

# **Europe, China, and the future of democracy**

**A proposal for a Volt policy on China**

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## Proposal

Herewith we propose to change the Mapping of Policies V7 in the following way:

Under **“Challenge +1 EU Reform”** → **“Foreign & Neighborhood Policy Reform”** add the category **“E. EU China Policy”**.

The content of this new category will be composed of all policy recommendation paragraphs listed in this document.

We recognise that a policy group is currently working on completing Volt’s foreign policy on subjects that are not yet covered by the MOP. The EU-China proposal is a part of Volt’s foreign policy and can be included in the MOP now.

## I. Why is it important to draft a China policy?

Years of double-digit economic growth, a quickly modernising industry, a rapidly developing military, and a vast population have elevated China's prominence to that of an emerging superpower. Its capabilities and size make China essential in addressing global challenges, but also grant the Chinese government a significant leverage in international affairs. The authoritarian rule of the Chinese Communist Party (CCP) with its disregard for democratic principles at home, much less abroad, raises further challenges.

China's complexity gives rise to misconceptions, which in turn causes political misjudgements. China's significance on the world stage and its complex nature warrant a tailor-made approach. This policy document sheds light on the challenges that China brings about for Europe and provides a values-based approach to address these effectively.

## II. Volt Europa's approach

Volt Europa strives for peaceful, constructive and respectful collaboration with foreign countries and governments to address challenges of mutual concern, to deepen cooperation and to develop new opportunities - including with the People's Republic of China (PRC). At the same time, Volt believes that Europe's foreign relations should be founded on respect for peaceful multilateralism, the rules-based order, the universality of democratic principles, human rights, and sustainability.<sup>1</sup> Europe's huge (potential) economic strength provides it with the leverage it needs to play a major role in international relations.<sup>2</sup>

We apply the same inseparable convictions on our relations with all countries and regions of the world - including the PRC. On this foundation, Volt is committed to a constructive collaboration between Europe and China, without reneging on our core commitments. Volt Europa emphasizes that the EU shall speak with one voice and shall act unanimously. Volt Europa advocates for coordinating this approach in cooperation with like minded nations and strategic partners that face similar challenges in relation to the PRC.

This does in no way mean we want to deny the Chinese people their economic ascent. Without any reservation, Volt Europa acknowledges the historical achievement of hundreds of millions of Chinese people to lift themselves out of poverty. This unique accomplishment, which eradicated famine and misery in a short period of time, deserves the world's

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<sup>1</sup> Human rights stand at the core of both the UN and the EU.

<sup>2</sup> Europe is both the largest source of foreign direct investment and development cooperation funds and has an economy that is several billion Euros larger than China's, in terms of nominal GDP (2019).

appreciation. Every single human has the right to live a life free from hunger and oppression.

### III. The PRC today

When China's reform policy began in the late 1970's, old-style restrictions were gradually lifted, allowing its huge population to engage in economic activities. Hundreds of millions of Chinese people seized the new economic opportunities. This positive climate gave rise to increased international cooperation,<sup>3</sup> which in turn raised expectations that this would accelerate the PRC's transition away from state-directed economic planning and towards a more open, market-driven model of development.

Following the model that wealth leads to political reform, many expected the PRC to become increasingly democratic and free.<sup>4</sup> For decades, democratic countries engaged with the PRC, encouraged its ever increasing participation in the international community and its credible commitment to a multilateral system.

Today's reality presents a completely different picture. Under Xi Jinping, the CCP took its rulership to a new level: it is omnipresent in every sector of China, including governance, business, the army, academia and civil society. A threat against the Party is considered a threat against the country as a whole, which grants it the tools to suppress those who disagree with the CCP's choices of governance. The divinization of Xi Jinping and his consolidation of power stifles internal reform in the CCP as cadres who promote the country's interests over that of the leadership are purged from the ranks.

All this amounts to a new reality. The leadership of the PRC is running a course that poses far reaching challenges to global peace and undermines, even attacks<sup>5</sup> the universality of democratic principles - and are unlike any other.

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<sup>3</sup> One of the most prominent examples being Volkswagen. After having started contacts back in 1978, it was in October 1984 that SAIC Volkswagen Corporation Ltd, the first joint venture of Volkswagen Group in China, laid the foundation in Shanghai. Nowadays SAIC is China's largest automaker.

<sup>4</sup> As the widespread view at that time suggested, many people believed that it's not possible to combine an open market with an authoritarian state model even if some voices stated already in 1989 that in and for China this would be perfectly possible (just a little self-praise: Hartwig B. among them).

<sup>5</sup> There are indications that in fall 2019 the leadership approved a course to from then on disregard and ignore any foreign criticism, any previously done own commitment, any respect for principles and values - except their own nationalistic, aggressive superpower-politics.

## A. Human rights

Amnesty International describes the human rights situation in China for 2019 as follows:

“The human rights situation continue[s] to be marked by a systematic crackdown on dissent. The justice system remained plagued by unfair trials and torture and other ill-treatment in detention. China still classified information on its extensive use of the death penalty as a state secret. Repression conducted under the guise of ‘anti-separatism’ or ‘counter-terrorism’ remained particularly severe in the Xinjiang Uighur Autonomous Region and Tibetan-populated areas. Authorities subjected Uighurs, Kazakhs and other predominantly Muslim ethnic groups in Xinjiang to intrusive surveillance, arbitrary detention and forced indoctrination.”<sup>6</sup>

This conclusion finds support from various other civil society organisations<sup>7</sup> and, surprisingly, from CCP internal documents itself. The leaked *Communiqué on the Current State of the Ideological Sphere* warns of dangerous ‘Western values’, including media freedom and judicial independence and forbids teaching on any of these topics. The document emphasises controlling online communication and preventing ideas subversive to one party rule.<sup>8</sup>

### Suppression of ethnic minorities

People from the Han ethnicity make up over 90 percent of the Chinese population, while the remainder belongs to one of the other 55 ethnicities. The Chinese government promotes the assimilation of minorities with China’s majority,<sup>9</sup> which threatens the preservation of local culture, customs and languages.<sup>9</sup> Unfortunately, there are even greater concerns.

The Chinese government has reportedly detained more than a million Muslims in what it calls ‘reeducation camps’. Most of the people who have been arbitrarily detained are Uighur, a predominantly Turkic-speaking ethnic group primarily from China’s northwestern region of Xinjiang, have never been charged with crimes and have no legal avenues to challenge their detentions. Often, their only crime is being Muslim, human rights groups say, adding that many Uighurs have been labeled as extremists simply for

<sup>6</sup> <https://www.amnesty.org/en/countries/asia-and-the-pacific/china/>

<sup>7</sup> <https://www.hrw.org/world-report/2020/country-chapters/china-and-tibet#>

China scores particularly badly on press freedom, where it only performs better than North Korea, Turkmenistan and Eritrea, according to Reporters Without Borders. [https://rsf.org/en/ranking\\_table](https://rsf.org/en/ranking_table)

<sup>8</sup> <https://www.chinafile.com/document-9-chinafile-translation> The Communiqué on the Current State of the Ideological Sphere also known as ‘Document No.9’ is a leaked internal CCP document which started to circulate shortly after Xi’s rise to power. Within the document, party cadres are warned about the dangers, democratic and human rights pose for the survival of the CCP.

