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Re-envisioning Citizen Diplomacy: A Case Study of a Multifaceted, Transnational, People's Republic of China "Ethnopreneur"

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Abstract

This article problematises the traditional conceptualisation of the "citizen diplomat" as being confined only to a single nation state sovereignty. At the nexus of transnational "ethnopreneurship," dual embeddedness, neoliberalism, and post-materialism, citizen diplomats transcend territorially bound identities and perform unofficial dual-accredited roles in the enhancement of bilateral relationships. The protagonist in this case is a transnational People's Republic of China ethnopreneur who adopts multiple forms of cultural commodification based on both Thai and Chinese resources. As a result, both territories have benefitted from the ensuing informal diplomatic interactions. Traversing the culturally distinctive city of Chiang Mai in Thailand and several flourishing cities in China, the article elucidates the importance of non-traditional diplomats. Put succinctly, it argues for a re-envisioning of transnational ethnopreneurial diplomacy so as to recognise multiple identities, cultures, and markets wherein positive-sum diplomatic returns are achieved. From an intra-Asian perspective, it seeks to remedy a scarcity in the literature – given that existing migrant studies are largely set in North American and European contexts.

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Introduction

The following presents a case study of Mr. Zhou Ji (周吉), a transnational People's Republic of China (PRC) "ethnopreneur" who has adopted an unofficial dual-accredited role as a citizen diplomat enhancing Sino–Thai bilateral relations through multiple forms of cultural commodification, based on both Thai and Chinese resources. This qualitative research-based article elucidates the transformative nature of citizen diplomacy as enacted through transnational ethnopreneurship (Comaroff and Comaroff, 2009: 20) and dual embeddedness (Liu and Ren, 2017) at the nexus between neoliberalism and post-materialism. It seeks to contribute to and expand the current scarce literature on Chinese migrant studies by adopting an intra-Asian lens on entrepreneurship and diplomacy. From an epistemological perspective, the article contributes to citizen diplomacy through the re-envisioning of transnational ethnopreneurial diplomacy. In a world fraught with rising protectionism and global trade competition, the text seeks to articulate an altruistic version of citizen diplomacy wherein non-traditional diplomats are shown to promote a win-win situation in the cultural, socio-economic, and political domains existing across different countries.

The next section provides a literature review, while also problematising traditional conceptualisations of citizen diplomacy and outlining the article's conceptual framework. Subsequently, a brief historical overview of Sino–Thai state-centric diplomacy is offered. Thereafter the method and data are established, while also introducing the protagonist as an iconic case study. Through the explication of how the protagonist engages in multiple forms of dual cultural commodification while expressing his diplomatic aspirations, the fostering of a new vision in transnational ethnopreneurial diplomacy is argued for. Finally, the article concludes by decrying the delimitation of citizens as fixed within a sovereign state's fictional production of "a common past and a common future" (Shapiro, 2000: 79; see also Lanoix, 2007: 119). How unofficial transnational locals and foreigners can serve multidimensional diplomatic missions for multiple countries with positive-sum outcomes is advocated instead.

Literature Review and Conceptual Framework

The article problematises traditional citizen diplomacy conceptualisations as neglecting the impact of changing social and geo-economic landscapes, brought about by transnational dual embeddedness and ethnopreneurship. It introduces "transnational ethnopreneurial diplomacy" as a bridging concept mitigating the flawed zero-sum traditional perspective vis-à-vis citizen diplomacy through the interventional facilitation of

unofficial dual-accredited diplomatic initiatives by transnational PRC ethnopreneurs, and as a bottom-up approach.

Conceptual Limitations of Traditional Citizen Diplomacy Notions

By traditional definition, citizen diplomacy refers to "how citizens as private individuals can make a difference in world affairs" (McDonald, 1991: 119). Conceptually, Western scholars have dichotomously debated the differences between "citizen-led" (Black, 2010: 13; Sharp, 2009: 287; Tyler and Beyerinck, 2016) and "state-led" (Gregory, 2011: 351–352; Tyler and Beyerinck, 2016) forms of citizen diplomacy. To overcome this dichotomy, some scholars have proposed a variety of options such as (1) "network diplomacy" to depict the greater number of actors involved in the policymaking process (Heine, 2013; Thakur, 2013); (2) "a jazzy dance" of coalitions to achieve specific goals (Khanna, 2011: 22); (3) "communication technologies" to reconstruct diplomacy and make traditional diplomacy address citizens' concerns (Hochstetler, 2013: 188; Seib, 2012: 106); and (4) "convergence" through the acceptance of citizen diplomats, including students, as "citizen ambassadors" in fulfilling official engagements (Copeland, 2009: 169; Sharp and Wiseman, 2012: 172).

However, such representations unwittingly confine the conceptualisation of citizen diplomats to them being single-accredited individuals whose existence is fixed within the geographical limitations of only a single nation-state sovereignty. While scholars have explored and argued for the invented, imagined, contested, performative, fluid, multiple, flexible, uncertain, and strategic identities emerging under globalisation (Anderson, 1983; Butler, 1990; Hall, 1987; Ong, 1993; Storey, 2003), this existing lacuna persists in the neglect of the complex intricacies of diplomatic initiatives that possibly transcend the unilateral, state-centric approach, while potentially seeking also positive-sum outcomes.

Transnational Ethnopreneurial Diplomacy as an Alternative Paradigm

Against the backdrop of globalisation, Portes et al. (2002: 284) were the first to define transnational entrepreneurs as "self-employed immigrants whose business activities require frequent travel abroad and who depend for the success of their firms on their contacts and associates in another country, primarily their country of origin." However, this article problematises restrictively seeing the source of their success as situated solely in their country of origin. In Yeung's (2002: 37) definition, transnational entrepreneurs are "capable of bearing risks and taking strategic initiatives to establish, integrate, and sustain foreign operations." However, Yeung's view also fails to take into account the advantages that arise from the transnational dimension (Henn, 2012: 498). In another work, meanwhile, transnational entrepreneurs are defined as those who maintain

> business-related linkages with their former country of origin, and currently adopted countries and communities, […] simultaneously [engaging] in two or more socially embedded environments, allowing them to maintain critical global relations that enhance their ability

> to creatively, dynamically, and logistically maximize their resource base. (Drori et al., 2009: 1001)

Such simultaneous social embeddedness is of interest here, as it bears significance in problematising citizen diplomacy notions to date. Polanyi (1944) first coined the concept of "embeddedness" in his analysis of the emergence of the market economy and the destruction of traditional economies. Granovetter (1985) then adopted the concept to refer to how economic actors are socially entangled, as they exist within intertwined relational, institutional, and cultural contexts. However, such static conceptualisations have been predominantly used within the framework of the nation-state (Granovetter, 1985; Zukin and DiMaggio, 1990). Hence this article employs Liu and Ren's (2017) "dual embeddedness" notion to describe the involvement of immigrant entrepreneurs in both the societies of origin and settlement, where economic activities are embedded in social relations and institutions.

Rather than fixating on a solitary nation-state domain, immigrant entrepreneurs navigate transnationalism and integration in dual-embedded contexts with the purpose of accumulating economic and social resources for survival and for career development (Liu and Ren, 2017). While Liu and Ren have contributed to remedying the scarcity of work examining new Chinese migrants in the intra-Asian context (Zhou and Liu, 2012), that amid a burgeoning literature on migrants centred on the North American and European contexts (Carling and Hoelscher, 2013; Erdal and Oeppen, 2013), this article specifically seeks to further contribute to intra-Asian Chinese migrant studies with a new lens offered on the role that transnational entrepreneurs play in citizen diplomacy.

Taking things further, this article raises interest in "ethnopreneurship" – a concept first coined by Comaroff and Comaroff (2009: 20) – and refers to the triangulation between culture, identity, and the market. It also makes ethnic identity a crucial component in the market commoditisation of culture (Hau, 2016: 464). In ethnopreneurship, the reproduction and expounding of ethnic identities and their cultural products do not entail the loss of the commodity's value or the ethnopreneur's status (Comaroff and Comaroff, 2009: 20). On the contrary, ethnopreneurship can "stoke a sense of pride in ethnic self-identification and culture […] generating new needs, desires, meanings and knowledge, which in turn can be marketed as 'authentic' selves and lifestyles" (Hau, 2016: 465).

Within the field of overseas Chinese ethnopreneurship, Hau (2016: 436) has presented case studies of highly successful Southeast Asian Chinese women entrepreneurs "who have parlayed their access to 'Chinese' cultural practices into well-publicized, bestselling books that have sold hundreds of thousands and […] millions of copies." As a form of cultural arbitrage, these ethnopreneurs have converted Chineseness into profitable, career-making ventures where "Chinese culture" is produced for consumption in both national and international markets (Hau, 2016: 483). According to Cohen (1988: 380), meanwhile, commodification is the process through which things and activities become goods and services in the context of trade, namely through their exchange value.

Within the debates on the commodification of culture, some scholars have highlighted the negative aspects hereof – including the destruction and alteration of cultural meaning, authenticity, and human relations (Cohen, 1988; Harkin, 1995; Olsen, 2002; Wang, 1999). On the other hand, others have argued that the commodification of culture brings about positive impacts, including the improvement of well-being (Mbaiwa et al., 2008; Steiner and Reisinger, 2006). However, in the discussion of cultural commodification in ethnopreneurship, this article avoids the narrow view of "instrumentalising" ethnicity in its entirety – where scholars adopting the "situation dependent" view falter in their defining of ethnic interests in material terms and underplay the affective dimensions altogether (Hutchinson and Smith, 1996; Tong, 2010: 5). Hence, it seeks to unravel the hybridisation of the instrumental and affective dimensions by situating PRC ethnopreneurship within the multifaceted, socio-economic interactions occurring – while also seeking unofficial dual-accredited diplomatic positive-sum returns.

