and international cooperation" (see trend 3).⁷⁹

In recent months China has taken orders and realized sales of more advanced military goods including submarines (Yuan-class ordered by Pakistan and Thailand, older Ming-class delivered to Bangladesh); ships (C28A-class guided missile corvette to Algeria and a deal on four Littoral Mission Ships agreed with Malaysia); anti-ship missile technology and surface-to-air-missile (SAM) systems (Pakistan, Turkmenistan, Bangladesh, Algeria, and Peru); radar technology (Thailand, Iran, Sri Lanka, and Venezuela); fighter aircraft (Chengdu FC-1/JF-17 acquired by Islamabad, jointly built in Pakistan; potential clients in Nigeria, Sri Lanka and Myanmar).

The development of China's UAV export capabilities highlights how leapfrogging in comparatively new fields of warfare can lead to surprising breakthroughs on international security matters. China has already become a strong international contender, especially as its companies are not bound by the export restrictions imposed by most Western countries. Chinese-made UAVs have already been used for drone strikes carried out by the Iraqi and Nigerian militaries, and for counter-insurgency purposes in Myanmar. They have reportedly been sold to more than ten countries, including Egypt, Nigeria, Pakistan, Saudi Arabia, and the UAE.⁸⁰

China not only produces more advanced weapons systems at home, it now also sells them abroad

Figure 5.4



UAVs are also an excellent example of a third and final key aspect of this trend: China actively seeks to cooperate in joint production with and within third countries, also to jointly capture new export markets. In March 2017, Saudi Arabia announced agreements covering the sale of UAV manufacturing production lines and marketing to other countries in the region. In a similar fashion, Pakistan is already jointly building aircraft (JF-17) and has announced plans to cooperate in the construction of submarines as well as ballistic missiles in Pakistan.

Other agreements on joint production have been reported in the past, for instance with Indonesia (missiles) and Turkey (missile systems). These have either failed quietly or, in the case of Turkey, been withdrawn due to substantial pressure by NATO partners. With growing capabilities and a coordinated push by the responsible agency in China, the State Administration of Science, Technology and Industry for National Defense (SASTIND), recent plans, for instance with Malaysia, Myanmar and Thailand, are more likely to succeed. This is not limited to China's "neighborhood." Western defense-related companies have been engaged in joint production in China in various ways. In 2016, joint production agreements with the Ukraine and the interest of Poly Technologies, a Chinese defense SOE, in joint research and development projects in the Serbian defense industry point to future developments closer to Europe.⁸¹

China actively seeks to cooperate in joint production with and within third countries

Trend 3: China's defense industry becomes more independent and innovative

Military and technological competition go hand in hand for China's leadership.⁸² Beijing's quest for indigenous innovation as a driver of defense industrial modernization fundamentally affects both China's future profile as an arms exporter and its ability to compete and prevail in future conflicts. More immediately relevant for Europe will be how this process changes innovation dynamics and competition in global defense economics as well as the role of high-tech and technology exchanges with China.

China's state-dominated defense industry is pressing ahead to close technological gaps with leading international competitors. Top-down plans for integrated industrial policies and restructuring aim at reducing China's reliance on foreign technology, strengthening indigenous high-tech weapons development, informatization and innovation capacity.

China's leadership aims at "coordinated economic and defense" and integrated military-civilian development as the key to China's future global security role

As part of an ambitious national program of economic and military reforms, the Xi Jinping administration is investing considerable resources into overhauling the Chinese defense industry. The CCP's overarching 13th Five-Year Plan (2016-2020) formally aims at "coordinated economic and defense development" and transforming the PLA into a "modern military system with Chinese characteristics." Chinese leaders target weaknesses including monopolies and bureaucratic fragmentation and promote technological innovation.

In June 2016, the Committee for Strategy in Defense Science, Technology, and Industry Development was established as a new high-level advisory body to coordinate these efforts (国防科技工业发展战略委员会).⁸³ The 13th Defense Science and Technology and Industry Five-Year Plan (国防科技工业"十三五"规划) lists as three of eight priorities "high-tech weapons and equipment development and production," "equipment export and international cooperation" (装备出口和国际合作), and "breakthroughs in integrated military-civilian development" (军民融合深度发展率先突破).

The aim of advancing integrated military-civilian development (军民融合) in China dates back to the 1980s, but has produced mixed results so far.⁸⁴ Under

Xi, the pace of development is much faster. Since 2012, a supra-ministerial small group has met annually on the issue. Since 2015, SASTIND has published annual Action Plans with clear short-term goals. Following the elevation of military-civilian integration to a national strategy in March 2015, a Central Commission for Integrated Military and Civilian Development (中央军民融合发展委员会) headed by President Xi Jinping was established in January 2017. This central coordinating body under the direct leadership of Xi is more likely to break the gridlock and bypass vested interests. It is expected to facilitate the transfer of innovative developments from technology companies and national research institutes to the military.

Recent measures aim at using capital markets to fund development and production and a more competitive opening up of defense research and procurement to the private sector. A top-level economic work conference in December 2016 reinforced the pressure on defense industry SOEs to experiment with mixed ownership, which was followed by an announcement in January 2017 that Norinco would implement such a model.

The speed and success with which foreign technology is being substituted with domestic technology varies considerably. At present China's defense companies still lack the ability to supply critical technology, for example in the field of avionics, as well as elements of advanced missile defense systems, and fighter jet and submarine propulsion systems. At the same time, China's defense industry has joined the global race to exploit cutting-edge technologies such as micro-electronics, artificial intelligence, robotics, unmanned/autonomous vehicles, big data and nanotechnology as crucial components of smart weapons in future warfare.

China's defense industry benefits from increasing levels of domestic input but still relies on foreign sources of technology and knowhow. Beijing will continue to pursue an intensive campaign to secure foreign technology transfers for dual-use and directly defense-related purposes using a wide variety of means including acquiring and absorbing technology through imports and espionage.⁸⁵ Chinese overseas investment in critical technologies will play an increasingly important role, facilitated by a series of new state-driven defense and dual-use investment vehicles.

For conventional weapons, China's defense industry has made remarkable progress in decreasing big-ticket foreign purchases of aircraft, missiles, and air defense systems, although aircraft still head the list of its imports (together with engines and sensors). Two recent arms deals with Russia highlight how Beijing attempts to navigate its technology dependence. While China's capacity to produce (and export) increasingly sophisticated missiles and missile defense systems has expanded rapidly, it still signed a contract to purchase the more advanced S-400 SAMs with deliveries and related access to technology likely to begin in 2018. At the same time, Chinese knockoffs (of the S-300 and other Russian systems) continue to undercut Russian exports. The

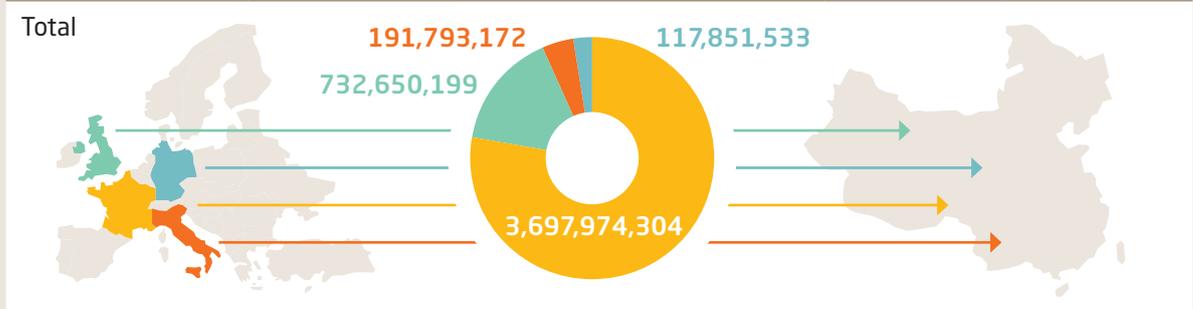
Figure 5.5

European arms industries continue to contribute to military modernization in China



European arms exports to China 2001–2015 (EUR)

Type	France	UK	Italy	Germany	Total
Aircraft	1,091,175,237	12,419,889	0	0	1,103,595,126
Ammunition	494,139	17,788,609	56,000	0	18,338,748
Armor	42,844,822	601,624	0	30,404	43,446,446
Beam weapons	-	-	-	3,590,000	0
Chemical agents	50,713,739	89,525,494	0	81,323,450	140,239,233
Cryogenics & superconductors	143,524	0	0	0	143,524
Electronic eqpt.	386,185,478	7,996,830	29,145,048	519,022	423,327,356
Engineering eqpt.	4,306,859	7,655,058	0	0	11,961,917
Explosive devices	10,304,598	3,129,018	0	0	13,433,616
Explosives	576	2,468,029	0	21,227,432	2,468,605
Imaging eqpt.	1,466,408,457	276,464	0	0	1,466,684,921
Light weapons, artillery	0	744	0	0	744
Manufacturing eqpt.	1,780,000	4,747,826	0	0	6,527,826
Miscellaneous	356,894,233	479,087,446	158,510,150	96,421	994,491,829
Simulation eqpt.	5,036,905	107,388	765,041	746,000	5,909,334
Small arms	2,035	2,424,951	865,895	0	3,292,881
Software	11,964,388	6,357,220	2,061,038	6,832,629	20,382,646
Technology	25,384,700	9,187,397	0	102,300	34,572,097
Unfinished goods	86,268,938	214,275	0	0	88,411,690
Vehicles, tanks	20,572,349	279,784	0	2,736,413	23,370,196
Warships	7,162,250	4,972,911	0	647,462	12,135,161
Weapon firing eqpt.	130,331,077	78,962,702	390,000	0	209,683,779



Source: Data from the Official Journal of the European Union annual reports on the European Union Code of Conduct on Arms Exports (via Enaat.org). Note: The value of goods licensed for export by France since 2014 appears artificially high due to a change in French export licensing procedures. The value of exported goods is generally a better metric for comparison but is not available for Germany and the UK.

sale of Su-35 fighter jets to China, being delivered since late 2016, helps the PLA contest US air superiority and serves as a training platform while it rolls out its own next-generation aircraft. Fitted with advanced engines, this purchase likely provides China with critical technology to achieve a breakthrough in indigenous developments.

In the meantime, China's defense industrial policy targets technological bottlenecks in aeronautics. The National Plan for Defense Science and Technology Industry 2025 (国防科技工业2025计划) forcefully aims to change this dependency by channeling more than CNY 100bn (EUR 13.5bn) of special funds into related R&D,⁸⁶ consolidating China's efforts to produce home-grown engines by establishing the Aero Engine Corporation of China (中国航空发动机集团) by merging 46 related companies in August 2016, and by continuing to exploit civilian technology (often acquired by AVIC and subsidiaries in the West) for military purposes.

European arms exports also continue to contribute substantially to China's defense modernization. In the last 15 years, according to European registers, France has sold arms worth EUR 3.7bn to China, followed by British sales adding up to EUR 730m and a German total of EUR 120m. The availability of European and, to some extent, Israeli technologies helps facilitate China's process of graduating from imitation and reverse-engineering to "re-innovating" and indigenous innovation. While the scope of products procured from European defense contractors has been limited by the arms embargo implemented as a reaction to the Tiananmen crackdown in 1989, Europeans have exported military goods that are not explicitly covered by the embargo (non-lethal). China is also able, based on individual EU member-states' regulations, to import technology or license-produce critical dual-use components from Europe.

European-Chinese cooperation on seemingly non-lethal and dual-use technology/components is shifting from simple purchase or licensing to more ambitious modes of joint production, like Chinese investments in European companies and commercial and science cooperation in fields that have military applications.⁸⁷ Past use of European technology for military-related purposes in China has included:

- **Radar/satellites/imagery:** British Searchwater airborne early warning radar for Chinese surveillance aircraft; microsattellites jointly produced by UK-based Surrey Satellite Technology and Tsinghua University, with cooperation carried forward by SST and 21AT on small satellite system (Beijing-1) and the DMC3/TripleSat high-resolution imagery. China was also a "risk-sharing partner" in Europe's Galileo satellite navigation project.
- **Helicopters:** European sonar-equipped helicopters on Chinese destroyers (Eurocopter Dauphin), designs for transport and attack helicopters (Eurocopter Super Puma/Cougar), joint production of offshore transport, search and rescue, utility and medical evacuation helicopters (Airbus/AVIC joint production of EC175/AC352).
- **Engines:** High-performance diesel engines from MTU and French-based engine maker Pielstick (owned by MAN Diesel & Turbo) on China's most advanced surface warships and support vessels; German-engineered diesel engines from MTU Friedrichshafen (Rolls Royce Power Systems, formerly Tognum, a joint venture with Daimler) on large numbers of the Chinese submarine fleet; Rolls Royce joint venture with Xi'an Aero for the production of jet engines including the new WS-9A engine for the PLA's JH-7B fighter bomber.

Military and civilian interests overlap when it comes to upgrading strategic industries

While new modes of science and technology cooperation and technology acquisition are already in place for more conventional military technology, they are becoming more important in areas crucial for what militaries anticipate as the means of future warfare. In this context, it is worth noting that senior figures in China's defense industry such as Xu Dazhe, head of the State Administration of Science, Technology and Industry for National Defence (SASTIND) have described civilian industrial strategies such as "Made in China 2025" for advanced manufacturing as being strongly aligned with a related "2025 Defense Science and Technology Plan."⁸⁸ Military and civilian interests overlap when it comes to upgrading strategic industries such as nuclear energy, aviation and space, high-tech ships, robotics and information technology.

China's recent increase in outbound investment targeting foreign technology companies is in part related to coordinated efforts to acquire advanced defense-related technological capabilities. The case of Hong Kong-based (Chinese) O-Net Technologies buying Canada's ITF Technologies in

Beyond the arms embargo: Navigating mixed economic-security interactions with China will create new challenges for Europe

Yuan Jingdong (University of Sydney), Senior Policy Fellow at MERICS in spring 2017

The arms embargo adopted by the EU in the aftermath of the 1989 Tiananmen Square crackdown was more a political statement than a legally binding mechanism regulating the EU's defense trade with China. In fact, the embargo, while prohibiting member states from arms sales of complete and lethal weapon systems to China, has not prevented continued exports of military-relevant goods and dual-use technology transfers to China.

Debates about the arms embargo have often been framed in ways that fail to take the major issue into account: How can the EU best advance a profitable relationship with China and, at the same time, better address the security implications of growing trade and Chinese investment in Europe? Clearly, the issue is less about whether to lift the arms embargo and more about how, and for that matter, to what extent, such an embargo affects Beijing's ability to acquire critical dual-use components and technologies for defense modernization purposes.

Viewed in this context, the EU has so far failed to come up with answers. Commercially, China offers an attractive market for European products and technologies, including those of a dual-use nature. Given the limited size of their own markets and declining defense budgets, EU member states, especially those with sizeable defense industries, have always been interested in tapping into the Chinese market, even without the prospect of direct arms sales. In political and diplomatic terms, Beijing has for years pressured the EU to lift the embargo, less because it anticipated and was keen on major arms acquisitions from Europe and more because of an acute sense of stigma and irritation. Geographically, the direct security threat to EU interests posed by China is limited. Therefore, there is less concern among EU member states about the potential security impact of dual-use transfers to China.

Finally, while the EU has over the years adopted various regulations governing exports of dual-use items in compliance with United Nations-mandated sanctions, the implementation and enforcement of these rules remain the responsibility of national governments. As a result, there has always been variance – at times quite significant – among EU member states in terms of license reviews and regulatory enforcement. This prac-

tice is in sharp contrast to the US export control system where Washington has developed and maintained a relatively strict regime regulating strategic trade and dual-use technology transfers, especially with regard to China.⁸⁹

The EU faces significant challenges regarding how to close the gap between its regulatory regimes and their implementation across member states on the one hand, and managing and avoiding transatlantic disunity at a time of growing Chinese assertiveness and military build-up on the other.

China's growing investments in Europe represent a further challenge. In addition to aggressive merger and acquisition bids by Chinese state-owned and/or connected companies in the areas of critical infrastructure such as nuclear power and communications, there are serious issues regarding the intent and scope of Chinese FDI into some of Europe's state-of-the-art sectors in industrial robotics and automation technology, precision engineering, and chip-making, all of which have significant military as well as civilian applications. Security implications aside, successful integration of these technologies over time could turn China's defense industry into a formidable competitor for its European counterparts.

Again, the EU lacks a unified review and approval body like the Committee on Foreign Investment in the United States (CFIUS). In the EU, decisions are taken at the national level where screening mechanisms are often underdeveloped. Any considerations to change this must be placed within the broader context of the EU's need for capital inflow and Beijing's growing emphasis on civil-military integration to develop an advanced defense industrial base. The stakes couldn't be higher for the EU in both senses.

There is no question that China's rise and, in the EU context, its growing economic power and volumes of outward investment present both challenges and opportunities. China's technological advances over recent decades, including in the defense industrial sector, mean that non-discriminatory restrictions on dual-use technology transfers could be less effective even while they result in economic losses.