<sup>9</sup> <https://www.hrw.org/news/2020/04/15/tibet-its-crime-even-talk-about-value-mother-tongue-education>

practicing their religion.<sup>10</sup> Tibetans, whose territory was violently occupied and annexed by the PRC, also live under heavy scrutiny and repression and are limited in expressing their culture, particularly in relation to their religion.<sup>11</sup>

### Political repression of human rights defenders, journalists and others

The space for human rights defenders (HRDs) to freely carry out their work in China continues to shrink. The authorities systematically subject HRDs to surveillance, harassment, intimidation, detention and imprisonment. Many activists and HRDs are prosecuted on vague and overly broad charges such as ‘subverting state power’, ‘inciting subversion of state power’ and ‘picking quarrels and provoking trouble’. Many are held incommunicado on suspicion of involvement in state security crimes. This form of detention allowed the police to detain individuals suspected of such crimes for up to six months in an unknown location outside the formal detention system with suspects denied access to legal counsel and families. Family members of HRDs are subject to police surveillance, harassment and restrictions on their freedom of movement.<sup>12</sup>

### Hong Kong

In 1997, the then British crown colony of Hong Kong was transferred back to China and integrated as a Special Administrative Region of the PRC. The negotiations between the UK and the PRC guaranteed the people of Hong Kong at least 50 years of certain political and economic freedoms, including freedom of speech, freedom of assembly, the freedom to vote and beneficial international trade relations. These commitments are recorded in the Sino-British Joint Declaration, which is submitted at the UN as an international treaty, and resulted in ‘One country, two systems’.<sup>13</sup>

On June 30, 2020, the central government of the PRC enacted the Hong Kong national security law, thereby bypassing the Hong Kong legislature. It significantly limits the freedoms of the people of Hong Kong that were originally guaranteed by China and the United Kingdom in 1997. The enactment of this law is a severe violation of ‘One Country, Two Systems’ and of the Sino-British Joint Declaration. This shows the CCP’s disregard for

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<sup>10</sup> Reasons for incarceration include traveling to or contacting people from any of the twenty-six countries China considers sensitive, such as Turkey and Afghanistan; attending services at mosques; having more than three children; sending texts containing Quranic verses; wearing a veil; and visiting foreign websites.

<https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=23452&LangID=E>,  
<https://www.cfr.org/backgrounder/chinas-repression-uighurs-xinjiang#:~:text=More%20than%20a%20million%20Muslims,the%20government's%20crackdown%20on%20Uighurs.&text=The%20Chinese%20government%20has%20reportedly,million%20Muslims%20in%20reeducation%20camps>,  
<https://www.nytimes.com/interactive/2019/11/16/world/asia/china-xinjiang-documents.html>,  
<https://www.amnesty.org/en/latest/news/2018/08/china-systematic-repression-of-ethnic-minorities-laid-bare-in-un-findings/>

<sup>11</sup> <https://www.hrw.org/news/2000/06/13/human-rights-violations-tibet>

<sup>12</sup> <https://www.amnesty.org/en/countries/asia-and-the-pacific/china/report-china/>

<sup>13</sup> <https://treaties.un.org/Pages/showDetails.aspx?objid=08000002800d4d6e&clang=en>

international law and the rightful demands of the people of Hong Kong for a democratic way of life.

## Foreigners

The Chinese government is highly sensitive to criticism and systematically suppresses voices it deems undesirable. Practice shows that foreigners, particularly those of Chinese ethnicity, are not safe from persecution. For instance, the Swedish national Gui Minhai is currently imprisoned in China without access to consular support. In addition, the Chinese government claims that he has 'voluntarily' revoked his Swedish nationality and applied for his Chinese nationality to be restored.<sup>14</sup>

Moreover, the arbitrary detention in China of Canadian citizens Michael Kovrig and Michael Spavor in response to the house arrest of Huawei executive Meng Wanzhou shows that the Chinese government is ready to use diplomatic hostages if needed.<sup>15</sup>

This shows that every person from any country, so Europeans too, are at risk of being arbitrarily detained in the PRC for exercising their right to freedom of expression outside of China.

## The universality of human rights

Internationally, the CCP disputes the universality of human rights by shifting the focus to economic rights and promoting the principle of sovereignty: individual rights are seen as less important and countries should not interfere in each other's 'internal affairs'. It does so because it considers individual rights a threat to its rule.<sup>16</sup> The CCP is increasingly successful with this approach in multilateral forums, including in the United Nations.<sup>17</sup> This approach not only supports the legitimacy of the CCP's regime in China, but also emboldens authoritarian leaders in other countries.<sup>18</sup>

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<sup>14</sup> The Swedish national Gui Minhai has since 2015 been in Chinese custody for his employment at a Hong Kong bookstore that sells works critical of the CCP. The Chinese government does not allow Swedish consular officials to visit Gui, because they say he gave up his Swedish nationality in exchange for Chinese citizenship. Gui's whereabouts are unknown, except for the Chinese government.

<sup>15</sup> Spokesperson of China's Foreign Ministry Zhao Lijian said on June 24, 2020, that Canadian judges decide the fate of Kovrig and Spavor ('除了你提到的有关报道, 我们也看到, 23日, 康明凯妻子接受采访时称, 加拿大司法部长有权在任何时刻终止孟晚舟的引渡程序, 这样做符合法治, 也有利于解决两位加拿大公民的问题').

<sup>16</sup> Internal CCP documents show its view that democratic principles and rights are incompatible with the continuity of CCP rule. <https://www.chinafile.com/document-9-chinafile-translation>

<sup>17</sup> China is successful in this endeavor. Examples: 50+ countries praising Security Law in the UN Human Rights Council (led by Cuba) and 50+ countries lauding China's security policy in Xinjiang (led by Belarus). China also tries to incorporate ambiguous language that seems innocent, but actually chips away at the democratic values that are the foundation of the international community (for example, 'a community of shared future for mankind').

<sup>18</sup> The current government of the PRC is promoting an alternative model of governance, which is mostly autocratic and differs from the democratic one desired by the EU. Last year, the European Union published a strategic outlook paper in which it labelled China as a "systemic rival", reflecting a sharp change in its balance of assumptions about the Sino-European relationship. [https://www.ecfr.eu/publications/summary/the\\_meaning\\_of\\_systemic\\_rivalry\\_europe\\_and\\_china\\_beyond\\_the\\_pandemic](https://www.ecfr.eu/publications/summary/the_meaning_of_systemic_rivalry_europe_and_china_beyond_the_pandemic)



## Policy recommendations

VOLT acknowledges that human rights are universal and inalienable, indivisible, interdependent and interrelated. They are universal because everyone is born with and possesses the same rights, regardless of where they live, their gender or race, or their religious, cultural or ethnic background.<sup>19</sup> VOLT refutes the alleged contradiction between economic and political rights and rejects the argument that governments can limit human rights based on national sovereignty.

