

3rd International Conference by Civic IDEA

"PRC's Role in Reshaping the Global Order"



5-6 July, 2022, Borjomi, Georgia



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PRC's Role in Reshaping the Global Order

Civic IDEA

National Endowment for Democracy

Embassy of Poland to Georgia

Embassy of the USA to Georgia

Invitation



"PRC'S ROLE IN RESHAPING THE GLOBAL ORDER"

**2nd Annual International Conference
July 5-6, 2022**

Civic IDEA is pleased to welcome you to the 3rd International Conference on
"PRC's Role in Reshaping the Global Order,"
which will be held on 5-6 July at the Hotel Borjomi Likani, Georgia.

The event will cover a wide range of topics related to the PRC's foreign policy choices amid the war in Ukraine, including the soft power activities, economic diplomacy, communication policy and information warfare, as well as its deterrence strategy under the NATO's new vision. During two days of intensive debates, we will examine China as a military power, its growing influence and the security implications for NATO and its partner countries.

For more detailed information about the topics to be discussed and distinguished speakers, please see the agenda attached below.

We look forward to seeing you in Borjomi!



Day one - July 5th

- 8:00 – Georgian participants travel to Borjomi
- 11:30 – 12:00 Welcome Coffee in Borjomi
- 12:00 – 12:20 Opening of the Conference
- 12:20 – 13:45 PRC's grand strategy in the Changing World
- 13:45 – 14:15 Big Data - China Index Presentation
Wu, Min Hsuan - Doublethinklab / Online
- 14:15 – 15:30 Lunch
- 15:30 – 16:00 Presentation of the Academy Tracker
Tracking Europe – Chinese Academic cooperation and engagement:
scope, risks and sustainability
- 16:00 – 17:00 Panel discussion
PRC's soft power policy in Academia, CSOs and Media
- 17:00 – 18:00
Chinese communication Strategy: Information Manipulation,
Challenges, and Lessons to learn from Russia-Ukraine War -
- EU's turn to systemic revelry with China, amid at Russia's war in
Ukraine –
- 18:00 – 19:30 PRC's information warfare - implications/deterrence
strategies under the new NATO strategy, following up to
Madrid Summit
Presentation of the Georgia Case by Journalism Resource Center
- 19:30 – Dinner

Day two - July 6th

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- 8:00 – 10:00 – Breakfast
 - 10:00 – 12:00 Panel Discussion: China as a military power - security implications for NATO
 - China's Readiness in Afghanistan & Implication for the Region
 - 12:00 – 13:00 Indo-Pacific and the China challenge: a view from Europe
 - 13:00 – 14:00 Lunch
 - 14:00 – 15:30 Discussion: Is the Chinese Market alternative for the Russian Oil and Gas / EU perspective in the light of the War in Ukraine
 - 15:40 – 17:00 PRC's economic diplomacy- Transportation corridors in the light of the new regional deal with China
 - 17:00 / Check out / travel to Tbilisi

The conference was conducted under the Chatham House Rule; therefore, there will be no attributions to speakers in this report, though we intend to bring very interesting and insightful conference debates to your attention.

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The publication represents the proceedings of the conference **"PRC's Role in Reshaping the Global Order"**, held in Borjomi on 5-6 July 2022. The event aimed to gather experts from 20 countries in Georgia to discuss the Chinese power operations in the broader region of Central Asia & South Caucasus, as well as eastern and Central Europe, its role in the changing world, and alliances with Russia. At the conference, the respective speakers explored, analyzed, and shared the essence of broad Euro-Atlantic Unity in light of changing dynamics of Sino-Russo Cooperation.

The conference was 3rd in a row and was made possible with generous support from National Endowment for Democracy, the Polish Embassy, and the US Embassy.

A similar event was held in 2021 under the name ***China: Threat of a Strategic Alternative***", which brought together experts from Georgia, Poland, the Czech Republic, and international community representatives in Tbilisi for a full day of discussion and debate on Chinese growing power in Central and Eastern Europe. It was the first in-person conference in Georgia discussing China and putting foreign power interferences, those of Russia, China, and Iran, in a comparative perspective. Our first conference in 2020 was held online. The feedback from the gathering proved the need for regular, extensive dialogue.

A lot has changed since 2021. Russian aggression in Ukraine entirely changed the dynamics of international relations. It unified the civilized world and opened the doors to new security dimensions and opportunities, including political and economic cooperation and trade. The most recent decision by Finland and Sweden to join NATO stands as a shining example of those utterly changing narratives. By default, Georgia, a victim of Russian aggression, stands in the center of those changing narratives and new regional or international arrangements.

Affiliations and alliances align with voting at the UN and other international institutions, positioning towards sanctions against Russia, declining or canceling all military or economic ties with Kremlin, etc. The big questions discussed go very much along the Chinese Russia policy, what will be the fate of the new phase of the strategic partnership announced just weeks before the invasion of Ukraine? What is the potential for new deals and alternative markets for Russian gas and oil? What happens with new transit routes? Etc. The answers to those and other pressing issues discussed by a large group of experts and professionals from all over the world, including those from Central Asia, Caucasus, central and eastern Europe, etc., can be found in the following chapters.

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PRC's Grand Strategy in the Changing World

No precise knowledge of the PRC's grand strategy exists in the world due to its constantly changing nature. The war in Ukraine precisely shows that the PRC's strategy is still being revised. Meanwhile, western democracies are developing sharper attitudes toward China. The last summit held in Madrid and the G7 meetings are vivid examples of those circumstances, as they emphasized that China represents a significant challenge to democratic rule. "We are confronted by cyber, space, hybrid, and other asymmetric threats, and by the malicious use of emerging and disruptive technologies. We face systemic competition from those, including the People's Republic of China, who challenge our interests, security, and values and seek to undermine the rules-based international order. Instability beyond our borders is also contributing to irregular migration and human trafficking." - reads the [NATO Madrid summit communique](#).

However, while discussing China's grand strategy, we should not refer to it as the general Chinese strategy but the communist party's strategy, at both foreign and domestic levels. In other words, all its activities help to preserve the communist party regime. Thus, the Chinese Communist Party (CCP) decides to pay any price to stay in power. Chinese actions in the international arena are determined by one party-state, where the political party is the first and foremost, directed towards protecting itself through empowering the state. The Chinese authorities were and are carefully watching the sanction policy against the Russian Federation amid the war in Ukraine. We are observing very carefully designed policies both from the Chinese state and companies in applying restrictions and impediments to the Russian market. Depending on the developments and effect of sanctions over RF, looking from Beijing, it seems that there is always hope in proving that the western democracies are failing and their policies are weak and unreliable. Another option always is a split of the unity within NATO and EU, and finally, Russia coming back with a significant victory.

Moderator asked the following questions: [How far can the PRC go? Does it pose any immediate threat?](#)

Panelists have agreed that it certainly does and talked about Taiwan representing the best example of the direct threat posed by the PRC. Another exemplary case is China's efforts and constant attempts of dominance in the South China Sea basin, including by military means.

One of the speakers paid out three major aspects defining the significance of the Taiwanese issue for China: 1) economic, 2) technological, and 3) strategic location of Taiwan, which will give the Chinese navy direct access to the Pacific and its ideological dream - the unification of China (official aims of the country) will become a reality. There are several ways China could envision the seizure of Taiwan:

- 1) Try to take over some land being under the administration of Taiwan, such as marines or garrisons
- 2) To launch the full-scale blockade of Taiwan and push them to the negotiation table.
- 3) Foreign invasion of Taiwan

However, it remains crucial to continue talking and researching the PRC's behavior and all the challenges it imposes on world security. Today's China is very different from the one that existed 10-15 years ago, and one of the reasons for that is its "supreme leader", Xi Jinping, who has transformed the country. Nowadays, the PRC is more nationalistic and more aggressive. At the diplomatic level, the CCP authorities always blame and point fingers at the G7 leaders. Meanwhile, the gap between international organizations, e.g., the UN activities and the reality in the world, is widening, and the post II World War order is changing.