Brussels and several member states propose to strengthen their dual-use export control regimes and

this, if adopted and implemented properly, could lead to substantial progress.⁹⁰ It is high time to ensure that implementation standards place enough emphasis on cutting-edge, bottleneck technologies and on those sensitive items that could actually make a difference in Chinese defense technological breakthroughs and direct

military applications. At the same time, timely information and intelligence sharing among EU member states and between the EU and the United States, as well as better transatlantic policy coordination, will go a long way toward enhancing the overall effectiveness of the control regime.

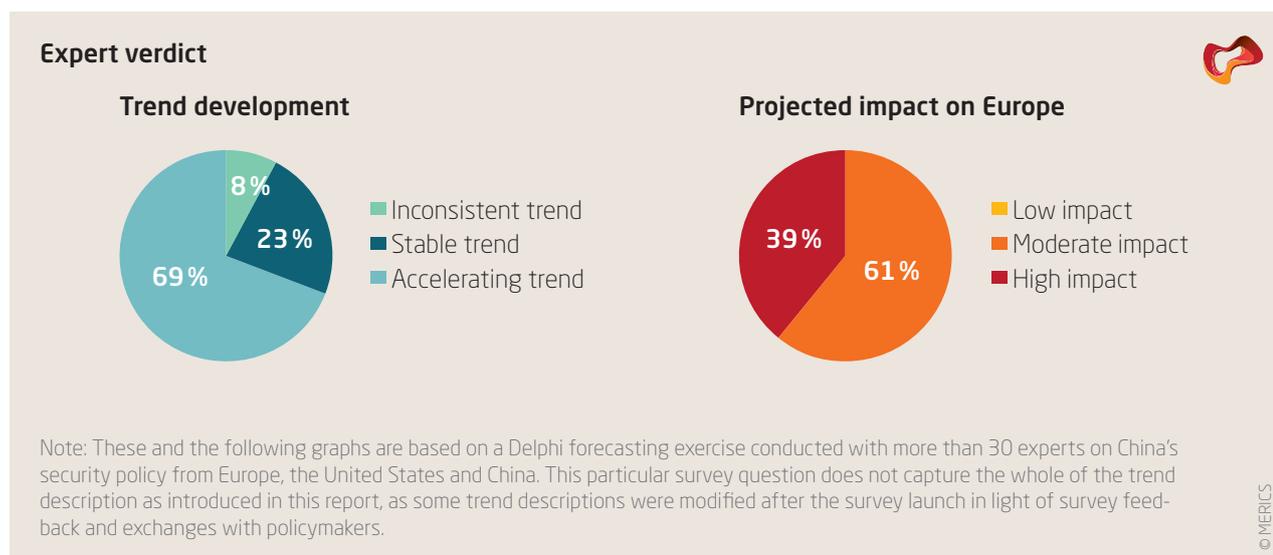
January 2017 exemplifies how investments in dual-use technologies may support China's defense industry: ITF's product portfolio includes advanced lasers with potential military applications; the company has in the past also participated in research projects with a Canadian spy agency. Early-stage investments by Chinese companies in start-ups developing cutting-edge technologies with potential for military applications have also raised serious concerns in the United States and are likely to lead to an increased level of scrutiny by relevant US bodies.

Other measures beyond imports and investment range from luring scientists working at leading defense research institutions back to China, to targeted human and cyber-espionage efforts by different spy agencies. While rarely publicized, spy attacks such as that recently uncovered on British BAE systems ("Operation Cloud Hopper"), only add to the suspicion that Chinese actors are willing to use all available means to achieve China's ambitious defense industrial goals.

CHINA AS A TRADER IN 2022: BEIJING DEPLOYS SOPHISTICATED ECONOMIC STATECRAFT TO COMMAND GLOBAL SUPPORT FOR ITS SECURITY PRIORITIES

Accelerating trend, moderate to high impact: China uses economic statecraft in more targeted ways to foster development and security

Figure 5.6



By 2022, China will play a critical role in financing development and strengthening resilience in a wide range of countries, many of which are close to Europe and central to EU interests, including in the MENA region. Some of Beijing's efforts will foster connectivity, capacity building and social-economic stability, and might even ameliorate conflicts. Other activities will undermine

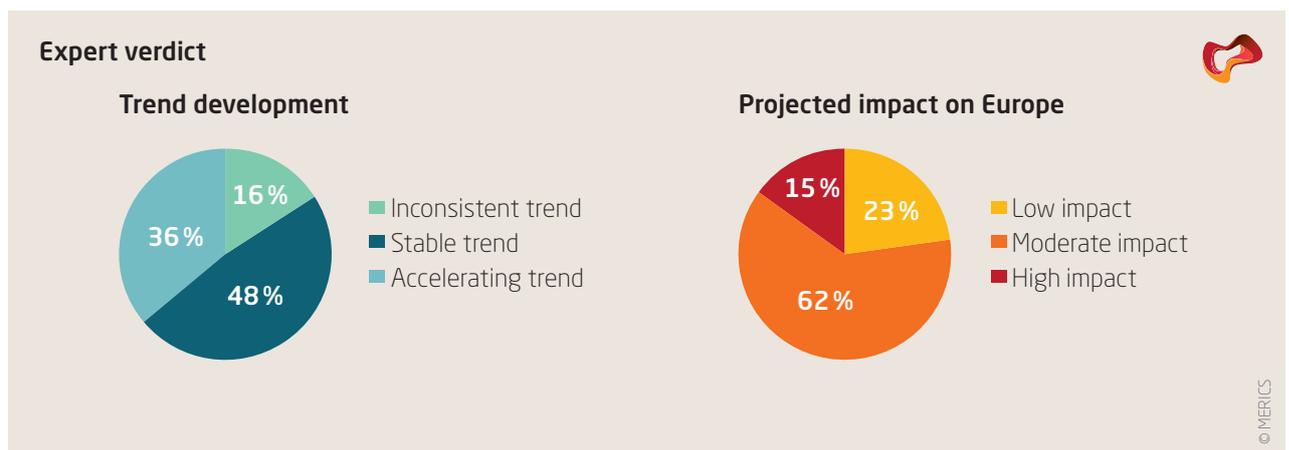
stability due to a lack of understanding of local concerns, rent-seeking elites and exacerbating social tensions.

The state-driven nature of this approach, the intimate linkages with Chinese strategic policies, and a persisting lack of concern among Chinese actors for negative socio-political consequences and international standards will complicate European-Chinese cooperation in these fields. Europe will also be strongly affected by Beijing's global economic statecraft becoming increasingly effective at shaping third country political alignment with Chinese security priorities and at shaping local security environments by providing support to specific regimes or conflict parties.

Most critically, Beijing will be pressured to engage much more in security issues abroad due to greater economic exposure to geopolitical and security challenges, and the operational insecurity of China-driven projects in Central Asia, South and Southeast Asia, Africa and the Middle East. Among the obvious "solutions" for Beijing will be a push for engagement with private security actors and more hands-on security partnerships with foreign militaries and security agencies. Demands from the Chinese public and elites to be more cautious on risky, politically motivated investments, over-indebtedness, and slower economic growth are unlikely to reverse or slow this trend in the next five years.

Stable or accelerating trend, moderate impact: China's more sophisticated and expanding arms exports help to strengthen bilateral political and security ties

Figure 5.7



Complementing its economic engagement, China is becoming an attractive alternative for weapons procurement in emerging and developing economies. In the next few years, China's defense industry is likely to develop a critical set of "sales hits," probably including UAVs and short-range air-to-air as well as surface-to-air missile systems, radar technology and smaller war ships which Chinese firms will aggressively market to militaries in Southeast Asia, Africa, Latin America, Central Asia and the Middle East. Individual European arms exporters, notably France, Germany and the United Kingdom, will continue to fall behind. In this gradual process lost contracts may start to affect the revenue of Europeans arms exporters as well as their profitability as the increasing Chinese presence drives down prices. China will be far from closing in on the Russian or US defense industries, but its share of the global arms trade can reasonably be expected to reach about 10 percent.

For more advanced weapon types such as fighter jets or submarines, more measured progress can be expected as critical barriers, such as the need for advanced engines/propulsion systems, generally remain in place despite efforts to overcome them. Developments in emerging technologies for modern weapon systems are hard to predict but it is likely that there will be surprising breakthroughs, for instance regarding autonomous and unmanned weapon systems which might also be exported.

While the lack of a sophisticated alliance system comparable to Western countries will constrain China's ability to expand its client base, industries will take advantage of gaps created by

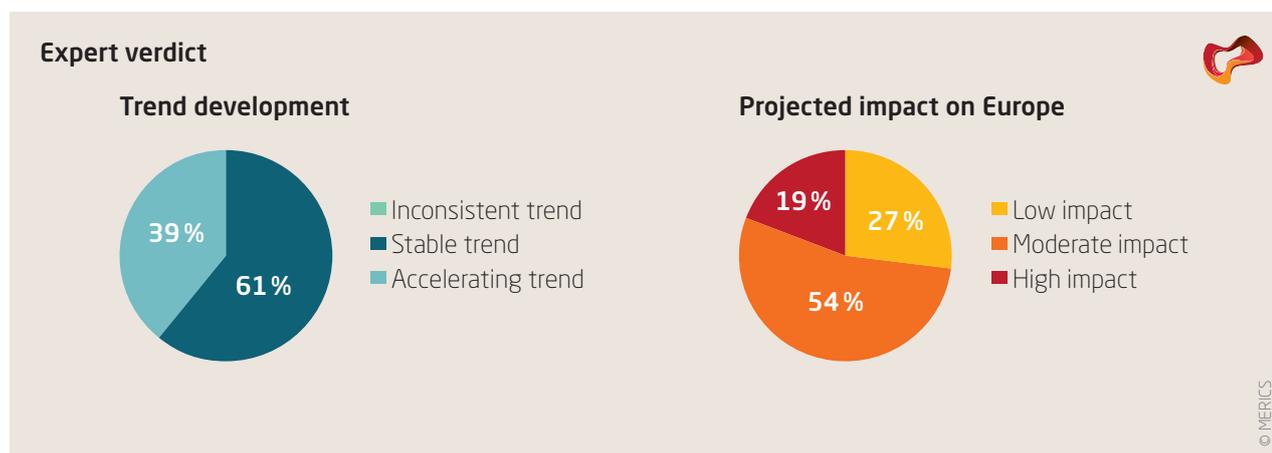
In the next few years, China's defense industry is likely to develop a critical set of "sales hits"

arms sales regulations and treaties that China is not a party to. China's arms exports will become a crucial component of substantially deepened security relations with countries beyond its existing clients. China is likely to exploit opportunities arising from political shifts in foreign markets, presenting itself as an attractive and reliable defense partner. The growing competitiveness of the Chinese defense industry combined with joint production agreements for lower-end systems and improvements in after-sales services will change China's role as an arms supplier: countries will move from hedging and diversifying their sources to mainly relying on China for their defense needs. This will also undermine existing Western security partnerships.

Many Chinese weapons have yet to pass field tests in real conflict situations, but the relatively indiscriminate sales of these weapons and their geographical spread mean that Chinese weapons technology will be increasingly used in conflicts. This will, on the one hand, prove their viability to other customers. On the other hand, access to cheaper and potent modern missiles or drone technology will also increase the sophistication of militaries in developing and emerging countries. This has implications for regional stability and will influence how future conflicts are carried out. Such developments could also constrain Western military options.

Stable or accelerating trend, moderate impact: China's defense industry becomes more independent and innovative

Figure 5.8



China will surprise observers with progress on developing emerging technologies with military application

By 2022, China's defense industry will have advanced substantially on its path to becoming more self-sufficient and innovative. The most important change in China's import profile will be its emergence from the Russian shadow, shifting from buying aircraft and surface-to-air missile (SAM) systems off-the-shelf – as recently as in 2016/2017 – to producing them independently.

Recently introduced reforms and consolidation efforts are, however, unlikely to fully overcome the current institutional constraints and technical obstacles faced by China's defense industry within the next five years. Yet coordination efforts at the highest political level and the strong alignment of policy goals for civilian and defense industrial modernization are likely to lead to major efficiency gains and much stronger commercial underpinnings. China will surprise observers with successes in aeronautics, shipbuilding, space, high-energy weapons, and emerging technologies with military applications (artificial intelligence, robotics, unmanned systems, cloud computing, big data, etc.), all of which might also be commercialized rapidly.

For EU member states, high-tech exchanges with China will become even more complicated. Defense industrial cooperation on dual-use goods will be less a matter of simple purchases. Chinese defense companies and state agents will seek to engage in more advanced forms of joint production and scientific and commercial cooperation in critical dual-use fields. China's market for dual-use and defense goods, as well as opportunities for scientific and R&D cooperation, will be highly attractive for European industries but will continue to raise political issues.

Game changer: European agencies expose a Chinese spying operation related to critical dual-use technologies in the aviation industry

European-Chinese trust in security matters would suffer tremendously from public revelations regarding Chinese spying operations on European (defense) companies. Should official intelligence agencies or specialized security companies decide to reveal information that, for instance, the joint production facilities of a leading European aircraft manufacturer in China or R&D centers

across Europe had been systematically infiltrated by Chinese human and cyber espionage activities, official Europe-China relations would seriously deteriorate and more advanced forms of defense-related or dual-use technological cooperation would likely be scaled down.

6. Shaper: China determines the way other countries think about and approach security



6. Shaper: China determines the way other countries think about and approach security

KEY FINDINGS

- Beijing is in the process of becoming an influential “shaper” of the way countries and international organizations perceive, discuss and address security issues.
- China is acting more autonomously and confidently on United Nations (UN) peace and security issues. It is becoming more assertive in the United Nations Security Council (UNSC), embedding its own security concepts in UN documents and shaping the geography of UN peacekeeping missions.
- China is flexibly driving new state-centered and sovereignty-focused security alignments. Some countries may view these frameworks as an increasingly attractive alternative to transatlantic security cooperation and membership in the North Atlantic Treaty Organization (NATO).
- China is externalizing security concepts that have proven “successful” at home, such as its state- and information-control-focused cyber security approach. It exports these concepts both to major countries, like Russia, and to a growing number of developing countries.
- By 2022, Beijing’s policies will to a significant extent determine what Europe can or cannot achieve with regard to issues of peace, security and global non-proliferation.
- Europe will be confronted with more coordinated Chinese efforts to forge state-driven, sovereignty-focused and at times anti-Western security alignments. It will also be faced with even more assertive Chinese policies and actions in the global struggle over the norms governing cyber security.

There is little doubt that Beijing has a keen interest in strengthening its influence over the way matters of global peace and security are perceived, discussed, and addressed. Xi Jinping’s speech at the September 2015 UN General Assembly (UNGA) underlined this very clearly. He committed China to the highly symbolic political act of establishing a 10 year “peace and development” fund worth USD 1bn to support the UN while simultaneously setting up a 300-strong permanent UN police force and a standby peacekeeping force of 8,000 troops.

Beijing’s more visible contribution to the UN’s peace and security agenda is but one example of China’s ambition to become an influential “shaper” of international security. This ambition became most evident in February 2017 when Xi Jinping posited the notion that China could “guide” (引导) the international community on matters of international order and international security. Indeed, aiming to exert “structural power” in international security, China is making concerted efforts to determine the way in which other countries and international organizations perceive, discuss and act upon security challenges. Towards this end, Chinese behavior follows four major trends.

First, China seeks to firmly embed its evolving global security interests in the UN peace and security agenda, taking up a more autonomous, confident and proactive position in the UNSC. Second, China is assuming a more responsible and yet also ambivalent role in non-proliferation regimes. Third, China flexibly drives new state-centered and sovereignty-focused security alignments, thereby also challenging traditional transatlantic and European security frameworks. Finally, China strives to externalize its wide-ranging and state-driven policies on information control. Taken together, these four trends significantly affect Europe’s normative influence in international security.

In February 2017, Xi Jinping suggested that China could “guide” the international community on matters of international security

PAST PROFILE: CHINA TAKES A BACK SEAT ON PROMINENT INTERNATIONAL SECURITY DEBATES

For most of the post-Cold War era, China's ambitions to shape international security affairs were characterized by deliberate restraint and a "slim portfolio" of normative priorities rooted in the doctrines of national sovereignty, non-interference and non-alignment. During the 1990s and the first half of the 2000s, China's efforts in shaping the international security agenda revolved around a defensive normative posture in the face of growing liberal internationalism. The latter entailed a wide range of developments directly contradicting Chinese security concepts and interests. These included the advent of the UN's Responsibility to Protect (R2P) agenda and the expanding remit of the International Court of Justice's jurisdiction or calls for joint global action against emerging transnational and non-traditional security challenges, such as global warming or transnational organized crime. However, amidst the first signs of the shortcomings of Western interventionism in the post-Soviet space and in the Middle East in the late 1990s and early 2000s, China had no compelling counter-narrative to offer. Similarly, Beijing had a rather modest role in global discussions on how to tackle the threat of transnational terrorism, an issue that topped the agenda in the early 2000s.