Therefore, Europe should:

1. Consider the safety and the rights of its citizens abroad as a top priority and, if necessary, use diplomatic as well as economic pressure to force foreign governments to respect the legal protection EU nationals enjoy under international law.<sup>20</sup>
2. Set up a targeted sanctions regime with which it can sanction human rights offenders, freeze their assets and ban them and their relations who benefit from said human rights violations from entering the EU.<sup>21</sup>
3. Collaborate with the Chinese government to promote human rights that the CCP considers less controversial, including gender rights and economic rights.
4. Provide a platform to victims of human rights abuses to speak out and support them in their pursuit of justice.
5. In response to the situation in Hong Kong:
  - a. Impose restrictive measures on persons and organisations that endanger the liberties of the people of Hong Kong,
  - b. Work with the United Kingdom in seeking legal redress against the PRC government,
  - c. Refrain from extraditing individuals to Hong Kong when the request might be politically motivated or when extradition might lead to a violation of the suspect's human rights,
  - d. Offer Hong Kong citizens easy ways to settle down in Europe.

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<sup>19</sup> <https://www.unfpa.org/resources/human-rights-principles>

<sup>20</sup> Diplomatic pressure includes but is not limited to the expulsion of diplomats and the suspension of collaboration and/or dialogue. Economic pressure includes targeted sanctions and restricting state-owned enterprises of the respective government access to the EU market.

<sup>21</sup> Targets of sanctions may include individuals, businesses and governmental organisations. Inspiration can be drawn from the US Magnitsky Act, <https://www.state.gov/global-magnitsky-act/>

6. Use its diplomatic and economic leverage to push back against any attempts by the PRC or other states to undermine the universality of human rights.

## B. Climate

China's participation in the realization of the goals of the Paris Agreement is vital. It emits more greenhouse gases than any other country in the world (27% of global emissions), and it is the world's largest consumer of coal. The potential environmental and climate gain is therefore huge. China's climate goals are less ambitious than Europe's; instead, it invokes its status as a developing country to argue for 'common but differentiated responsibilities'. China's Nationally Determined Contribution (NDC) submitted under the Paris Agreement stipulates that greenhouse gas emissions will peak in 2030 and fall thereafter, and that by 2030 carbon intensity per unit of GDP will have fallen by 60-65% compared with 2005. *Climate Action Tracker* labels China's NDC as a 'highly insufficient' contribution to the effort to limit global warming to 2 degrees Celsius.<sup>22</sup>

Climate adaptation, in particular, is a major challenge on which China and Europe should join forces. After all, China is already experiencing the effects of climate change. Alongside domestic measures, China could also play a greater role in promoting international climate adaptation. China's upscaling capacity is also of great importance in achieving climate goals.

Tackling climate change inside the PRC is an uphill struggle. On the one hand, the world is aghast when a study from 2019 shows that a rise in CFC-11 is caused by gas production in China.<sup>23</sup> On the other hand, a huge number of (mostly local) civil society actors desperately try to achieve progress stepwise, as well as international NGOs such as Greenpeace, WWF and Friends of the Earth which are active in the PRC and Hong Kong. All of them need and deserve support.

### Policy recommendations

1. In order to fight climate change more effectively, Volt calls on the Chinese government to peak its emissions before 2030 and achieve

<sup>22</sup> <https://climateactiontracker.org/countries/china/>

To become climate neutral, China must drastically reduce its use of coal. Continued development of renewable energy – China has set itself a target of 20% renewable energy by 2030 – can play a role in this. China is simultaneously the world's largest consumer of coal and the largest developer of renewable energy – so the choice it makes, domestically and abroad, between the technology of the past versus the renewable future will have a lasting effect on the world's ability to limit global warming.

<https://www.government.nl/documents/policy-notes/2019/05/15/china-strategy-the-netherlands--china-a-new-balance>

<sup>23</sup> <https://www.bbc.com/news/science-environment-48353341> CFC-11 is a chemical that has been banned since 1987 and was due to phase out by 2010, due to its high danger to the ozone layer. The paper seems to confirm beyond any reasonable doubt that some 40-60% of the increase in emissions is coming from provinces in Eastern China - seemingly uncontrolled.

net climate neutrality by 2050, in line with the EU's ambition. Both sides should cooperate in these issues.

2. Volt calls on the EU to apply a carbon tax on products imported from China and other non-EU countries.<sup>24</sup>
3. Volt supports continued and expanded cooperation with China on climate change, renewable energy, the circular economy, sustainable mobility and environmental technology.
4. Volt calls on Europe to support environmental NGOs and activists to promote awareness and knowledge of climate change among Chinese citizens.

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<sup>24</sup> This recommendation stems from the Mapping of Policies.

## C. Europe

CCP foreign influence operations threaten the security of Europeans and undermine European unity. These operations, through which the Chinese government aims to control how Europeans speak, think and act about China are undesirable, because they undermine fundamental values, such as freedom of expression and other basic freedoms.<sup>25</sup>

A recent example of this strategy is the attempt of the Chinese government to improve its image in relation to COVID-19: it promotes a narrative that questions the origin of the virus in Wuhan, praises the response of the Chinese government to the outbreak, and criticizes that of foreign (democratic) governments.

An important instrument in this strategy are the 'Confucius Institutes' whose headquarters were formally known as Hanban. To hide its character as a government entity its name was changed to Center for Language Education and Cooperation in July 2020.<sup>26</sup> An earlier plan stated that by the end of 2020 there shall be around 1,000 Confucius Institutes on all continents. In a number of cases controversies arose, some institutes were closed down by the respective host countries ( i.e. by Sweden in 2020).

The CCP strengthens its influence by co-opting representatives of ethnic minority groups, religious movements, (Chinese language) media outlets, and business, science and political groups. It claims the right to speak on behalf of those groups and uses them to claim legitimacy. Europeans who resist these influence operations or criticise the CCP run the risk of being intimidated by agents of the Chinese state agents, particularly the Chinese diaspora.<sup>27</sup>

Many Europeans citizens and residents rely on Chinese communication services to interact amongst themselves and friends and relatives in China. These services include WeChat, Weibo, Tiktok and Baidu Search and belong

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<sup>25</sup> China has various ways of trying to make the world more 'China-friendly', for example by muting critical voices. In doing so, it tends to focus on sectors such as politics and government, the media, academia and Chinese overseas communities. China employs a coordinated mix of open and covert methods, using a wide range of actors, including businesspeople, diplomats, students and intelligence officers. The Dutch intelligence service AIVD notes that China attempts to influence opinions and publications about their own country through educational and knowledge institutions. The risk here is that this could create a dependency, for example when research is funded by the country concerned or focuses on developments in that country and necessitates travel to it. Something similar applies to journalists. For example, the authorities may threaten to withhold work permits if journalists' publications are unwelcome. The AIVD also reports that China is prepared to influence and pressure their nationals and former nationals who have emigrated. Some groups are targeted because they disseminate information displeasing to China. Other groups, by contrast, actively support the aims of the CCP.

