

“Dollar Diplomacy or Debt Trap? Examining China’s Role in the Western Hemisphere”

Testimony before the U.S. House Foreign Affairs Committee, Western Hemisphere Subcommittee

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May 9, 2019

I would like to thank the Committee for the opportunity and privilege of presenting testimony on this timely and critical subject.

China’s economic engagement in the western hemisphere has been notable for its speed and breadth. In a remarkably short period of time, China has become a major investor and trading partner with a growing number of countries throughout the region.

Putting the extent of this development into context, regional expert [Eric Farnsworth writes](#) in the most recent issue of the *Americas Quarterly* that “China’s entry into the Americas is the most significant issue this century in hemispheric affairs” and that Latin America is “at an inflection point in terms of its relationship with China.”

As China has gone global, the Chinese authorities have made their ambition clear, putting forward their [conception of “Globalization 2.0”](#); a vision of Party/State-driven international economic cooperation epitomized by the “Belt and Road Initiative” (BRI). These developments are of great relevance to U.S. allies and partners around the globe, including those in Latin America.

The central point I would like to emphasize, however, is that China’s emerging relationship with countries in the region cannot be understood principally on the basis of dollars and cents. Therefore, I will not focus my remarks on the economic dimension of China’s relationship with countries in the region. This is because China’s engagement, under the direction of the Chinese Party/State, is multidimensional and in its interaction with countries in the hemisphere brings to bear a wide range of resources that include but are beyond the realm of commerce and economics.

Through the [BRI](#) and other forms of engagement, China’s leadership is placing increasing importance on exerting influence and shaping the political operating environment overseas. In fact, over the past decade, China has spent tens of billions of dollars to shape public opinion and perceptions around the world into arenas typically associated with “soft power,” a term coined by the American political scientist Joseph Nye and understood as the “ability to affect others by attraction and persuasion.” Such efforts have included thousands of people-to-people exchanges, extensive cultural activities, educational programs (notably the ever-expanding network of Confucius Institutes), and the development of media enterprises with global reach.

Although information is increasingly globalized and internet access is spreading, China and other leading authoritarian states have managed to reassert [control over the realm of ideas](#), something that has caught analysts and observers by surprise, given the longstanding assumptions about the presumed liberating effect of digital technologies. In China, the state dominates the information environment, and the authorities in Beijing use digital technologies to press their advantage at home and, increasingly, abroad. Taken together, these developments indicate a new and growing challenge at the level of ideas, principles, and values.

For too long, observers in democracies interpreted authoritarian influence through an outdated lens, even as China embedded itself in democratic societies as part of the autocratic regimes' broader internationalist turn. China, in particular, has established platforms for educational, cultural, and other forms of influence within societies. Such initiatives tend to be "[accompanied by an authoritarian determination to monopolize ideas, suppress alternative narratives, and exploit partner institutions.](#)" The unanticipated ability of authoritarian states like China to exert influence abroad has created a need for new terms that can adequately describe this new situation.

Chief among such terms is "sharp power." This describes an approach to international affairs that typically involves efforts at censorship and the use of manipulation to degrade the integrity of independent institutions. Neither "hard" but nor really "soft," sharp power has the effect of limiting free expression and distorting the political environment, as explained in a December 2017 [report by the National Endowment for Democracy's International Forum for Democratic Studies](#) that coined the term.

China especially has cultivated economic leverage as a tool for getting others to play by its rules. Beijing's approach seeks to reduce, neutralize, or preempt any challenges to the regime's presentation of itself. The Chinese government often aims to portray the country as either a benign foreign influence or a successful example of economic development and modernization without democratic political institutions. Beijing does not hesitate to use its local allies and influence to seek to mute opposition to its projects.