Akin to its limited contribution to the way major security issues were discussed, China also assumed a relatively low profile in the main UN peace and security body, the UNSC, especially when compared to the other Permanent Five (P5) members. China's position on the 2003 invasion of Iraq illustrates this point: Beijing opposed the intervention and insisted on the principle of national sovereignty, but took a backseat in UNSC debates on US attempts to secure a UN mandate for military action rather than making its voice heard loud and clear. At the time, Chinese activities on the UNSC were mostly geared towards regional issues, such as North Korea and Myanmar, or matters related to Taiwan.

Only over the course of the second half of the 2000s did Beijing begin to take a more active interest in UNSC issues beyond Asian regional security, specifically the dispute over Iran's nuclear program and broader non-proliferation issues. However, Beijing's regular calls for compliance with non-proliferation regimes and for the eradication of chemical and biological weapons were not matched by serious follow-up efforts. Beijing signed up to non-proliferation frameworks and treaties but did not always implement the necessary policies at home. On peacekeeping, China steadily improved the quantity and quality of its contributions to UN operations. But Beijing usually only took part in "non-contested" missions, thus allowing China to align itself with a broad coalition of countries rather than "taking sides" in conflicts.

Looking beyond the UN system, China also participated in a growing number of regional security frameworks, mostly aimed at discussing and tackling Asian regional security challenges, including the Association of Southeast Asian Nations (ASEAN) Regional Forum, the Conference on Interaction and Confidence-Building Measures in Asia (CICA) and the Shanghai Cooperation Organization (SCO). However, at least until the late 2000s, in none of these fora did China take a particularly active role to influence discussions on critical security issues beyond those of direct concern to its own agenda, such as strengthening regional stability, countering terrorism, the proliferation of missile defense technology in the region or the conflict in the South China Sea.

DRIVERS: CHINA SEIZES ON WESTERN WEAKNESS TO EXTERNALIZE ITS SECURITY IDEAS AND CONCEPTS

China's ambition to determine the norms underpinning global security have increasingly come to the forefront as part of a wider push under the leadership of Xi Jinping to shape the normative foundations of global governance. During the Politburo study session on global governance reform in the fall of 2016, the Chinese President highlighted his country's efforts to engage in the process of creating global governance rules related to the oceans, the polar regions, cyberspace, outer space, nuclear security, anti-corruption, and climate change.⁹¹

Accordingly, Beijing is no longer content with the successful domestic application of the distinct approaches it has developed regarding cyber security, counter-terrorism or the fight against

China's ambitions to shape international security affairs revolved around national sovereignty, non-interference and non-alignment

corruption. Rather, the Communist party also seeks to externalize these approaches, both to expand domestic control and to demonstrate China's "strategic arrival." Beijing has bolstered host diplomacy (主场外交) efforts as a key tool to share its domestic experiences with other countries. The Xiangshan Forum, held regularly by the Academy of Military Science since 2006, has been upgraded from a format for academics and think tank representatives to discuss preeminent security issues, into a platform that also involves/includes the participation of officials, making it comparable in ambition to the Shangri-La Dialogue or the Munich Security Conference. In 2016, the People's Armed Police Forces organized an international forum on urban anti-terror strategy in Beijing and the Cyberspace Administration of China (CAC) has hosted a "World Internet Conference" in Wuzhen every year since 2014 to promote China's state- and information-control-focused cyber security approach.

China is also in the process of adapting its non-alignment policy, to pursue a more flexible stance regarding the development of more comprehensive and substantial security interactions and alignments with partners. The Chinese security policy community has for years vigorously debated the adequacy of China's non-alignment policy (不结盟政策) and the need to create deeper security links, including alliances (军事联盟) with key partners. Chinese policy and the expert mainstream today navigate between orthodox positions arguing for the continuing relevance of the non-alliance principle and more revisionist positions advocating the building of strong military alliances.⁹² These suggestions in between include proposals for deepening strategic partnerships in the form of collaborating with "strategic fulcrum countries" (战略支点国家),⁹³ "quasi alliances," (准联盟)⁹⁴ or "weak alliances" (弱联盟)⁹⁵ and a gradual "shift from non-alignment to quasi alliances" (变不结盟为准结盟).⁹⁶ China's official position reflects this policy shift and ambivalence in public diplomacy terms: China "should make more friends while abiding by the principle of non-alignment and build a global network of partnerships" (要在坚持不结盟原则的前提下广交朋友, 形成遍布全球的伙伴关系网络).⁹⁷

In shaping other countries' perceptions of security themes and seeking new security alignments, China seeks to capitalize on an emerging normative vacuum resulting from the weakening of "the West's appeal" in many parts of the world and emerging cracks in European and transatlantic security arrangements. Not surprisingly, the argument for using the decline of the West's appeal to promote Chinese global and security concepts has been advanced most forcefully by proponents of the China model. For instance, Zhang Weiwei, Dean of Fudan University Chinese Academy of Sciences, stated in 2016 that "Today's global governance calls for a new political discourse that transcends Western logic. [...] As a responsible power, China should put forward its own ideas and thinking, and provide the world with an alternative."⁹⁸ There is also a wider current of thought in party-state media according to which China should be more eager to capitalize on Western failures and image problems in claiming the superiority of Chinese policies and political concepts.⁹⁹

China seeks to capitalize on an emerging normative vacuum resulting from the weakening of the West

KEY TRENDS: BEIJING USES THE UN AND FLEXIBLE SECURITY ALIGNMENTS AS AN AMPLIFIER FOR ITS NORMATIVE SECURITY AGENDA

Four trends will establish China as a more influential shaper of the way global security issues are perceived, discussed and addressed by 2022. China is pursuing a more autonomous, confident and proactive policy in relation to the UN's peace and security agenda and is more firmly establishing itself as a conservative force in international non-proliferation regimes. At the same time, China flexibly drives new state-centered and sovereignty-focused security alignments and promotes state and information-control-focused cyber security approaches with major powers, like Russia, and in a growing number of developing countries.

China embeds the “Belt and Road Initiative” in UNSC resolutions on Afghanistan

Lately, China has consistently pushed for the recognition of the “Belt and Road Initiative” (BRI) by UNSC resolutions as an initiative that has the potential to make a substantial contribution to the stabilization of Afghanistan through strengthening economic development as a precursor to sustainable security. With previous resolutions displaying similar language, the latest UNSC document on Afghanistan to date, UNSC Resolution

2344 (2017), calls for “further efforts to strengthen the process of regional economic cooperation, including measures to facilitate regional connectivity, trade, and transit, including through regional development initiatives such as the Silk Road Economic Belt and the 21st Century Maritime Silk Road (the Belt and Road Initiative).”

Trend 1: China expands its influence within the UN to shape the peace and security agenda

China regards the UNSC as a critical arena for the pursuit of its security policy objectives and has therefore started to take up a more active role within this organ. Emblematic of this growing activism was China’s use of its February 2015 UNSC presidency to convene a ministerial-level debate on the UN’s future role in maintaining peace and security. During the debate, Foreign Minister Wang Yi delivered the Chinese vision of a “new type of international relations.”

Over the past four years, China has generally been more vocal on the UNSC than during the preceding 25 years, vetoing or – more importantly – threatening to veto UNSC resolutions rather than abstaining, as was its default course of action in the past. While China continues to align with Russia, Beijing’s more recent voting behavior and interventions in UNSC debates suggest that China is carving out a more autonomous role for itself. For example, amidst a stand-off between Moscow and Washington over US missile strikes in Syria in April 2017, China adopted a neutral tone and refused to veto a subsequent US, UK and France-sponsored UN resolution that called for an examination of chemical attacks in Syria. China thus broke ranks with Russia after siding with Moscow on several Syria resolutions over the course of 2016. In fact, Beijing publicly reminded Moscow that it needed to work towards a political solution in Syria, including within the UN framework.

Seeking to more actively shape the security discourse within the UN, China has moved from a strategy of outright rejection of Western security concepts to a more flexible “pick and choose” approach. This allows Beijing to gain greater presence in related security discussions and to enjoy greater authority as a “generally constructive player” when refusing non-state centered security notions. China’s stance regarding R2P is a case in point. Beijing turned from an opponent of the full R2P package into a supporter of the first and second pillars of the R2P agenda, i.e. that states bear primary protection responsibilities and that the international community should assist states in meeting these responsibilities. Accordingly, China endorsed first and second pillar elements of the principle’s application on the UNSC with a view to Libya, Côte d’Ivoire, South Sudan, and Yemen (all in 2011), Mali (2012), Somalia (2013) and Syria (2014), advocating, for example, the greater involvement of regional organizations in conflict resolution.

At the same time, Beijing also undertook efforts to more actively promote a more restrictive understanding of when and what sort of third pillar action, i.e. forceful intervention, would be appropriate. For example, the Vice President of China Institute of International Studies (CIIS), Ruan Zongze, advanced the concept of “responsible protection.”¹⁰⁰ Under this framework, protection would be limited to mitigation of humanitarian crises. Countries would provide assistance solely to the people of a target state without supporting specific political parties or armed groups, with the UNSC acting as the sole legitimate body in the exercise of protection.

Over the past four years, China has been more vocal on the UN Security Council than during the preceding 25 years

Beginning in 2016, China has also made more concerted efforts to enshrine its own security-related concepts in the canon of UNSC and UNGA resolutions. For example, during an April 2016 UNGA meeting, Vice Foreign Minister Li Baodong advocated linking the 2030 Agenda for Sustainable Development Goals to wider security policy goals.¹⁰¹ Other linguistic markers and security concepts related to Beijing's African security priorities have been included in relevant UN resolutions on African countries. In February 2017, the Chinese concept of building "a human community with shared destiny" was incorporated for the first time into a UN resolution on African development. In addition, a country of key concern to European security policymakers, Afghanistan, has also become a focal area of Chinese efforts to embed its concept of promoting sustainable security through economic development¹⁰² in UN documents (see box 6.1).

Beijing is also in the process of creating the basis for more strongly shaping UN peacekeeping and policing with the aim of complementing its security interests and initiatives in Africa. While Western countries are less inclined to engage in peacekeeping efforts in high-profile conflict zones in light of recent intervention experiences, China's interest in stability in a range of hotspots in Africa has resulted in a different strategic calculus. In fact, Beijing only started to deploy peacekeeping units to conflict zones in 2013 when it dispatched troops to Mali. In 2015, Beijing also sent peacekeepers to take part in the conflict-prone UN mission in South Sudan.

Box 6.2

South Sudan failure casts doubt on China's ability to lead UN peacekeeping operations

On July 11, 2016, South Sudanese troops rampaged through Juba, the capital of South Sudan, killing and raping civilians and foreign aid workers. The event followed three days of fighting between the troops of President Salva Kiir and soldiers loyal to former Vice President Riek Machar. The clashes left 300 civilians and two Chinese UN peacekeepers dead. Reports later suggested that the Chinese UN battalion had been disorganized

and had failed to protect aid workers who had asked the UN for help. While the Chinese Foreign Ministry denied these reports,¹⁰³ a UN-supported report concluded that the Chinese peacekeepers had left their positions.¹⁰⁴ The investigation also highlighted a dysfunctional chain of command among the four nationalities deployed there.

There are currently no signs that Beijing will shy away from engaging in difficult UN peacekeeping efforts in the future if it serves Chinese commercial interests. While China already provides more military and civilian peacekeeping personnel than any other P5 member, it has made it clear that numbers are set to substantially increase in the future. In addition, the "quality" of peacekeepers has changed over the past five years, with mostly engineering, transport and medical unit contributions to UN peacekeeping having given way to Chinese infantry. As its commercial interests in volatile regions expand, China might also be inclined to take on a lead role in UN peacekeeping missions as a framework nation, although it remains unclear whether China will be up to the challenge (see box 6.2).

Through the way it deploys its military personnel, China not only influences whether and where UN peacekeeping missions are conducted – especially as the West reduces its UN peacekeeping contributions – but also how they are conducted. For instance, in March 2017, the MINUS-MA medical service in Mali started to operate based on Standard Operating Procedures formulated by the Chinese contingent.

China has made more concerted efforts to enshrine its own security-related concepts in UN resolutions

Trend 2: China assumes a more responsible and yet also ambivalent role in non-proliferation regimes

In recent years, Beijing has strengthened its efforts to live up to the principles and norms of the global non-proliferation order, even complying with the MTCR without being a member. China has

Box 6.3

Non-proliferation: China's ambivalence undermines its international credibility

Hanns W. Maull, Senior Policy Fellow at MERICS

China has assumed an important but also ambivalent role in the present international order. On the one hand, the country has joined most international organizations and regimes and largely behaves as a good global citizen. On the other hand, Beijing clearly gives priority to its own geopolitical and economic interests whenever those conflict with responsibilities to uphold and advance the international order. This strategy leads to ambivalent and contradictory policies.

The arrangements to protect the world from the further proliferation of weapons of mass destruction (WMD) to states and non-state actors illustrate that ambivalence. China has joined most of the relevant international regimes and signed up to the appropriate treaties. In recent years, the government has also taken significant legal and practical steps to strengthen China's compliance with the principles and norms of the non-proliferation order. In addition, Beijing has been increasingly willing to join other members of the UN Security Council in imposing sanctions on North Korea to force Pyongyang to give up its nuclear weapons program.

Nevertheless, China's policies remain contradictory. Beijing has enabled Pakistan to develop a growing nuclear weapons arsenal and medium-range missiles capable of firing those weapons across South Asia. With regard to North Korea, the UN Sanctions Committee continues to register serious breaches in the enforcement of those sanctions, many of them related to Chinese companies. Thus Pyongyang was able to procure, presumably via China, the necessary means to establish a lithium 6 production plant at the Hungnam Chemical Complex near Hamhung, on the eastern coast of North Korea. Lithium 6 is a critical ingredient for nuclear weapons, used to boost their explosive power.

More fundamentally, China has been unwilling to withdraw its lifeline support for the North Korean economy and thus de facto condones and even supports North Korea's policies. Beijing (so far) prefers to avoid the uncertainties and risks that might result from a destabilization of the North Korean regime. A similar

ambivalence characterizes China's policies towards Iran's nuclear program: China supported pressure on Iran in the UNSC, but only within limits, so as not to jeopardize its existing oil and gas deals with Iran. The same pattern is evident in Beijing's policies towards Pakistan. Despite Islamabad's troubling record as a proliferator in the past, China has expanded nuclear cooperation in response to the bilateral nuclear agreement between the United States and India, thus clearly giving priority to geopolitical considerations over the non-proliferation order.

China's ambivalent policy record on WMDs contradicts its self-identification as a "responsible power." There is no reason to doubt China's commitment to the international non-proliferation order in principle: China fully understands that its own national security would be at stake if, for example, WMDs were to fall into the hands of sub-state actors. Yet wherever this commitment clashes with other key foreign policy objectives, Beijing prioritizes the latter.

Assuming Beijing wants to support future non-proliferation, China will face further challenges as the country's industrial base evolves towards more advanced technologies. In the past, only a relatively small number of SOEs supplied materials, technology and know-how that contributed directly to the proliferation of WMDs. But in the future, many relevant technologies (including those with dual-use potential) will originate in civilian industrial sectors. Consequently, the number of potential proliferators will increase and will include more private-sector companies. This will complicate the tasks of monitoring, supervising and enforcing Chinese WMD export controls.

So far, the leadership has been reluctant to enforce non-proliferation regulations strictly and has condoned a culture of *laissez-faire*. In this way, Beijing is playing a high-risk game: China relies on the international community to safeguard the non-proliferation regime but allows loopholes under its own watch. China's leaders are gambling that the world will continue to muddle through and that WMDs will not end up in the wrong hands.

also become indispensable to global non-proliferation efforts such as the “Iran Deal” or the tightening of sanctions against North Korea. However, overall, China’s approach to non-proliferation regimes remains ambivalent (see box 6.3), typified, for example, by its membership of the Nuclear Suppliers Group while simultaneously supplying nuclear material to Pakistan. China has also chosen to opt out of critical non-proliferation initiatives like the Ottawa Treaty or the Oslo Convention. This ambivalence could pose significant challenges to global security in the years to come, as a more responsible Chinese attitude on non-proliferation will be even more critical in light of evolving US and Russian nuclear modernization policies.

Trend 3: China promotes security alignments that challenge transatlantic and European frameworks

In line with more nuanced interpretations of the concept of non-alignment and a more visible debate about the virtues of stronger modes of security cooperation with third countries, China has positioned itself at the heart of multiple layers of bi- and multilateral state-centered and sovereignty-focused security alignments. On the bilateral level, the security partnership between China and Russia has been doubtlessly the most significant and consequential in recent years. While China has been reluctant to be associated with Russia’s authoritarian and openly anti-Western turn, Beijing has still worked with Moscow on a counter-narrative to liberal internationalism in general and Western interventionism in particular, blaming the US administration and European allies for political instability in the Middle East and North Africa following the “Arab Spring.” In addition, China and Russia have conducted joint military exercises in East Asia as well as in the Black Sea Region, have coordinated their opposition to US deployment of missile defense systems in their respective regions, have intensified arms trade and production cooperation, and have cooperated more extensively on cyber security matters.