<sup>26</sup> <https://en.wikipedia.org/wiki/Hanban>

<sup>27</sup> Uighurs living in Germany, the Netherlands, Finland, Sweden, and France have complained of intimidation by Beijing, some of whom are European citizens.  
<https://www.theguardian.com/world/2019/oct/17/think-of-your-family-china-threatens-european-citizens-over-xinjiang-protests>

to Chinese IT giants such as Baidu, Alibaba, Tencent and Bytedance. To comply with Chinese security laws, these companies censor private conversations of users in China and abroad through sophisticated algorithms. Moreover, various sources claim that millions of WeChat conversations held inside and outside China are flagged, collected and stored in a database connected to public security agencies in China on a daily basis.<sup>28</sup> This grants the Chinese government undesirable access to digital information of European citizens and residents.

PRC officials, internet trolls (五毛党) and bots are increasingly active on English language social media platforms to spread misinformation. These efforts are undertaken to reshape the global news landscape with a China-friendly narrative. This misleads social media users and creates the impression that China and its government's decisions enjoy mainstream support.

The above mentioned challenges undermine social cohesion, exacerbate racial tension, influence politics, harm media integrity, facilitate espionage, and increase unsupervised technology transfer.<sup>29</sup>

Finally, the PRC uses its leverage in bilateral relations with EU member states to undermine European unity. The Cooperation between China and Central and Eastern European Countries and the Belt and Road Forum are platforms to exert its leverage.

In addition to all the political processes mentioned, Volt Europa believes that a deep cultural exchange that takes place in direct human contact is very important. By this human-to-human approach, people from Europe and China can get to know each other better and build understanding for their respective cultures. Therefore, Volt calls for a significant expansion of exchange programs for pupils and students with China. Exchanges of working professionals fosters additional understanding between Europe and China. Relaxing visa restrictions further enables such cultural exchanges between the people of Europe and China.

## Policy recommendations

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<sup>28</sup> <https://www.npr.org/2019/08/29/751116338/china-intercepts-wechat-texts-from-u-s-and-abroad-researcher-says?t=1595409037879>, <https://www.bbc.com/news/blogs-china-blog-48552907>, [https://techcrunch.com/2018/04/30/chinese-government-admits-collection-of-deleted-wechat-messages/?qucounter=1&quce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xLLmNvbS8&quce\\_referrer\\_sig=AOAAADbilLDyKGVvLlsvJgNJTwdJmXy5OYiYFJeDsK2aiHLSpzqOMXm-lns4jT6SE5EPUEiqjW4NnvSGWRMjNPwEclVkdhW-TGrm0Ge1FIE1NGBJSTZHJw639X8YPOvrSj0 tpO ZKvBw2jCTBDpRD36qvCRdGS3sSa6U0BVkC\\_vqt](https://techcrunch.com/2018/04/30/chinese-government-admits-collection-of-deleted-wechat-messages/?qucounter=1&quce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xLLmNvbS8&quce_referrer_sig=AOAAADbilLDyKGVvLlsvJgNJTwdJmXy5OYiYFJeDsK2aiHLSpzqOMXm-lns4jT6SE5EPUEiqjW4NnvSGWRMjNPwEclVkdhW-TGrm0Ge1FIE1NGBJSTZHJw639X8YPOvrSj0 tpO ZKvBw2jCTBDpRD36qvCRdGS3sSa6U0BVkC_vqt), <https://www.cnbc.com/2020/05/08/tencent-wechat-surveillance-help-censorship-in-china.html>

<sup>29</sup> The CCP does so through its united front system, a thorough analysis of which is offered by the Australian Strategic Policy Institute. Alex Joske, 'The Party Speaks For You', <https://www.aspi.org.au/report/party-speaks-you>

Europe should:

1. Demand Chinese internet platforms to guarantee their European users' freedom of expression and right to privacy. Failing to do so should result in the withdrawal of the business license.<sup>30</sup>
2. Make operation permissions of Chinese media corporations, cultural institutions and other United Front organizations conditional on reciprocity, meaning that European organisations, including government agencies, media and NGOs must enjoy the same operating space in China, including freedom of expression, as their Chinese counterparts in Europe.<sup>31</sup>
3. To counter Chinese influence operations:<sup>32</sup>
  - a. Recognise and understand the problem by carrying out studies and developing analytical capacity in government and private sector;
  - b. Develop high-level guidance and policy on countering foreign interference, issuing statements, policy documents and funding to establish it as a priority across relevant parts of the bureaucracy;
  - c. Raise awareness of united front work and foreign interference;
  - d. Create an environment supportive of transparency and willingness to prosecute agents of interference;
  - e. Protect those exposing interference;
  - f. Engage with universities to develop responses to related issues, such as monitoring and mobilisation by Chinese government-backed student association, technology transfer, economic coercion, censorship and acts of espionage;
  - g. Support and engage Chinese diaspora communities;
  - h. Build expertise on China, Chinese people, the CCP and foreign interference;
  - i. Deny visas for or expel Chinese agents of foreign interference that undermine European democracy.
4. Grant the European External Action Service a wider mandate to maintain value-based relations with the PRC and counteract PRC attempts to undermine EU unity, including in bilateral relations and international platforms.

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<sup>30</sup> This implies (1) that message content cannot be censored when doing so conflicts with the right to freedom of expression, (2) that user information cannot be shared with foreign governments when this conflicts with the right to privacy and the GDPR, and (3) that this applies to both European citizens as well as residents, both within and outside of the borders of the EU. Inability to adhere to these requirements results in revocation of operating licenses. Right to freedom of expression can legally be limited under international law, but such limitations are conditional on a number of legal checks and balances.

<sup>31</sup> With respect for the freedom of expression as guaranteed by the European Convention on Human Rights.

<sup>32</sup> From report 'The Party Speaks For You', <https://www.aspi.org.au/report/party-speaks-you>

5. Facilitate and finance personal and cultural exchange with China on all levels, from citizens to governments, from schools to organizations.<sup>33</sup> In initiating and framing such a variety of contacts the EU shall ensure full representation of the whole of society in all encounters and processes. Relaxing visa restrictions will enable such exchanges.
6. Volt representatives in the EU and national parliaments are encouraged to propose policy recommendations of this document with fellow parliamentarians.

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<sup>33</sup> With the exception of exchange of security personnel, such as the police and military forces.



## D. Development Cooperation

The PRC positions itself as a model for other countries, and particularly for developing countries. By adopting the profile of leader of the developing countries, China can claim more influence in multilateral structures 'on behalf of' this group.<sup>34</sup> African countries regularly prove willing to support China politically. Due to China's achievement of lifting more than 800 million out of poverty in only 20 years, many developing countries see China and its development model as an attractive example. This plays a major role in the political and economic relations these countries have with China.