In the introduction to a first-of-its-kind report, [Chinese Influence and American Interests](#), released in November 2018 that was produced by the Hoover Institution and the Asia Society, the editors spoke to the changed approach by China's leadership. Until Party general secretary Xi Jinping came to power in 2012, the watchword among China's paramount leadership was to "keep your heads down and bide your time"; these Party leaders sought to emphasize that China's rapid economic growth and its move toward to "great power" status did not need not be threatening to the existing global order. However, since Xi Jinping assumed power, the situation has changed. Under his leadership, China has significantly expanded the more assertive set of policies initiated by his predecessor Hu Jintao, as that report observed. These policies not only seek to redefine China's place in the world as a global power, but they also have put forward the notion of a "China option" that is claimed to be a more efficient developmental model than liberal democracy.

In considering today's more internationalist China, we must be mindful to view its external power projection in a way that cannot be divorced from the political values by which the CCP governs at home.

On this count, a clearer picture of Beijing's intentions can be obtained from China's domestic political and media landscape. During the time since the 2008 Beijing Olympics, the Chinese authorities have intensified their suppression of dissent, silenced political opponents, inundated their citizens with propagandistic content, and co-opted independent voices, all while working to maintain the appearance of openness and modernity.

In recent years, the ideas realm in China has been steadily monopolized by the state and its surrogates, as the CCP has worked to eliminate any challenge to its position in the public discourse.

Democratic Institutions and Public Sphere in Latin America

Having set the wider context for China's engagement, I would like to touch on the Chinese authorities' projection of influence in Latin America. The pattern of activity that has become evident globally in several critical sectors is of direct relevance to the hemisphere.

Media

China's media engagement strategy is multifaceted. First, it seeks to disseminate its messages directly through its state media presence in the region. Chinese state media outlets Xinhua and China Global Television Network (CGTN) do not openly disclose the number of staff or bureaus operating in the region, but their presence is certainly growing, and as they have done in other regions of the world, they are increasingly hiring local reporters. China's ambassadors are also more actively engaging with local media by placing op-eds and providing interviews with local media outlets throughout Latin America and the Caribbean.

Second, China's state media are entering into partnership agreements directly with local media outlets, which include placing paid supplementary materials in local media, content-sharing agreements, content coproduction, and "training" and exchanges for media editors, journalists, and documentary filmmakers in China.

As documented in our Sharp Power report, [in Argentina](#) *Tiempo Argentino* inserted Xinhua's four-page supplement in 2015 as part of a larger cooperation agreement between Grupo Veintitrés and Xinhua. Grupo Indalo and Télam signed cooperation agreements with Xinhua during Cristina Kirchner's presidency.

Grupo América closed an agreement with *China Daily* to insert the four-page *China Watch* supplement in five of the group's newspapers. Grupo América also partnered with China Global Television Network (CGTN) to produce a series of documentaries. In 2015, *People's Daily* and *La Nación* made a public deal to jointly distribute news content.

More recently, during the G20 Buenos Aires summit, China Media Group (CMG) and Argentina Radio Television co-produced and aired on public television platforms in both countries two documentaries, "Glamorous Argentina" and "Glamorous China." ("[Glamorous China in the Eyes of Argentine](#)").

It is worth noting that Argentina's relationship with Moscow also deepened during the Cristina Kirchner's presidency. In October 2014, Russian President Vladimir Putin and Kirchner announced the start of RT broadcasts in the Spanish language to nation-wide audiences in Argentina. RT now broadcasts in Argentina, Venezuela, and Colombia and can be viewed on cable television networks in nearly every country in Central and South America, including Brazil and Peru. It is complemented by the print and online publication sponsored by *Rossiskaya Gazeta, Russia Beyond the Headlines*, which has been included as a supplement in Argentina's *La Nacion*, Brazil's *Folha de S.Paulo*, and Uruguay's *El Observador*. The Russian-state-backed information sources, like those of the Chinese, are differentiated by country with the goal of effectively influencing specific audiences.

An initiative by [Global Americans](#) has analyzed selected articles published by Russian and Chinese state media outlets to understand how they aim to portray current events in the western hemisphere for intended readers across the Latin American region, finding them in certain respects to be intentionally false or misleading.

In Peru, an agreement between CGTN and the National Institute of Radio and Television of Peru emphasizes joint collaboration in news exchange, co-production and non-newsworthy content swaps, technological cooperation, and personnel training and mutual visits. In Venezuela, CGTN and Telesur maintain a joint cooperation deal.