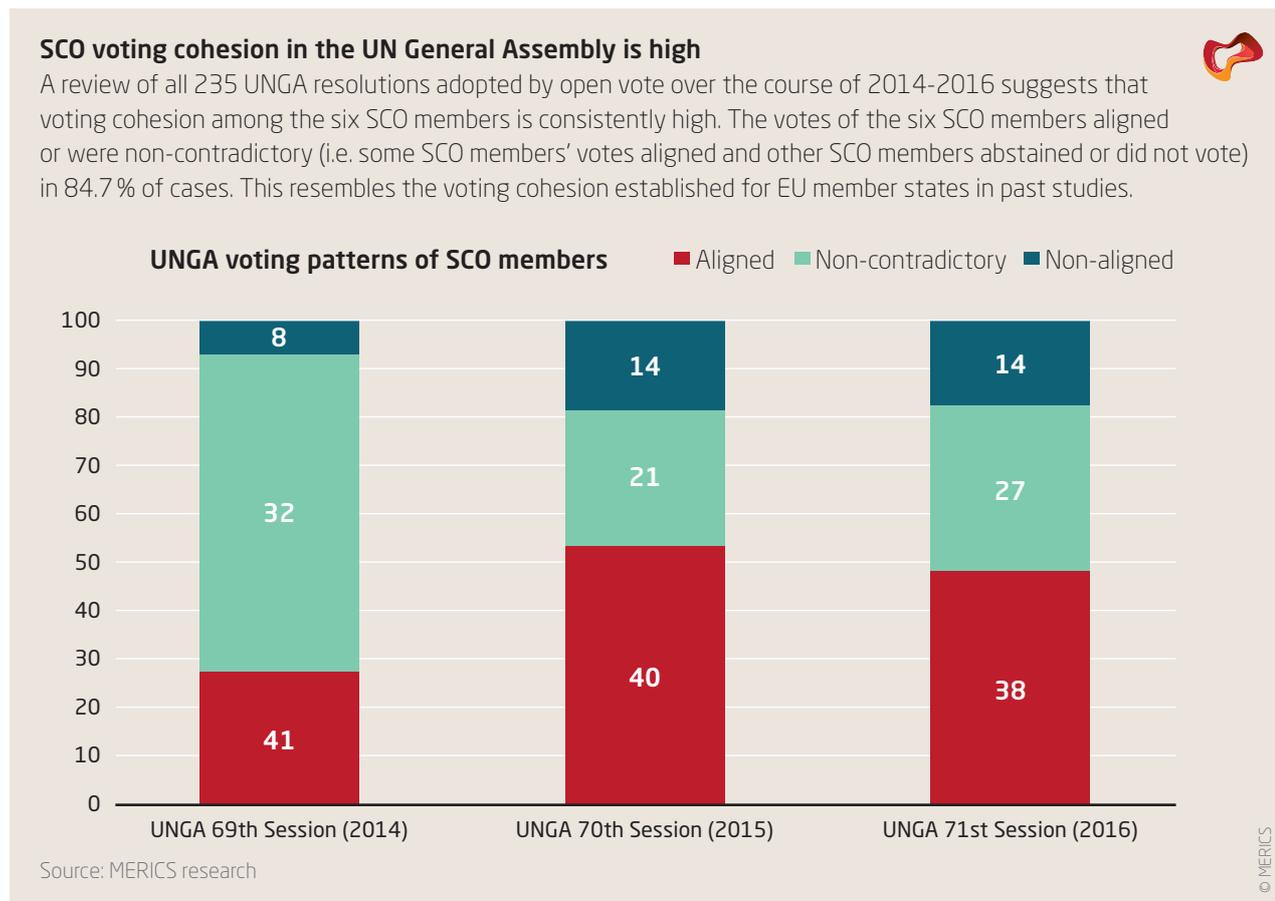
China has also made efforts to breathe new life into the Conference on Interaction and Confidence-Building Measures in Asia (CICA) to position it as the first port of call for global stakeholders wanting to discuss Asian regional security. In doing so, Beijing directly challenges the influence of the US in East Asian security. At the 2014 Shanghai meeting of CICA, Xi Jinping made one of its most direct verbal assaults on the US “pivot to Asia” by expressing strong opposition to the presence of “some security alliances and blocs” in Asia. To build its security-shaping influence within and through CICA, China has prolonged its chairmanship of the organization, which it took over from Turkey in 2014, until 2018.

China and Russia have also pursued a common agenda within the Shanghai Cooperation Organization (SCO), providing advice to authoritarian Eurasian regimes on how to limit the freedom of expression of civil society actors and the media.¹⁰⁵ At the same time, China has leveraged the SCO externally as a source of legitimization in security debates within the UN framework. Thus, China has used the SCO as an amplifier for its approaches to countering trafficking and transnational terrorism as well as cyber security, which fail to meet with the approval of the majority of UN members. Significantly, over the last three years, voting cohesion among SCO members within the UNGA has been high (see figure 6.1); on par with the voting cohesion of EU member states. In a push to strengthen the SCO’s voice within the UN framework, China and Russia have jointly intensified their efforts over the course of 2016 to have the organization recognized as a regional security organization under Chapter 8 of the UN Charter.

Increasingly, the SCO also constitutes an alternative model for security cooperation for countries that have close ties with NATO or are even part of it. Armenia, for instance, a NATO Partnership for Peace country, and Azerbaijan, once a strong contender for NATO membership, have both become SCO Dialogue Partners and have strengthened their military ties with China in the past two years. More importantly, flirting with alternatives to Euro-Atlantic integration, Ankara has zoomed in on the SCO, with the Turkish President Recep Tayyip Erdoğan publicly suggesting that his country could give up NATO membership and EU aspirations for closer ties with the Eurasian organization.

The SCO increasingly constitutes an alternative model for security cooperation for countries who have close ties with NATO

Figure 6.1



For various reasons (see box 6.4), China's position on a possible Turkish bid to become a SCO member is open but cautious and ultimately uncommitted. However, Beijing will continue to rhetorically support a possible Turkish SCO membership application in line with the May 2017 statement by the Chinese ambassador to Turkey, Yu Hongyang, that China is willing to discuss Turkey's accession to the SCO.¹⁰⁶ Beijing's approach will allow time for sounding out international reactions and for promoting China's "anti-alliances" narrative as well its "layered" approach to constructing regional security architectures. In the medium-term, China might adjust its stance more fundamentally and seek a consolidation and expansion of the SCO's influence, including in the Middle East, and a slow erosion of the effectiveness of US-led security alliances. In this regard, China's position will be shaped by circumstantial factors, including Russia's shifting preferences and behavior, as well as by the materialization of a more genuine and reliable Turkish turn to the East.

Beijing will continue to support a possible Turkish SCO membership application

Given Beijing's current stance on the issues, in the short-term future, Turkey's integration into the SCO is unlikely to go beyond upgrading its current SCO "dialogue partner" status, which constitutes the most basic form of association with the SCO, to a more advanced "observer status." However, the mere fact that Ankara seems more determined than ever before to seek alternatives to NATO, and thus closer ties with the SCO, already poses significant challenges to the existing transatlantic security architecture. Specifically, Central and Eastern European countries are concerned that a NATO member is considering more systematic cooperation with a security organization that has Russia at the core of its decision making. If Turkey were to join the SCO, the country would become a major source of distrust within NATO. In this vein, Chinese SCO politics would have a direct bearing on the cohesion of Western security alliances.

China is ambivalent about Turkey's push towards the SCO

Despite recent statements supporting a Turkish SCO membership bid, Beijing's approach to Ankara's SCO ambitions is still characterized by strategic patience. Beijing is conscious of the challenges that integrating India and Pakistan into the organization will entail. Moreover, China's bilateral security relations with Turkey have been complicated in the past, with the handling of China's ethnic Uighur population and the fight against Islamic terrorism creating notable frictions, even though the issue has been less contentious recently. In fact, in a meeting on the sidelines of the May 2017 Belt and Road Forum, Xi told his Turkish counterpart Erdoğan that their respective countries should deepen counter-terrorism cooperation, while Erdoğan suggested

that the BRI will help eradicate terrorism. However, a failed multi-billion USD Turkish procurement of a Chinese missile defense system in late 2015 also caused tension between Ankara and Beijing. More fundamentally, Chinese strategists remain skeptical about Turkey's commitment to and prospects of full SCO membership. They refute the notion that Ankara's interest in the SCO automatically means that Turkey will switch from the Western to the Eastern camp.¹⁰⁷ From Beijing's perspective, Erdoğan's SCO rhetoric mainly serves as a bargaining chip in talks with NATO, the United States, and the European Union.¹⁰⁸ Chinese experts also tend to see Turkey's flirtation with the SCO as driven mainly by Ankara's rapprochement with Russia.¹⁰⁹

Trend 4: China strives to control global approaches to cyber security

Following the consolidation of a comprehensive state- and information control-focused cyber security regime at home, the Chinese government has embarked on a course of externalizing its cyber security approach. China has targeted relevant multilateral bodies, including the UN Group of Governmental Experts (GGE), the International Telecommunication Union (ITU), and ICANN, the body that oversees the internet's address system, to promote its alternative of a multilateral or – as it has been branded in more recent CAC strategy documents¹¹⁰ – a multi-party cyber governance approach driven by governments as opposed to the Western multi-stakeholder model, which also engages industry and civil society. To legitimize its state-centered approach to discussing cyber governance and cyber security themes in multilateral fora, Beijing draws on the support of SCO countries, the BRICS countries and ad-hoc coalitions of other states, often from Africa. For example, in international debates on cyber security, Beijing habitually refers to the "International Code of Conduct for Information Security" submitted to the UNGA by the SCO in January 2015. At the same time, Beijing has also established Chinese officials in leading posts in multilateral frameworks tasked with formulating global cyber security norms and standards. For example, the Chinese engineer Zhao Houlin became Secretary General of the International Telecommunication Union (ITU) in October 2014.

China has managed to push the UN agenda towards the conditional acceptance of the idea of a multilateral approach to setting global cyber security norms, relegating industry and civil society to the sidelines. However, China has been less successful at getting other critical Western cyber notions such as "freedom of information" and "freedom of expression" off the global cyber security agenda. In fact, China has repeatedly clashed with the US government and European countries about the right balance between cyber security and internet freedom, effectively creating a deadlock in multilateral cyber security debates. Partly to escape the constraints of existing multilateral fora, to promote the notion of information control and sovereignty in cyberspace with countries from Asia and beyond China has created its own annual multilateral cyber gathering, the World Internet Conference.

China's approach to cyber security has served as an inspiration for a growing number of countries around the world, including great powers. Since 2016, senior Russian officials have worked increasingly closely with Chinese counterparts on incorporating elements of China's Great Firewall into what has become known as the "Red Web," the country's system of internet filtering and control (see box 6.5).

China has pushed the UN agenda towards a state-driven approach to setting global cyber security norms

China and Russia step up cyber security collaboration

In 2016, Beijing and Moscow accelerated the frequency of their exchanges and coordination on cyber security matters. Early in the year, the secretary of the Russian security council and former head of the Russian Federal Security Service during Putin's first presidency, Nikolai Patrushev, met with members of the Chinese Communist Party's (CCP) Politburo on two separate occasions to discuss cyber security cooperation. In April, the dialogue became more high-profile, with senior officials

from both sides, including Lu Wei, then head of China's State Internet Information Office, Fang Binxing, the so-called father of the Great Firewall, and Igor Shchyogolev, President Vladimir Putin's assistant on internet issues and former minister of communications, gathering in Moscow for a cyber security forum. In June, Vladimir Putin and Xi Jinping signed a joint declaration in Beijing which emphasizes the central role of nation states in cyberspace and the need for information control.

Mimicking Chinese approaches and laws related to cyber security, the so-called Yarovaya's law was introduced in Russia in the summer of 2016. This law requires telecoms and internet providers to store users' data for six months and metadata for three years. Complementary China-inspired legislation was announced in the fall of 2016, geared at giving the Kremlin full control over the backbone of Russia's internet, including the exchange points, domain names and cross-border fiber-optic cables. Due to the Western sanctions imposed on Russia over the Ukraine crisis, Russia has also become dependent on Chinese cyber security technological solutions, including those related to handling the amount of big data required for Chinese-style information control approaches. In August 2016, a major Russian telecoms equipment manufacturer launched talks with Huawei to buy technology for data storage and for the production of servers needed to implement Russia's new information control laws.

The SCO has long served as a venue for the dissemination of Chinese cyber security "best practices" among members, and Beijing has lately signaled interest in continuing to promote cyber security cooperation as the organization expands. China has also started to use the BRICS forum to more actively promote its approach to cyber security. In September 2016, a meeting of BRICS security advisers in New Delhi reached an agreement to enhance cyber and information security cooperation. Specifically, participants decided to launch joint cyber security R&D and to share information and best practices on combating cybercrime.

Another important dimension of China's cyber security agenda relates to capacity building in developing countries. China has become a critical player with regard to providing cyber security training, equipment and infrastructure to African countries. This effort is set to increase over the next few years. The strategy of the CAC, published in late 2016, underlines China's ambitious agenda in this area. Not only does China aim at establishing and expanding cyber security dialogues and exchanges with developing countries, it also intends to expand cooperation in areas such as cyber security law, technology, standards and infrastructure. Significantly, upon presentation of the CAC strategy, the head of cybersecurity at the Ministry of Industry and Information Technology, Lu Jianwen, explicitly stated that building Africa's information highway and cooperating with Africans on communication technology and cyber security approaches was a top priority.

In recent years, a wide range of African governments have expressed an interest not only in gaining Chinese support in building and upgrading cyber infrastructure but also in using Chinese technology for information control. In Zimbabwe, the government has used Chinese equipment to jam shortwave broadcasts. In Zambia, the government has employed Chinese internet surveillance and censorship equipment and expertise. In Ethiopia, where information and communication technology (ICT) infrastructure from China is basically the only game in town, the government has regularly held China-supported information control workshops. Chinese capacity-building efforts in Africa are no longer limited to the provision of information control technology; they also

China has become a critical player with regard to providing cyber security training, equipment and infrastructure to African countries

Chinese ICT champions provide ambitious cyber security training programs in Africa

Since 2014, Huawei and ZTE have launched various programs to provide cyber security training to African citizens. At the 2014 World Economic Forum on Africa, Huawei launched an ICT talent training program for Africa that will educate 10,000 ICT professionals by 2019. As part of the program, Huawei has also invited ICT professionals from different African countries to take part in cyber security training courses in China. In April 2016, Huawei created an innovation center at the Tshwane University of Technology in South Africa, which aims to

provide education and training to students on cyber security issues. ZTE signed an agreement with the African Union (AU) in June 2016 to enhance cooperation and help with the digital transformation of the continent. As part of the agreement, ZTE has agreed to provide cyber security training for African nationals in general and AU Secretariat staff in particular, giving ZTE access to senior officials within the executive arm of the AU on cyber matters on a regular basis.

increasingly focus on education and training, with Chinese ICT champions taking a lead role in delivering such services (see box 6.6).

Notably, Chinese information control capacity building in Africa goes well beyond educating on the art of censorship and information suppression. At the June 2016 “Forum on China-Africa Media Cooperation” in Beijing, China and a wide range of African countries agreed on future cooperation in shaping online media discourses in their respective countries “to win more say and increase influence in the arena of international public opinions so as to provide favorable support for the two sides to realize common development and shared dreams.”¹¹¹ This also entails strengthening the legitimacy of governments through positive online media coverage.