It is hard to obtain clear information about the funding of Chinese operations in developing countries, because it is not always made public and because China's definition of development finance differs from that of Western donors under OECD-DAC rules. What is generally true is that Chinese aid and trade are closely linked: what China calls 'aid' usually consists of economic projects financed by (soft) loans and carried out by Chinese companies.<sup>35</sup> Much of China's development finance consists of commercial loans from Chinese banks. In addition, over 90% of China's development finance is provided bilaterally, with only a limited part taking the form of grants.<sup>36</sup>

China's operations in developing countries are motivated by self-interest, for example its desire to secure its economic interests and its need for raw materials.<sup>37</sup> Raw materials can be brought to China through Chinese-built ports and other infrastructure.<sup>38</sup>

While evidence suggests that China's loans are boosting Africa's development,<sup>39</sup> they also increase the debt of African countries, which

<sup>34</sup> China occasionally refers to this as South-South Cooperation.

<sup>35</sup> China's comprehensive approach is exemplified by the Addis Ababa–Djibouti Railway which went into regular commercial service 2018. Financed by China, built by Chinese companies, run until 2023 by Chinese operators it is Africa's first fully electrified cross-border railway, providing the land-locked Ethiopia a cheap and fast way to import raw materials and export finished goods. This supply line passes through the Djibouti port of Doraleh which was built by China and is complemented by China's very first overseas military base.

<sup>36</sup> Becky Carter, 'A Literature Review on China's Aid' (2017), K4D Helpdesk Report, Brighton, UK: Institute of Development Studies

<sup>37</sup> It has invested heavily in African countries that are rich in raw materials, and raw materials account for the lion's share of its imports from Africa: 95% in 2017.

ITC (2018) 'Trade Map: list of products imported by China'. <https://www.trademap.org>.

<sup>38</sup> China is involved in funding the construction of new ports and inland infrastructure along the entire coastline of the African continent.

Breuer, J. (2017) 'Two Belts, One Road?: The Role of Africa in China's Belt & Road Initiative', *Blickwechsel*, July 2017, Stiftung Asienhaus

<sup>39</sup> For example, through infrastructure construction, investment and job creation. Companies that create employment follow in the wake of government, and Chinese investments in infrastructure have contributed to economic growth in various developing countries. Even countries with poor credit ratings can obtain loans and investments from China, as well as hard currency through raw materials exports. Bradley Parks, 'Will Chinese Development Projects Pave the Way for Inclusive Growth?', *Brookings: Future Development* (11 September 2018). <https://www.brookings.edu/blog/future-development/2018/09/11/will-chinese-development-projects-pave-the-way-to-inclusive-growth/>

sometimes have difficulty repaying them.<sup>40</sup> As China is not transparent about its loans, other investors cannot properly estimate countries' debt burden and may be reluctant to grant loans. By contrast, China does have information about loans granted by other lenders, as it is an ad hoc participant in the Paris Club.

Almost 30% of the loans are estimated to be backed by collateral in the form of commodities, which can be anything of strategic value for China, including resources, mines and ports.<sup>41</sup> Tied aid and loans from China limit the full potential of African countries' development through their productive sectors.

Europe is still Africa's main partner, especially in regard to economy and trade, sustainable development and security. However, Chinese influence in Africa is growing as a result of the coordinated deployment of diplomatic, financial, economic and military instruments.<sup>42</sup> Particularly, African countries are taken with China's business-like attitude and its assertion that it acts with respect for sovereignty. It also sets fewer conditions for sustainability, good governance and human rights, which undermines the development of democracy.

As Chinese companies omit these safeguards and benefit from state aid and financial guarantees, they are often more flexible and able to deliver faster than their European counterparts. This gives them a competitive advantage. Furthermore, the close intertwining of the Chinese state and business community adds to this uneven playing field.<sup>43</sup>

Most of China's investment projects fall under the Belt and Road Initiative (BRI).<sup>44</sup> Xi Jinping unveiled this multi-billion dollar project in 2013 and has

<sup>40</sup> According to the IMF, China has more loans outstanding in these countries than the World Bank, the Paris Club members and the regional development banks combined. Ten years ago, China's share of their indebtedness was still negligible. A number of post-heavily indebted poor countries are once again in acute difficulties because of an unsustainable debt burden.

IMF (2018), 'Figure 1.17. Rising Vulnerabilities and More Complex Creditor Composition', in Global Financial Stability Report April 2018: A Bumpy Road Ahead.

<sup>41</sup> A striking example is that of Hambantota, an important port in Sri Lanka. When the government was not able to service the Chinese loans any longer it was forced to transfer majority control of the port to the PRC in 2017. In 2019 the Sri Lankan government announced it would try to undo the 99-year lease of the port and return to the original loan repayment schedule.

George Friedman & Xander Snyder, 'How China Benefits from African Debt' (28 January 2018), Mauldin Economics

<https://www.mauldineconomics.com/this-week-in-geopolitics/how-china-benefits-from-african-debt>

<sup>42</sup> For example, in 2016 the EU was Africa's largest export market (€116 billion, 35% of African exports, compared with just 11% to China). In 2015, Europe's FDI stocks in Africa totalled €310 billion, compared with €35 billion of FDI stocks for China. Nonetheless, it is not possible to speak of 'Africa' as a whole. African countries are different, as is the local relationship with and between the EU and China. The extent of an African country's economic significance for China and the EU seems to play a role in this.

Sven Grim & Christina Hackenesch, 'China in Africa: What Challenges for a Reforming EU Development Policy? Illustrations from Country Cases', *Development Policy Review* 35 (4), 2016.

<sup>43</sup> The Chinese authorities have ample funds, and state aid ensures that companies can focus on long-term objectives, with less need for short-term returns. What those long-term objectives are is not always clear.

<sup>44</sup> BRI projects receive funding from the Chinese-financed Silk Road Fund and the Asian Infrastructure Investment Bank.

labeled it as his signature policy program.<sup>45</sup> With the BRI, the Chinese government aims to rebuild the ancient Silk Road and improve China's economic connection with Asia, Africa and Europe. So far, 138 countries have signed an MoU endorsing the BRI, including 17 EU member states.

The Chinese government presents the BRI as an investment project that gives receiving nations access to investments while China ensures foreign market access.<sup>46</sup> Strategic dimensions are downplayed, carefully masked or flatly denied, but it is clear that the BRI is principally intended to serve the PRC's economic, political and diplomatic interests and increase its international leverage.

Through the establishment of the Asian Infrastructure Investment Bank (AIIB), the PRC has given itself more space to engage in multilateral development operations.<sup>47</sup> The AIIB currently has 82 members, including western European countries.<sup>48</sup>

## Policy recommendations

Volt stands behind Sustainable Development Goals of the 2030 Agenda for Sustainable Development and believes that the SDGs should be achieved while respecting the environment, peace, justice, and gender equality.<sup>49</sup>

Therefore, Volt urges Europe to:

1. Encourage China to respect OECD-DAC rules and standards on good governance, environmental protection, and individual rights, including through trilateral cooperation on development cooperation projects;
2. Use the membership of EU member states in the AIIB to promote respect for said rules and standards in AIIB projects;<sup>50</sup>
3. Initiate and participate in sustainable development projects connecting Europe and Asia, such as the Partnership on Sustainable Connectivity and Quality;

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<sup>45</sup> The significance of the BRI is indicated by its incorporation into the CCP's constitutional document in 2017 so becoming obligatory.