Finally, this article sees the dual phenomena of neoliberalism and post-materialism as contextual concepts. Neoliberalism is a form of economy based on the core assumptions of self-regulating markets, the efficient allocation of resources, a reassertion of liberal political economy, and the retreat of state intervention from the national economy (Laungaransri, 2015; Munck, 2005; Saad-Filho and Johnston, 2005). In the Asian context, neoliberalism is "less interested in taking on norms of efficiency, transparency, accountability and individual freedom and is more concerned with encouraging self-actualizing or self-enterprising subjects" (Laungaransri, 2015: 121). The Chinese form of neoliberalism is explicitly proactive, as the PRC encourages transnational entrepreneurship with policies, strategies, and technological telecommunications supporting and facilitating business across borders; the Thai government, however, has been less active in regulating Chinese transnational entrepreneurship in Thailand (Siriphon, 2019). Consequently, Chiang Mai – the largest and most culturally significant city in northern Thailand – has 570 registered Chinese companies, where their entrepreneurs are mobile and flexible – with many travelling throughout Southeast Asia and back to China (Siriphon, 2019). With living expenses and hourly wages relatively cheaper than in Bangkok, these self-actualising Chinese entrepreneurs in Chiang Mai have diverse business interests spanning real estate, tourism, education, digital realms, freelancing, the food and beverage, hotel, and automobile industries, interior design, and other forms of investment besides. These enterprising individuals are also supported with numerous affordable and reputable international schools for their children as they pursue multiple and simultaneous business endeavours in Chiang Mai.

Post-materialism, on the other hand, refers to a value shift in the quality of life, individual autonomy, and creativity occurring when societies have industrialised and modernised (Inglehart, 2008; Zhang et al., 2017: 66). While societies at early stages tend to emphasise economic growth at any price, they begin to emphasise quality of life when they have reached a certain threshold of development (Inglehart, 2000: 19). With 9.9 per cent annual growth between 1999 and 2012, the PRC has experienced a phenomenal rate of economic development (World Bank, 2016). According to some measures, the country has begun to experience post-materialism – but without necessarily abandoning

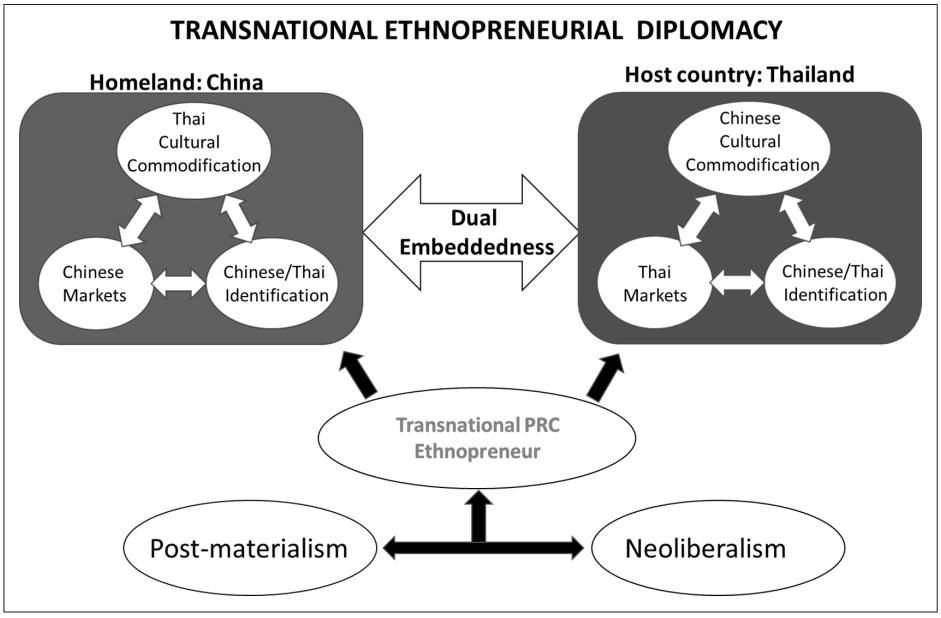

Figure 1. Conceptual Framework. *Source*: Author's Own Compilation. *Note*: PRC=People's Republic of China.

traditional culture (Zhang et al., 2017: 82). According to one empirical study done, the younger members of the PRC's working, middle, and capitalist classes strongly support post-materialist values (Zhang et al., 2017: 77). The metaphysical quest for quality of life continues to drive transnational PRC Chinese to enter into different sociocultural and national forums. Chiang Mai once stood at number two in the World's Best Awards survey (Lieberman, 2016) list of "Top-15 cities." In fact, tourists aside, many respondents testified that it was the sociocultural conduciveness to post-material living that attracted them to stay in Chiang Mai for several months and indeed years. Some have even planned to obtain permanent residence.

Based on the preceding discussion, Figure 1 summarily depicts the conceptual framework utilised in this article. Put succinctly, it reflects how Mr. Zhou strategically embarks on informal dual-accredited diplomacy through the triangulation of cultural commodification, markets, and identifications within his dual embeddedness across China and Thailand – as set against the aforementioned contextual landscapes of neoliberalism and post-materialism.

Method and Data

This article employs qualitative research methods, with extended in-depth interviews and participant observation undertaken. Following Yeung's (2004: xv, 37)

recommendation, it adopts an actor-oriented approach focusing on how a social actor has acted as an agent of change. Taking a bottom-up approach, it thus contributes to remedying the scarcity of research on how a key actor in Chinese capitalism has developed and exhibited different repertoires of entrepreneurial tendencies and practices (Yeung, 2004: 43). While the author as a researcher has previously interacted with several PRC Chinese entrepreneurs keen to promote bilateral relations, the particular case of Mr. Zhou is selected due to the following characteristics: (1) his unique engagement and representation of dual cultural resources, (2) his altruistic commitment to facilitating business and cultural interactions for entrepreneurs and officials from both China and Thailand, (3) his immersive social embeddedness in both countries, and (4) his wide-ranging social influence and recognition across both.

The main protagonist in this article, Mr. Zhou is a 34-year-old PRC Chinese transnational entrepreneur from Qujing, the second-largest city in Yunnan Province, China. Having learnt the Thai language for three years in the PRC, Mr. Zhou first arrived in Chiang Mai when he was only nineteen, in the year 2003. Immediately, he enrolled himself in a Thai bachelor's degree programme with the Faculty of Business Management, Chiang Mai Rajabhat University. While he was studying, he learnt the ropes of entrepreneurship by opening a shop selling Chinese products – and a Chinese restaurant too. As a result of his business engagement, he quit his studies in his fourth and final year. Nonetheless, by then, he had already mastered the Thai language and become well acquainted with Thai cultural customs.

Subsequently, he returned to the PRC and found himself a tourism-related job in East China and the Pearl River Delta region. During 2012 Mr. Zhou revisited Chiang Mai with his new Chinese wife, to meet with his friends. Upon visiting, he realised that the socio-economic landscape had changed drastically, and there were now more Chinese tourists than before. At that time, Mr. Zhou was facing uncertainty in his working life and was considering a job transition – as the PRC was going through rigorous political reform, which put a dent in his native country's economic boom. He finally decided to make the radical move of relocating to Chiang Mai in 2014, as he sensed the availability of economic opportunities while also having a deep emotional bond with this Thai city.

To date, Mr. Zhou owns Greater Mekong Sub-Regional (GMS) Exhibition Co. Ltd. (吉姆斯大湄公河次区域会展有限公司, *Jimu si da Meigonghe ci quyi huizhan youxian gongsi*), which is based in China, and also Thai Elephant (泰吉象, *Tai ji xiang*), a Thai-registered real-estate company run in collaboration with a Thai national. To obtain credible and substantive field data, the author conducted at least fifteen extended discussions with the main respondent, Mr. Zhou, as well as with other entrepreneurs, such as Ms. Panuumas Gewan, for cross-validation purposes – taking the form of formal interviews, informal interactions, and non-formal participant observation. Besides all that, the author also surveyed public documents, such as the magazine *Mekong River*, to obtain an objective perspective on the matters at hand. Throughout the data collection and analysis, the author has sought to unravel the primary research question: How does Zhou Ji promote diplomatic Sino–Thai interactions through multiple forms of Thai and

Chinese cultural commodification, while traversing between the two countries as a transnational ethnopreneur?

Historical Overview of Sino–Thai State-Centric Diplomacy

This section takes a historical overview of Sino–Thai state-centric diplomacy, with both countries having adopted diplomatic policies centring on their respective state interests. Between the thirteenth century and the late nineteenth century, the Chinese had penetrated and expanded into the entire economy of Thailand (Wu and Wu, 1980: 66). However, from 1939 onwards, Thailand would design and implement "patriotic" measures to restrict Chinese activities in terms of remittances, employment, population control, and joint ventures (Wu and Wu, 1980: 71). This was followed by a long hiatus in diplomatic relations after World War II due to bipolarity, wherein Thailand joined the "free world" while China aligned with other Communist regimes (Sirindhorn, 2015: 1). However, it was the Cambodian conflict (1978–1991) that would bring Thailand and China together once more (Chinvanno, 2015). By 1999, Sino–Thai relations had deepened from a security-focused partnership to trade interactions – culminating with the signing of a "Joint Declaration on the Cooperation Program of the Twenty-First Century" (Chinvanno, 2015; Freedman, 2014).

Since the dawn of the twenty-first century, there has been a re-emergence of the phenomenon of Chinese migrants heading to Southeast Asia (Sung, 2015). This re-emergence has coincided with the PRC's legitimisation and indeed celebration of social dual embeddedness or "dual allegiance" (Nyiri, 2004: 120) among the Chinese diaspora. By 2009, the overseas Chinese population in Thailand ranked highest in Southeast Asia – with about 7,566,000 such people there (Jacques, 2009: 437). From a global perspective, China's international strategy has been promoted as the boosting of peace, development, regional stability, and integration while simultaneously seeking to realise the grand "Chinese Dream" (Zhang, 2016). Consequently, these new Chinese migrants have generated more extensive and intensive connections with the local communities, while in tandem maintaining their cultural and political attachments to the PRC as the fatherland (Santasombat, 2015). Recent Chinese migration to Thailand specifically has been driven by economic and political factors stemming from the PRC's global openness, connection to Southeast Asia through the Greater Mekong Subregion's regionalisation, and the PRC's utilisation of soft power strategies (Siriphon, 2015: 150–152).