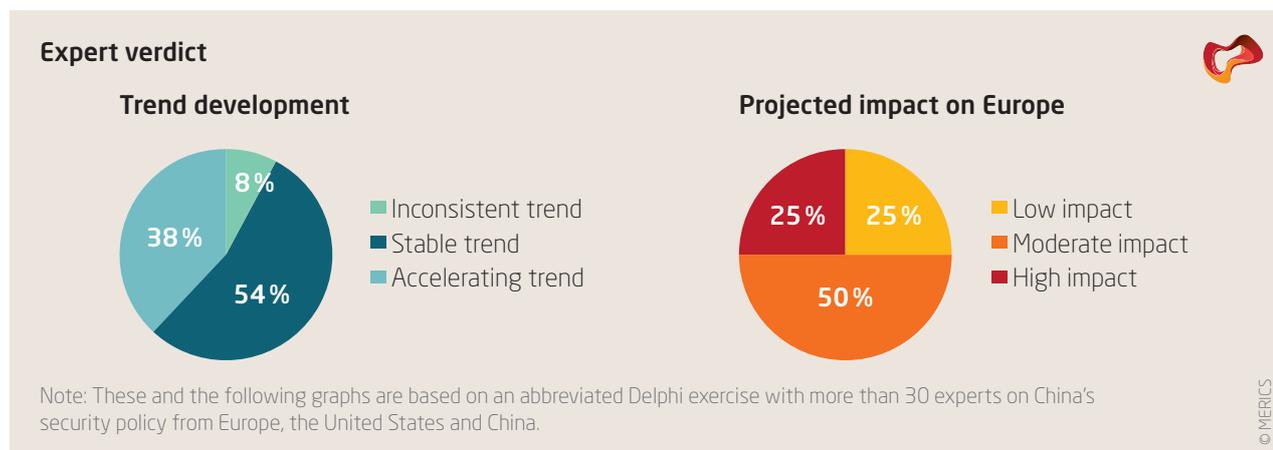
CHINA AS A SHAPER BY 2022: BEIJING MAKES ITS SECURITY CONCEPTS AND ALLIANCES POPULAR WITH THE REST OF THE WORLD

By 2022, China’s move towards greater autonomy and confidence and its more proactive stance within the UN will to a significant extent determine what Europe can or cannot achieve with regard to the UN’s peace and security agenda. China will not have overcome its ambivalence towards non-proliferation and corresponding global regimes, making it both vital and difficult for Europe to engage Beijing on this issue. China’s approach to building flexible security alliances will pose a growing challenge to Europe when it comes to promoting its own positions in multilateral security debates and maintaining unity. At the same time, China might have succeeded in establishing of a ring of countries around the EU’s borders that have designed their cyber security regimes based on Chinese blueprints.

China’s approach to building flexible security alliances will pose a growing challenge to Europe

Stable to accelerating trend, high impact: China expands its influence within the UN to shape the peace and security agenda

Figure 6.2



China continues to see the UN system as a focal point for the pursuit of its security policy ambitions and objectives. Therefore, China's move towards a more independent and visible role on the UNSC and its endeavors to embed Chinese linguistic markers in high-profile UN documents are set to continue and even to accelerate. By 2022, China's more significant contributions to the UN's peace and security agenda, including increased numbers of troops for peacekeeping missions and the provision of peacekeeping training, will give Beijing a greater say in determining the geographies and practices of UN peacekeeping.

There are very few factors that could prevent China from more actively and independently shaping the UN's peace and security agenda. As Western countries are preoccupied with home-made crises, like the political polarization in the United States or Brexit in Europe, China will find itself in a strong position to shape the agenda. In fact, domestic support for China taking on a more responsible role within the UN framework might even push Beijing towards a more prominent role. However, the current lack of genuine global appeal and persuasiveness of Chinese security norms and discourses might continue to remain a major constraining factor for decisive agenda-setting at the UN, at least for some years to come. Another critical constraining factor might be Beijing's lack of military expertise in leading UN peacekeeping missions (see box 6.7).

For Europe, China's move towards greater independence within the UNSC and other UN organs opens up new opportunities. Helping China to have its own concepts and ideas included in UN documents may become a bargaining chip for Europe when it comes to pursuing its own objectives in UN fora. Moreover, China's move towards growing independence within the UN framework

Box 6.7

Game changer: A China-led UN peacekeeping mission goes wrong

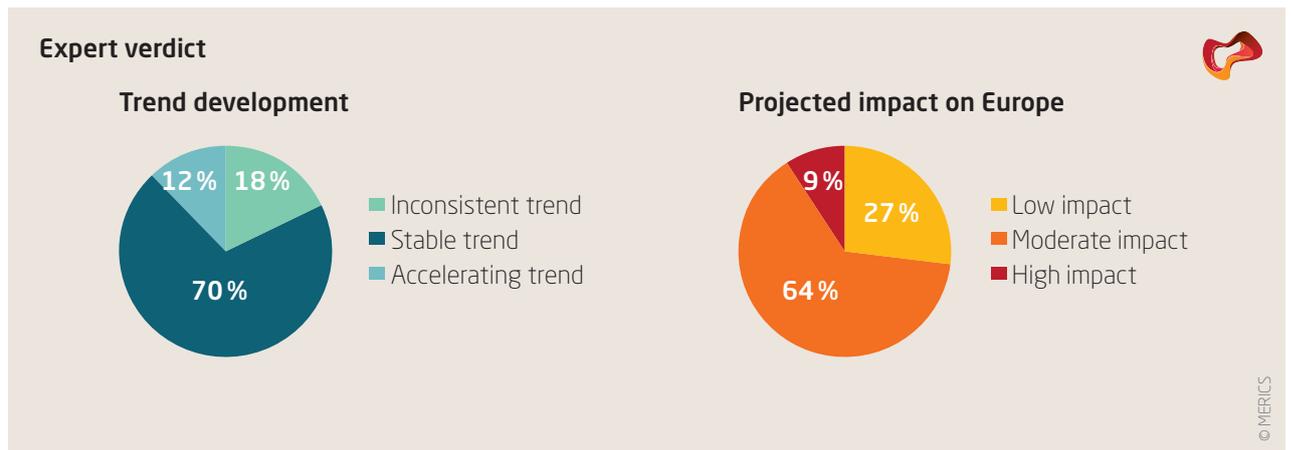
Provided the PLA gains enough operational experience over the next five years, Beijing might decide to volunteer as a lead nation for a UN peacekeeping mission in a high conflict environment. Lack of significant organization and multinational command experience results in the Chinese battalion not commanding authority over other contributing forces. The overall performance of the mission is poor. Civilians and UN peacekeeping personnel are killed in clashes between the conflict

parties. A report concludes that the Chinese leadership is at least indirectly to blame for the casualties. Even though the Chinese Ministry of Defense denies the claims, China's reputation is severely damaged. As a result, China commands less political capital with other UN nations and especially conflict parties, leading to a partial erosion of Chinese peace and security agenda-setting powers

might make it a more frequent partner for Europe when it comes to building UNSC rapport on specific security issues. Despite these important changes, China will still be a conservative force within the UN by 2022, including on issues such as the R2P agenda and UNSC reform. This will severely limit the potential for European-Chinese cooperation. Also, a more confident China within the UNSC and China’s agenda-setting capabilities on UN peacekeeping and policing mandates could further diminish Europe’s influence.

Stable trend, moderate impact: China assumes a more responsible and yet still ambivalent role in non-proliferation regimes

Figure 6.3



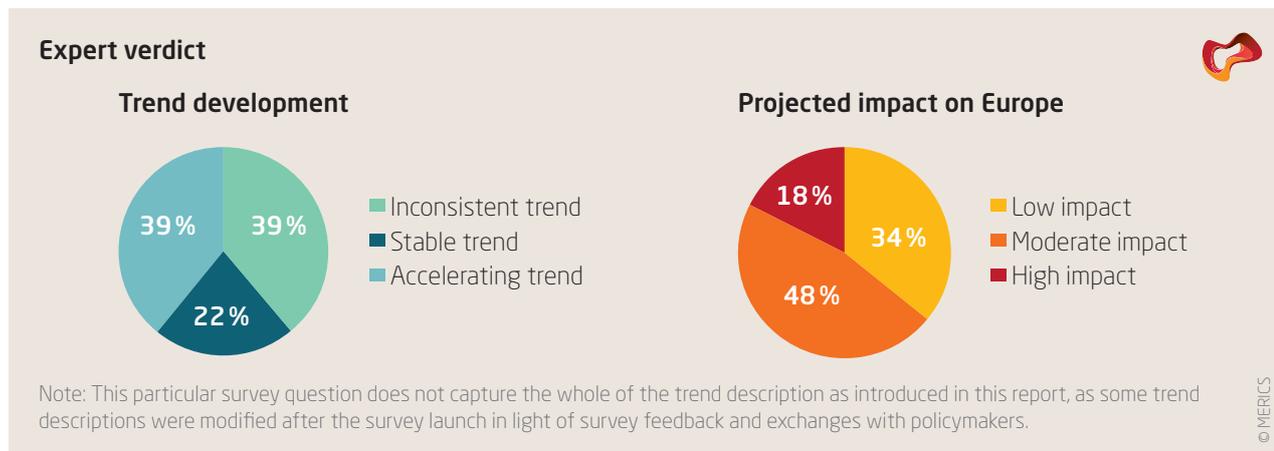
By 2022 China will not have overcome its ambivalence towards non-proliferation and corresponding global regimes. Rather, China will remain reluctant to curtail the proliferation of missile technology and chemical weapons. It remains to be seen to what extent China will be willing to engage in new, unregulated spaces. However, China will remain indispensable for coordinated high-profile non-proliferation measures, such as the maintenance of the “Iran Deal,” the adoption of more effective sanctions against North Korea and the overall preservation and expansion of non-proliferation regimes. A more active and responsible Chinese role in matters of nuclear policies, including safety, non-proliferation and disarmament, will be critical against the backdrop of evolving US and Russian ambivalence on nuclear force modernization. However, it is unclear to what extent China intends to live up to this responsibility.

A key factor shaping China’s future behavior in matters of non-proliferation will be the situation in North Korea or any unforeseen large-scale incident involving WMD. Unless Beijing wants to give up on its ambitions to be seen as a responsible global power, a major incident would require China to pursue a more normative international policy, potentially encompassing the adoption of harsh sanctions against friendly regimes and the further tightening of its own WMD export regime. Regardless of the precise shape of China’s profile as a global non-proliferation actor by 2022, it is clear that Beijing’s policies will significantly influence what Europe can or cannot achieve in this space, highlighting the need for close coordination and, where possible, cooperation.

China will remain indispensable in high-profile, global non-proliferation efforts

Inconsistent to accelerating trend, moderate impact: China promotes security alignments that challenge transatlantic and European frameworks

Figure 6.4



Cooperation around normative security issues between Beijing and Moscow will continue over the next five years

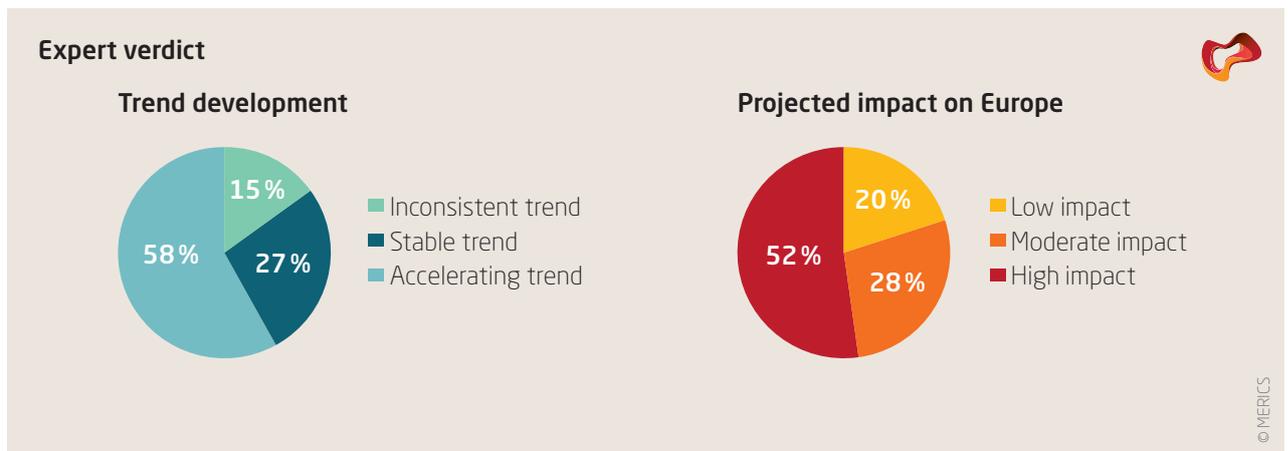
By 2022, China will still be at the helm of a range of state-centered and sovereignty-focused security alignments. Frameworks like CICA or the BRICS group of countries have the potential to diffuse tensions among their members and can contribute to confidence building, which should generally be welcomed and supported by Europeans. However, Europe must also ensure that China does not manage to attain an exclusive say over the way these frameworks address critical security issues. Cooperation around normative security issues between Beijing and Moscow will continue to have potential over the next five years despite possible frictions over China’s BRI-related economic, political and security activities in Russia’s backyard and despite China assuming a more autonomous position in multilateral security fora overall.

The expansion drive of the SCO might become a stepping stone for the expansion of Chinese structural power in global security affairs. However, this very expansion might also limit the normative influence China has within the organization. Indeed, India might seek to introduce very different ideas and concepts into the SCO that do not easily align with Chinese views and expectations. Even if China were to maintain a strong leadership role within the SCO, it seems unlikely that over the next five years the organization will be able to emerge as a champion of state-centered and sovereignty-focused security concepts that capture the support of a wide range of countries. Instead, the SCO is likely to suffer from continued “image problems,” which could be exacerbated if countries like Iran, Syria or Belarus were to join. As a security alliance, the SCO will also not be able to emerge as a major rival to NATO or the EU over the next five years, but it might well increase its appeal, seizing on the erosion of the appeal of European and transatlantic security integration and cooperation.

The success of China-driven security alignments will ultimately depend on how seriously they are taken in Europe and the United States and how much room they will have as a result. China will more frequently be successful in leveraging bilateral relations and regional fora to advance its views and positions in multilateral debates, orchestrating supporting voices for its position on contentious issues such as the South China Sea or global approaches to cyber security. Europe will struggle to anticipate emerging alliances within the UN organs. Likewise, a lack of unity among EU member states could hamper efforts to mobilize support for adequate countermeasures.

Accelerating trend, high impact: China strives to control global approaches to cyber security

Figure 6.5



By 2022, Chinese efforts to promote a state-centered and information control-focused approach to cyber security in multilateral fora will continue to clash with European and wider Western efforts to promote an open and free internet. This will effectively prolong a deadlock on vital cyber security debates in multilateral organizations. Partly as a result, Beijing will continue to pursue its own multilateral cyber security fora like the Wuzhen Summit.

China will continue to promote its cyber security norms in bilateral relations with major powers like Russia, as well as in fora like the SCO. Together with Chinese cyber capacity building in Africa, this could lead to the emergence of a ring of countries around Europe with fundamentally different ideas about the way cyber security matters should be approached. Indeed, Chinese capacity building in Africa, which has taken place without drawing the attention of most Western governments, underlines that a lack of Western vigilance will be one of the most significant factors shaping China's future global role in cyber security.

7. China's global security profile in 2022 affects core European security interests

OVERALL TRAJECTORY: CHINA EMERGES AS A MORE VISIBLE AND POWERFUL SECURITY ACTOR

China under Xi Jinping is resolutely charting a new course towards a much more mature, all-encompassing, influential and sometimes decisive security role in an expanding set of geographies and global settings. Similar to its expanded capabilities in regional contingencies, China's global security role in 2022 will not only be characterized by a massive increase in autonomy. China will also increasingly be able to significantly influence and sometimes determine the course of security debates and developments beyond Asia, including within multilateral bodies.

Beijing's growing autonomy on security matters will be complemented by new power projection capabilities and deepening security partnerships with an expanding geographical scope. China will pursue coordinated campaigns to actively shape the normative and institutional environment in which its security interactions take place, including the way third state actors engage with each other and in multilateral fora. In the next five years, the world will witness a rapid normalization of China's role in global security affairs, replicating and matching developments in recent decades in the economic sphere. In expanding China's global security footprint, Beijing will also increasingly have to cope with the challenges already faced by other influential countries.

Drawing together the 15 trends identified in this report, the general trajectory of China's emergence as a global security actor is clear. By 2022, China's global security profile will be made up of four at times complementary and overlapping roles, with the following key characteristics:

- As a "diplomat," Beijing will have succeeded in establishing a growing number of security partnerships in China's neighborhood and beyond, through a mix of deepened security exchanges, defense diplomacy, economic incentives, and by leveraging regional and multilateral security cooperation formats. New security partnerships will help Beijing to more effectively manage transnational security issues, such as terrorism or illegal trafficking, and to eradicate potential threats to Chinese overseas interests, assets, and citizens.
- As a "soldier," China will have developed the capabilities necessary to project power in theaters far away from China's borders and be able to sustain multiple small-scale operations at the same time. China will also exert significant power in new domains of conflict, namely cyber- and outer space.
- As a "trader," China will have more effectively deployed economic means to pursue security interests. While China's economic statecraft will have a mixed record in contributing to development and resilience in countries in the European periphery, it will continue to mature, providing Beijing with an effective instrument to influence and alter global alignments on security issues. At the same time, progress in China's defense industrial modernization will have dramatically changed relations with a growing number of arms exports clients and with countries from which China seeks to source critical dual-use technologies.
- As a "shaper" of global security norms and institutions, Beijing will have invested substantially more time, diplomatic and financial resources in regional and global security multilateralism, providing global public security goods and international peace and security in some instances. However, shaping global security will also mean the externalization of Chinese security concepts that have proven "successful" at home, such as Beijing's information-control-focused approach to cyber security or its approach to fighting corruption. More importantly, China will flexibly drive new state-centered and sovereignty-focused security alignments that challenge the influence of Western security arrangements and partnerships.