<sup>46</sup> 'Win-win cooperation' is a term the Chinese government uses in relation to BRI and its wider foreign policy.

<sup>47</sup> Organisations such as the International Monetary Fund, the World Bank and the Asian Development Bank pose challenges to the Chinese government as the influence of democratic nations like the US and Japan is relatively big.

<sup>48</sup> The membership of western European countries is notable considering that none cooperate with China on BRI projects.

<sup>49</sup> As stated in the Mapping of Policies.

<sup>50</sup> With Germany being AIIB's fourth biggest shareholder.

4. Refrain from supporting the BRI as long as its projects fail to meet minimum sustainability standards on economic viability and the environment;
5. Strengthen the European narrative and adopt a more effective approach to European diplomatic engagement in Africa and other developing partner countries, bearing the broad relationship in mind;
6. Leverage Europe's status as the biggest source of development cooperation finance to increase international support for democratic principles.

## E. Supply Chains, Trade Inequality, Technology & 5G

China's economy was primarily complementary to that of the West in the 1980s and 1990s: Western businesses and consumers benefited from China's relatively cheap labour and products and a wider range of choice. In the past 20 years, however, China has evolved into a strong competitor and major player in the field of technology, which also shows from its high R&D budget, publication of scientific articles and patent applications.<sup>51</sup> Today, China and Europe are each other's largest and second largest trading partner, respectfully.<sup>52</sup>

Competition is good in as much as it helps to cut costs and boost technological progress, but that applies only if everyone plays the game in the same way and abides by the rules. China is guilty of trade practices that distort the level playing field and restrict market access.<sup>53</sup> There are also concerns about how China deals with the environment, human rights, rights at work and privacy. For example, the rapid rise of digital platforms is posing a major challenge to enforcing EU legislation on data, privacy and product safety. Guaranteeing the rights of consumers, employees, entrepreneurs and the general public is crucial. Finally, there are questionable geopolitical motives behind China's economic expansion.<sup>54</sup>

In recent decades China has grown to be the world's second-largest economy.<sup>55</sup> However, China's economic growth is levelling off, wages are rising and domestic issues such as ageing and the environment require the full attention of policymakers. China is urgently searching for a sustainable, future-proof model that relies more on domestic consumption and high-quality growth. China has set itself the goal of becoming one of the world's most innovative countries by 2030 and seeks to be the leading

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<sup>51</sup> China's R&D budget increased almost tenfold in the period 2001-2017, reaching \$410 billion in 2017. The amount invested in R&D in the EU in that same year was \$350 billion. China is the world's largest R&D country in terms of the number of published scientific articles and patent applications. Twice as many patent applications are filed in China as in the US, and almost ten times as many as in Europe. Although the vast majority of patent applications in China are only national and still lag behind in terms of quality, the huge increase is indicative of a transition to a knowledge-intensive economy focused on technological innovation.

OECD, 'Gross domestic spending on R&D' (indicator) (2019). doi: 10.1787/d8b068b4-en.

<sup>52</sup> In 2019, China was the third largest partner for EU exports of goods (9% of total extra-EU exports) and largest for EU imports of goods (19% of total extra-EU imports).

<https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200320-1>

<sup>53</sup> Examples include undesirable state aid and forced and improper technology transfer. This is the conclusion of a survey by the European Chamber of Commerce: the business community complains that it is encountering more and more regulatory obstacles when doing business with China, and that more than half of the companies feel compelled to transfer technology.

Motion by MPs Bente Becker and Mustafa Amhaouch on combating China's unfair trade practices (2018), Motion #21501-02-1882.

<sup>54</sup> Its investments in physical infrastructure and high-tech sectors abroad are one example.

<sup>55</sup> This success is due to institutional reforms that have facilitated entrepreneurship, in combination with low wages, infrastructure investment, the stimulation of exports and a financial sector that provides credit without many conditions.

self-sufficient science and technology superpower by 2049.<sup>56</sup> So far, this approach has not always proven successful.<sup>57</sup>

To this end, China seeks to become largely independent of the West and is following a sophisticated and assertive strategy to reach this goal. This involves a combination of large-scale government investment in R&D, acquisitions of foreign high-tech companies and provision of access to the Chinese market in exchange for technology transfer. The Chinese government also engages in large-scale cyber espionage to gain access to knowledge and technology. The Chinese government aims not only to stimulate innovation, but also to control the production process and secure supply chains.<sup>58</sup>

China joined the WTO as a developing country in 2001 under strict conditions. Its accession was expected to bring about reforms and open up its economy, but these expectations have largely remained unfulfilled. In practice, China still shields its market in all kinds of ways through informal rules and local content requirements.<sup>59</sup> Nor is there by any means always a level playing field. This also applies to Chinese operations in third markets.

The Chinese authorities are closely involved in Chinese businesses, both state-owned and private. This disrupts the level playing field in various ways. Whereas the EU imposes strict requirements on state aid, private Chinese companies have easy access to cheap financing and subsidies. China accounts for one third of all public export credit provision worldwide.<sup>60</sup> It seems unlikely that these practices will end in the near future. As can be seen from its position paper on WTO reform, China would rather focus its

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<sup>56</sup> The Made in China 2025 Programme, which gives priority to ten sectors of the economy, is intended to ensure that China can make major technological advances between now and 2025.

<sup>57</sup> Although apparently coherent and comprehensive, it entails a high risk of economic inefficiency. This is illustrated by Chinese ghost towns and a gas pipeline between China and Myanmar running at just a third of capacity. The delay in implementing MiC2025 shows that the writing is on the wall; the Chinese authorities are already talking of MiC2035. The geopolitical return on China's investment is still uncertain as well. In the meantime, China's mountain of debt is growing, and its credit arrangements pose a risk to its financial and hence economic stability.

<sup>58</sup> For this purpose, China is formulating requirements and standards on quality and sustainability. Its goal is to ensure that by 2025 70% of products from the ten strategic sectors are made in China.

<sup>59</sup> Market access in China is limited by all kinds of local content requirements, such as the obligation to enter into a joint venture with a local firm or appoint Chinese directors. China also discriminates against foreign firms when granting permits, and its opaque procurement procedures make it hard for them to win public contracts. China has not acceded to the WTO Agreement on Government Procurement (GPA). Protecting and enforcing IP is also difficult in China. Tackling these practices through litigation is time-consuming and lacks transparency. The EU and the US have also already filed various complaints at the WTO. Although China often complies with court judgments in theory, things tend to turn out differently in practice. China recently announced reforms to open up markets still further, but these often prove to be slow and selective. Even more insecurity rests in the "Social Credit System", which determines personal and corporate credit based on ambiguous criteria, including with a political dimension.