Moderator raised several questions: *What should we expect from China while there is still war? Several days ago, 2 Novosibirsk scientists were arrested for giving secret information to the PRC - those facts demonstrate the complexities of Sino-Russian relations, and how will those relations be shaped in the future after the war?*

We have all agreed that any kind of evaluation is only preliminary.

Nowadays, the world is facing two global crises; regardless of some positive dynamics in battling Covid-19, it has not disappeared. On the contrary, we still see the increased number of covid cases in Europe and China, and the **pandemic crises**, together with the **war in Ukraine**, represent the existing challenges to the world.

Some experts believe that due to the defiance mentioned above, China will focus on its internal agenda and domestic problems in the upcoming years. Since the economic situation is less favorable, the third quarter of GDP will decline to 2,5, which has never happened before. Therefore, the financial sector needs careful examination, and the CCP government will focus its efforts on its revival. This occasion does not imply its role as a global power being undermined in the international arena, but domestic issues will become its priority. The best examples are the new global economic cooperation initiatives announced by the US and the EU last year and the European Gateway Initiatives. As an example, speakers recalled the narrative from the recent Munich Security Conference to create a new alliance with the group of emerging global players, incorporating China, in response to China's Belt and Road Initiative.

Alongside the domestic agenda, the PRC will attempt to fill out the gap left by Russia in cooperation with those countries and regions where Russia has been an equally important partner. Such regions and countries comprise Central Asia, Afghanistan, and several other new areas in South Asia. China will keep an eye on boosting cooperation and ties within the Eurasian region through various activities, including the recent trips to Central Asia, serving the examples of its foreign policy strategy.

Some of the panelists argued that China is more pro-Russian rather than anti when it comes to the war in Ukraine. For instance, while we read that China started developing the infrastructure and shifting the transportation corridors to Central Asian and South Caucasus regions while limiting its transportation goods on the territory of Russia, and in particular, in anticipation of secondary sanctions for Chinese companies, there are other contradictory reports about China promoting pro-Russian narratives on social media.

For years, China and Russia have kept the rule based on one principle: "do not play in my yard", which has transformed into an informal agreement between them. China was relatively accurate regarding active participation in the former Soviet space. CCP tried to maintain the balance in the region but to what extent? Russia has always been interested in security domination, while China actively pursued investments, examined soft power, and so on. We have one face in Tajikistan when the soft military power is present there from the Chinese side. More precisely, two Chinese military units on Tajikistan's territory claim to have soft functionality. However, this is the very first case where one sees the PRC's non-economic presence in the region.

The doctrinal ground of the PRC's grand strategy is what Xi Jinping did to change the Chinese from a passive to an active, aggressive position in the global system. Central Asian Sinologists found out characteristics of this Grand Strategy by summarizing the PRC's recent activities in an international arena:

- 1) Chinese diplomacy is the diplomacy of a major state;
- 2) The foreign policy of China should be distinctive due to its peculiarity, style, and position;
- 3) Sovereignty and territorial integrity should be firmly defended and territorial disputes on islands should be resolved.

This is how the sinologists usually perceive the grand strategy of the PRC. The question is, *what should be Central Asia's policy vis-à-vis the Chinese grand strategy?*

The Central Asian Grand Strategy should derive from the central regional vision of the PRC; overall undertakings of Central Asian countries should be grounded on the idea of a single "central" region. Since 1991, Central Asian countries have been engaged in the overall integration process with China. Consequently, the idea of a single vision has been on the agenda since the first days of independence. The environment, reality, and project of Central Asian integration should be the framework within which the grand strategy of central Asia should be constructed toward China.

Overall Central Asian region is overburdened with geopolitics. Many Central Asian scholars believe that while Central Asian countries are developing or organizing their agendas, they are squeezed into the triangle - the US, PRC, and Russia. All three pursue three distinctive strategies in the Central Asian region. One of these well-played strategies is the BRI played by China, and all the countries are fully engaged in it.

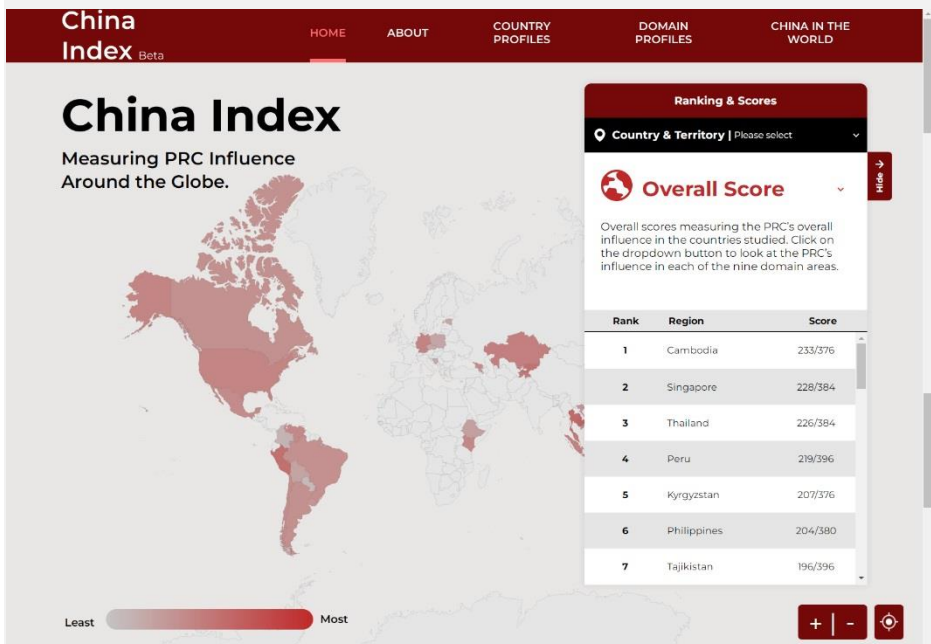
For Uzbekistan, China is the number one foreign trade partner (20% of its foreign trade is dependent on the PRC). Uzbekistan's central geographical position determines its significant strategic role in the region. For instance, the China-Kyrgyzstan-Uzbekistan railway and other highway projects have been on the agenda since the late 1990s. Two years ago, it was officially launched as a project, representing a segment of the broader west China-west Europe connection, a transport corridor project. In other words, this initiative aims to help to connect China to Europe through Central Asia. Another example of the People Diplomacy Center of Shanghai Cooperation and the Hall of Knowledge of SCO opened in Tashkent shows that the Chinese soft power presence is also growing gradually.

Moderator became curious about to what extent will the Zero Covid Policy limit Chinese presence globally?

Zero Covid policy does not only carry the nature of a purely epidemiological strategy but represents a political campaign orchestrated by the communist party. More precisely, through this irrational policy, the latter is checking the loyalty of the Chinese population towards its governing force. China is becoming more isolated from the world, and it also keeps its people in total isolation.

China Index

The conference hosted our Taiwanese partners and colleagues from Doublethink Lab presenting China Index. Brand new online platform evaluating Chinese influence all over the world.



<https://china-index.io/>

The creation of the China Index project goes back to 2019 when the Covid-19 pandemic was not yet a problem. This initiative aimed to help civil society organizations to understand better what China's influence looks like in their

respective countries and what tools they can use to identify its leverage. China index unifies 36 countries with regional partners in America, Asia, and Europe with coordinated works and global experts.

China Index is based on a questionnaire containing 99 questions that require YES/NO answers.

The Taiwanese organization responsible for the China Index, Doublethink Lab gathered experts around the world working on the issue of China and with their help, they conducted questionnaire interviews touching upon various domains such as media, academia, society, military, law enforcement, technology, foreign policy, domestic policy and economy. After that, the group of distinguished experts reviews the evidence to have valid argumentation of all the indicators covered. Each country explored has a different shape, exposure, and pressure. For instance, Singapore has an exposure of- 65%, pressure of 54%, and, an effect of 50%. In Thailand, exposure is 70%, pressure is 23%, the effect is 53%, and so on.

Civic IDEA, as a partner organization of Doublethink Lab has already covered 12 countries in Eastern Europe, Central Asia, South Caucasus and MENA regions. Among 36th Countries, Georgia is ranked 19th. In terms of cooperation, the Chinese influence there remains high in academia, foreign policy, and domestic policy, while the military, society, or law enforcement sectors remain less significant.