As the receiving end, meanwhile, Thailand has gradually developed a growing sense of confidence and affection for the PRC through the latter's many constructive efforts – including buying surplus agricultural products and supplying tourists to buttress the Thai economy in recent years (Chinvanno, 2015). Thailand also stands to gain from the PRC's current top national strategy, the Belt and Road Initiative (BRI). The BRI targets soft and hard infrastructural connectivity with South and Southeast Asia, Central Asia, Pacific Oceania, Africa, and Europe, intended to forge an integrated and extensive network with the PRC as its hub (Yu, 2017: 117).

With the United States' withdrawal from the Trans-Pacific Partnership, there is now increasing momentum behind the BRI's ambitions to accelerate regional – and indeed global – economic cooperation and integration (Yu, 2017: 117). This initiative has inadvertently led to accelerated industrialisation in Thailand, through the PRC's investment in the Southeast Asian country (Yu, 2017: 120). In 2018 the junta expected Chinese investment in Thailand's Eastern Economic Corridor, comprising high-speed rail services as well as airports, to be linked with China via the BRI so as to help Thailand grow its automobile, electronics, and information technology industries and thus escape the middle-income trap (Raymond, 2019: 342–343).

However, the BRI is not without its challenges. Over territorial and maritime disputes in the South China Sea, the PRC has been perceived by regional countries as taking a very assertive stance towards its small neighbours (Yu, 2017: 121). This is evident in Beijing's non-compliance with The Hague-based international tribunal's unanimous verdict reached in 2016, a response which has damaged the PRC's reputation as a responsible and law-abiding power (Yu, 2017: 121). Like many Southeast Asian countries, Thailand fears becoming too economically dependent on the PRC and has become suspicious about the latter's motivations, given the BRI's ambiguous geopolitical and geostrategic implications (Yu, 2017: 121–122). Against this backdrop of fluctuating and volatile Sino–Thai state-centric diplomatic relations, the article will now articulate the critical mitigating role played by a transnational PRC ethnopreneur in people-to-people interactions on the ground.

Multiple Forms of Thai Cultural Commodification

Since the December 2012 successful release of the Chinese film *Lost in Thailand* (人再囧途之泰囧, *Ren zai jiong tu zhi tai jiong*), there has been a phenomenal rise in the number of PRC Chinese tourists visiting Chiang Mai – where more than 80 per cent of the film was shot. In terms of the number of PRC tourists travelling to Thailand as a whole, the figure would jump from 1.7 million in 2011 to 4.7 million in 2013, and then skyrocket to nine million in 2016 (Wolfgang, 2016). Throughout this period, there was a growing demand for Thai products in the Chinese market. In the past, many Chinese stereotypically associated Thailand with shemales (人妖, *renyao*), rice (大米, *dami*), Phuket (普吉, *Pu ji*), and Pattaya (芭提雅, *Ba ti ya*). However, nowadays, the Chinese would spontaneously list snail white cream (蜗牛霜, *woniu shuang*), latex pillow (乳胶枕, *rujiao zhen*), dried longans (龙眼干, *longyan gan*), essential oil soap (精油皂, *jingyou zao*), and other local cosmetic products like "Ele" and "Voodoo" as reputable Thai products.

Back then, having discerned an opening for business opportunities, Mr. Zhou launched creative "Thai Cultural Fairs" or "Chiang Mai Cultural Fairs" in China. Between 2014 and 2016, Mr. Zhou organized dozens of exhibitions on different scales in Sichuan, Yunnan, Guangxi, Jiangsu, and other Chinese provinces. These were uniquely constructed so as to replicate the famous tourist attraction "Chiang Mai Walking Street," thereby presenting the authentic flavour of Thailand to attendees. In order to achieve

such a comprehensive display of Thai culture, Mr. Zhou – through his old connections and by word of mouth – had solicited as many as eighty Thai merchants to take part in each of his exhibitions. Conscientious efforts were also made regarding the overall design, with booths' arrangement and the stage set-up at the physical sites reflecting the unique Thai style. During these events, Mr. Zhou himself would also take the stage to provide a detailed introduction to the cultural heritage behind the Thai products being offered to Chinese attendees. The highlights of selected exhibitions presented in the following text reveal Mr. Zhou's strategic deployments, diverse engagements, and intensive endeavours elucidating the multiplicity of his Thai cultural commodification.

20–28 June 2015 at Great View Pavilion (大观楼, Da guan lou), Kunming (昆明), Yunnan (云南)

Mr. Zhou and his team co-organised this exhibition with *Da guan lou,* Kunming in celebration of the Lotus Festival (荷花节, *he hua jie*). There were about 50 Thai merchants who participated in this exhibition. Uniquely, this exhibition utilised gold-painted containers (集装箱, *jizhuangxiang*) as a stage, with great acoustic effects. The contemporary design was juxtaposed with traditional Thai dance performances creating an impactful presence, similar to the spectacular New Year's Eve celebrations.

4–12 July 2015 at Century Square (世纪广场, Shiji guangchang), Kunming, Yunnan

Mr. Zhou shared that this event involved about 70 Thai exhibitors and attracted plenty of visitors. There was a Thai band and traditional dance performances. During the event, Mr. Zhou painstakingly explained the cultural backgrounds of the products one at a time. For instance, he explained the origins of "Made in Thailand" rice noodles to the younger generation of Chinese attending. He shared that due to a war long ago, some Yunnanese had brought their recipes with them when they crossed the Thai border and lived with the local people there. As a result, the subsequent mixed descendants adapted and transformed the noodles into a domesticated Thai version. All in all, Mr. Zhou patiently translated the Thai merchants' explanations of the cultural origins of their products into Mandarin for the Chinese visitors.

5 October 2015 at Wanda Square (万达广场, Wanda guangchuang), Chengdu (成都), Sichuan (四川)

For this exhibition, Mr. Zhou and his team secured native Thai products – which are renowned across Asia. For instance, they managed to bring in popular items such as Chang Beer, wooden sculptures from Chiang Mai's Baan Tawai, specialty sesame products from Mae Hong Son Province, and fresh durians from Rayong Province. Besides this, Mr. Zhou sought to provide authentic Thai cuisines, cosmetics, handicrafts, and

furnishings at this exhibition. In addition, there were traditional Thai dance performances as well as Thai massage services incorporated into the event.

12 December 2015 at Mobile Phones Mall (手机广场, Shouji guangchang), Qujing (曲靖), Yunnan

For this particular exhibition, Mr. Zhou and his team focused on art installations, whereby they set up signposts such as "Chiang Mai, zero kilometres" and "Nimmanhemin Road" to mimic actual destinations. Moreover, huge multicoloured paper umbrellas and festive lanterns were used as decorations to represent the colourful nature of Thailand. The created ambience formed a microcosm of the diverse cultures of the Southeast Asian country.

Multiple Forms of Chinese Cultural Commodification

Mr. Zhou did not, of course, solely commodify Thai resources. On the contrary, he engaged Chinese economic culture in his interactions with Thai business people. Over the past few years, many of his Thai friends have approached him to promote their Thai products and to seek potential avenues for business partnerships via and with his Chinese connections. Through these encounters, Mr. Zhou diagnosed many of Thailand's small and medium enterprises (SMEs) as having a common problem. Being critical, he used the terms "conservative" and "backward" to describe them – referring specifically to four aspects: ideas, craftsmanship, management ideas, and the marketing model. Hence, he often shares the nature of Chinese business cultures with Thai entrepreneurs and traders in public seminars that he gives.

In a public seminar held on 13 December 2017 at Chiang Mai University, Mr. Zhou cited an actual example to illustrate how local Thai entrepreneurs could have adopted the Chinese economic culture in dealing with a particular business issue:

> I am staying in the small town of Baan Tawai in Chiang Mai. Ten to twelve years ago, this place was famous for northern Thai folk arts and crafts production, and for being a wholesale centre where antique shops and high-quality second-hand goods stores from around the world had attracted many overseas tourists. Tourist buses and transport vehicles were commonplace in this prosperous locality. However, in recent years, business has deteriorated and many merchants have been complaining perpetually. They have conveniently shifted blame to the "global economic downturn" without objectively exploring the root causes of their problems.

In the same seminar, he went on to provide a prognosis:

> Apart from good design, these products had previously gained global recognition due to their pure handmade-craft quality. So how has the situation deteriorated to this point, where such promising handicrafts have fled from customers' memories? In my opinion, due to

> the rising living standards and tastes of the growing middle class, the market demand has gradually shifted from "quantity" to "quality." Hence, to begin with, we need to raise the quality of our products. For instance, although the woodcarving crafts and wooden furniture are made of pure natural materials with high quality, the products might not be impeccably produced. This would drastically reduce the value of the products. In addition, there are also changes taking place on the market-demand side. Most of Thailand's real-estate development projects feature modern European designs. As the profile of consumers shifts towards young, white-collar executives, the existing furniture with its old-fashioned design is losing its appeal.

Mr. Zhou suggested that there is a need to adopt the Chinese idiom yu shi ju jin (与时俱进), which means "keeping up with the times." With this, he painstakingly explained to his Thai audience that there is a need to freshen up their products or to take a different business track so as to meet the constantly changing demands of consumers.

From an intersubjective perspective, the author conducted an interview (3 February 2018) with Ms. Gewan – who has benefitted greatly from Mr. Zhou's wisdom. At the age of 42, she first joined his organised exhibition as a Thai entrepreneur in the woodcraft business in 2015. When she was in her early twenties, Ms. Gewan received some money from her parents to establish a wood factory. She then set up her shop named "Worogor" in Baan Tawai, Chiang Mai, which served the huge wood and building materials market in Thailand. At that time, Ms. Gewan would purchase raw materials from Laos and Cambodia. She would then send them to her skilled carpenters for craftsmanship and subsequently to her factory for assembling and mass production before releasing for sale in the market.