In Colombia, the popular *Semana* magazine published a special edition magazine in October 2018 titled, “[China: Poder, Tradición, Comercio, Innovación](#)”, funded by China.

The third facet of China’s media engagement strategy centers on building relationships with individual media editors and journalists from around the region. To highlight one recent example, alongside the G20 summit held in Buenos Aires, China organized [the 2018 China-Latin America and the Caribbean Media Forum](#) under the theme “deepening media cooperation to build a China-LAC community with a shared future.” The forum drew representatives from 13 Chinese media outlets and more than one hundred news agencies from over 20 Latin American and Caribbean nations.

Technology

China is also using the export of its technology as a method of political and economic engagement in the region. While a fuller picture is only beginning to emerge, several recent reports have highlighted how Latin American governments are employing Chinese technologies that were developed within China to support state surveillance capacity and incentivize social management.

Most notably in Venezuela, *Reuters* reported how [ZTE technology](#) powering the *carnet de la patria*, or the “Fatherland Card,” has enabled the Maduro regime to collect personal data and track citizens behavior, while also granting citizens preferential access to food rations and supplemental cash payments at the same time that living standards in the country have rapidly devolved into an humanitarian crisis.

In Ecuador, *Foreign Policy* and *The New York Times* have described in striking terms how loans from China enabled the Ecuadorian government under former President Rafael Correa’s leadership to purchase a nationwide network of 4,300 surveillance cameras from Huawei and the state-owned company CEIEC for monitoring crime and coordinating humanitarian responses to natural disasters. But in addition to the 3,000 police employees monitoring the cameras in 16 observation centers, Ecuador’s intelligence service also has access to the live feeds. Venezuela and Bolivia reportedly are also pursuing the acquisition of similar systems from China.

For many countries in Latin America, as in other developing economies around the world, the opportunity to import advanced technologies can be highly attractive. We can anticipate that governments across the region will continue to pursue such opportunities and welcome investments from China in this sphere. However, the wider societies of countries throughout the region must approach such technology-related deals with open eyes and with the information necessary to make fully informed decisions.

Education

Confucius Institutes

As is the case globally, Confucius Institutes are active and proliferating across Latin America. Santiago, Chile hosts a Confucius Institute Regional Center for Latin America which provides methodology trainings for Confucius Institute instructors based around the region.

Confucius Institutes are controversial because of the opacity with which they operate on university campuses. Although some observers note that many Confucius Institutes activities seem innocuous, emphasizing Chinese language instruction and cultural events such as film exhibitions, other elements of Confucius Institute programming are quite out of place in a university context. The Chinese government's control of staffing and curricula ensures that courses and programming will subtly promote CCP positions on issues deemed critical or sensitive by the Chinese authorities, such as territorial disputes or religious minorities in China.

In relative terms, many of the countries in the region are in the relatively early stages of their engagement with China. They therefore have the opportunity to build their respective relationships with China with open eyes. To do this, they will need to cooperate with and learn from countries, such as Australia, that are farther along on the learning curve in dealing with China's sharp power.

Understanding China's Engagement: Authoritarian "Animating Principles"

As we noted in our *Sharp Power* report, the overarching approach of China - and Russia, too - "stems from an ideological model that privileges state power over individual liberty and is fundamentally hostile to free expression, open debate, and independent thought."

There is clearly nothing "soft" about how these regimes treat the media, education, and the realm of ideas in their domestic environments. Should we view their outward-facing activities differently?

To put Beijing's operating approach into context, it is essential to understanding the animating principles that guide its governance model:

- State power is paramount
- Relatedly, non-governmental actors are marginalized, or excluded altogether
- Efforts are made to limit political expression and mute critics
- The rule of law is devalued and degraded

Why should we care about this dramatic buildup of influence by the authoritarians, and how should we think about it? After all, aren't China and other such states simply pursuing their own interests? They are, to be sure. But, as noted above, these interests are informed by autocratic political values and preferences that privilege state control.