The world will witness a rapid "normalization" of China's role in global security affairs

MORE TANGIBLE LINKS: EUROPE STARTS TO FEEL THE HEAT OF CHINESE SECURITY ACTIVISM

As China's likely profile as a global security actor by 2022 becomes clearer, so do the ways this profile will affect European security interests and priorities. These interests can be distilled from the results of a range of security reviews conducted by both smaller and bigger European Union member states as well as the by the European External Action Service (EEAS) on behalf of the Union (see box 7.1). The picture is complemented by the debates among EU member states, but also within North Atlantic Treaty Organization (NATO) and the Organisation for Security and Co-operation in Europe (OSCE), about outward-facing security interests and European priorities.

Box 7.1

China's global security activism meets with a distinct set of European security priorities

In the past three years, leading EU member states and the EEAS have conducted full-fledged reviews of European security policy priorities. Three overarching ambitions are essential in setting the parameters for responding to China's growing security role. European states aim for greater strategic autonomy, including enhancing coordination among EU member states and bolstering European defense capabilities through a considerable increase in defense budgets. At the same time, Europe's outward-facing security policy is geared at establishing and maintaining the greatest possible degree of European and transatlantic coherence and unity by working closely with NATO. Finally, Europe's global security policy intends to serve multilateralism and a rules-based international order with the United Nations (UN) at its core.

European security policy priorities focus primarily on the immediate and wider neighborhood. In the Middle East and North Africa (MENA) region, Europe promotes stability as a means to tackle the root causes of mass migration and the rise of violent extremism. In the Eastern Partnership countries, EU member states are concerned with the consolidation of peace and economic development. In the wider neighborhood, in Sub-Saharan Africa and Eurasia, Europe seeks to maintain nor-

mative influence and physical engagement on critical security issues such as regional tensions, radicalization and the spread of transnational crime.

Beyond geographic focal areas, five goals characterize Europe's security posture and activities. These clusters determine which security interactions with China will be most consequential for Europe. First, Europe seeks to strengthen resilience in developing countries. Second, Europe undertakes efforts to counter terrorism and radicalization by increasing cooperation with MENA region countries, the Western Balkans, and Turkey. Third, EU member states are engaged in crisis management, with conflicts in Ukraine and Syria topping the agenda. Fourth, Europe aims to establish a competitive edge in new conflict domains, specifically cyberspace, with EU member states bolstering technological capabilities aimed at mitigating threats and strengthening the resilience of critical infrastructure while maintaining an open and free cyberspace.

Finally, Europe remains committed to upholding and expanding global security norms and supports the full implementation of multilateral disarmament, non-proliferation and arms control regimes. The EU promotes freedom of navigation and champions an international code of conduct for space activities.

Examining Europe's security interests and priorities in light of China's likely global security profile by 2022, it is clear that China will increasingly challenge European security ambitions, including European and transatlantic unity, as well as Europe's strategic autonomy and support for a rules-based international order. Developments related to China's emerging global security posture, such as a more active Chinese position on the fight against terrorism or international crisis management, will also increasingly affect core European security interests in the immediate and wider European neighborhoods. However, there will be room for European-Chinese cooperation on security matters of joint concern.

For European foreign and security policy decision makers it will be critical to understand if, where and how European security interests and priorities will be affected by China's global security activities. China's security roles and the 15 trends identified in this report suggest that there

will be three distinct ways, or layers, that describe how Europe is affected by China's likely global security behavior by 2022 (figure 7.1, next page):

- Red layer: Largely non-confrontational soft security interactions with high impact on European security interests
- Orange layer: Explicitly competitive and adversarial security interactions with medium to high impact on European security interests
- White layer: Less intensive security interactions with limited direct impact on European security interests by 2022

RED LAYER: EUROPE AND CHINA MEET IN LARGELY NON-CONFRONTATIONAL SECURITY INTERACTIONS WITH HIGH IMPACT ON EUROPEAN SECURITY INTERESTS

By 2022, the most visible cluster of European security interactions with China will mostly revolve around soft security interactions, ranging from the strategic use of economic instruments to the People's Liberation Army's (PLA) growing defense diplomacy outreach and interactions in military operations other than war (MOOTW). The relevance of interacting with China on pressing security issues in Europe's near and wider neighborhood, but also inside the UN system, is likely to have increased dramatically.

In general, security relations with China in this cluster of activities will be underpinned by overlapping interests and potential for cooperation. European decision makers will need to adapt to a new reality in which they need Beijing's cooperation or even consent on security issues that are important for Europe. Europeans will also benefit from a more independent, outspoken and mediating Chinese role as Beijing is likely to pursue a relatively reliable and consistent course in global security affairs.

Effective European engagement with China on activities in this cluster needs to be based on European interests and to be pursued in a clear-eyed and conditional manner. As a first step, this requires developing a more linked-up European perspective on security interactions with China. Moving from baseline exchanges and coordination with Beijing to genuine European-Chinese burden-sharing in the provision of global public security goods will also require building trust and European decision makers taking calculated risks.

The relevance of interacting with China on pressing security issues in Europe's near and wider neighborhood is likely to increase dramatically

China uses all available instruments of economic statecraft to pursue security-related interests



China will embrace a critical role in financing development and strengthening resilience in a wide range of third countries, many of which are close to Europe and central to EU interests, including in the MENA region. While these activities have met with general support from Europe, their state-driven nature and intimate linkages with Chinese strategic policies are a cause for concern, as is a persistent lack of concern among Chinese actors for negative socio-political consequences and international standards.

Similarly, Europe will be affected by Chinese global economic statecraft that is geared at generating third country political alignment on Chinese security priorities and at shaping local security environments by providing support to specific regimes or parties within conflicts. China's maturing capabilities in buying political influence ("carrot") and imposing sanctions ("stick") to generate support for its own security priorities will increasingly be felt globally as well as in Europe's wider and immediate neighborhood.

China's economic statecraft has already started to have direct effects on EU unity. In 2016, for instance, the EU failed to agree on a clear stance on Chinese activities in the South China Sea and the ruling of the Permanent Court of Arbitration. Similar disagreements within the EU are likely in the future.

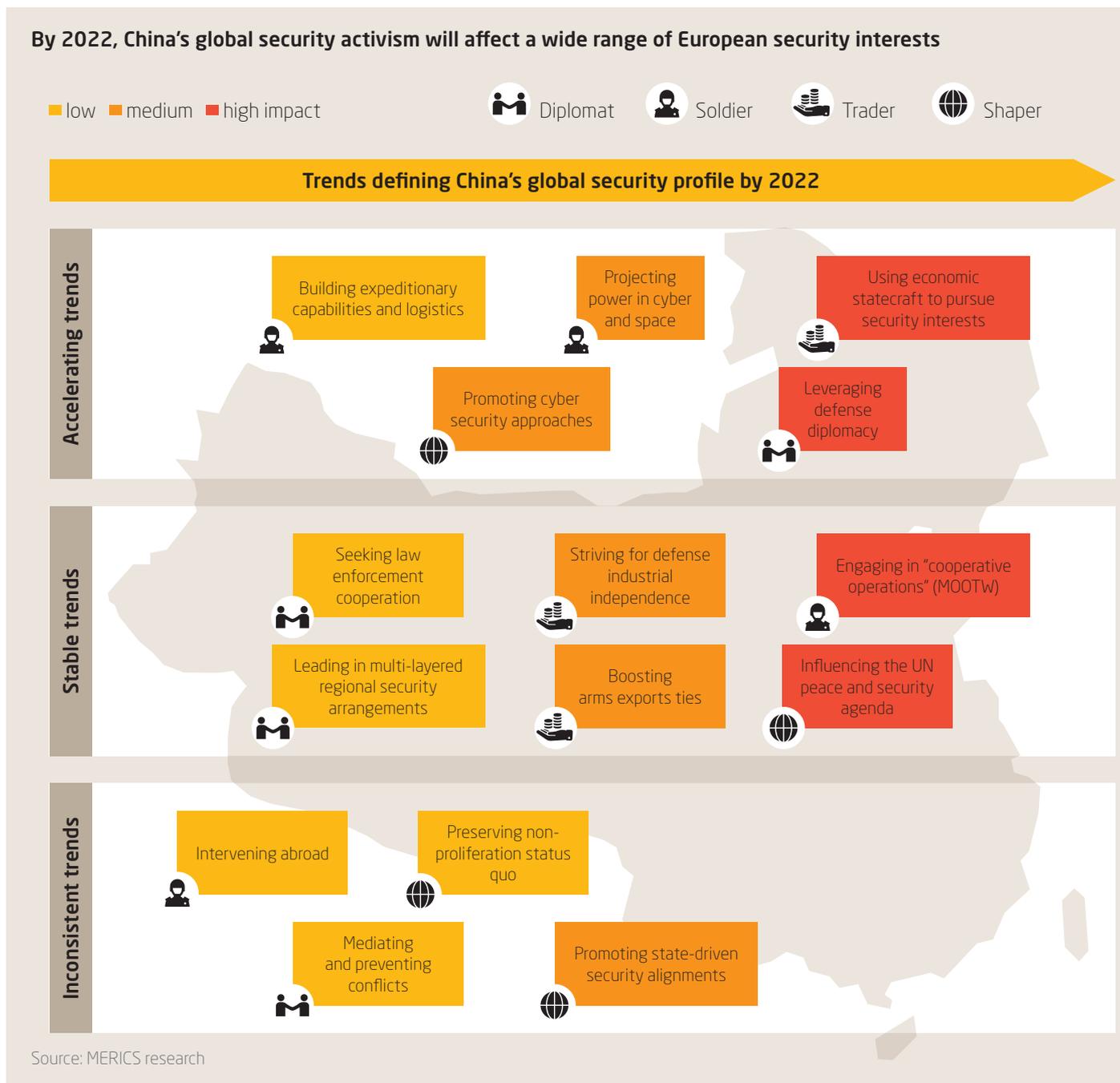


China expands its outreach through active defense diplomacy, including joint exercises and the provision of military training

China's much more active pursuance of defense diplomacy is creating a new dynamism in European-Chinese military-to-military exchanges. These exchanges open up new lines of communication, provide European militaries with a better grasp of the PLA and its activities and also contribute to confidence building. For Europe, such exchanges with China also provide an opportunity to contribute to the professionalization of the PLA. That in turn can help to make China share the burden of global peacekeeping and conflict management.

However, a more active defense diplomacy also helps China to expand its spheres of influence and to seek support for Chinese positions on global security matters. The PLA plays an important role in Beijing's soft power and public diplomacy outreach, and will become an important provider of education and training of military elites from developing states. This could pose challenges to European militaries' medium- to long-term influence, for instance in Africa. The growing

Figure 7.1

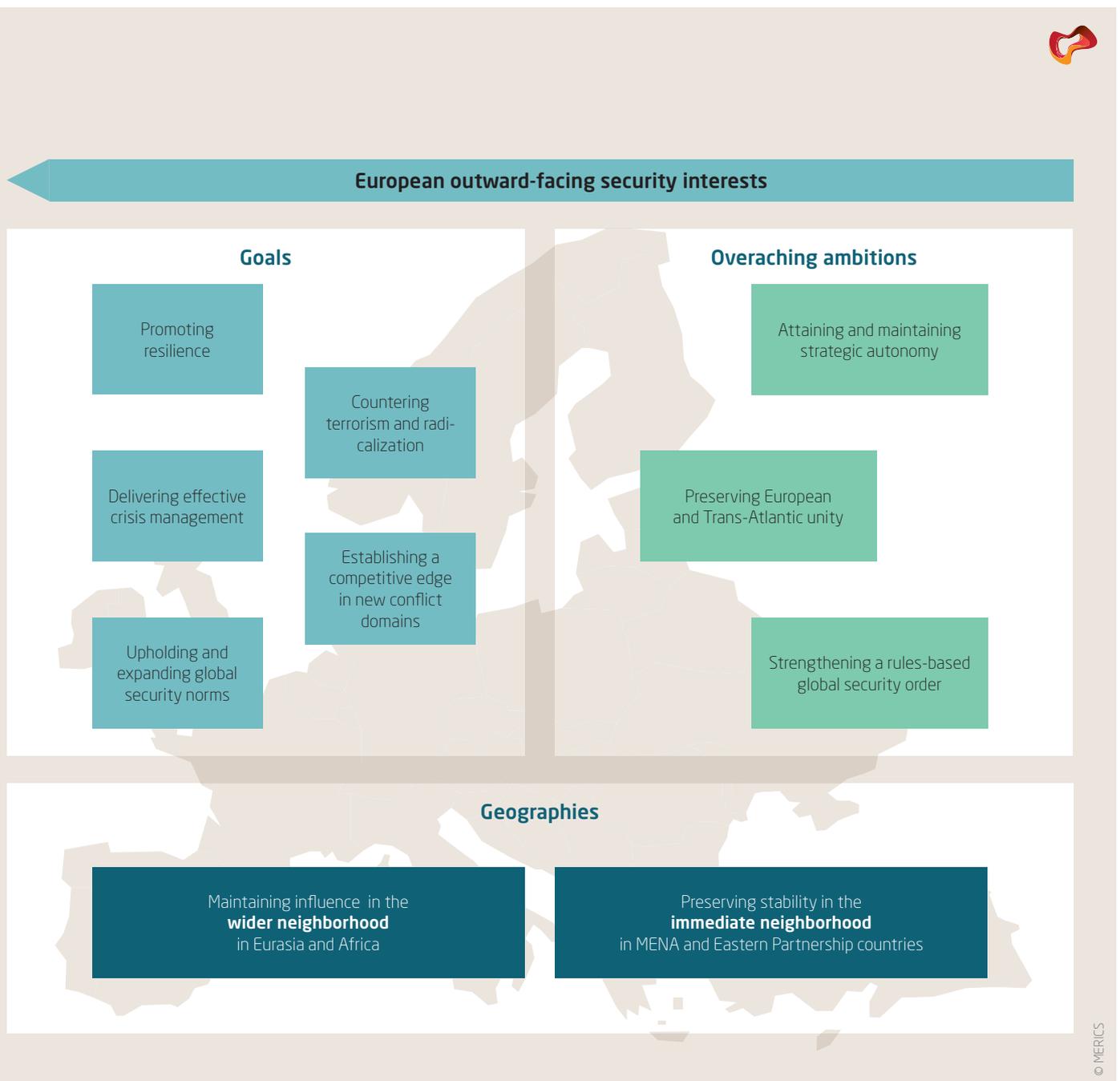


influence of the PLA in various third states will have an impact on defense equipment procurement patterns, putting Europe's defense industry at a competitive disadvantage.

The PLA develops a stronger international presence in military operations other than war, such as peacekeeping, counter-piracy, and evacuation operations



For Europe, China's build-up of massive military capabilities to conduct MOOTW holds potential opportunities for cooperation. Thus, some of the motivating factors behind this build-up align with European interests in the protection of maritime trade routes, the speedy evacuation of citizens during crisis situations in third countries and multilateral crisis management in many conflict regions. Indeed, China has a particular appetite for more substantial cooperation with Europe in the context of joint evacuation exercises and missions, and there is already a modest track record in ad hoc coordination in this area. China's troop contributions to UN peacekeeping operations will



further increase in quantity and quality over the next few years, paving the way for even more encounters with EU militaries in the future. At the same time, Chinese contributions to UN peacekeeping could make an important contribution to regional stability, thus also addressing some of the drivers of terrorism and mass migration on the African continent.

More structured MOOTW cooperation with China would not just provide Europe with an opportunity to help the PLA strengthen its capabilities in this area. It would also help to ensure that China aligns with European military doctrines and approaches, especially with regard to multilateral endeavors, and that Beijing adopts defense equipment standards necessary for interoperability. However, greater engagement with China in the context of MOOTW activities also means that European militaries need to pursue a very sober and principled stance on the sharing of information with the PLA, which would also require coordination in the context of NATO and the EU.



China expands its structural influence within the UN to more actively shape the organization's peace and security agenda

China continues to see the UN system as a focal point for the pursuance of its security policy ambitions and objectives. Clear indicators include China's move towards a more independent and visible role in the UNSC and its endeavors to embed Chinese security concepts and ideas in high-profile UN documents. China's more significant material contributions to the UN's peace and security agenda are also important indicators that China might become one of the most crucial supporters of the UN system.

For Europe, China's active UN role opens up new opportunities for negotiation. Carefully and selectively accommodating Chinese attempts to have security concepts and ideas included in UN documents could become a useful bargaining chip when it comes to pursuing European security priorities in the UN. Moreover, China's growing independence and more active agenda on security issues critical to the EU, such as the diplomacy surrounding the conflict in Syria or the brokerage of the nuclear deal with Iran, might make it a more relevant and effective partner for Europe in the future when it comes to building UNSC rapport on specific security issues.