For over twenty years, she would conduct her business in this way while relying heavily on European customers. However, about seven years ago, Ms. Gewan noticed that her sales were steadily shrinking, attributing it to a poor economy in Thailand due to political fluctuations. Incidentally at that time, PRC logistic companies started exploring Baan Tawai, a town full of woodcrafts. Thus Ms. Gewan began to consider how she could penetrate the growing market for woodcrafts in China, since proximity and accessibility to that country were advantages that she had.

It was only when she met Mr. Zhou that new opportunities began to materialise. After attending his exhibition in China, Ms. Gewan realised that there was a growing demand for Thai food products – which were deemed to be safer for consumption. Many Chinese had by then started buying Thai dried food products like fried pork skin. With the help of Mr. Zhou, she was introduced to many PRC businessmen and investors – with one of them later becoming interested in collaborating with her in meeting the growing demand for fried pork skin. They discovered that this food item was a popular snack among many nightclub goers. Since production costs and logistics were relatively cheap and more convenient in China, they decided to set up a factory producing fried pork skin in the country.

While the PRC businessman was responsible for setting up the factory, Ms. Gewan looked into the food's production – with an adjustment of ingredients to suit the taste

buds of Chinese people. Ms. Gewan articulated that she has learnt efficiency, future-oriented, and growth-minded perspectives from Mr. Zhou. Instead of being easily satisfied with the status quo, she has learnt to appreciate pressures in life – ones that can motivate her to develop further. In terms of cultural commodification, Mr. Zhou's impartation of Chinese business cultures to Ms. Gewan has contributed massively to her own business success. This, in turn, has aided Mr. Zhou's social embeddedness in Thailand, as Ms. Gewan constantly helps his business to grow – as his Thai nominee – and with other aspects of daily life.

There are also times when Mr. Zhou has faced the difficulties of intercultural differences in his attempts to promote Chinese business culture perspectives. In one particular case, Mr. Zhou signed a contract with a city site to organise an exhibition. However, there was an unexpected city government health campaign wherewith officials ordered the sudden cancellation of the exhibition at short notice. That was a crisis moment, as hotel rooms, air tickets, and other transportation-related services had already been booked and paid for. Due to receiving such short notice, Mr. Zhou could not find an alternate location. Consequently, Mr. Zhou suffered massive losses. In addition, he forked out his own money to compensate the Thai merchants involved for the lost opportunity. However, there were some among them who did not appreciate his kind gesture. For instance, one Thai lady chose to abandon her partnership with him after finding other agents who lured her with higher returns. In spite of Mr. Zhou's caution, she insisted on grasping at immediate benefits without considering long-term development opportunities. Ultimately, she suffered losses as these new agents turned out to be unreliable and offered no strategic prospects for Thai merchants. Mr. Zhou afterwards lamented,

> I still respect and treat her like a loved one. However, the problem lies with her way of thinking as she only sees what is in front of her. In fact, this mentality of immediate interest seems to be prevalent among many Thai people. Some others followed in her footsteps in collaborating with those agents who promised them cheap but sparsely populated venues. In the end, they could not sell their products. Indeed, these Thai merchants are timid. They are unlike PRC Chinese entrepreneurs who dare to take loans from banks for investments so that they can expand their businesses and earn more money. In sum, these Thai merchants are not like us who hold lofty ideals and macro perspectives. They only hope to be able to sell more things in China. They simply fall for any immediate benefits, without considering long-term implications. (Interview 3 February 2018)

In a nutshell, Mr. Zhou's promotion of Chinese business cultures is invariably set on far-sighted goals, while being dependent on how Thai merchants respond or react to his shared perspectives. In both public forums and private domains, Mr. Zhou has sought to use his perspectives as a Chinese ethnopreneur to help his Thai counterparts to improve on their business models – which will ultimately lead to long-term economic benefits for them.

Unofficial Dual-Accredited Roles in "Ideomaterial Consumption"

On almost every occasion, Mr. Zhou has presented himself as an unofficial dual-accredited citizen diplomat in serving the interests of both the PRC and Thailand. Besides his personal interactions and public forums, Mr. Zhou has also actively engaged with institutions that enhance bilateral relations. As a case in point, Mr. Zhou initiated and collaborated with the Chinese consulate in Chiang Mai to set up a chamber of commerce – with the purpose of promoting further economic exchange between the PRC and Thailand. Mr. Zhou noted:

> Picture a PRC businessman who would like to import longans from northern Thailand into China. However, this person has several difficulties. First of all, he cannot speak the Thai language. Thus, he needs an interpreter. Besides, he does not understand the geographic landscapes and environmental conditions involved in longan production. Thus, he needs to personally explore many physical sites so as to ascertain the most lucrative location for longan farming. Further, he has to enquire about Thai and Chinese freight, port, and other related taxes. He will need to make several trips to Thailand, and he will require at least a month to consolidate all necessary information. However, all these problems will be resolved if we have such a chamber of commerce to facilitate them. (Interview, 3 February 2018)

By appointment, Mr. Zhou currently holds the position of vice chairman of this association and seeks in this capacity to provide crucial information to assist PRC businesspeople, developers, and retirees looking to settle in Thailand. Under the auspices of this association, Mr. Zhou has organised several meetings and activities for both Thailand and PRC representatives – serving as a platform for enhancing greater cooperation in economic matters as well as closer integration vis-à-vis sharing resources. Mr. Zhou highlighted that he has received massive support from the Chinese consulate, including information related to bilateral policies and the BRI. In recognition of his distinctive contributions, in 2017 Mr. Zhou was named "The Most Influential Person of the Year in the Mekong River Basin" by *Mekong River* (PRC State Council Information Office, 2017: 17). The latter is a well-known, bilingual, PRC government–sponsored magazine published in Yunnan, one that has been made available in Thailand as well.

Concomitantly, Mr. Zhou has also actively sought to develop ties with Thai state agencies. Although to date he has not received any financial support from Thai authorities such as the Tourism Authority of Thailand, Mr. Zhou has still continued to seek engagement with state officials. At his own expense and of his own accord, Mr. Zhou has previously invited the president of the Chiang Mai women's association, the director of the Chiang Mai police department, and former Chiang Mai diplomatic officials to join his cultural fairs in China.

Finally, Mr. Zhou's cultural diplomatic aspirations are rooted in what can be termed his "ideomaterialist" orientation in enjoying Chiang Mai's conducive living environment. The author has coined the term "ideomaterial consumption" to avoid binaries

while hybridising the ideological quest of post-materialism and the neoliberal material quest existing in Chinese capitalism. In one of the interviews, Mr. Zhou explained:

> Due to my experience in organising exhibitions, many of my friends might have ascribed me with the honourable status of a Chinese entrepreneur or businessman. However, in my opinion, I am more of an ambassador for cultural transmission. To me, culture is the cornerstone of international and interethnic relations. If international trade were to be developed between countries, then cultural exchange must occur prior to any economic transaction. As for me, the foundation for any progressive international relations will be established when there is a foundation of mutual cultural understanding set in the background. This is similar to our country's BRI, where the principle of "culture first" has been adopted. Since I was a child, I was raised by my parents – who were music teachers – to be inculcated with the significance of regional and cultural arts. I am not a materialistic person, and my only desire is to spend more time with my loved ones. As my parents are aging daily, I want to acquire a quiet and comfortable place so as to be in the company of them and my loved ones. All things in this world are unpredictable, and life is short. While money may enrich one's material life, the happiness and well-being of one's family members is more valuable than anything. (Interview 13 December 2017)

In his speeches, Mr. Zhou consistently reflected his life navigation towards integrating both ideological and material dimensions. As he posited:

> I profess that I understand Thai culture. For many Chinese tourists, they only have a superficial awareness due to their short stay in Thailand. Consequently, they have flawed perceptions of Thai people. On the other hand, some Thais have misconceptions with regard to the Chinese. Therefore, I have a responsibility to help people from both countries to eradicate those wrong notions. China and Thailand are neighbouring countries, and their relations with one another are likened to brotherhood. Hence, I must obliterate any existing misunderstandings so that their brotherly bond can be sustained permanently […]. The arrival of more Chinese tourists signalled unlimited business opportunities, especially for Chiang Mai where tourism industry plays a significant economic role. While this might be true, it is important to recognise that people from different countries have cultural differences. If fundamental assumptions are not dealt with, then deeper misunderstandings might develop and become entrenched over time. Therefore in all of my exhibitions, and as long as I have the opportunities, I seek to present a comprehensive, genuine, and factual representation of Thailand in its actual development. At the same time, I seize every opportunity to present a totally different China – with Thai merchants participating in my exhibitions as well as informal gatherings. (Interview 13 December 2017)
>
> In essence, these exhibitions serve as a cultural platform to promote good products from Thailand in China. In addition to satisfying Chinese consumerism, such cultural platforms will allow PRC Chinese to experience Thai culture, which will further enhance mutual understanding. It is only through deepened mutual understanding that one can discover

> what the other party really needs and what future collaborations can be forged. This will then stimulate more commercial exchanges and partnerships. (Interview, 3 February 2018)

In essence, these quotes accentuate Mr. Zhou's ambassadorial ambitions through multiple forms of cultural commodification in relation to markets and identities spanning Thailand and China. According to these quotes, the convergence in Mr. Zhou's forging of cultural collaborations, while also seeking business opportunities, reveals his complex ideomaterial consumption as he performs an unofficial dual-accredited diplomatic role.