China Index will be renewed annually to keep tracking those changes occurring in various countries' domains. Things change very fast, especially when it comes to the PRC and its influence apparatus, some countries decide to stop ties with PRC, while others deepen the relations. Therefore, the goal of index is to provide the audience with the recent developments and update the information regularly.

PRC's Soft Power Policy in Academia, CSOs and Media

Soft power represents a tool for achieving goals with no-cohesive means. It is a technique used to convince others to act without any coercion. Countries compete in different ways, great powers try to project their influence through culture, values, political systems, etc. Among them is China, a superpower whose actions are becoming increasingly assertive. The PRC tries to utilize its soft power, and it tries to shape the world following its own interests.

The Case of Poland

Regarding strategy, the most critical principle is diversification for all academic institutions. The Polish experience is the best example of academic diversification. The University of Warsaw has quite an impressive number of collaborations with China while also employing Taiwanese teachers and incorporating scholarships from Taiwan. This occasion is instead a sign of resistance and effectiveness due to its ability to shape this relationship and manage to balance the situation. Some of China's strategic plans for academic expansions in Germany, Poland, and even Georgia are repeated from one country to another. However, Warsaw tries to balance educational offers by including both Taiwanese and Chinese curricula in their studies. Nevertheless,

- It is recommended to organize expert round tables on a larger scale in Poland for academic representatives, journalists, and think tank members at least once a year to exchange ideas and observe what is happening in other countries.
- To maintain academic diversification and avoid misconduct in the educational sector, it remains crucial for the university to monitor the development of the established ties and make sure to have transparent contracts signed with the Chinese partner institutions.
- It is essential to maintain the independence of research and funding - the government usually funds the research in China containing red flags - related to military or other domains.

Chinese soft power influence is not only limited to Academia but has also affected media and CSO organizations. The willingness for the boosted cooperation came from both sides, supported by the public, private unis, and

NGOs. As a result: Sino-Polish relations were put forward through the 16+1 format, a new research center and academic courses were established in 2018; the number of Confucius institutes grew in Poland and the media outlets with clear linkages to the communist party (e.g., “Tribuna Ludu”) have appeared.

The Case of Georgia

Similar trends have also been identified in Georgia. Since the establishment of diplomatic relations between China and Georgia, Georgia has been enjoying the full spectrum of different academic benefits, but the intensive partnership was mainly boosted since 2016 and intended to affect informational space, reinforce and strengthen the Chinese Communist Party’s (CCP’s) policies and viewpoint abroad and endorse itself as the primary and reliable partner for Georgia. These tendencies surprisingly continued during the Covid-19 pandemic, and the local universities kept signing agreements and memorandums with the Chinese state entities.

These opportunities usually contain risks that are not visible at first glance:

- The cooperation between Sino-Georgian educational institutions is not transparent and with few exceptions, their joint contracts cannot be obtained directly from the state institutions, nor are they publicly accessible through online sources. Moreover, there exists a non-compliance with the terms of the agreements signed between the parties. The contract signed between the ministry of education of Georgia and the Chinese embassy in 2019 is an excellent example of this. According to the document, the Georgian government was responsible for popularizing the Chinese language and culture in all the secondary schools in Georgia by introducing the Chinese language and training Georgian teachers. However, it has not been implemented at the state level. There are several schools teaching the Chinese language, but mostly at the request of the parents or taking into account the human resources the school possesses.
- Confucius institutes – there exist 516 CIs in 142 countries worldwide. There are four official Confucius Institutes and various Confucius classes in Georgia. Some critics assert that CIs work on spreading a favorable vision of China’s development model and silence some issues censored in China. Considering this particular reason, many western countries started to close Confucius institutions. However, Georgia was not among them. This is evidenced by the opening of the 4th Confucius Institute at the University of Kutaisi during the

pandemic in 2020. The other three function at Tbilisi Open University (Alte University), Free University Tbilisi, and Batumi Shota Rustaveli State University with an unofficial name. There are multiple Confucius classrooms in other universities in Georgia, some of which are even linked to Georgia's orthodox church. We requested information from the National Center for Educational Quality Enhancement, affiliated with the Ministry of Education, about the legal status of Confucius Institutes and the compliance of their programs with the general guidelines of the textbooks. According to their answer, neither the Confucius Institute nor other Chinese language/culture courses are controlled by the Ministry of Education. Consequently, nobody knows if their studies go beyond teaching the Chinese language and if any political narratives are involved in their curricula.

- Georgia-China Friendship Association - is closely tied with the CCP-controlled entities. Its President, elected in 2016, was simultaneously the CEO of the notorious Chinese state-owned conglomerate CEFC China Energy. The company was involved in a number of scandals and went bankrupt in 2020. GCFA has established partnerships and signed MoUs with Georgian Technical University and Batumi Shota Rustaveli State University.
- One more pillar of the CCP's academic influence apparatus is the generous scholarship and exchange opportunities introduced to Georgian students. These grants can be classified into international, Chinese government-sponsored and individual university scholarships. The Memorandum of Understanding was signed between the Georgian and Chinese state authorities in 2001, opening the door to Chinese government scholarships. According to this agreement, PRC provides 20 scholarships to students willing to study in China and then returns and starts the PRC's promotion among other students, e.g., creating blogs, webpages, and spreading propaganda narratives. With decreasing number of scholarships from the West and increasing interest in China in the future, we could experience the shifting reality of a new generation of Georgians with Chinese university degrees and a world vision as seen through the lenses of the CCP.
- Georgian private and state universities cooperate individually or internationally with several well-known Chinese universities that jeopardize not only the academic sphere but Georgia's national security. Particularly prominent are the Beijing Institute of Technology, and Tsinghua University, which according to ASPI's Unitracker, carry very high-security risks and are entitled to top-secret credentials.

- Georgia has no state-issued guidelines to monitor the risk coming from authoritarian countries. The Georgian side does not conduct due diligence, which is very important when signing controversial agreements.

The Case of Azerbaijan

Education has been one of the core areas of cooperation between Azerbaijan and China. The government of Azerbaijan has been trying to promote interstate partnerships. Hundreds of Chinese students have already enrolled in Azerbaijani Universities for two decades. From 2015-2019 – President Aliyev visited the PRC on several occasions, also involving the development of the academic cooperation between the two countries.

Sino-Azerbaijani academic relations are also developing in the following directions:

- Cooperation between Think Tanks and Research Institutions;
- Partnerships between Huawei and Higher Educational Institutions - ICT development as well as providing technical assistance. Several memorandums have also been signed with leading universities. Since 2016, Azerbaijani students can also attend Huawei's global training programs annually;
- The partnership between domestic universities and Confucius Institutes - Currently, two official Confucius institutes and numerous auditoriums are operating in Baku. Their work is vague, and nobody observes their curriculum;
- Nowadays, hundreds of Azerbaijani students benefit from either full or partial scholarships. Thus, Azerbaijani youth have developed a positive attitude toward the PRC.

PRC's Soft Power Beyond Academia

Risks in Academia are primarily twofold. The first element relates to technology transfers from different research institutions; high-tech, military technology, and artificial intelligence exchanges. The second element lies in the spreading of propaganda, which will have an impact on the future generation of Chinese scholars. Nevertheless, similar tendencies of the Chinese soft power toolkit have been identified in Media and CSOs. We had seen China becoming more active across Europe, especially since 2019, when protests in Hong Kong started, which has been a serious discursive narrative challenge. CCP understood that it needed to establish more control over those spreading narratives. Another

milestone event involved the Covid-19 pandemic and the war in Ukraine, during which China used numerous tools to control media: in European Countries, we see the operation of China Radio International – in Bulgaria, the Czech Republic, and Hungary. Investments in media represent a very problematic aspect as well. After the Chinese company CEFC invested in one of the media outlets in the Czech Republic, the latter immediately shifted to only displaying positive content about the PRC.