<sup>60</sup> China's provision of public export credit outside the applicable international frameworks (the Arrangement on Officially Supported Export Credits) is equivalent to the provision of a prohibited subsidy under the WTO Agreement on Subsidies and Countervailing Measures (ASCM). As negotiations with China within the framework of the International Working Group (on Export Credits (IWG) have been unsuccessful since their inception in 2012, China will also continue to circumvent international agreements designed to secure a level playing field for Dutch and other exporters of capital goods.

efforts on reducing the agricultural export subsidies of developed countries than on reducing industrial subsidies and state-owned enterprises. Other factors disrupting the level playing field are China's dumping practices and its status as a developing country within the WTO.<sup>61</sup> China has indicated that it does not wish to give up its status as a developing country, which entitles it to special and differentiated treatment. European companies are expected to adhere to the OECD guidelines on employment, human rights, supply chain responsibility, the environment and consumer protection, which often do not apply to Chinese companies. Although China has tightened its environmental legislation, enforcement is inadequate and foreign firms seem subject to stricter control. China is also becoming increasingly assertive when it comes to the development and adoption of technical product standards, for example for 5G within the International Telecommunications Union. A country or trade bloc that succeeds in defining international technical standards can give its own economy a major competitive advantage.

China has a centrally controlled economy which involves the close intertwining of political and military power on the one hand and economic and technological development on the other. In situations where China considers that its geopolitical interests outweigh its economic interests, unilateral dependence poses strategic risks to Europe. A recent and telling example of this is the CCP's threat to the Netherlands to halt the sale of face masks during the COVID-19 outbreak after it changed the name of its office in Taiwan.<sup>62</sup>

As the civilian and military sectors are often closely intertwined in China, the export of strategic goods to China requires particularly careful consideration. It is difficult to exclude in advance the possibility that goods originally intended for civilian use might also be used for military purposes, particularly in the case of high-tech products.

## 5G

Two factors are important when considering the involvement of Chinese suppliers like Huawei and ZTE in Europe's 5G network. The first revolves around the benefits of having a modern and affordable new infrastructure system that has the potential of giving Europe's development a major boost. The second factor is that ultimately every Chinese company has no choice but to comply with the CCP's demands.

Therefore, Huawei's claims that it operates independently from the CCP and assurances that it will not share access to its networks or data of its clients

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<sup>61</sup> China's status as a market economy is relevant here. Although China did not immediately receive market economy status (MES), it was expected that it would rapidly evolve into a market economy along Western lines. That is reflected in the agreements made at that time about China's acquisition of MES. These agreements mean that formally MES status can no longer be withheld, although in reality no free market economy exists in China. This legal issue is important because anti-dumping and anti-subsidy laws apply differently to market economies.

<sup>62</sup> <https://www.taiwannews.com.tw/en/news/3925556>

with the Chinese government are unreliable. However, it is unclear to what extent Huawei and ZTE have access to sensitive information through the equipment they sell to European mobile network operators.

Regardless, the fact that Europe's immediate first-choice 5G supplier is not European, shows that a sectoral technology gap between Europe and China exists and that more effort is required to close this gap. Strategic network autonomy is crucial in the modern age.

## Policy recommendations

Volt urges Europe to:

1. Realise a comprehensive agreement on investment with China to achieve equal market access for European businesses in China.
2. Swiften the implementation of the international procurement instrument to prevent companies that receive foreign state subsidies from bidding on European tenders.
3. Require all Chinese firms operating in Europe to adhere to transparency standards and accept open governance of their company and subsidiaries in Europe.
4. As soon as possible achieve strategic autonomy from China, particularly in respect to essential goods such as medical supplies and rare earths.
5. Diversify supply chains by creating incentives for companies to invest in markets outside of the PRC, including by exploring opportunities to conclude value-based FTAs with ASEAN, India, Taiwan and other countries;
6. Carefully monitor the activity of Chinese internet companies and ensure their respect for rights and freedoms of Europeans, including the right to privacy.
7. Discourage the Chinese government and companies from engaging in corporate espionage, including through naming and shaming of identified cyber criminals.
8. Prevent the export of any knowledge products to China when these could also be applied militarily.



9. Ensure the independence of European technological infrastructure by premiering European tech and service providers over competition from China and other autocratic regimes, specifically with respect to 5G development.

## F. South China Sea



*South China Sea: Chinese claims and disputed islands*<sup>63</sup>

The South China Sea is an ever-contentious zone, and becoming more so thanks to China's aggressive actions. China's sweeping claims of sovereignty over the sea (and the sea's estimated 11 billion barrels of untapped oil and 190 trillion cubic feet of natural gas) have antagonized competing claimants Brunei, Indonesia, Malaysia, the Philippines, Taiwan, and Vietnam.<sup>64</sup>

In the last decade, China has created artificial islands in the South China Sea and constructed (military) facilities on them.<sup>65</sup> This has been met with opposition from neighbouring countries with overlapping territorial claims.

China's aggressive actions and illegal claims in and militarisation of the South China Sea fuel regional tensions,<sup>66</sup> which in turn threaten the flow security of a bunch of highly busy international shipping routes of global importance.

The PRC has no legal grounds to unilaterally impose its will on the region. Beijing has offered no coherent legal basis for its "Nine-Dashed Line" claim in the South China Sea since formally announcing it in 2009. In a unanimous decision on July 12, 2016, an Arbitral Tribunal constituted under the 1982 Law of the Sea Convention – to which the PRC is a state party – rejected the PRC's maritime claims as having no basis in international law. The Tribunal sided squarely with the Philippines, which brought the arbitration case, on

<sup>63</sup> <https://www.dw.com/en/south-china-sea-what-you-need-to-know/a-40054470>

<sup>64</sup> In addition to frequently harassing Vietnamese ships, China has been trespassing into Malaysian waters. Between 2016 and 2019, the Chinese military encroached as many as 89 times into Malaysia's Sabah and Sarawak waters in the South China Sea. China is also enraging Indonesia by intruding in the waters around the Natuna Islands. <https://www.eia.gov/international/overview/world>  
<https://www.pbs.org/newshour/world/5-things-didnt-know-south-china-sea-conflict>  
<https://thediplomat.com/2020/07/chinas-self-inflicted-wounds-in-the-south-china-sea/>

<sup>65</sup> Most recently, in April 2020, "China's State Council announced its decision to establish two new districts in Sansha City, a prefecture-level city (地级市) headquartered on Woody Island which governs the bulk of China's territorial claims in the South China Sea (...) This structural adjustment will improve China's administrative control over the South China Sea and could introduce new policy making dynamics". <https://amti.csis.org/sansha-and-the-expansion-of-chinas-south-china-sea-administration/>

<sup>66</sup> <https://edition.cnn.com/2020/06/07/asia/china-malaysia-indonesia-south-china-sea-intl-hnk/index.html>

almost all claims. As specifically provided in the Convention, the Arbitral Tribunal's decision is final and legally binding on both parties. The Chinese government does not recognise the judgment.