Envisioning Transnational Ethnopreneurial Diplomacy

Earlier, the article noted the problematic nature of traditional citizen diplomacy notions – being fixated as they are on single-accredited individuals performing unilateral, state-centric ambassadorial functions. In mitigation, transnational ethnopreneurial diplomacy has been proposed and defended as an alternative paradigm – one set against the transforming socio-economic landscapes of dual embeddedness, neoliberalism, and post-materialism. Through the iconic case study of Mr. Zhou, the efficacy of this model has been succinctly presented as follows: first, he promoted Sino–Thai cultural appreciation through the facilitation of Thai merchants in their commodification of Thai cultural products and activities. This Mr. Zhou did when he organised Thai exhibitions or cultural fairs in various Chinese cities. From a Thai perspective, he has practically extended the transnational business networks of Thai merchants into the PRC Chinese market. From the PRC Chinese side, meanwhile, Mr. Zhou has opened up to his native country's entrepreneurs potential transnational business collaborations with Thai merchants.

Second, from an institutional perspective, Mr. Zhou helped set up a chamber of commerce in Thailand specialising in facilitating and supporting economic interactions between the PRC and the Southeast Asian country. Out of his own personal funds, he has enabled Thai officials to participate in his self-styled ambassadorial activities – specifically in the form of exhibitions promoting Thai cultural commodities in China. Third, Mr. Zhou's commodification of Chinese business cultures has also helped some Thai merchants to appreciate Chinese cultural values and enhance their own business development. The example of Ms. Gewan's successful transnational entrepreneurial venture in China has demonstrated the effectiveness of Mr. Zhou in promoting "Chineseness." Finally, Mr. Zhou's diplomatic efforts have been attested to intersubjectively – as he gained recognition in a reputable Chinese–Thai bilingual magazine.

Some scholars have expressed caution about Chinese transnational entrepreneurial practices, with their increasing influence having brought about a "negative reaction from the grassroots and the public, many of whom have become victims of land-grabbing and resource enclosure in the name of development" (Santasombat, 2015: 2). In her critical study of a Chinese neoliberal project in the Golden Triangle Special Economic Zone, Laungaransri (2015: 143) described how China's "civilizing mission" has "de-territorialized" Lao residents and Burmese workers – leaving them with "little

negotiating power in their workplace and little freedom to define their subjectivity." Yet, there are also those such as Mr. Zhou who positively seek to promote bilateral relations from an unofficial, dual-accredited diplomatic position.

Hence, this article has aimed to rectify the biased notion of predatory Chinese capitalism by introducing transnational ethnopreneurial diplomacy as a new vision in citizen diplomacy. With the now-changing global politics and continuing competition between the United States and China, it is crucial to re-envision new forms of citizen diplomacy and thus escape the Thucydides trap – as denoting "tensions between an established hegemon and the rising challenger" (Santasombat, 2019: 23). Supporting this new vision, the article has articulated the importance of upholding the spirit of working together in order "to rectify and improve the global economic, political, and security challenges" (Santasombat, 2019: 23).

Conclusion

The research findings of this article contribute epistemologically to overcome the limited conceptualisation of traditional citizen diplomacy as fixing "citizens" within a single nation-state sovereignty as well as to rectify overlooking the transformation of embeddedness in view of changing global socio-economic and political circumstances. Through the case study of the article's protagonist, Mr. Zhou Ji, a re-envisioning of citizen diplomacy through transnational ethnopreneurial diplomacy has been articulated. As a single case study, it does not seek to provide a generalised and complete picture of transnational PRC Chinese in Thailand. The author acknowledges its limitations in capturing the infinitely nuanced variations in PRC transnationalism, as characterised by different generations, genders, occupations, mobilities, and other identification practices in Thailand. Hence, this article recommends that further studies should be conducted on other types of citizens, where public–private engagements for multiple win-win outcomes can also be made across countries.

To reiterate, it has been argued that the effects of dual-embedded transnationalism, neoliberalism, and post-materialism behove a re-envisioning of citizen diplomacy – wherein individuals are spontaneously situated so as to adopt unofficial dual-accredited roles for the enhancement of bilateral relations. In today's volatile and precarious political and socio-economic landscapes, developing countries are constantly seeking ways to foster sustainable multilateral relations with significant other ones. Departing from a zero-sum game approach, this article argues that countries should tap into the power of the non-traditional, transnational, ethnopreneurial diplomats navigating between multiple identities, cultures, and markets. Instead of conceiving of citizens within a sovereign state's fictional production of "a common past and a common future" (Lanoix, 2007; Shapiro, 2000: 79), it has been argued that we should consider how transnational locals and foreigners can serve multiple diplomatic missions. For instance, Thailand should consider how to support ethnopreneurs like Mr. Zhou and Ms. Gewan in the extension of its identities, cultures, and markets to China. In the same vein, the PRC government might consider working in partnership with ethnopreneurs like these two individuals – as

part of furthering its soft power via cultural diplomacy with Thailand and other countries.

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Home Away From Home: The Social and Political Roles of Contemporary Chinese Associations in Zambia

Hangwei Li[1] and Xuefei Shi[2]

Abstract

This article examines the social and political roles of contemporary Chinese associations in Africa with case studies from Zambia. These associations help Chinese migrants better integrate and promote China's image in Zambian society. More importantly, they proactively engage in bilateral political relations, working with the embassy and state apparatus, defending China's overseas interests, and providing public goods to the Chinese community. We argue that, because of the associations, Chinese migrants in Zambia are politicised beyond the fact of their living in economic enclaves. Contemporary Chinese associations should thus be recognised as a significant actor and an indispensable intermediary in the rapid evolution of China–Africa relations.

Keywords

Chinese associations, Chinese migrants, Africa, Zambia, China–Africa

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Introduction

The expansion of China's economic and political interests in Africa in recent years has resulted in an increasing number of Chinese migrants settling in new societies (Mohan and Tan-Mullins, 2009; Park, 2009). New migrants are joining the mainland Chinese community in Africa, which used to consist solely of diplomats and aid experts. These new migrants are regular business people and traders, as well as workers and technicians working for Chinese companies. Some amongst the earliest groups of diplomats and aid experts chose to stay behind in host societies when their duties ended and became community leaders. Approximately one million Chinese migrants are now living and working in Africa, of which one third are people affiliated to Chinese construction companies, at least half are independent migrants usually involved in the private business sectors, and the remainder are other professionals including diplomats, doctors, and students (Park, 2016).

The demographic change inherent to Chinese migration to Africa has caused some problems. On the one hand, Chinese traders are branded invaders into local markets and accused of snatching working opportunities and wealth from the impoverished local people (Esteban, 2010; McNamee, 2012; Zhao, 2014). On the other hand, those working for Chinese infrastructure companies are believed by local people to have chosen a self-segregated life, hiding implicit agendas and avoiding direct contact with their host societies (Fessehaie and Morris, 2013). These misconceptions of new Chinese migrants in Africa have been challenged by empirical and ethnographic studies focussing on the personal lives of Chinese traders and corporate behaviours of Chinese companies (Warmerdam and van Dijk, 2016; Yan et al., 2018).

In this article, we debunk the myth of a problematic wave of new Chinese migrants in Africa via the lens of collective actions and associations. We believe that on the whole Chinese people in Africa are connected to and often interact with local societies in associational ways. These migrants are neither disorganised nor self-segregated, as associations connect their personal lives with the bigger, collective life around them. Whilst members, either individuals or companies, continue pursuing their own interests under the shelter of these associations, their collective, associational actions contribute to the emergence of a united Chinese identity and Chinese political field, advocating proactively in the given host societies for their rights and against violence and discrimination. We focus particularly on associations founded by or consisting of new Chinese migrants in sub-Saharan African countries, which have organisational characteristics distinct from the traditional overseas Chinese associations that can be found in metropolitan Chinatowns (Park, 2010; Xu, 2017; Zhou, 1992). We define the new migrants as those having been in Africa less than a decade, in comparison to the Cantonese-dominated traditional Chinese community and to the older, sporadic mainland migrants who arrived between the 1980s and early 2000s. There is, however, no sharp divide between the older and newer migrants from mainland China, and being new usually connotes a contemporaneity, even a correlation, between their arrival and the re-emergence of China–Africa relations in the new century.

Likewise, we define the associations established by this new wave of migrants to be contemporary, fitting in the wider scope of China's ongoing engagement on the continent. Our fieldwork finds that, beyond the realm of state actors (Chinese state-owned enterprises, diplomatic corps, and technical aid missions) and non-state actors (long-term migrants, travelling business people, and students), a realm of associations exists that encompassed Chinese companies and self-supporting migrants in Africa. These associations include not only legally registered groups of people with a common interest in civic affairs, business, or professionalism but also occasional, thematic, and associational political mobilisation at the embassy level (an informal, ad hoc mechanism). Interweaving their personal and commercial interests with these associations, new Chinese migrants and companies are living a more institutionalised and politicised life than those from other countries.

Our focus here is on the Chinese community in Zambia. The resource-rich country has hosted various types of Chinese migrants in recent years, ranging from small traders to miners to construction workers. Aid relations between China and Zambia date back to the 1960s, the era of Mao and Kaunda. The tie is solid, yet the anti-Chinese sentiment in Zambian society is equally pronounced. The multifaceted bilateral relationship has laid the groundwork for a diversified community of Chinese people living and sojourning in Zambia, mirroring the experiences of new Chinese migrants across the continent.

The broader goal of this article is to unveil the institutionalised way of life of new Chinese migrants in Africa and the political complexity demonstrated by contemporary Chinese associations in the era of globalisation. We seek to explore how these associations have politicised themselves, and whether politicisation has had a unique impact on the Chinese community and host society in light of the rapid evolution of China–Africa relations. We argue that associations offer institutional support for Chinese individuals and companies in Africa, based on which collective Chinese actions with social and political purposes are made possible.

This research is methodologically designed as a descriptive analysis, primarily relying on qualitative and interview data. We carried out participant observation and individual interviews with semi-structured questions, and collected data from Zambia where the presence of Chinese migrants has been politicised and is of special importance to policymakers on both African and Chinese sides. We conducted 50 semi-structured interviews of people with various capacities from twenty Chinese associations in Zambia. One of the authors worked in Zambia as a researcher and journalist between 2014 and 2017, having extensive connections amongst the Chinese migrants, the Chinese diplomatic corps, and local political and academic communities in Zambia. Some follow-up interviews and informal conversations were conducted via WeChat during the writing process in late 2018, as well as in person in April and May 2019.