Propaganda narratives have been actively revealed during the Covid-19 pandemic in Georgia. It involved not only Chinese media but also Chinese diplomatic missions in the country. We saw Chinese disinformation campaigns going in line with the Russian narratives, particularly concerning the US-funded bio labs in the post-Soviet sphere (e.g., Lugar lab in Georgia). Moreover, the Chinese vaccines, being the first vaccines delivered to Georgia, were actively promoted by the PRC diplomatic mission during the press conferences and used to boost China's reputation as Georgia's most generous and reliable partner. Overall, it is precarious as Georgian people do not have a clear perception of the PRC and its governance, its foreign and detected malign influence.

Moderator mentioned that most Chinese activities are political, they are not tangible; therefore, what are the red lines we should completely tackle?

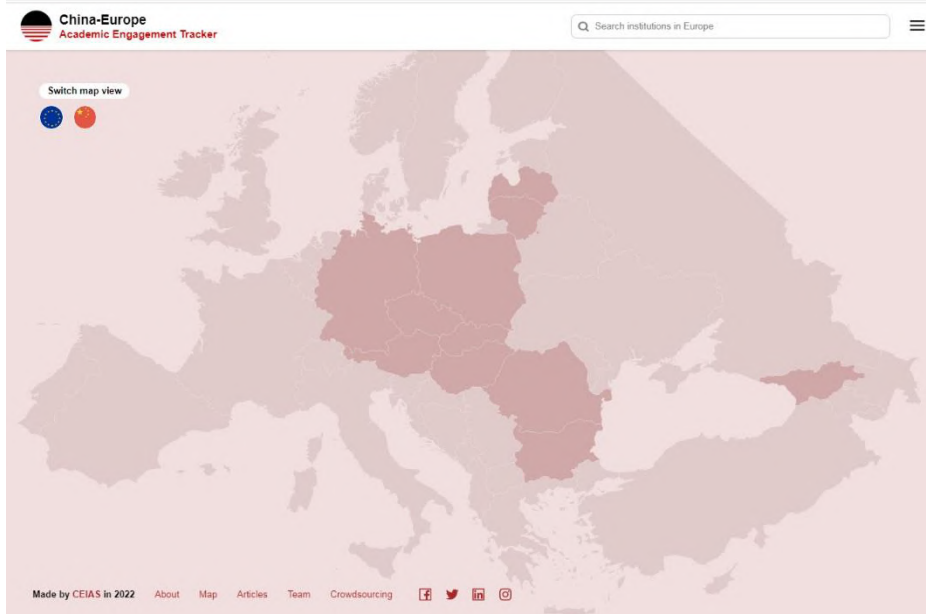
Screening mechanisms should be mandatory to detect and tackle Chinese propaganda and disinformation that has penetrated the academic, media and CSO sectors. Diversity in cooperation strategies is a must; nevertheless, we need to define the limit beyond which this collaboration involves security risks.

Below we provide several recommendation strategies for effective and risk-free soft power cooperation:

- Raise awareness
- NGO & government advocacy
- Conduct risk assessment
- Ex ante & ex post due diligence
- Guidelines (EU – convergence of approaches)
- Raise transparency
- Contract disclosure
- Improved annual reports (data disaggregation)
- Financial reporting (partner, amount, activities)
- IP governance

China-Europe Academic Engagement Tracker

The conference hosted our Slovak partners and colleagues from the Central European Institute of Asian Studies (CEIAS) presenting the China-Europe Academic Engagement Tracker. Brand new online platform evaluating Chinese academic influence in 11 European states.



<https://academytracker.ceias.eu/map/eu>

China-Europe Academic Engagement Tracker serves as a database of interactions between European academic institutions and Chinese entities. It was created by CEIAS and partners from investigated countries. The Tracker was launched in June 2022. However, due to its nature, it is subject to ongoing updates.

The tracker covers 11 countries: Austria, Bulgaria, Czech, Georgia, Germany, Hungary, Latvia, Lithuania, Poland, Romania, and Slovakia. It already contains the data concerning interactions established by 333 European academic institutions (universities, research institutes) with 741 Chinese entities.

According to the tracker, among the investigated countries, Germany and Poland have the most links established with the Chinese entities, explained by the

size of the countries. Among the top 10 European Universities that cooperate with China, all of them come from Germany and Poland, even at the individual level, those countries' universities are the most active.

It does not mean that all of these links are inherently problematic, but it is important to learn more to safeguard them.

Key Findings of the Tracker:

- At least 11 links to institutions based in Xinjiang
- Mostly German & Polish institutions (4 each), but also Bulgaria, Georgia, and Hungary (1 each)
- Links developed mostly after 2016
- 2017 – the start of mass detainment in Xinjiang
- New links were also established in 2018, 2019, and 2020
- A broad spectrum of cooperation (Confucius Institutes, student and faculty exchanges, joint research programs, etc.)
- Links to Chinese companies implicated in human rights abuses

PRC's Information Warfare - Implications/Deterrence Strategies under the New NATO Strategy, following up on Madrid Summit

Nowadays, hybrid and asymmetric threats represent systemic competition, as they seek to undermine the rules-based international order. PRC is among those international actors actively exploiting the information space for their own benefit. Therefore, fighting misinformation and communication strategies have become part of preserving rules-based world order.

EU's Turn to Systemic Rivalry with China, amid Russia's war in Ukraine

The European Union has gradually turned to systemic rivalry with China and Russia's war aggression in Ukraine only reinforced this European political approach.

Previously, the European Union has been widely expanding its trade relations with the PRC. The Union also actively engaged China in its climate change policies. However, tendencies started to change gradually, and March 2019 EU report portrayed China as a competitor, as a rivalry. In 2020, the EU, together with the US and Canada, already declared human rights sanctions based on the Chinese human rights abuses against the Xinjiang population that led to the PRC government imposing its own sanctions on the EU parliamentarians and those working for other western organizations. The EU investment agreement with China initially ended in 2019, and the Union decided to halt extending the relations due to the claims that it could not negotiate a deal with the power that puts sanctions on elected politicians in the EU.

Meanwhile, there were significant shifts in the PRC's foreign policy strategies. Xi Jinping broke his two months of Covid-19 isolation by meeting with Putin in Beijing on February 4th. They made a joint statement concerning how the world

order should be run. This was the turning point when China first criticized NATO and its expansion for the first time. According to our speaker, China tried to fake neutrality in the Russian-Ukrainian war. Its actual positioning was well-portrayed through the CCP-controlled media, which backed up Russia's story building after a week of the war. Nowadays, it is clear to the EU that China is not acting in good faith. On April 1, during the EU-China summit, the EU leadership insisted talks about the PRC abstaining from imposing the sanctions on Russia and urged it to officially condemn Russia's invasion of Ukraine, which China never accomplished.

Chinese Communication Strategy: Information Manipulation, Challenges, and Lessons to Learn from Russia-Ukraine War

China clearly chose the position on Russia's aggression against Ukraine while claiming not to have chosen one. When assigning blame, the Chinese messaging is directed towards the US and NATO. Up to the war in Ukraine, we saw occasional amplification of Russian messaging on China - in the context of the Covid-19 pandemic, US-sponsored bio labs. China's repetition of the Russian narrative has become stronger under the current war. The PRC's misinformation states that Ukraine cannot rely on its western partners. Moreover, based on the Afghanistan case, the Chinese storyline argues that the US is not a reliable partner for Taiwan. The question has always been: are the repeated narratives a result of Sino-Russian joint work? – It remains an open question with no direct evidence, as China has not picked up all the messages from Russia. Russian conspiracy theories have not been actively portrayed in the Chinese media. Chinese messaging picks up narratives that fit into the Chinese long-term messaging or interests to reshape views towards democracy, delegitimizing NATO, and present China as the champion of the developing world.

PRC's information manipulation goes beyond just messaging. When it comes to the Chinese activities, it is not just disinformation or messaging but information manipulation – a more comprehensive, coordinated effort to manipulate space. The Chinese Communist Party not only pursues domestic censorship, but its efforts also reach outside China and impact organizations. The NBA case is well-known, as the team's manager put out a tweet supportive of Hong Kong's protestors, and in return, the team and the NBA suffered economic consequences. H&M also had been boycotted and lost online retails after raising concerns about Xinjiang Cotton-business. In general, Hong Kong and Taiwan have been at the

forefront regarding disinformation, representing the first clear evidence of what China has been doing on social media.