However, overall, China remains a conservative force within the UN, including on such critical issues as the R2P agenda and UNSC reform. Thus, the potential for European-Chinese cooperation on fundamental UN peace and security business remains limited for now. Also, a more confident Chinese position on UN peacekeeping and policing mandates could further diminish European influence within the UN system.

ORANGE LAYER: EUROPE AND CHINA MEET IN COMPETITIVE AND ADVERSARIAL SECURITY INTERACTIONS WITH MEDIUM TO HIGH IMPACT ON EUROPEAN SECURITY INTERESTS

Cyber and information warfare are among the most obvious fields to potentially yield a direct "China threat" to Europe

This cluster includes China's power projection capabilities in global cyber- and information warfare and space affairs, as well as Beijing's efforts to shape related governance approaches with bilateral partners and in global institutions. China's rapid defense industrial upgrading will render guarded European R&D cooperation with China more attractive, especially in those fields where Europe is already lagging behind. However, the growing weight of China's defense industry in global markets will also pose challenges to European security diplomacy and commercial ties with third countries. Also, Europe will be confronted with more coordinated and proactive Chinese measures to foster alignments with countries across the globe, including in and around Europe, on state-driven and sovereignty-focused, sometimes also anti-US and anti-Western security norms and practices.

In general, security relations with China in this cluster of activities will be more challenging for Europe and will involve strongly competitive and adversarial elements. Strategic distrust by European security elites and fundamental uncertainties regarding China's ultimate intentions will complicate relations. Cyber and information warfare, as well as the acquisition of critical dual-use technologies, are among the most obvious fields to potentially yield a direct "China threat" to Eu-

rope. In these fields, European partners will soon have to make a difficult choice between adapting to Chinese interests and living with the consequences of Chinese actions. European decision makers will also need to avoid a situation in which they are unconditionally deepening cooperation with China on global security matters while Beijing's assertiveness leads to escalating conflicts in Asia. In this respect, a key responsibility of European security policymaking will be to provide alternatives to Chinese engagement by promoting close European cooperation with Asian partners.

Engaging China on activities in this cluster will require a genuine European strategic debate building on more frequent exchanges of relevant intelligence. China-specific challenges in the realms of cyber- and outer space should serve as an incentive for EU member states to put the necessary resources in place to gain a competitive edge in new domains of warfare. At the same time, Chinese ambitions to secure high-tech, dual-use technology transfers and the wider changes in European security interactions with China suggest the need to take a fresh look at the adequacy and effectiveness of the European arms embargo.

The PLA puts measures in place to become a global leader in the cyber and space domains



Beijing rarely hesitates to deploy what it has in stock in terms of civilian and military cyber capabilities. Activities cover the full spectrum of offensive cyber capabilities and range from sophisticated cyber espionage to full blown attacks on critical information infrastructure. While the United States and other European partners in Asia have been the victims of Chinese cyber attacks in the past, Chinese cyber activities targeting Europe have to date primarily focused on the commercial sector. However, China has lately been open to striking a deal with Europe on limiting cyber espionage and other cyber activities by concluding and negotiating politically binding agreements with the United Kingdom and Germany respectively.

China has also stepped up the externalization of its information control approach and hybrid warfare capabilities, with first effects being felt by close European partners in Asia, such as Australia or South Korea. While Europe has so far not been a major target of Chinese information control activities, there is certainly room for more activity in this space in the future, as China might seek to create public support within specific EU member states for Chinese positions or to "punish" the EU or its member states for dissenting policy stances.

The Chinese and European space agencies have recently intensified dialogue, including on such ambitious ideas as a joint moon base and more distant cooperation prospects like future joint missions to Mars and collaboration on space tourism or even lunar mining. However, while Europe continues to push for the adoption of a global code of conduct on the military use of space, Beijing is rapidly developing its military space capabilities. The limited nature of dialogue between China and Europe on this specific issue has led to an overall lack of transparency and confidence, diminishing the potential for cooperation.

China strives to control global approaches to cyber security



Following the consolidation of an all-encompassing information control regime at home, the Chinese government has embarked on a course of externalizing its own cyber security model and promoting state sovereignty in global fora as well as in bilateral and regional relations. Chinese efforts in relevant multilateral fora, like the UN Group of Governmental Experts or Internet Corporation for Assigned Names and Numbers (ICANN), will increasingly pose a considerable challenge to European and wider Western efforts to promote an open and free internet. By 2022, these two approaches are likely to have resulted in a deadlock on vital cyber security debates in multilateral organizations.

Currently, Europe is largely absent from China-driven multilateral cyber security fora like the "World Internet Conference" in Wuzhen. By 2022, China will have made further steps towards engineering an alignment around its cyber security norms in bilateral relations with major powers like Russia, as well as in fora like BRICS or the Shanghai Cooperation Organisation (SCO). The result

will be a ring of countries around Europe with fundamentally different ideas about the way cyber security matters should be approached. Moreover, China will successfully spread its vision of cyber security governance in the developing world.



China pursues coordinated and targeted measures to gain defense industrial independence and competitiveness

As the Chinese defense industry reduces dependence and shifts towards supplying key components domestically, by 2022 the EU arms embargo will have become less sustainable, a development potentially catalyzed by Brexit. At the same time, any ambitions for further European security cooperation with China will clash with Beijing's request to lift the embargo as a precondition for trust-building and engagement. Meanwhile, a new reality of Europe-China technology transfer will emerge as China's high-level national strategies on civil-military integration and industrial upgrading continue to target Western defense and industrial technologies to advance military and economic modernization goals. The top-level push for civil-military integration and a stronger grip by the Chinese Communist Party (CCP) on Chinese state-owned enterprises (SOEs) will continue to blur lines between their commercial and strategic activities, and will certainly complicate assessments by exposed European partners.

In building up capabilities and competencies for modern warfare the PLA and the Chinese defense industry also increase their influence on policymaking more broadly, which will complicate interactions with European counterparts.



China boosts its arms export ties by increasing its share and overall position in the global arms market, supplying more sophisticated weapons to regions of European interest

Chinese arms producers will make rapid advances on the quality and modernization of weapons systems, and on the quantity and diversity of users, which by 2022 will challenge the position and competitiveness of European industries in global arms markets. Chinese companies will also increasingly compete with Russian exports in key markets, which will likely complicate the dynamics of Sino-Russian relations and contribute to changes in Russia's geopolitical positioning, also impacting on Europe.

At the same time, for European militaries the likelihood of being confronted with more advanced Chinese weapons systems in regional conflicts will rise substantially. In particular, the spread of relatively cheap but sophisticated UAVs, as well as advanced missile and missile defense technology, has the potential to complicate European engagement in conflicts in the wider neighborhood.

China has been bidding and will more often be a key competitor in the procurement processes of governments in spheres of European influence, and even that of a NATO member, Turkey. The growing footprint of Chinese arms deals, and particularly an increase in joint production with key partners, will go hand in hand with other economic incentives provided by SOEs and state banks in contributing to the political and security policy re-orientation of governments and elites in countries of European interest.



China flexibly drives different state-centered and sovereignty-focused security alignments, challenging traditional transatlantic and European security cooperation frameworks

Moving gradually away from the doctrine of non-alignment, China will more actively seek to build and take advantage of flexible alliances of convenience around state-centered and sovereignty-focused security norms. This approach will pose a significant challenge to European actors when it comes to making their voices heard. China will also manage to more successfully leverage bilateral relations and regional and multilateral fora as sources of legitimization in multilateral de-

bates, orchestrating supporting voices for its position on contentious issues such as the South China Sea or global approaches to cyber security. Europe will struggle to anticipate emerging alliances within the UN organs and to mobilize adequate counter-alliances.

China-driven regional security organizations such as the SCO, the Conference on Interaction and Confidence Building Measures in Asia (CICA), and new minilateral groupings will increase in attractiveness as additional platforms and partly alternative models for security cooperation for third countries, including NATO members, undermining Western unity.

WHITE LAYER: EUROPE AND CHINA MEET IN LESS INTENSIVE SECURITY INTERACTIONS WITH ONLY LIMITED DIRECT IMPACT ON EUROPEAN SECURITY INTERESTS BY 2022

Trend developments in this cluster will point in different directions: While China builds up expeditionary capabilities to prepare the ground for more robust and sustained out-of-area missions, high-profile PLA interventionism will still be unlikely during the next five years. While Beijing invests substantial diplomatic capital in constructing and using an expansive set of regional security frameworks, more concrete diplomatic successes in mediating conflicts will be rare. A strong push for domestically motivated international cooperation and outreach, for instance on law enforcement, will not necessarily result in a decline in Beijing's overall ambivalence towards international security regimes, for instance on non-proliferation.

In general, this mixed picture regarding security relations with China in this cluster of activities already poses specific challenges today. Not only are these developments likely to become defining features of European-Chinese interactions in the future, Europe also needs to use every opportunity to influence the way in which China chooses to engage in these fields.

Dealing with China with regard to activities in this cluster requires a more systematic monitoring of Chinese behavior and its consequences, as well as European decision makers bracing themselves for disappointments and preparing policy options for different scenarios. Europe should use its outreach to Beijing in this field to consistently signal concerns and interests and aim at further "multilateralizing" security interactions with China. Based on their specific competences and geographical profiles, individual EU members need to lead on security engagements with China in this area.

Europe should consistently signal its concerns and interests while aiming at further "multilateralizing" security interactions with China

The PLA rapidly develops expeditionary capabilities that will allow it to sustain out-of-area operations, including by establishing logistics and supply points overseas and investing in new military systems



By building up "logistical support facilities" and making use of an expansive network of dual-use port facilities, the PLA navy (PLAN) will be able to maintain a more frequent or even permanent presence in the Indian Ocean (Djibouti, Gwadar, Sri Lanka), and in Europe's more immediate neighborhood by 2022. This is also likely to involve more frequent naval exercises with partners like Russia and deepening security relations with host countries. On the technical side, the Galileo competitor Beidou will have achieved global coverage by 2022, providing the Chinese military with indigenous locational data.

On the one hand, this will enable China to better contribute to the provision of global public security goods, such as the protection of global communications infrastructure or trade routes. On the other hand, it will bring Chinese military activities, surveillance capabilities and intelligence gathering closer to European assets and actors, potentially impacting on European navies' room for maneuver (including French and British submarine-based nuclear deterrents).

More broadly, in the next five years, rapidly expanding Chinese maritime power projection capabilities will have further increased tensions with key European partners including the US, India and Japan, and are likely to fuel a maritime arms race and frictions in the broader Asian region.



The PLA prepares the ground for increasing interventionism, with a growing emphasis on out-of-area counter-terrorism operations

While an increasing number of signs (changes in domestic law, military exercises, and internal PLA drills) point to growing Chinese willingness and preparation for future engagements in out-of-area missions, Europeans and partners know very little about how this might actually play out. In fact, Chinese contributions to military interventions embedded and mandated in a multilateral setting could be welcome depending on the context. They might provide particular local/regional expertise, additional capabilities and reach which will allow for burden sharing.

However, even if Chinese engagement is coordinated with partners or in a regional organization such as the SCO, Europeans should remain as vigilant as they are with other international actors regarding the purposes and practice of interventions. While it is highly plausible that Beijing would relate its decisions to legitimate interests, Chinese principles, goals, and targets for potential out-of-area counter-terrorism interventions might not be aligned with European ones.

By 2022, the probability of unilateral engagement will still be low, yet more robust missions might occur along the “Belt and Road” routes in the Middle East and Africa, making their potential impact relevant for European geostrategic interests. The empirical track record of out-of-country law enforcement engagement points to a willingness to use all means available to secure Chinese interests abroad. Targeted unilateral special forces operations could also take place in a clandestine manner in border regions or as an expansion of MOOTW activities. This will blur the boundaries of Chinese engagements and make them harder to assess from a European perspective.



China actively reshapes regional institutional and informal security frameworks to promote an expansive “multi-layered” and China-centered regional security architecture

China’s growing multilateral security engagement (instead of a purely bilateral approach) is a development that should generally be welcomed by Europeans even if it remains primarily driven by Chinese foreign policy goals. However, it is in Europe’s interest that China does not exert dominant influence in frameworks such as the ASEAN Regional Forum, CICA, the SCO or new minilateral cooperation formats. To pursue its own security interests, Europe needs to enter into a new race for shaping what is likely to become a more networked security architecture in Asia. Some of these frameworks actually have the potential to diffuse tensions (with China and between other members) and contribute to confidence-building.

While it is rather unlikely that they will contribute to solving pressing problems, some formats such as minilateral cooperation on counter-terrorism in Central Asia and on Afghanistan might also prove helpful from a European perspective. New China-centered frameworks will, however, certainly compete for valuable diplomatic resources and time, and will sometimes distract attention from European efforts.

At the same time, Europeans need to be highly aware of the fact that China-led or centered security arrangements will be key to China’s “regional restructuring” effort to counter US influence and alliance patterns. Beyond East Asia, however, China-centered initiatives will gain greater weight and influence on Europe’s periphery. China uses these mini- and multilateral frameworks as additional channels for shaping critical bilateral security interactions and thereby reinforcing asymmetries and Chinese agenda-setting power, potentially eroding trust, European influence, and regional stability.



China engages more visibly and confidently in international conflict prevention and resolution diplomacy

By 2022, China will participate more visibly in an even greater number of conflict prevention and resolution efforts that the EU, NATO and the OSCE have an important stake in. This will be predominately driven by China’s own economic interests along the “Belt and Road” routes in Eurasia as well as in Africa. In taking an active conflict resolution role in these areas, Beijing will further

expand what is already becoming a much more sophisticated toolkit. It will increasingly deploy experienced special representatives, prepare more detailed policy proposals and engage in shuttle and host diplomacy between conflict parties.

However, acceptance of China as conflict broker is likely to remain limited for the next five years. China will need more time to build a convincing resolution track record, let alone to shake off its image as a self-interested actor. Europe might have to complement Chinese efforts or, indeed, pick up the pieces in cases where Chinese-initiated activities are not fruitful and European interests are negatively affected.

On conflicts of global concern but outside the realm of immediate Chinese economic interest, Beijing's conflict resolution track record will remain patchy and Chinese actions could complicate European efforts. However, the P5+1 negotiations on Iran's nuclear program suggest that cooperation is feasible if China is factored in appropriately. Indeed, it will be vital for Europe to remain abreast of Chinese resolution efforts and to offer support where appropriate and possible.

China expands its law enforcement cooperation reach and increasingly targets and engages liberal democracies



By 2022, Beijing is likely to have succeeded in securing more law enforcement cooperation arrangements with a broader range of countries across the globe, including EU member states and European neighborhood countries. These agreements will put a particular emphasis on extradition arrangements, thus satisfying Beijing's ambition to be able to apprehend allegedly corrupt fugitives in what are currently still "safe havens." However, they might also make a meaningful contribution to Western goals of working more closely with China on transnational challenges such as terrorism or organized and financial crime.

In the same vein, by 2022 Beijing might also have satisfied more Western countries' demands for non-binding political agreements banning mutual cyber espionage. However, it seems unlikely that China will always stay true to its commitments. More active Chinese cooperation on fighting non-state sponsored cybercrime would thus be a success for Europe.

In any case, law enforcement cooperation with China and Chinese models for cyber security and counter-terrorism will pose considerable challenges to upholding European standards in this domain, with the non-refoulement principle being of particular salience. This challenge is likely to mount in light of what will be a continued Chinese aim of having a stronger representation in international fora concerned with law enforcement cooperation, such as Interpol. By 2022, China will have further expanded the amount of personnel it seconded to these bodies, and will have even stronger agenda-setting power geared at calling into question what is currently a predominately multi-stakeholder and prevention-oriented global law enforcement agenda.

China generally follows more restrictive export policies on nuclear proliferation and establishes itself as a conservative force in applicable international regimes



China will remain ambivalent in its stance towards international non-proliferation of WMDs and corresponding global regimes, making it difficult but increasingly important for Europe to engage Beijing on the issue in a meaningful way. China seems to be increasingly willing to improve its track record on the proliferation of critical missile technology, but Europeans will also face the challenge of a China that might fail to move decisively in so far unregulated proliferation spaces.

While China's overall approach is likely to remain cautious, Beijing will become even more indispensable in implementing internationally coordinated non-proliferation measures, such as the maintenance of the "Iran Deal," the adoption of more effective North Korea sanctions and the overall preservation and expansion of non-proliferation.

A more active and responsible Chinese role in matters of nuclear policies, including safety, non-proliferation and disarmament, will be critical for Europe against the backdrop of evolving US and Russian policies on nuclear modernization, which are likely to go well beyond maintaining existing capabilities.