In addition, we participated in many internal conferences, cultural events, and other activities organised by different Chinese associations in Zambia, which helped us accumulate extra data and observe the everyday life of Chinese migrants in Zambia. We monitored media articles published by *Africa Oriental Newspaper* (非洲华侨周报, *feizhou huaqiao zhoubao*), an Africa-based Chinese-language newspaper with a branch

in Zambia, which frequently publishes reports on Chinese associations' activities in Zambia. In addition, we consulted experts on migration, and on China–Zambia relations as well as officials from the Chinese embassy in Lusaka and compared the data from Zambia with those from other African countries.

Literature Review

The study of overseas Chinese associations is a subtopic of the broader study of Chinese migrant communities. Interestingly, within the literature on Chinese migrants in Africa and their interactions with host societies (Li, 2010; Park, 2010, 2016; Tremann, 2013; Yang, 2016), few studies are dedicated to the structure and roles of migrant associations; the rest have regarded these associations as no more than a proxy agent in the face of other, more ethnographic subjects being discussed (Lam, 2015; Mohan and Tan-Mullins, 2009; Yan et al., 2018). We can, however, try to unearth the roles of contemporary Chinese associations by looking at the nature and functions of Chinese associations operating in other countries and continents, and by probing into the structure of Chinese communities in Africa.

The Nature of Overseas Chinese Associations

It is not uncommon for Chinese migrants, traditional or new, to associate with one another in foreign societies for survival, economic, and political purposes. Western and Southeast Asian societies have been hosting Chinese communities and Chinatowns for centuries. Subsequent academic research on these people and organisations is copious. Amongst these investigations, Li (1999) offers the most comprehensive study on the associational life of Chinese migrants in the Netherlands. Not only does she categorise a large number of Chinese associations but she also provides an analytical framework for the relationship between migrants, associations, and their origins in China. She argues that "association credit" gives Chinese migrants commercial advantages both in the Netherlands and in China, and associations act as a bridge connecting the two worlds.

Kuhn (2008) extends Li's analysis to Southeast Asia and North America. He delineates the evolution of China's policy towards emigrants and describes how emigrants of different generations and origins take advantage of policy reorientations. He finds that when Beijing's policy changed and new migrants flooded into the old structure of earlier migrants, overseas Chinese associations experienced a radical transformation from old-style guilds, where patron–client relationships dominated, into transnational organisations that succeeded in gaining recognition from governments of both sides. It is worth mentioning that Skinner (1957) conducted pioneering research on the (secret) Chinese societies in Thailand. His insight into power relations within traditional overseas Chinese societies is useful for the analysis of power structures in the fast developing Chinese associations in Africa, particularly those based on hometown identity and kinship.

There are other studies regarding the taxonomy and individual case studies of the organisational life of Chinese migrants in Europe and Southeast Asia (Li and Shi, 2018;

Li, 2015; Peng, 2015; Wang, 2010). Some are published in the Chinese language. However, as Xiang (2016) observes, the existing literature tends to be trapped in the dichotomy of methodological nationalism and epistemological behaviouralism either viewing Chinese migrants as living in an isolated enclave economy, or arguing that the social organisation of migrants is strongly influenced by their history. In fact, we have discovered a political–economic spectrum in the labelling of overseas Chinese associations when they are referred to in academic works – that is, from "ethnic enclave economy" (Light et al., 1994) at one extreme to "deterritorialised nation-state" (Basch et al., 2005) at the other. An ethnic enclave economy is "a partially autonomous enclave economic structure constituting a distinct labour market" (Zhou, 1992: 4), known for its traditional, guild-like, ethnically based patron – client relationships. These enclaves (and the associations dependent on them) still exist in some labour-intensive industries where Chinese migrants have traditionally excelled – for example, family restaurants. The nature of the formulation of a deterritorialised nation-state, however, is highly political and transnational, and overseas migrants are inevitably incorporated floatingly into the nation-building of their homeland (van Dongen, 2017).

The Functions of Overseas Chinese Associations

Based on an investigation into the associational lives of foreigners mostly from Asia, Africa, and Latin America in early twentieth-century Europe, Moya (2005) categorises migrant associations into six different groups: secret societies, credit associations, mutual benefit societies, religious groups, hometown associations, and political groups. His main focus is on the sociability between migrants and their associations rather than their interactions with host countries. A more recent report on the social roles of Chinese associations (Houston et al., 2013) looks at religious, educational, political, cultural, and socio-economic associations amongst long-term Chinese migrants in a South African city. Their major findings are inward-looking – that is to say, they report on the functions and benefits that associations can offer to their members, including social networking, employment, a sense of belonging, and traditional education.

Traditional Chinese associations used to have only limited communications with the Beijing government (except during war time) and were used to engaging more in local rather than homeland politics (Leong, 1979; Li, 2017; Wang, 2010). For some older migrants, their associations can be even more exclusive. Wang (2010) notices that the Chinese associations in the Netherlands founded by old Zhejiang migrants are run in a village culture where the rules and customs of the original villages matter, findings echoed by Li's (2017) observations of the Mauritian Chinese community in the past. However, these associations are increasingly supplying public goods beyond the borders of clan and village, expanding to the broader Chinese communities in host countries. They offer new migrants necessary social support as they attempt to localise in host societies (Zhou, 2005). As Li (2017) discovers, traditional Chinese associations have transformed themselves from ethnic subgroups into more inclusive ones, more willing to provide service for the entire Chinese community. In general, culture, education, and

social functions are what the Chinese diaspora expect from Chinese social organisations abroad (Charney et al., 2003).

The Structure of Chinese Communities in Africa

Traditional Chinese migrants in Africa, like their compatriots in other countries, live within host societies in ethnic enclaves based on kinship or village identity (Kuhn, 2008). The arrival of new Chinese migrants as a result of growing China–Africa relations has introduced new social structures into the Chinese communities in African countries, ones based on economic ties and political calculations. Liu (2018) provides a review of the burgeoning Chinese associations in four African countries. Illustrating his argument with case studies in Tanzania, South Africa, Zimbabwe, and Ghana on how contemporary Chinese associations in these countries contribute to the economic life of Chinese migrants, Liu finds that these associations utilise their social capital as a lubricant between Chinese migrants, local governments and local societies, and further concludes that it is the transnational contemporary Chinese associations that help transform the "imagined community" of Chinese with varied origins into a virtual yet concrete community, united under a "pan-Chinese" identity. Liu also reveals another distinct feature of the new overseas Chinese associations in Africa: they tend to compete over who can better represent the Chinese community and be a better partner for the given host country. Similar social structures can be found in Li's (2017) research on the new Chinese migrants in South Africa, Mozambique, Mauritius, and Réunion.

Contrary to Liu's and Li's observations, Lam (2015) and Ho (2008) both find that the Chinese community in Ghana is fragmented, evincing weak solidarity and substantial internal competition. The main reason each came to this conclusion is that they both overlooked the existence of an extensive network of Chinese associations and their roles as intermediaries in preventing conflicts and schisms between individual Chinese migrants, local society, and the Chinese embassy. In conclusion, the existing literature recognises the positive functions of overseas Chinese associations as shelters, connectors, and providers. This lays the very foundation for our perspectives on contemporary Chinese associations in Zambia.

A Classification of Contemporary Chinese Associations in Zambia

In general, we categorise contemporary Chinese associations founded by new Chinese migrants in Africa into three main groups, dependent on their closeness with Chinese domestic politics, the vision of their leadership, and the nature of their business: some of them are civic and self-governing, some are semi-official and subject to the supervision of the Chinese embassy, and some are distinctly further politicised, acting as the extended arm of the Chinese state apparatus (a more detailed classification and description of these associations can be found in Li and Shi (2018)). The popular participation in local and Chinese politics makes all three types of associations potential players in the

China–Africa arena, as intermediaries, defenders of China's image, or implementers of China's foreign policy. The civic and self-governing associations are usually organised on the basis of identity, such as clan associations where members come from the same extended family or share the same family name, or hometown associations, where members come from the same province, municipality, or county. The semi-official associations are mostly commercial, such as chambers of commerce whose membership overlaps, to some extent, with that of the hometown associations; industry associations consisting of locally operating Chinese state-owned enterprises (SOEs), large international corporations, and small and medium enterprises (SMEs), and associations focussing on other semi-official issues (women, Taiwan, cultural promotion). The semi-official associations maintain a close relationship with embassies and are more or less involved in China's domestic political economy.

Both civic and semi-official associations are answerable to the respective Chinese embassies for special political mobilisation and business regulation, for example in areas such as promoting peaceful national "reunification" of China, exercising discipline vis-à-vis unhealthy commercial competition among member companies, and installing safety monitoring systems for Chinese migrants. As intermediary platforms, associations not only bind overseas Chinese to the Chinese state, contributing their allegiance whilst benefitting from the public goods – a rarity when abroad – provided by the network, but also act as a proxy of collective Chinese interests in host societies.

We contextualise our classification of Chinese associations in the southern African country of Zambia for the following reasons. Amongst African countries, Zambia and China's diplomatic and business ties with one another are long-standing, starting with the TAZARA railway project in the 1960s. The increasing economic importance of Zambia has attracted a larger Chinese migrant population, from more than 3,000 people in the 1990s to nearly 20,000 in 2017 (Postel, 2017). Most are new, having been in Zambia no more than ten years. Beyond the official propaganda, Chinese in Zambia, especially in the Copperbelt region, has always been a sensitive issue. Anti-Chinese riots have broken out multiple times in the Copperbelt region – most recently in November 2018, in this case spurred by a widespread rumour that Zambia's state-owned enterprise, Zambia Forestry and Forest Industries Corporation Limited (ZAFFICO), had been sold to China. Looking back, the populist Michael Sata who played the anti-Chinese card won the presidential election in 2011.