Threats brought by Chinese Smart-City concepts and digital surveillance technologies

One of the speakers talked about the Smart City concept introduced by the Chinese to Central Asia in the early 2000s as one of the strategic directions. The PRC came later in the region through developing tech startups with the help of such notorious Chinese companies as HUAWEI. All Central Asian countries have already adopted some components of the smart-city systems, except Turkmenistan. They started installing equipment in the big intersectional cities to monitor traffic and movement of people or just to catch opponents or identify criminals (if the similarity is 25%). The authorities neglect to perceive the usage of the Chinese smart-city systems as a threat, violating the rights of the citizens. Information investment from China also comes as an alignment of credit, and countries easily fall under it; they choose short-sided approaches.

Russia's disinformation tactics, the cases of Georgia and Ukraine

The case was presented by Georgian experts. According to their presentation Russia's media manipulation strategy is quite diverse and involves fake information, distorted facts, imbalanced broadcast, injustice, abundance, inaccuracy, biased attitude, visual manipulation, cross-campaigning, falsification of translation, manipulative presentation of history, informational space saturation, musical decoration, and any other manipulative acts which could be used for propaganda. Media outlets present the neighboring states as „enemies“; accordingly, the current crises are blamed on those under the "enemy" status. Three of the most rated TV channels in Russia, “первый канал”, “Россия 1”, and “НТВ” play a significant role in spreading the negative narratives about Georgia and Ukraine. Even during a Covid-19 pandemic, the blame for the deteriorated pandemic situation in Russia was on Georgia due to the existence of the US-funded Lugar laboratory here.

For Russia, NATO is the number one threat to its expansion of regional security. Kremlin media summed up Angela Merkel's main merits concerning the NATO expansion, emphasizing the refusal to grant the MAP to Georgia in 2008. Therefore, the Russian media is actively using Georgia as the image of one of the

enemies, posing both military (NATO expansion and military bases) and biological (Lugar Laboratory) threats. The Kremlin's messages regarding the “collective West” and Georgia are harsh and radical. The main line of coverage is the “imperialist” rights of Greater Russia, and its field of influence is the post-Soviet countries. In case of crossing the “red lines”, the Kremlin media openly prepares its target audience to justify the attack on Georgia. Ukraine’s case was identified as similar by nature.

Kremlin media preaches the inevitable collapse of Georgia, mainly due to the Turkish influence. But Turkey itself is presented as an ally “worth of negotiation”. The Kremlin media view the gas pipeline and energy dependence as powerful leverage to increase influence on the EU and the countries aspiring to the EU (Georgia, Ukraine). Moreover, in the Kremlin media, the mission of Greater Russia is strongly linked to the “preservation of orthodoxy and traditions” as a counterweight to the “Destruction of values” of the collective West. Stalin was replaced with Alexander Nevsky – a historical figure associated with the church. Stalin is now considered “the representative of the Georgian nation” in the Kremlin media. While the Kremlin media present Mikheil Saakashvili as an image of a defeated person abandoned by the West. However, the Kremlin media refers to the so-called “multi-dimensional communication strategy” and presents Saakashvili as an image of a victim of rising corruption in Ukraine.

All the panelists agreed that it is crucial to work pro-actively on fact-checking and bringing information to the post-soviet societies. “Stop Fake”- big platform in Ukraine, operating and tackling disinformation since 2014.

China as a Military Power - Security Implications for NATO

Chinese topic was put on NATO's agenda since 2011. NATO launched the systemic process and its member states started focusing on the challenges the PRC could potentially pose, as well as the opportunities it could bring with its active engagement in various policies. In July 2021, North Atlantic Council issued a statement in solidarity with the malicious activities of Microsoft components, comprising one of the major turning points for NATO. In 2022, the dynamics started to change, and the Madrid summit served as a milestone event for NATO's approach toward China. Since this year, few critical developments, such as Russian-Chinese cooperation, have emerged. We saw the 4th February statement, refereed to criticizing the NATO enlargement.

As a follow-up to Russia's aggression on Ukraine, China presented a global security initiative (GSI)¹. Our experts evaluated GSI as on the one hand, supporting Russia indirectly and, on the other hand, offering peace and security to the whole world, showing the PRC's two-fold game amid the war in Ukraine. Therefore, NATO has to respond accordingly to Beijing's positioning. The alliance shares the same values, boosts shared awareness, and enhances resilience.

¹ "The GSI is underpinned by "six commitments", namely, staying committed to the vision of common, comprehensive, cooperative and sustainable security; staying committed to respecting the sovereignty and territorial integrity of all countries; staying committed to abiding by the purposes and principles of the UN Charter; staying committed to taking seriously the legitimate security concerns of all countries; staying committed to peacefully resolving differences and disputes between countries through dialogue and consultation; and staying committed to maintaining security in both traditional and non-traditional domains. This major Initiative was proposed to meet the pressing need of the international community to maintain world peace and prevent conflicts and wars, the common aspirations of all countries to uphold multilateralism and international solidarity, and the shared desire of all peoples for working together to overcome difficulties and build a better world beyond the pandemic." Source: https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbd_665378/202205/t20220519_10689356.html

To what extent is China a military power?

China is not perceived by NATO as a military threat to Euro-Atlantic security. NATO does not seek confrontation with the PRC. NATO's focus remains on the Euro-Atlantic area, as when we talk about the threats coming from China geographically, NATO is limiting itself from being engaged on the full scale. Even technically NATO representing a North Atlantic, does not cover the Pacific region. What is currently relevant for the alliance is to focus on preventing Chinese support for the Russian war, particularly its military assistance and propagandist messaging. NATO-Chinese future relations heavily depend on PRC's responses and policies to the current challenges. One cannot ignore that China is becoming more powerful in developing high-tech skills and structuring. On the other hand, the Chinese military has not been tested on the ground for many years now. Most of their experience comes from their joint military drills and exchanges with their Russian counterparts. It is a fact that their military budget is growing, but much of that spending is for their internal stability. China currently spends 1.7 % of its GDP on the military, which is expected to increase by 2% shortly. Regardless, compared to the US, it is still low. Its overall military expenditure is still less than one-third of the US's. Even though the PRC has overtaken the US navy in terms of quantity, not necessarily in terms of quality. However, China carefully studies what Russia currently does in Ukraine and how it implements its military doctrines and strategies. Seemingly, China does have the ambition to develop its military, whether it's ready or not to deploy in a way Russia does nowadays.

NATO's strategic concept, published right after Madrid's summit, underlined the threats coming from China and mentioned how the boosted Sino-Russian cooperation influences the alliance. Before the invasion, the PRC perceived NATO as a US tool, emphasizing its mental depth. One thing which is very worrying for the Chinese Communist Party is the growing cooperation between NATO and the states in the Indo-Pacific region – including Japan. More precisely, how Japan openly supported Ukraine, stated its will to assist Taiwan, and joined the sanctions against Russia. Both the PRC and Russia use the war in Ukraine to demonstrate their foreign policy interests. Global Security Initiative is the force through which China seeks to be seen as a very powerful international actor. Their primary goal is to become a superpower, leading power by the middle of the century.

When it comes to long-term visions, history has its logic. China has at least two significant challenges: 1) the Chinese population may have started shrinking, and 2) the Chinese productivity is also decreasing, as currently, the Chinese economy is in trouble.

For the PRC to become a world-leading power, five major requirements are needed:

peace, stability, prosperity, clean environment, and climate change.

However, considering its current challenges, the major question is whether it will be in the position to deliver global public goods or not?

The PRC's political system makes it impossible to develop further. From the political and communist party perspectives, it becomes impossible to make the Chinese economy more market-oriented and less centralized. Moreover, the Chinese population did not get immunity from the virus itself, which justifies the inefficiency of the Zero Covid Policy. Hence, it is less probable that China will get out of the pandemics in the future.

China's Readiness in Afghanistan & Implication for the Region

This panel examined Chinese management towards Afghanistan post-US withdrawal in August 2021. By June 2022, the Taliban has assumed leadership in Afghanistan and has maintained active engagement with regional countries, particularly the People's Republic of China.