Conclusion: Europe must prepare to meet China as a security partner, competitor, and adversary

The trends underpinning China's emerging global security role and the projections for China's future trajectory as a global security actor that are presented in this report have significant implications for China, Europe and the rest of the world. China's pursuit of more ambitious national security interests goes well beyond basic adjustments by Beijing to unfolding international events and endeavors to be able to more effectively protect assets and citizens abroad. Rather, China's new global security policies are a function of a changing grand strategy that requires China to be able to pursue a full spectrum of security objectives and activities. As a result, China is increasingly visible on the global plane as a "diplomat," "soldier," "trader" and "shaper" of global security issues.

Having a clear idea of China's likely global security profile by 2022 and the opportunities and challenges for Europe that this profile will yield is a vital prerequisite for a more informed and strategic European debate on how to engage Beijing on security matters. Such an understanding also serves as an important starting point for a more meaningful exchange with allies and close partners, most importantly the United States, as well as China on what global security interactions with Beijing should look like.

While the general trajectory of China's global security activism is increasingly clear, it remains a moving target shaped by domestic and international factors of uncertainty. Indeed, European foreign and security policymakers would be particularly well advised to continue thinking about potential policy responses for those Chinese security activities that are likely to have a significant impact on Europe but where it is not yet clear whether this impact will be positive or negative. These activities, as well as China's general strategic arrival on the global stage, will be conditioned by potentially disruptive domestic developments and will take place in a highly fluid international environment. This report therefore only provides a starting point for what needs to become a permanent European process of monitoring and assessing China's global security activism.

China's new global security policies are a function of a changing grand strategy

EUROPE'S HOMEWORK: DECISION MAKERS NEED TO TACKLE A SET OF POLICY PRIORITIES

European policymakers would be well advised to pursue a balanced and differentiated approach to China as a global security actor. As outlined in the previous chapter, there will be three distinct ways in which Europe will be affected by China's likely global security behavior by 2022, including largely non-confrontational and seemingly soft security interactions with high impact on European security interests, explicitly competitive and adversarial security interactions with medium to high impact on European security interests, and security interactions with so far limited direct impact on European security interests.

These different types of interaction also warrant three distinct response logics as well as the pursuance of more trend-specific policy priorities by different European actors. As a first step toward managing what will become one of the most consequential challenges for European foreign and security policy planning in the years ahead, some of these priorities are laid down by trend in the next few pages.

ENGAGING CHINA IN LARGELY COOPERATIVE SOFT SECURITY INTERACTIONS WITH HIGH IMPACT ON EUROPEAN SECURITY INTERESTS

Leveraging useful elements of China's economic statecraft

- China's expansive economic statecraft (the strategic use of economic means for other purposes) creates opportunities for cooperation arrangements between European Union member states and Beijing to promote third country development and connectivity. Coordinated by the European External Action Service (EEAS), EU member states need to more actively define common interests regarding development and connectivity in Eurasia, Africa and the European neighborhood. Options include joint financing models and economically viable projects based on pre-defined European priorities, similar to the Trans-European Transport Networks in and around Europe.
- EU and Chinese interests partly overlap with regard to the ambition to foster sustainable development and industrialization abroad. EU member states should engage China in new alliances, for instance within the context of the G20-proposed "Compact with Africa." Such engagement could take the form of contributing to the African Union's Agenda 2063 blueprint for economic development and actively linking the "Forum on China-Africa Cooperation" and the Joint EU-Africa Partnership.
- There are indications that security policy stances of some EU member states and in the European neighborhood are becoming more susceptible to China's economic influence. EU member states' foreign and intelligence services need to invest more resources in information gathering and awareness of emerging sensitivities.
- China will also increasingly leverage asymmetric economic relationships with individual European countries for the purpose of pursuing security goals. If and where appropriate and feasible, the European Commission should identify ways to close funding gaps within EU member states, including the strategic earmarking of resources by the European Fund for Strategic Investment to avoid such scenarios.
- It is in Europe's interest that third countries are able to properly evaluate, monitor and prepare large-scale infrastructure projects, including those financed by China. In order to maintain European norms and standards, the development policy apparatus of the European institutions and EU member states needs to support related capacity building in affected countries.

Managing Beijing's defense diplomacy outreach

- France and the United Kingdom lead in terms of military-to-military exchanges with China. Based on these examples, other EU members should proactively intensify their military exchanges with China "on European terms."
- Stipulating a clear set of European priorities for engagement, EU member states should agree on guidelines for military-to-military exchanges with China.
- Facilitated by the EU Military Staff, EU member states need to share information and coordinate on defense exchanges with the People's Liberation Army (PLA) to avoid intelligence asymmetries and mistrust among European capitals.
- China's international military training efforts could crowd out European engagement in third countries. North Atlantic Treaty Organization (NATO) and EU members need to actively monitor and respond to these efforts, including by expanding and upgrading European military training offers and coordinating with China on the provision of training in countries where overlapping interests exist.
- European partners in East Asia will be irritated by a perception that China is being treated in a preferential manner on security matters. EU member states' militaries need to conduct military-to-military exchanges with these partners in the same way that they do with China in order to balance engagement with China and avoid such perceptions.

Linking with China's growing presence in military operations other than war (MOOTW)

- Coordinated by the European Union's Military Staff (EUMS), EU member states should improve information sharing on encounters with the PLA.
- EU member states and NATO allies should agree on ground rules for information exchanges with the PLA in the context of military operations other than war (MOOTW). They also need to define appropriate levels of coordination with the PLA to overcome interoperability issues, including the sharing of standard operation procedures (SOPs) and establishing communication channels.
- China has a growing interest in cooperating with Europe in evacuation and other MOOTW missions. This is an opportunity for EU militaries to engage in meaningful military cooperation. The EU can build on the United Kingdom experience and successful joint counter-piracy operations in the Gulf of Aden. To do this on European terms, a coordinated push by EU institutions and agencies will be necessary to overcome current road blocks in exchanges with China.
- On peacekeeping operations (PKO), EU member states must engage constructively but cautiously with China and they must ensure that the level of information and capabilities shared is matched by the PLA. To retain a guiding role in PKOs that China also takes part in, EU member states should focus on improving or at least maintaining, the quality of their own peacekeeping contributions.

Channeling China's influence on the UN peace and security agenda

- EU member states in the United Nations Security Council (UNSC) must be more vigilant of China's growing autonomy and influence. They need to constantly urge Beijing to further clarify its stance on critical normative issues or to offer alternative visions that have the potential to obtain Western support.
- EU member states need to coordinate bilateral exchanges with Beijing to enter into a more structured dialogue with China on the broader UN peace and security agenda, including core principles, such as the "responsibility to protect" (R2P), and pathways for UN reform.
- European members of the UNSC should use Beijing's ambitions to have its concepts and language included in UN documents as bargaining chips in the pursuance of European interests.

ENGAGING CHINA IN COMPETITIVE AND ADVERSARIAL SECURITY INTERACTIONS WITH MEDIUM TO HIGH IMPACT ON EUROPEAN SECURITY INTERESTS

Guarding against China's force projection in the cyber and space domains

- EU member state militaries need to stay abreast of China's offensive cyber and information warfare activities by monitoring Chinese activities in third countries, learning from partners in Asia and other parts of the world who have been targeted, and by pooling information either among national information security agencies or through the EU Computer Emergency Response Team.
- EU countries that are leaders on cyber capabilities need to support weaker EU member states in their capacity-building efforts. This should also include raising awareness of the distinct threats of Chinese cyber espionage and information warfare.
- The United Kingdom and Germany should share, within the EU and NATO, their experiences, best practices and challenges regarding how to conclude political cyber agreements with China.
- London and Berlin should also lead the way on setting up verification mechanisms for monitoring Chinese compliance with bilateral cyber agreements. EU member states should make use of existing EU-China cyber dialogues to develop joint mechanisms for directly raising concerns with China.

- EU member states need to consistently use all channels of high-level communication to convince Beijing of the virtues of a code of conduct on the military use of space, with ongoing discussions among the Chinese and European space agencies on collaborating on a moon base and other possible joint endeavors being the most sensible starting point.
- Coordinated by the European Defense Agency, EU members need to incentivize industry to further bolster space capability innovation and R&D processes while seeking guarded R&D collaboration on dual-use space capabilities with China.
- As a response to China's strategic high-tech defense industrial policy, European policymakers should set out to implement narrowly targeted industrial policies, focusing on the promotion of infant industries related to Europe's cyber defense.

Countering China's promotion of state-centered cyber security approaches

- To contain the spread of state- and information control-focused approaches to cyber security, EU member states must work closely with civil society actors in third countries. Specifically, the most potent EU member state cyber security agencies, in collaboration with the European Union Agency for Network and Information Security (ENISA) and industry, need to step up their capacity building efforts.
- European efforts to provide expertise and technology should focus on pivoting states, such as Brazil, in multilateral cyber security debates.
- European official and business representatives should seek a more prominent role in China-driven multilateral cyber security initiatives, like the "World Internet Conference" in Wuzhen, to make their (dissenting) voices heard.
- EU member state governments and European businesses invested in China need to strengthen the visibility of their push back against new Chinese domestic cyber security laws and follow-up measures.
- The Commission must push for the prominent inclusion of information security and freedom provisions in any trade or investment agreement with China.
- Timely implementation of the proposed upgrading of EU export controls for cyber-surveillance technology will be critical. National and European experts need to carefully scrutinize the China-related implications of the recently upgraded EU regulation.

Competing in defense industrial modernization

- To preserve unity, EU member states must proactively revive exchanges on the terms and future of the arms embargo and address issues of uneven implementation. Ongoing revisions of national and EU export control regimes need to include coordination with like-minded countries on loopholes and implementation issues.
- EU agencies should commission a systematic mapping and cost-benefit analysis of joint R&D and production with China in dual-use industries to provide evidence and reasoning on which defense-related industry domains might actually lend themselves to deeper European engagement with China.
- The integrated military-civilian background of some of China's global investments warrants intensive European scrutiny and a carefully devised set of targeted protective policies for selected high-tech and advanced dual-use R&D and technologies.
- European member states need to step up information gathering and sharing of best practices with like-minded partners including those cooperating with China, such as Israel, on Chinese defense capabilities and related policy initiatives in China as well as defense industrial cooperation with China.

Contending with China's deepening arms export ties

- Led by the European Defense Agency, EU member states must further consolidate the EU's defense industrial base in fields of traditional European leadership but must also devise leaner forms of integrated defense industrial development and procurement to gain a competitive edge on advanced systems for informatized warfare.
- EU member states need to anticipate and ideally discourage any major Chinese arms deals in Europe's surrounding areas and within NATO's reach by working proactively with domestic defense industries and dissuading partners on all available diplomatic channels.
- European information gathering and engagement with China on its trading impact on regional conflicts needs to be scaled-up, including by direct diplomatic exchanges but also by increasing support for the relevant China-specific programs of European non-governmental organizations (i.e. IISS, SIPRI, Saferworld, etc.).

Mobilizing against state-centered and sovereignty-focused security alignments

- The EU institutions, NATO and the OSCE need to bolster their respective public diplomacy activities to present a powerful counter-narrative to China-driven security alignments, specifically in Eurasia.
- The EU institutions and NATO member states need to adopt a more focused, differentiated, country-by-country approach to security cooperation which recognizes the impact that security interactions with China have on individual countries.
- EU member states need to remain vigilant and proactive on Chinese group diplomacy in- and outside the EU aimed at promoting Chinese security priorities.
- Taking the lead among EU member states, France and the United Kingdom (as permanent UNSC members) need to monitor support for Chinese positions in multilateral security debates and must be able to mobilize ad hoc counter-alliances.

ENGAGING CHINA IN LESS INTENSIVE SECURITY INTERACTIONS WITH ONLY LIMITED DIRECT IMPACT ON EUROPEAN SECURITY INTERESTS BY 2022

Monitoring the PLA's rapid build-up of expeditionary capabilities

- EU member states' militaries need to utilize the opportunity for more on-the-ground interactions with the PLA navy and local military staff to promote trust and avoid uncoordinated actions, as well as to gather first-hand information on the Chinese military.
- Coordinated by the EU Military Staff, EU member states should expand cooperation with China on logistics aspects of Freedom of Navigation Operations that both sides take part in.
- NATO members should request observer rights for future Sino-Russian exercises in the Mediterranean or the Black Sea.
- NATO should become a venue for transatlantic dialogue on strategic implications of the PLA's growing presence on Europe's borders, which should include outreach to Japan, India and other affected partners.

Preparing for China's potential future interventionism

- The EU Intelligence Analysis Centre should develop a stronger grasp of Chinese vulnerabilities abroad and closely monitor Chinese preparations for out-of-area interventions.
- EU member states' military commands need to overcome current resistance internally and on the Chinese side to establish active lines of communication with the PLA for crisis situations.

- The EU and leading member states should use the opportunity of growing Chinese interest and capabilities related to interventionist operations to engage with China on its evolving principles of (non-) intervention, out-of-area strategies and doctrine.
- Sharing counter-terrorism operational experience with the PLA, EU member state militaries should consistently advocate for the virtues of a holistic approach to countering terrorism, including targeted development aid and counter-radicalization initiatives and programs.

Taking China's reshaping of regional security frameworks seriously

- NATO and EU member states need to take China-driven security initiatives in Eurasia more seriously, accounting for their eroding effect on existing alliance structures and influence on European security partners.
- Leading EU member states need to develop a more proactive agenda on targeted, problem-oriented ad hoc formats and flexible support for regional "coalitions of the willing" on security matters. These formats could involve China, if appropriate, but should also seek to balance Chinese influence by working together with other pivotal regional players including India and Japan.
- EU member states should provide additional support to the EU's active participation in ASEAN Regional Forum activities and outreach to ASEAN and other countries in wider Eurasia through co-hosting Common Security and Defence Policy orientation seminars and the work of the European Security and Defence College more broadly.
- Leading EU member states and ideally the EU itself need to push harder to gain and maintain access to an expanding network of Asian security frameworks including by increasing structured institutional outreach and by continuing to seek closer relations including potential observer status in relevant institutions, including the Shanghai Cooperation Organization (SCO), Conference on Interaction and Confidence Building Measures in Asia, and the East Asia Summit.
- EU member states should make more active use of the Organisation for Security Co-operation in Europe (OSCE) to co-shape Chinese security efforts in Eurasia, including by promoting greater Chinese participation in OSCE expert workshops on law enforcement and engaging in dialogue on the root causes of violent extremism and countering radicalization.

Testing China's role in international conflict prevention and resolution diplomacy

- EU member states need to step up capacities to monitor Chinese conflict resolution efforts, their direction, and impact.
- With a view to potential future Chinese mediation efforts in Eurasia, EU member states should ensure that the OSCE has a seat at the table.
- The EU and leading member states, Germany in particular, should test frameworks for deepening Track 1 and 2 exchanges with Beijing on best practices of precautionary foreign policies and potential cooperation regarding early warning mechanisms and crisis prevention.
- EU Delegations and EU member state embassies in conflict regions should establish mechanisms to closely liaise with their Chinese counterparts on efforts undertaken by China to offer conflict resolution, establishing possible points of complementarity and divergence.
- EU member states should seek to include China in conflict mediation efforts where Beijing has access to actors Europe does not.

Coordinating on China's law enforcement cooperation outreach

- Rather than entering into negotiations with China on a purely bilateral basis, EU member states need to coordinate on extradition arrangements and cyber agreements with China to build joint leverage.

- EU member states must compare notes on law enforcement dialogues on cyber security as well as the negotiation of political cyber agreements with China. Also, information sharing with partners in the United States and elsewhere will help to identify potential pitfalls and strategies to deal with possible ramifications.
- EU member states should use the OSCE as a vehicle to engage China on jointly defining “good practices” for fighting trafficking in geographic areas of common interest such as Afghanistan and, more broadly, Central Asia.
- EU member states should use law enforcement cooperation dialogues with China to promote a preventive rather than purely prosecution-oriented law enforcement agenda.
- EU member states must carefully monitor China’s law enforcement agenda in international organizations and build ad hoc alliances to uphold a multi-stakeholder, prevention-oriented approach.

Pushing China towards more restrictive export policies on nuclear proliferation

- In view of uncertainties in US-Iran relations, EU member states need to work with China towards maintaining the Iran deal.
- European actors need to revive efforts to be recognized as a useful broker and credible sanctions-enforcer in North Korea discussions, focusing on supporting regional partners like Japan or South Korea.
- Chinese government agencies and industry groups could still benefit from awareness-raising export-control training programs, and they need help in building up an effective infrastructure combating proliferation of weapons of mass destruction (WMD). EU institutions and member states should therefore increase technical coordination with the Chinese Ministry of Commerce and high-level dialogue or pilot projects on critical fields of non-proliferation.
- EU member states need to coordinate with international partners to increase pressure on Beijing regarding non-proliferation matters, for instance, pushing Beijing towards a more substantial inclusion of China in the Missile Technology Control Regime. The development of an EU-wide shared list of Chinese entities engaging – knowingly or not – in proliferation activities would constitute another useful starting point.

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