On the ground, the relationship between China and Zambia is far more complicated than the current academic debate suggests. We can find different types of Chinese, rich and poor, urban and rural, making lives for themselves in Zambia's varied economic sectors, from agriculture, to infrastructure, to trading to mining. At a continental level, the Chinese community in Zambia mirrors the Chinese community in Africa as a whole, evincing an identical demographic composition and facing the same challenges. What is more intriguing in the case of Zambia is that the Chinese migrants are more inclined to connect their personal life to the collective community life via various associations. Compared to migrants in neighbouring countries – such as South Africa, where century-old traditional Chinese organisations can be found, or Tanzania, which has attracted

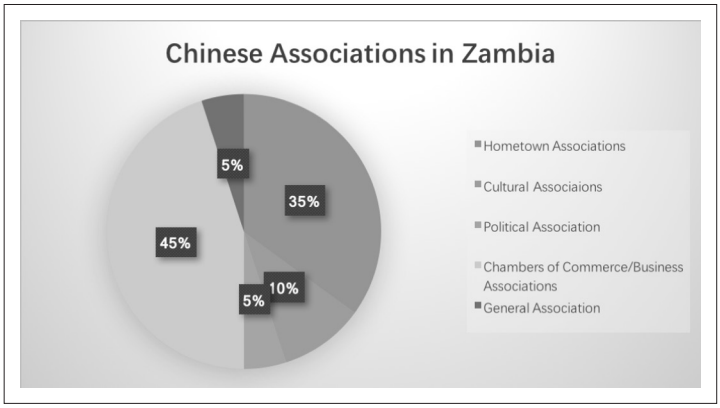

Figure 1. Classification of Chinese Associations in Zambia. *Source*: Authors' own compilation.

Chinese investment for a similarly long period of time – the Chinese migrants living in Zambia have established, out of the complexity of China–Africa relations, a more highly developed, faster-growing network of associations in terms of quantities and functions.

Chinese associations in Zambia are relatively contemporary, mostly founded after 2014. Around twenty Chinese associations are legally registered as non-profit organisations in Zambia with original purposes of preserving identities and culture, supporting the everyday life of Chinese migrants and promoting social and economic opportunities. There are five main categories of associations according to different functions, which include hometown associations, chambers of commerce, cultural associations, political associations, and one general association.

As shown in Figure 1, the largest group of associations in Zambia are chambers of commerce/business associations, which aligns with the fact that Zambia attracts Chinese migrants mainly for economic reasons. According to a recent McKinsey report (Sun et al., 2017), there are approximately 861 Chinese companies in Zambia, of which 90 per cent are privately owned and the remaining 10 per cent are state-owned.

The most influential Chinese business association in Zambia is the Association of Chinese Corporations (ACC), which aims to promote interaction and communication between Chinese and Zambian companies. It is a semi-official association under the direct leadership of the Chinese Economic and Commercial Counsellor's Office in Zambia and is responsible for assisting the Chinese government in expanding economic and trade cooperation between the two countries. It maintains close contact with Chinese companies in the country, giving them support and safeguarding the legitimate rights and interests of Chinese companies. Its other responsibilities include guiding and coordinating the legitimate business and fair competition of Chinese companies, solving major business problems through consultation, and acting as a middleman between different companies, especially when there are conflicts of interest between Chinese state-owned enterprises.

Amongst the twenty Chinese associations, the Zambia Chinese Association (ZCA) plays the most important civic role in the Chinese community. It works closely with the Chinese embassy to protect the interests of Chinese migrants, particularly as criminal attacks on the Chinese community have risen in Zambia. Two main achievements of the ZCA are the establishment of both the Emergency Medical Assistance Team and the Chinese Security-Defending Union (治安联防, *zhi'an lianfang*). The Zambia Chinese Association founded the medical team partly with the support of the Chinese government, which coordinates medical resources to provide effective aid for Chinese nationals in case of emergency and accident. The security-defending union manages several neighbourhood teams with Chinese vigilantes in selected areas of Lusaka and Kitwe where Chinese-looking people have become the major targets of local criminals.

The Social Roles of Contemporary Chinese Associations in Zambia

Often neglected in the current academic debate, Chinese associations represent one of the active actors and independent participants in China–Africa relations and in China's foreign policy. They are the bridge connecting individual Chinese, the Chinese embassy, and local society. These associations are indispensable in assisting Chinese migrants to better integrat with local society, functioning as cultural and philanthropic intermediaries by frequently organising cultural and charity activities with the purpose of spreading Chinese culture and bettering the image of Chinese.

Chinese associations, especially hometown associations, create a home away from home for Chinese migrants in Zambia, where they can find intimacy and solace within a familiar environment. Such intimacy and solace can, in return, influence members' perception of Zambia, how to do business in the country, and how to work with locals. Many Chinese migrants in Zambia depend on kinship and geographical relationships, resulting in the formation of different and highly cohesive hometown associations. Wu (2014) and Shi and Hoebink (2020) find the policy of province–country twinning assistance (对口支援, *duikou zhiyuan*) has aided the demographic spread of Chinese migrants in Zambia. In 1978 the first Chinese medical aid team from Henan Province arrived in Zambia and started their journey of providing healthcare service to Zambians. Up to present, Henan Province has sent twenty medical teams to Zambia; some of the doctors remained in the country after finishing their service.

The same applies in the construction sector. In the 1980s state-owned construction companies from Jiangxi Province were sent to Zambia for aid projects. Some senior workers started their own business in the country after their duty ended, where they were able to further hire workers from their hometown. As a result, many Chinese migrants in Zambia came from Henan and Jiangxi Provinces, which refer to each other as *Henan bang* and *Jiangxi bang*. According to the vice-chairperson of the Jiangxi Hometown Association, in Zambia there are more than 4,000 migrants from Jiangxi, making up the largest percentage of Chinese migrants in Zambia. Approximately 100 companies in

Zambia are owned by migrants from Jiangxi including the richest Chinese in the country.

Against this backdrop, the Jiangxi Hometown Association was established in 2012, followed closely thereafter by the Henan one. The former is regarded as the first Chinese hometown association in Zambia. Apart from these two, there are a number of migrants from Fujian, Chuan-Yu (Sichuan and Chongqing) and the Northeast, whose corresponding hometown associations were established in recent years as well.

For many Chinese migrants in Zambia, hometown associations are of great help in their life. When newly arrived migrants need consultation on local immigration laws, taxation, and even culture shock, they tend to rely heavily on hometown associations, where they can seek guidance from their "old brothers and sisters" (大哥大姐, *dage dajie*) and "old Zambians" (老赞比亚, *lao zambiya*, referring to those having more experience in Zambia). Newcomers' initial knowledge about Zambia, and how to do business and live there are often learned from these more experienced association members. As one member of the Jiangxi Hometown Association explained to us:

> My first dinner in Zambia was at a Chinese restaurant in Lusaka, with some older brothers and sisters from my hometown association. They are more experienced than I am and have been living in Zambia for more than a decade; I listened to their suggestions very carefully, especially how to do business here and how to keep myself safe. (Anonymous 1, 2017)

Not only do Chinese associations connect new members, they also attempt to manifest their institution and culture in the local society. Zambians, especially those living in the capital city of Lusaka, have got quite accustomed to Chinese festivals in recent years due to the frequent open cultural activities organised by Chinese associations. Locals have been able to engage in Chinese cultural events that they hear about through advertisements on local radio stations and in local newspapers, or more directly at open stages near important city landmarks, such as the Lusaka Levy Junction Mall, Mulungushi Conference Centre, or near Victoria Falls in Livingstone. Some of the events have also been broadcast via the Zambia National Broadcasting Corporation. Zambians have participated in Chinese cultural events not only as audience members but also as performers. The Chinese Spring Festival Temple Fair with a gala show and exhibitions of Chinese cuisine and companies, for example, has been organised yearly by the ZCA and supported by other Chinese associations, attracting thousands of local people joining in the celebration of the Chinese New Year. Chinese and local performers together presented dragon and lion dances, waist drums, and martial arts. Zambia's first president, Kaunda, was even one of the regular performers of the Temple Fair, as he usually presented and danced with the audience when performers sang "Tiyende Pamodzi," a song he had written. Such events can also be regarded as collective actions aiming to promote Chinese soft power in the host country via the joint efforts of various Chinese associations and the embassy.

Through all kinds of events and meetings, Chinese associations liaison not only with politicians but also with other Zambian institutions, particularly in the sectors of

business, education, and culture. It has become a routine activity for Chinese associations in Zambia to visit orphanages, donate teaching equipment and books to schools, and provide scholarships. They are trying to convince the local Zambians that they are concerned with the country too and are willing to contribute. As a representative from the Sino-Zambia Golf Association explained:

> It is noteworthy that many activities organised by Chinese associations are not only exclusive to Chinese, but also open to local Zambians. For example, the Sino-Zambia Golf Association regularly organises golf competition activities. We invite Zambian golf players to join us. In fact, many of the Zambian golf players are intellectuals, successful entrepreneurs and policy-makers. By interacting with them through various activities, we can also have a better understanding of each other. (Anonymous 2, 2019)

The Politicisation of Contemporary Chinese Associations in Zambia

Our main argument in this article is that many contemporary Chinese associations serve as a vital extension of Beijing's diplomacy in Africa. For this purpose, all twenty Chinese associations in Zambia we studied have, (un)wittingly, undergone a certain degree of politicisation. Their politicisation and mobilisation led to the emergence of a Chinese political field in Zambia, where political rather than economic considerations govern, and where associations are increasingly and proactively interacting with Zambian politics and the Zambian media.

Although overseas Chinese migrants have their own agendas (Chatelard, 2011), political outreach from Beijing vis-à-vis the new Chinese migrations (in particular those from mainland China) has been growing in recent years. In Zambia, this political influence is realised mostly via the intermediary Chinese associations. Economic success has boosted Chinese migrants' ambitions to access the political arena. Representatives of these associations are often seen at the embassy, attending political mobilisations organised at the embassy level. Some of them seek to raise their social status by using Chinese associations as platforms to enter the political stage, with titles such as president or chairperson as potential sources for political capital. According to an interview with some senior leaders from the Chinese associations in Zambia, one of the reasons they spend time managing these associations is that they value the opportunity to engage with the Overseas Chinese Affairs Office of the United Front Work Department of the Chinese Communist Party (CCP), and aspire to be members of the overseas Chinese People's Political Consultative Conference.