The panel aimed to answer the following questions:

- What are Chinese perspectives of the Afghanistan situation?
- What risks and opportunities the Taliban leadership present for Beijing?
- How has Beijing been managing the Afghanistan situation in 2022?
- What more can we expect from Beijing in Afghanistan?
- Has Beijing effectively positioned itself as the "peacemaker" in the region?

Taliban and China:

- How realistic can the Taliban leadership deliver Beijing demands?
- What are prospects for Afghanistan to be included into the Belt and Road Initiative?

Regional countries and China:

- What are the most urgent issues for regional countries concerning

Afghanistan? Do these issues align with Chinese concerns of spillover effects to the region?

- How are regional countries working with Taliban and are these initiatives align with those of China?
- Do regional elites, and the local population perceive China an important player in addressing threats from Afghanistan?
- What hopes do regional countries have for Central-South Asia connectivity given possibility via a stable Afghanistan?

Russia and China:

- Do Chinese and Russian interests align towards Taliban in Afghanistan?
- What cooperative opportunities are there, and what may be competitive factors?
- International community and China:
 - Do Chinese security interests in Afghanistan align with American, European interests in Afghanistan?
 - Is there space for United States, European Union to work with China on Afghanistan issues? And is this cooperation valuable from an American, European standpoint?
 - How does Central-South Asia connectivity benefit the international community? What facilitations are international community contributes for Central-South Asia connectivity? Who are the beneficiaries?

Many countries identify China as a systemic rival according to the latter's impact on them, be it in economic, academic, or political spheres. Even though we do not look at China as hard power in terms of army or military experience, we can notice that it is heading in that direction. It is well revealed that the PRC has established military bases in Djibouti, Tajikistan, and there are negotiations to locate them in Shri Lanka and Bhutan. China is turning into an imminent problem for the region.

While thinking of any country's hard power, one should consider soft power existing beyond it. China is precisely using Afghanistan to demonstrate its soft power mechanism and wants to be perceived as a global power, which is better than the US in various terms, including as a military power.

Unfortunately, many countries, as well as international alliances, are not willing to engage in this process. Needless to say, NATO invested a lot of human and financial resources in Afghanistan, while even Afghanistan's internal social

issues, such as the protection of women's rights, cannot be solved without western involvement.

On the other hand, almost all bordering countries have engaged with the Taliban. Taliban has diplomatic representation in Russia, Turkmenistan, and the PRC (Afghan Embassy was opened in China in April 2022). The Chinese Communist Party has its key interest in Afghanistan. China functions through the domestic-centered approach, but its domestic matters usually include an international component.

It is particularly interesting how China and the US manage the activities in Afghanistan. The US supports elections procedures, while China lets the Taliban make consensus to include various tribes in government without any elections- a very bad dynamic for Afghanistan.

Another problem of the Taliban is dual power distribution. They have the official government in Kabul and an unofficial, more powerful one in Kandahar, causing various clashes of reform, making it impossible to stabilize the situation, especially in the economic domain.

China shares a very small border with Afghanistan, a non-viable corridor for critical economic activities. There are members of the Uyghur ethnicity living in Afghanistan, that deeply concerns the CCP. The core reason for engaging with the Taliban is that China is willing to establish itself as a global soft power, a peacemaker and this way, it can highlight the Western shortcomings. The global western-rules-based system might lose its ability to promote democracy and a free market worldwide. This is evidenced by the fact that the western parties and their organizations are squeezed due to the PRC's activities and its growing investments on almost every continent.

China actively uses Afghanistan to blame the US for losing its role as a global power. The Chinese Communist Party is leading the dialogue with the Taliban. Last year, China opened a bilateral working group with the new Afghan leadership on economic rebuilding, humanitarian system, and other matters. From April to June 2022, at least fifteen meetings have been held between the CCP representatives and the Taliban. How China is managing relations with Afghanistan while Russia currently has minimal capacity to deal with the Taliban is also an eye-opener for Uzbekistan, Kazakhstan, and Tajikistan, those Central Asian countries equally concerned by the instability in the country.

Moderator asked the following questions: *Do Sino-Russian policies coincide in Afghanistan? Do they also pursue coordinated activities in Central Asia?*

Many similarities are noticeable in how both the PRC and the Russian Federation see Afghanistan and their bilateral actions with the Taliban. They do not bother with the domestic affairs of Afghanistan, which leadership has lost or come to power, as long as the international instability is kept within the state and does not move beyond its borders. Uzbekistan and Kazakhstan have stated that they want Afghanistan to develop and be the country with which they can cooperate and boost friendly relations. Central Asia as a region is not integrated into the global system. Kazakhstan only joined the World Bank in 2015, and Turkmenistan has just applied for its membership. Hence, not all Central Asian countries are even members of the world bank. Therefore, they perceive the PRC as a real partner in terms of investments.

Why is the PRC seen as a potential partner for the Central Asian countries?

Central Asia is a geographically isolated region. Historically, it depended on Soviet Russia, being a part of the USSR. The war in Ukraine stipulated the idea of isolating itself from the Kremlin rule. Currently, the region's key to success in foreign policy lies in having as many partners as possible while not entirely depending on anyone. However, Central Asia is neighboring another rising power, the PRC, which is interested in stability in the region situated near its borders. It does not want to see Central Asia supporting separatism in Xinjiang, which is why the PRC tries to maintain friendly relations with the CA countries. The Chinese presence in the security domain in Tajikistan carries a specific nature, as it is the only country that shares borders with both China and Afghanistan. It is proven by many journalist reports that claim the existence of a Chinese military base in Tajikistan. Overall, Central Asia is seen as an object of major players, including the PRC, which is increasing pressure on the region as it tries to build its own sphere of security.

Indo-Pacific and the China Challenge

Worsening Security Environment in/with Japan

Japan is surrounded by big armies of the PRC, North Korea, South Korea, and it also enjoys the US military presence on its territory. Several threats can be identified in the Indo-Pacific region that jeopardizes the security environment in Japan:

- 1) North Korea constitutes the first threat with its nuclear and missile threats and abduction issues. Experts claim that there is an imminent threat of another test of a nuclear bomb coming up.
- 2) As the Chinese military expenditure is constantly rising, it attempts to unilaterally change the status quo by force in the East China Sea (including Senkaku Islands) and the South China Sea – China claims its authority over those islands, trying to send maritime security vessels to intrude to the Japanese territorial waters; contradicting and disregarding the international law.
- 3) Taiwan Strait – Japanese response is that a peaceful resolution is needed between Taiwan and China.
- 4) Northern Territories.
- 5) Economic security (supply chain risks, cyber attacks, forced tech. transfer).

Challenges in Japan's Response: Free and Open Indo-Pacific (FOIP)

Free and Open Indo-Pacific (FOIP) strengthens free and open rules-based order with QUAD, ASEAN, Europe, NATO, etc. Like the UNCLOS, it promotes the rule of law, freedom of navigation, the importance of free trade and investment, high-quality infrastructure, Maritime law enforcement, and strengthening economic security.

Hong Kong, Xinjiang and Tibet

Transnational repression is not a new diplomatic tool that China invented in Hong Kong in 2020. The PRC treats Hong Kong, Xinjiang and Tibet as its internal affairs and monitors their claim of sovereignty. We witness particularly extreme forms of pressure, control and socialization in Xinjiang. Moreover, the CCP has gathered 50 countries worldwide that recognize the “One China Policy” and state that they will not intervene in its unlawful happenings due to them being part of the internal affairs of China.

There is no solution to the situation in Hong Kong without a broader response to the PRC. The proceedings in Ukraine showed what international multilateral actions could look like, and apparently, these activities constitute various drawbacks showing the inefficiency on particular matters, particularly when it comes to preventive power. Therefore, it is crucial to speak up on the global glitches, initiate a broader response, and launch a digital dialogue to tackle the malign foreign influence more efficiently.