## Policy recommendations

Volt aligns its position on the PRC's maritime claims in the SCS with the Tribunal's decision. Specifically:

1. The PRC cannot lawfully assert a maritime claim – including any Exclusive Economic Zone (EEZ) claims derived from Scarborough Reef and the Spratly Islands – vis-a-vis the Philippines in areas that the Tribunal found to be in the Philippines' EEZ or on its continental shelf;
2. As Beijing has failed to put forth a lawful, coherent maritime claim in the South China Sea, Volt rejects any PRC claim to waters beyond a 12-nautical mile territorial sea derived from islands it claims in the Spratly Islands (without prejudice to other states' sovereignty claims over such islands);
3. The PRC has no lawful territorial or maritime claim to (or derived from) James Shoal, an entirely submerged feature only 50 nautical miles from Malaysia and some 1,000 nautical miles from China's coast;
4. Volt calls on Europe to support Southeast Asian states in protecting their sovereign rights to offshore resources, consistent with their rights and obligations under international law. We stand with the international community in defense of freedom of the seas and respect for sovereignty and reject any push to impose "might makes right" in the South China Sea or the wider region;
5. Europe shall demonstrate its respect for international law by conducting Freedom of Navigation Operations in the South China Sea, as much as possible with like-minded countries.

## G. Taiwan

Taiwan is an island off the southern coast of China that has since the 17th century been ruled by different foreign governments. Taiwan has been democratically governed by representatives of the Taiwanese people since the 1990's. Since then, Taiwan's democracy has seen several peaceful transitions of power and recently flourished in terms of civil rights with the legalisation of gay marriage, the first in Asia.<sup>67</sup> Taiwan is home to about 23 million people and is an economic powerhouse with a significant semiconductor industry. Its government is called 'Republic of China' (ROC), a remnant of the Chinese civil war.

The PRC uses historical reasons to claim sovereignty over Taiwan to ensure control over strategic shipping lanes and to feed into Chinese nationalism domestically. States can only maintain diplomatic relations with the PRC if they adhere to the so-called 'One China policy', which prevents them from engaging in diplomatic relations with both the PRC and Taiwan. The Chinese government has recently increased its pressure on Taiwan and its international presence by convincing many of Taiwan's diplomatic partners to end their relations with Taiwan, by vetoing Taiwan's participation in international organisations, and with the threat of military annexation of the island.

Taiwan's political parties have differing views on the island's status and its relations with China, but all agree that Taiwan's sovereignty lies with the people of Taiwan and reject the PRC's claim to the island. The current government of Taiwan, which is headed by president Tsai Ing-wen, rejects unification with China, but also refrains from declaring Taiwan's independence.<sup>68</sup>

### Policy recommendations

Volt recognizes the achievement of the people of Taiwan in developing and maintaining their democracy and recognises the positive impact Taiwan has on democracy in its region. Therefore, Volt:

1. Calls on all governments involved to settle cross-Strait challenges peacefully and refrain from using force, as prohibited by the UN Charter;<sup>69</sup>

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<sup>67</sup> Taiwan also scores high on freedom indexes by Freedom House and Reporters Without Borders. In the most recent indexes of these organisations, Taiwan scored second freest in Asia.

<sup>68</sup> The Taiwanese government says that this is unnecessary because Taiwan is already independent from China.

<sup>69</sup> UN Charter article 2(4).

2. Recognises the sovereignty of the people of Taiwan and China over, respectfully, the ROC-controlled territories and the PRC-controlled territories;<sup>70</sup>
3. Calls on Europe to engage in diplomatic relations with both the PRC and Taiwan governments;<sup>71</sup>
4. Supports Taiwan's participation in international organisations, including UN organisations;
5. Calls on Europe to facilitate and finance personal and cultural exchange with Taiwan on all levels, from citizens to governments, from schools to organizations.

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<sup>70</sup> The future status of Tibet should be determined peacefully without coercion from the PRC government.

<sup>71</sup> The term 'ROC-controlled territories' includes Taiwan, Penghu, Kinmen, Matsu and other islands currently controlled by the Taiwanese government, in accordance with international law. A tribunal at the Permanent Court of Arbitration in a case between the PRC and the Philippines about the South China Sea questioned Taiwan's claim over Itu Aba / Taiping Island due to it not being classified as an island under international law. 'China' includes mainland China, Hong Kong and Macao. The PRC government cannot afford to break diplomatic relations with Europe, as it is its largest trading partner and Sino-American relations remain fraught. There is precedent for maintaining diplomatic relations with governments that have overlapping territorial claims, including North/South Korea, West/East Germany, and North/South Vietnam.

## H. The future of China

China's five thousand year history is crowded with dynasties, rulers and political systems that were supposed to last eternally. However, these all saw their end after coups, rebellions, revolts and revolutions. While Chinese people are unable to enjoy many fundamental rights today, instances like the nation-wide protests in 1989 show that there is potential for democracy in China.<sup>72</sup>

Such bursts of civic activism show that a future free China belongs to the realm of possibilities. The CCP's 92 million members have differing views, hold contradictory political attitudes, dissent on strategies, and are loyal to different party leaders other than Xi Jinping. Many more critical minds are present among the wider population; the number of daring public protest actions amounts to tens of thousands per year. Even if not apparent to the outside world, all these frictions are there and will result in change sooner or later.

It is unclear if these frictions will simply change the face of the CCP's authoritarian system or whether they will initiate a process of deeper political reforms. The outside world currently seems to play no significant role in this process.

### Policy recommendations

The democratisation of China would be not only a historical achievement for the country itself, but also immensely beneficial for the world. An international community where three great powers (Europe, China and the USA) collaborate value-based to develop international justice and prosperity would mark the start of an era of peace and stability.

Therefore, Volt urges Europe to:

1. Stimulate the Chinese government to implement domestic democratic reforms, ratify and comply to international human rights treaties;

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<sup>72</sup> Just two examples. 1978/79 there was the "Democracy Wall" (西单民主墙) in Beijing where people from all walks of life put up posters on political and social issues. The most famous and influential one was titled "The Fifth Modernization" authored by dissident Wei Jingsheng who claimed political liberalization and democratization being essential for China's development. Soon after the leadership started to experiment with more democracy in local elections in quite a lot of the nearly one million villages. Often two or more candidates competed, often the CCP-candidate succumbed - and often the CCP rigged elections or annulled unwanted outcomes. But the villagers got the taste - and they delivered evidence that democratic processes can work in China.

2. Collaborate with and support progressive movements in the PRC;<sup>73</sup>
3. Support the establishment of a league of democratic nations to design democratic solutions to global challenges, including in relation to China;<sup>74</sup>
4. Volt representatives in the EU and national parliaments are encouraged to join the Inter-Parliamentary Alliance on China, which is an international cross-party group of legislators working towards reform on how democratic countries approach China;<sup>75</sup>
5. Volt members, particularly those with knowledge and experience of China, should continue their dialogue about China to enable Volt to suggest viable and effective European policy responses.

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<sup>73</sup> Eight minor political parties apart from the CCP are legally permitted. But they lack any independent role, as they are forced into the “United Front” (统一战线; 統一戰線), which is controlled by the Communist Party and used to advance its interests.

<sup>74</sup> <https://foreignpolicy.com/2020/06/10/q7-d10-democracy-trump-europe/>

<sup>75</sup> <https://www.ipac.global/>