

China Expert Engagement | Open Innovation Team Workshop

31 March 2023

The purpose of this workshop was to gather views on the nature of China's influence among 'middle powers' in the Indo-Pacific, and how the UK might respond. There were three discussions - one on the nature of China's influence and leverage, one on how middle powers are responding to this, and one on what the UK might do in light of this.

Session 1: What is the nature of China's influence and leverage among middle powers in the Indo-Pacific?

- > **China may have economic, cultural or political links with middle powers, but this does not automatically translate to 'influence' or 'leverage'.** We should not assume that because a state has entered into an infrastructure deal, or has other links with China, that China automatically has 'leverage'. In some cases, China's economic presence in a country can lead to backlash, or some parts of the state may restrict Chinese influence, even if they benefit from it. China also has its own dependencies, such as its reliance on rare earth exports from Myanmar. Just like Western countries, middle powers seek to balance their economic dependence on China with preserving security and freedom of action.
- > **'China' is not a unitary actor - there are splits within government, whilst state owned enterprises and provincial actors can act semi-independently.** China does not act in a wholly unified and intentional manner at all times.
- > **Overall, China is most successful in gaining buy-in from middle powers through shared hostility** to either the US or the established world order. For example, China often positions itself as an economic partner with fewer restrictions and oversight than Western options. However, it has yet to demonstrate that it offers a viable, long term alternative to the current global trade, security or multilateral architecture.

Finance, trade and business

- > **Less developed countries seeking to improve their infrastructure and move up the value chain have an obvious incentive to engage with China.** For example, China offers an alternative to traditional development finance.

- > **Many less economically developed countries are also more dependent on Chinese trade and investment and thus have fewer alternative options** - several participants cited Cambodia and Laos, for example.
- > **However, successful outcomes from infrastructure deals such as the Belt and Road Initiative (BRI) and loans are not always realised. This can prompt a backlash from Indo-Pacific partners, impacting relations with China.** For example, the East-Coast Rail Link in Malaysia was [cancelled](#) due to alleged lack of transparency, and the [Myanmar-Yunnan railway project](#) has provoked protest.
- > **Across the region, trade ties with neighbouring countries give the Chinese government the ability to manipulate trade activity to punish partners.** For example, China have halted some trade activity with [Australia](#) due to their investigation into covid-19 and with [Japan](#) because of territorial disputes.

Technology and science:

- > **China's offer in cyberspace can attract a lot of interest from countries in the Indo-Pacific.** Experts suggested that some middle powers have different cyber security interests to Western countries, such as repression, to which China is more sympathetic.
- > **In some cases, the US's push to economically decouple is forcing hard choices on technology,** for example in [South Korea](#). Governments and businesses in the region are concerned about the costs of being forced to choose between economic engagement with China or the US. Most middle powers do not want to be forced to make a choice and would like to avoid division into blocs.

Security:

- > **China as a security guarantor can act as significant leverage, for example, through their Global Security Initiative.** This is yet to be fully operationalised, but China's rejection of current global security architecture is attractive to many countries in the region.
- > **However, some states have ongoing territorial disputes with China. This is where we may see declining security ties, or unpredictable economic relations in the region** - for example, Malaysia's claims to territory in the South

China Sea, which China opposes, and border tensions with India.

Soft power:

- **Soft power is difficult to measure and shouldn't be used as an indicator of influence, or as a representation of a country's global position.** Students from Indo-Pacific states studying in China [REDACTED] can act as a form of influence, however experts were sceptical about overstating its significance.

Session 2: How are middle powers responding to this influence?

- **Middle powers in the region seek to balance their economic dependence on China with preserving their freedom of action.** Their ability to do this depends to a large extent on how wealthy and economically developed they are. Richer, more developed countries have more options to engage with others instead of China. However, if China offers cheap deals, on 5G for example, then countries may not always necessarily seek alternatives.
- **Middle powers are also not unitary actors.** Ministries of Foreign Affairs or Trade may be keen to develop closer links with China, whilst security forces and other actors may not. Domestic backlash might occur, and opposition politicians might take the opportunity to portray governments close to China as unpatriotic.
- **State actors are rational in how they negotiate Chinese influence, which may not be immediately obvious to us.** For example, large BRI infrastructure contracts enable them to give out contracts as patronage, even if they know projects are unlikely to succeed or may be significantly delayed.
- **Internal politics can shape rhetoric and perceptions of China** - e.g. Malaysian opposition [accusing the government of selling out Malaysia's sovereignty](#) by offering to talk to China about the South China Sea.
- [REDACTED]
- [REDACTED] Most countries have various concerns relating to security and dependency when

working with China, just like the UK, and therefore we should avoid making hypocritical judgements.

Session 3: What are the opportunities for UK action in light of

this? Relationships:

- **The UK could offer expertise and advice to countries doing infrastructure and other deals with China - potentially through multilateral bodies like ASEAN.** Participants said it is not realistic to expect the UK to compete with large scale infrastructure programmes like BRI or the Global Development Initiative. However, the UK does have regulatory and legal expertise that could help middle powers negotiate their engagement with the BRI and similar deals.
 - For example, some participants said some Indo-Pacific countries lack the state capacity to scrutinise contracts, challenge terms of BRI deals or seek to renegotiate or restructure them fairly. The UK could play a role here.
 - Some participants suggested this could be offered through a multilateral body like ASEAN - the UK could lead on setting up an advisory facility for countries signing or managing BRI or other deals with China.
- **Engaging with middle powers is likely going to be more effective and welcomed when it is on shared problems. There should also be a mutual dialogue, with a capacity-building focus.** Experts reflected that these issues were things such as humanitarian response, climate resilience and water issues.
- [REDACTED]

Research:

- **We should gain a better understanding of middle powers and states in the Indo-Pacific.** Experts identified a danger that all funding and attention goes to China-focused research, rather than the rest of the region. This risks losing out

on valuable research that would support the UK's engagement with middle powers.

- > **There is currently a significant lack of research programmes which focus on the Indo-Pacific offered by the UK universities.** Experts cited specifically a lack of opportunities to study countries like Indonesia, Laos and Cambodia. Scholarships; opportunities for bilateral PhD programmes; improved facilitation of international visas and stronger partnerships between peers in the region would help bring in knowledge.
- > **There is a need for more research on how the UK is perceived in different parts of the Indo-Pacific.** Without this, we risk relying on our own assumptions of how the UK is perceived amongst middle powers in the region. [REDACTED]

Long-term

- **The UK should maximise its role in ASEAN and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.** Experts believed the UK could play a significant role in these groups, not just through joining, but by committing long term planning, resources and time. However, ASEAN in particular moves slowly and we may need to be patient about building our networks and achieving goals within multilateral groupings like this.