Is the Chinese Market Alternative for the Russian Oil and Gas? / EU Perspective in the Light of the War in Ukraine

Russian Federation is not a reliable partner due to violation of contracts and agreements it has signed with various stakeholders, international organizations, or individual states. Kremlin acts solely according to its own interests and never respects its partners' will. Meanwhile, the PRC has emerged as the most prominent agricultural hub in the world, which also appears to be the leading state in foreign trade. Its economy constitutes 20% of the global GDP. But why does China enjoy such big success on the world market? The Chinese statistics demonstrate that the country has already overcome poverty. Nevertheless, there have been vivid cases where data provided by the Chinese state is invalid and far from the actual reality. The main advantage of the PRC is its big market, giving hope to western investors that the country would finally start liberalization. This aspiration did not prove to be true. China has severe problems with freedom of the press, transparency, competitiveness, and many other core values necessary for liberalization. The business environment in China also seems to be very problematic, especially when we compare it to the European model. This is due to the lack of the rule of law, transparency, lack of investment, and financial freedoms.

Moreover, they have adopted the “debt trap” diplomacy approach, giving loans to countries (e.g., in Africa and Latin America) that are not capable of reimbursing them in due time. This occasion proves that all Chinese investments carry political scenarios. In exchange for the Chinese loan, the CCP demands political support from the debtor states in the UN or other international platforms.

Let's look at the consequences of the energy damage sanctions adopted by the EU and coordinated closely by the US and other G7 countries. China is one of those 35 states that did not condemn Russia's aggression against Ukraine. Beijing did not support the sanction policy initiated against Moscow, being very open about that and criticizing Europe for misusing its dominant position. Meanwhile, we can notice that Russia clearly intends to reorient its export due to its will to

reduce its dependency on the EU, even though Kremlin will have to pay the price. EU similarly is determined to minimize interdependence. It is only about oil exports at the moment. Russians are also trying to reorient their oil exports to other countries, specifically in Asia, by creating more space for maneuver to reduce the cost of sanctions. We have learned so far that in the first 100 days of the war in Ukraine, Russia gained 100 billion\$, and the most considerable amount came from China and Germany. More than 50% of those revenues came from exporting gas and oil, which shows Russia's positioning in the energy market is favorable.

As mentioned above, the EU craves reorienting its market and reducing its dependency on Russian oil and gas. They searched for alternative sources of gas imports from Europe (Norway), African countries, and the US. Various countries within the EU have started to improve gas diplomacy in terms of diversifying imports. Italy is working closely with Algeria, Bulgaria – with Azerbaijan, and so on.

Gas and oil producer democracies like Norway are also reorienting their imports. Last year, Norway delivered a limited number of natural resources to Europe, while 60% of its exports were destined for China. Nowadays, the situation has completely changed; almost 0% goes to the PRC, while the export of oil increased 5-7 times to European countries. .

Russia does not have oil pipelines directly to China. In early February 2022, The China National Petroleum Corp (CNPC) and Rosneft signed an agreement to supply 100 million metric tons of oil to China through Kazakhstan over ten years. Yesterday, the court of Novosibirsk altogether suspended the use of the pipeline for 30 days due to an environmental violation. If Russia theoretically can switch the export of the Hiber Carbons to the Chinese, this will bring environmental risks to Kazakhstan.

It is crucial to observe whether or not Russia plays a vital role in the Chinese energy policy. Russia is 2nd largest crude-oil and 3rd largest supplier of natural gas. China is the world's largest importer of both oil and gas. Almost 40% of Russia's exports to the PRC are predominantly crude, followed by other energy products. Chinese exports to Russia are much more diversified. Russia is China's 2nd largest supplier of crude oil, delivering 1.6 million barrels daily, almost 60% of total Chinese imports. Russia is PRC's 3rd largest natural gas supplier, after Turkmenistan and Australia, providing 16.6 billion m³ - 10% of China's total imports. Moreover, Russia is China's 2nd largest coal supplier, delivering 50 million tons, accounting for 15% of China's total imports. Russia plays a crucial role in Chinese imports. Oil and

Natural gas dependency remain high, as oil dependency increased to almost 67% last year, and the natural gas dependency rate rose to 46%.

If we look at the Sino-Russian trade relations, there is a lack of infrastructure from the Russian side. Russia's significant resources are directed towards the west, with about 70% of oil going to supply the western countries.

Sino-Armenian Trade Relations

During the conference, we have observed the Armenian experience as one of the case study countries. Armenia started to trade with China only in the 21st century. In recent years, the PRC has become the 2nd biggest partner for Armenia, after Russia. Nevertheless, Armenian exports to China are not diversified. From 2012-2019, the share of ore, slag, and ash was 88.4-99.4 percent of the total dollar value of exports to China. PRC does not invest in Armenia and the main reason behind that is the Russian dominance - companies owned or co-owned by Russian companies or depending on supplies from Russia generate about 15 percent of Armenia's GDP; The other reason for that could be the Eurasian Economic Union (EAEU) - In 2018, Beijing signed an Agreement on Economic and Trade Cooperation with EAEU that envisage 'conjunction' of the EAEU and the BRI.

Armenia also joined the International Religious Freedom or Belief Alliance in 2019. According to the Armenian Ministry of Foreign Affairs, the protection of the religious freedom of ethnic minorities is important for Armenia to protect the Armenian diaspora in different countries.

As for the shortage of investments in Armenia, the Armenian Ambassador to China explained it with the weak rule of law.

China has donated various medical equipment and vehicles to the Armenian government, including 249 busses (2011-2012); 88 ambulances (2010); 200 ambulances (2018); Vehicles to the Armenian police (2020); Pavilion for Armenian public TV and so on.

Although the PRC does not invest much in Armenia, the number of Armenian investors in China is growing. Those investments are mainly related to Nairit – one of the significant industrial factories of Soviet Armenia. It was established in 1936 and was responsible for producing 20 types of polychloroprene rubber and latex. Nevertheless, Nairit was declared bankrupt in 2016 based on a claim from the

Russian-owned Electricity Networks of Armenia. In 2001 – the Government of Armenia (GoA) approved the list of equipment of Nairit to contribute to creating a

joint venture with China. In 2003, the Shanxi-Nairit Synthetic Rubber Co (Shanxi-Nairit) was established (with a Capital – CNY 280 million (40% owned by Armenia). As of 2015, Shanxi-Nairit accumulated a loss of USD 150 million. According to the official reply to Fol's request, the GoA is not authorized to publish or provide financial statements of Shanxi-Nairit, because it owns only 40% of the company.

As for the trade between China and advanced economies, the major export of Chinese items (percent of exports) to the US in 2020:

- Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof – 21%;
- Electrical machinery and equipment and parts thereof;
- sound recorders and reproducers, television – 25%;
- No other single item has a share of more than 7%

In comparison, the Chinese exports to the EU in 2020:

Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof – 20%

- Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television – 25%
- No other single item has a share of more than 6%

Major imported items in China from the US in 2020:

- Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical – 9%
- Vehicles other than railway or tramway rolling stock and parts and accessories thereof – 8%
- Oil seeds and oleaginous fruits; miscellaneous grains, seeds, and fruit; industrial or medicinal – 8%
- Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof – 12%
- Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral – 7%

- Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television – 15%
- No other single item has a share of more than 5%

From the EU in 2020:

- Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical – 7%
- Pharmaceutical products – 9%
- Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television – 14%
- Vehicles other than railway or tramway rolling stock and parts and accessories thereof – 14%
- Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof – 17%
- No other single item has a share of more than 3%

As of late June 2022, UAE and Saudi Arabia produce as much oil as possible (the output is at maximum), while the prices for the Western countries may go up further. China, India, and other undemocratic states will try to leverage their power and buy Russian energy resources at a lower price. Since energy costs are a significant factor in any production, the cost of production of Chinese, Indian, and other goods may go down, making them more competitive. The US and EU will be obliged to impose additional tariffs. Moreover, the rising costs will affect the developing countries leading to social unrest; Democracies may handle this by implementing more sustainable policies, while authoritarian regimes (especially Russia) may revert to force.

Moderator asked that based on the sanctions against Russia, what will the picture be in half a year, namely regarding the Russian economy?