As China has dramatically expanded its economic interests and business footprint around the globe through the Belt and Road Initiative and related efforts, Beijing has focused its influence on masking government policies and suppressing, to the extent possible, voices beyond China's borders that are critical of the CCP, as [China expert Sarah Cook has written](#). It seeks to do so by coopting and manipulating targets in the media, academia, and policy and business communities. Such efforts furthermore seek to permeate institutions in democratic states that might draw attention or raise obstacles to the advancement of CCP interests, disincentivizing any such resistance.

As my colleague [Shanthi Kalathil observes](#), it is not that China “attempts to control every facet of communication, or that it wants to impose its exact model of authoritarian governance everywhere. But it is increasingly true that Beijing’s technology ambitions, combined with its attempts to determine on a global scale the parameters of “acceptable” speech and opinion with respect to China, pose clear threats to freedom of expression and democratic discourse outside its borders.”

What we have been slow to recognize is that in an era of globalization, ambitious regimes that play by their own coercive and often predatory rules at home are [keen to move the goalposts](#) on the international level toward their authoritarian preferences.

Crafting a Response to the China Challenge

Any response to the challenge posed by China will first require dispensing with the inadequate framing of this issue as a simple choice of either shunning or engaging China, which is already deeply integrated into the international system, including increasingly throughout Latin America. Rather, it is the nature of the engagement with China that must be rethought.

The following are key steps, drawn from our Sharp Power report, which can be taken to address the Chinese government’s influence efforts:

Address the evident knowledge and capacity gap on China. Throughout Latin America—as in other regions around the world—information concerning the Chinese political system and its foreign policy strategies tends to be extremely limited. This places societies in the region at a distinct strategic disadvantage. There are few journalists, editors, and policy professionals who possess a deep understanding of China – the Chinese Communist Party, especially – and can share their knowledge with the rest of their societies in a systematic way. Given China’s growing economic, media, and political footprint in these settings, there is a pressing need to build capacity to disseminate independent information about China and its regime. Civil society organizations should develop strategies for communicating expert knowledge about China to broader audiences. This should include a conscious effort to break down ordinary academic and policy barriers to enable collaboration between experts on China and regional specialists focused on Latin America.

Shine a spotlight on authoritarian influence. Chinese sharp power relies in part on disguising state-directed projects as commercial media or grassroots associations, for example, or using local actors as conduits for foreign propaganda or tools of foreign manipulation. To respond to these efforts at misdirection, observers in Latin America need the capacity to put them under the spotlight and analyze them in an independent and comprehensive manner.

Safeguard democratic societies in Latin America against undesirable Chinese Party State influence. Once the nature and techniques of authoritarian influence efforts are exposed, countries in the region should build up internal defenses. Authoritarian initiatives are directed at cultivating relationships with the political elites, thought leaders, and other information gatekeepers of open societies. Such efforts are part of Beijing’s larger aim to get inside such systems in order to incentivize cooperation and neutralize criticism of their authoritarian regimes. Support for a robust, independent civil society—including independent media—is essential to ensuring that the citizens of democracies are adequately informed to critically evaluate the benefits and risks of closer engagement with Beijing and its surrogates.

Reaffirm support for democratic values and ideals. If one goal of authoritarian sharp power is to legitimize non-democratic forms of government, then it is only effective to the extent that democracies and their citizens lose sight of their own principles. The Chinese government's sharp power seeks to undermine democratic standards and ideals. Top leaders in the democracies must speak out clearly and consistently on behalf of democratic ideals and put down clear markers regarding acceptable standards of democratic behavior. Otherwise, the authoritarians will fill the void.

Learn from democratic partners. A number of countries, Australia especially, have already had extensive engagement with China and can serve as an important point of reference for countries in Latin America whose institutions are at an earlier stage of their interaction with Beijing. (See, for example, "[China in Xi's 'New Era': Overstepping Down Under](#)" and "[How China Interferes in Australia](#)"). Given the complex and multifaceted character of Beijing's influence activities, such learning between and among democracies is critical for accelerating responses that are at once effective and consistent with democratic standards.