Sino-Russian trade is very different from the rest of the world. Russia relies on the exports of energy resources, and sanctions may help weaken its economic and business environment. China has a diversified economy and exports; sanctions may not work the same way as they work on Russia. Russian Federation cannot survive these sanctions for a relatively long time; Kremlin will have to give up on its aggressive policy.

PRC's Economic Diplomacy- Transportation Corridors in the Light of the New Regional Deal with China

The PRC is the only state with the intent to reshape the world order and increase its economic, diplomatic, and technological power to achieve this ultimate goal. Xi Jinping has become more oppressive at home and aggressive outside. When Russia mobilized resources to start a war in Ukraine, the ties between Beijing and Moscow deepened further. Biden administration strategy has three main components:

1) **To invest** – to boost the economy in order to ensure domestic strength and open the doors to others. Despite the pandemic last year, the US issued over 100 000 visas to Chinese students. More than 8% who pursue Ph.D. in scientific technologies stayed in America. The US supports global talents, and it has a lot to offer.

2) **To align** – the efforts with the partner states and alliances. To advance and share visions for the future with the allies. The US launched the EU-US Trade and Technology Council last year. Notably, the US government is sharpening the tools to safeguard technological capacities, guarantee better cyber security, cyber screening, and so on.

3) **To act** – within the shared values and purpose. The US is ready to compete with the PRC to defend democratic visions and values.

South Caucasus as a Transportation Corridor for China

Georgia and Azerbaijan are logistical centers of the South Caucasus region, sharing the most potential in terms of transportation and infrastructure. With the war in Ukraine and sanctions on Russia, the South Caucasus has become the central transport corridor for China to effectively deliver its goods to the West. Hence, new transportation links, roads, and railways will open in the region shortly, as the process has already been activated in Georgia and Azerbaijan. The Caspian Sea became a vital hub in terms of transportation not only for middle Asia and the South Caucasus but for Russia, as it craves to gain control over the Caspian basin. Two years ago, the hostage countries signed the memorandum regarding the legal status of the Caspian Sea. which increased its importance uncondit-

ionally. And with the current Russian-Ukrainian war in the region, its significance became directly related to China's economic interests.

PRC's Global Economic Governance Mechanism

There are three governance mechanisms China uses worldwide:

1) It promotes **multilateralism** – maintaining a horizontal competition mechanism to strengthen vertical control. For instance, China is not interested in having institutions in Kenya; from an African perspective, it uses a flexible umbrella to manage bilateral relations. It creates a picture of being a very powerful actor. Regarding Central Europe, the PRC uses a labor approach in terms of agricultural and other domains. Nevertheless, the goal to maintain horizontal competition remains the same.

2) **Social Networks** – to boost relations with the local elites. For instance, while traveling to Kenya, one can realize that the Kenyan president indeed craves to establish close economic and political ties with the PRC. China is a part of the domestic agenda, and elites in African countries are very happy with that. The absence of party relations in Kenya only contributes to this situation. When it comes to Thailand, the social network is more complex due to the Chinese diaspora, even though there is no political party system like in Kenya.

3) **Flying enthusiasm**, mobilization, and the lack of politics – are all about narratives. Regarding central Europe, the PRC uses traditional friendships from the socialist past and promising incentives.

PRC's "Debt Trap" policy in Central Asia, the case of Kazakhstan

Regardless of all the alterations, the Belt and Road Initiative is kept alive due to its political nature. The latter is perceived more as a political project, which in reality requires substantive corrections as, currently, it contains several challenges. Access to the global project depends on the ability of China to tailor policy and the implementation of the BRI projects in accordance with the international standards and norms constitutes a problem itself. Furthermore, debt diplomacy (debts paid by Sri Lanka, Pakistan, Zambia, and so on) is still not put in the frame of international understanding, even though the latest World Economic Forum global risk report of 2021 mentioned debt diplomacy as one of the core challenges. On the practical level, not many changes have occurred recently, possibly due to its political label.

More and more countries do come to China to pay tribute. Central Asia was the one that presented the idea of the maritime circle – connecting PRC to Central

Asia to Nairobi and links back to Europe – in order to facilitate trade exchanges. Moreover, the PRC challenges the GPS navigation systems; it also spends billions of dollars on greener infrastructure and seeks even more economic opportunities.

The Kazakh president welcomed the Chinese Belt and Road Initiative since its launch. From 2013-2020 the PRC invested about 18.5 billion in Kazakhstan under BRI. In 2021 the World Bank predicted that Kazakhstan's GDP would increase to 21%. From an official perspective, the ministry of industry interpreted the WB statement as if Kazakhstan's 112 infrastructure projects were to be implemented under the Chinese initiative. Moreover, on June 23rd, 2022, Kazakh Investors met with the China Railway Construction Corporation to expand the scope of joint activities. As a result, the Chinese partners are willing to invest 100 million in projects in Kazakhstan. The PRC also plans to invest in Kazakhstan's agro-industrial sector, metallurgical complex, real estate and transport, and logistics. Together with that, the middle transportation corridor is seen as an alternative transportation corridor by the CCP amid the war in Ukraine.

Local officials justify the growing Chinese economic influence for various reasons. They claim to create job opportunities for the citizens through Chinese investments, ensure labor safety, and so on. The practice shows that the Chinese companies' activities are not transparent. They rarely hire local citizens (Although this term is sometimes stipulated in the contract signed between the parties), and they are blamed for various misconduct, including the violation of the local legislation. Kazakhstan was among the first ten countries (out of 165) where hidden debt was more than 10% of its GDP. 35% of the projects under BRI bring problems related to corruption, environmental damage, violation of workers' rights, etc.

PRC's "Debt Trap" policy in Central Asia, the case of Kyrgyzstan

From 2008 to 2015, Kyrgyzstan has taken nine loans from the notorious Chinese Exim bank in order to implement and finance infrastructural projects for the reconstruction of roads and bridges, as well as for initiatives in the energy sector.

Below, one can see the six roads and bridges construction projects implemented by the China Corporation with the Chinese loans:

1. Osh-Sary-Tash-Irkeshtam Road rehabilitation (December 10, 2008) – 75.290 MM USD.

2. Bishkek-Naryn-Toruqart Road rehabilitation (October 15, 2009) – 199.999 MM USD.
3. Osh-Batken-Isfana and Bishkek-Balykchi Roads rehabilitation (December 4, 2012) - 129.825 MM USD.
4. Alternative road North-South: Kazarman-Jalal-Abad and Balykchi-Aral; NO. (281) (September 11, 2013) – 399.989 MM USD.
5. Alternative road North-South: Aral-Kazarman; NO. (346) (June 15, 2015) – 185.254 MM USD.
6. Alternative road North-South: Aral-Kazarman; NO. (548) (June 15, 2015) – 697.562 MM RMB.

Meanwhile, trade disputes around Chinese goods transpire in the Central Asian region. Kazakhstan believes that Kyrgyzstan is smuggling Chinese goods through its territory. Since March 2022, 300 trucks have accumulated daily on the border between Kyrgyzstan and Kazakhstan.

Overall, the „Corrosive Capital” deriving from the PRC significantly affects Central Asia countries. Notably, the Chinese BRI negatively impacts governance and creates the ground for further corruption and a “debt trap”. For building massive infrastructure objects, the Central Asian states should adjust to greater regulation, transparency, law enforcement, the integrity of officials and members of the parliament, and civil activism. Undoubtedly, financial prosperity is essential, but the moral choice is even more critical for the welfare of every state.

It is important to note that despite the numerous global challenges, be it the pandemic or war, Chinese influence continues to grow in different domains and countries, adopting new shapes, policies, and functions, and sometimes taking hazardous faces. We intend to continue discussions on the abovementioned issues in various formats, including arranging the fourth international conference in Georgia next year, to update information and the scope of analysis on China's influences worldwide.

List of Participants

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4. **Akira Imamura** – Ambassador Extraordinary and Plenipotentiary of Japan to Georgia
5. **David Aptsiauri** – Former Georgian Ambassador to the PRC
6. **Khatuna Samnidze** – Member of Parliament, Republican Party
7. **Teona Aqubardia** – Member of Parliament, Strategy Agmashenebeli
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19. **Ttcat** – Doublethink Lab (Online)
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