Aside from our findings on political participation, we are also able to delineate the pyramid of power that exists within the Chinese association system in Zambia. This goes from the embassy at the top, via the associations, to the bottom of individual Chinese and companies. Some of the associations may even take orders directly from homeland governments (provincial or municipal) and promote subnational and party policies within

the Chinese community in Zambia. For example, the Zambian Council for the Promotion of Peaceful National Reunification of China, though it is registered as an NGO in Zambia, is incorporated as part of the overseas united front of the party.

Connecting with the Embassy and Homeland State Apparatus

Chinese associations in Zambia maintain a close relationship with the embassy and are more or less involved in China's international and domestic political economy. The Chinese ambassador in Zambia frequently holds meetings with *qiaoling* (侨领, leaders from various associations) and gives them the latest guidelines and suggestions. For example, in August 2019, the current Chinese ambassador Li Jie and political counsellor Lai Bo paid a visit to the ZCA, encouraging Chinese community leaders to actively participate in the Belt and Road Initiative and take advantage of the associations' platforms. Most events organised by Chinese associations will invite at least one representative from the embassy. Apart from receiving guidelines, some of the association leaders serve as "unofficial employees" of the embassy. They closely work with the embassy staff, who, for instance, are responsible for party-building. This is especially pronounced in the case of the Association of Chinese Corporations in Zambia, which is mainly composed of Chinese SOEs.

Most associations carry out duties of constraining and disciplining their members, either individuals or companies, in accordance with the embassy's requirements of good behaviour, of abiding by local and Chinese laws, and of maintaining state secrecy. This particular disciplinary process is sometimes more discernible when party branches are found in certain associated Chinese companies and technical teams, whereby individual party members are placed under the dual leadership of their corresponding party secretary and the political officer from the embassy. In an annual conference organised by the ZCA, its leader emphasised the importance of the leadership of the Chinese embassy in Zambia and the Chinese government. According to him, the ZCA should strengthen its connection with relevant domestic agencies, promote party-building, and establish party organisation in the association where party members should strive to play pioneering and exemplary roles for other members (Anonymous 5, 2019).

Many associations have further established and maintained connections with state agencies in China that go beyond the embassy. These association leaders are eager to demonstrate their loyalty to the party and to seek recognition directly from the Chinese authorities. The latter includes, but is not limited to, the Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of State Security, and the Overseas Chinese Affairs Office of the State Council. Local and provincial government departments, such as the Provincial Party Committee Propaganda Department and Provincial Department of Commerce, might also have an influence on the associations to a certain degree, especially on hometown associations. Even though these associations are meant to be operating independently in their day-to-day operation, many leaders receive direction from China. A number of hometown association leaders confirmed with us that they have close links with provincial government leaders and they are members of provincial-level

Overseas Exchange Associations. Their associations consequently became channels for government departments in China to obtain both a better understanding of the Chinese migrants and country information on Zambia. As a leading member of a hometown association who has frequently invited government officials from his hometown to visit Zambia said:

> Every time I go back to my hometown, I will pay a visit to the provincial leaders, who are in charge of work related to overseas investment and overseas Chinese affairs (侨务, *qiaowu*). They are always happy to meet me, and are keen to have more information about investment opportunities in Africa and grasp the situation of peole from Jiangsu in Zambia. (Anonymous 3, 2017)

What is more, Chinese associations can be instrumental diplomatically during high Chinese officials' visits to Zambia. For example, when former Chinese president Hu Jintao and former chairperson of the Standing Committee of the National People's Congress Zhang Dejiang visited Zambia, it was the Chinese associations that, commissioned by the embassy, organised welcoming groups and signs at the airport and hotel.

Engaging in Local Politics

Among the associations Chinese have created in Zambia are a hobby-oriented one (Sino-Zambia Golf Association) and a gender-oriented one (Chinese Ladies' Union in Zambia). Though these two groups may seem apolitical and independent of government the Chinese Ladies' Union in Zambia is more a semi-official association with the Chinese ambassador's wife being the honorary president. The union's mission is to act as a bridge between Chinese and Zambian women to strengthen their communication, understanding, and friendship. However, because of the conspicuous role of the Chinese ambassador's wife (who is also a diplomat) in the association, the activities organised by this association are more at the top level than claimed, usually involving Zambia's top female officials – and even the first lady.

The Sino-Zambia Golf Association, along with the Chinese Ladies' Union in Zambia and certain Chinese state-owned companies, initiated the Zambia First Lady Golf Charity Competition in 2017. Through the golf competition, the Sino-Zambia Golf Association, the Chinese Ladies' Union in Zambia, and two other Chinese companies together donated ZMW 300,000 (approximately USD 23,000) to the Esther Lungu Foundation, a non-profit organisation named after Zambia's first lady.

According to an interviewee from the Sino-Zambia Golf Association, the idea of donating to the first lady's foundation evinced a "top-down" approach:

> The wife of the Chinese ambassador is close to Esther Lungu and she would love to contribute to the first lady's foundation. The first lady is of course happy to receive funding from no matter who, as she wants to make a difference. The Chinese embassy does not have funding for this, especially after President Xi Jinping launched an anti-corruption campaign. The wife of the Chinese ambassador, who is also a veteran diplomat, then started to consult with

> members of the golf association and the Chinese Ladies' Union in Zambia. When she gave us a hint, we then knew what we should do next. (Anonymous 2, 2019)

Although the donation – made by Chinese associations and companies – seemed non-governmental, it was viewed as an official move by local news outlets. The donations also came under criticism from Zambia's opposition-party leader:

> The money was handed over by the Ambassador's wife. There is everything wrong. Mr Xi Jinping can never receive money in that manner. It is never allowed in other countries by international conventions. We shall not allow any foreign company or mission to come and interfere in the internal affairs of this country by financing one political party against the other. We won't allow this mischievousness. We shall unearth the truth about this matter. (Wynter Kabimba, Rainbow Party, *Lusaka Times*, 7 April 2017)

Fighting Anti-Chinese Sentiment and Shaping Public Opinion

Chinese migrants in Zambia have been severely impacted by the continuous anti-Chinese agitation in Zambia. Consequently, their associations have been fighting the (potential) anti-Chinese sentiment by interacting with Zambian elites and carrying out interventions in traditional and social media. During the 2006 election, the then opposition presidential candidate Michael Sata failed to win after campaigning on anti-Chinese rhetoric. In the following election in 2011, he again campaigned against Chinese investors by criticising the Chinese migrants who he claimed had "taken over" Zambia. Although Michael Sata's rhetoric changed immediately after he was elected, the fear of being kicked out of the country had a strong psychological effect on the small Chinese community and was one impetus for the formation of an institutional structure amongst the Chinese migrants. Many Chinese association leaders we spoke to were worried there might be another round of anti-Chinese sentiment or xenophobic attacks on Chinese nationals in the future and they believed associations could be meaningful in building a relatively harmonious environment between Chinese and Zambians. Against such a backdrop a WeChat online discussion group – "Fighting Media Crisis" – was created, which comprised officials from the Chinese embassy, association leaders, and Zambia-based Chinese journalists. They hope to find effective ways to deal with negative stories relating to China and Chinese people, especially when a PR crisis erupts.

Wang Xin, the vice-president of the ZCA and president of the Zambia–Chinese Copperbelt Chapter, gave us an example of how associations in Zambia had worked closely with the Chinese embassy to tackle negative reports that might damage the image of Chinese. In July 2018 Zambia's government-owned newspaper *The Times* published an article entitled "'Flirty' Chinese Attacked," which provocatively accused three Chinese men (who were, allegedly assaulted by five Zambian men in the Chambishi area) of flirting with the assaulters' wives. Wang and other association leaders believed it was another example of media hype regarding Chinese people in Zambia and that the story was not likely based on truth, saying:

> The report might have a negative influence on Chinese people in Zambia. As the vice-president of the ZCA, president of the ZCA Copperbelt Chapter and appointed consular protection liaison officer of the Chinese embassy, I immediately reported to the leaders of the Chinese embassy in Zambia. Following the instruction from the Chinese embassy, I and other association leaders decided to investigate this story. (Interview with Wang Xin, 2019)

After the collective efforts by multiple association leaders, the newspaper finally published another article, explaining that the Chinese men were not suspected of flirting with the Zambian women. The Chinese association leaders believe that they are winning the public opinion war against prejudiced Zambian media. As the vice president of the Zambia Council for the Promotion of Peaceful National Reunification of China commented:

> One of the important goals for Chinese associations here in Zambia is to prevent the occurrence of any anti-Chinese incident. We Chinese don't want to be used as a "political card" for opposition leaders during their presidential campaign. We don't want to repeat the memory of 2006 and 2011. By organising multiple activities and events, I believe the various Chinese associations can perform a functional role in shaping and rebranding China's image in the country. (Anonymous 4, 2017)

Sata's criticism, however, was more about Chinese investors, a topic that has sparked increasing discussions in Zambian media and the parliament recent years, with particular reference to China's debt-trap diplomacy and the ambitious Belt and Road Initiative. The association leaders we spoke to tended to see the criticism as a product of fear and envy of China's quick rise, agitated by the Western media and opposition leaders. Although most association leaders have been living abroad for a long time, they remain nationalistic and pro-Chinese government, and have created a Facebook page in an attempt to refute false claims about Chinese people and to display a positive image of Chinese people in Zambia. One interviewed leader responded to this situation in quite a passionate tone:

> We can no longer be silent. We cannot continue to let other people splash dirty water on China. Implementing the Belt and Road Initiative is also a political game; associations can be regarded as the bud of a public opinion war. We association leaders have accordingly built a WeChat platform, discussing how we can best respond when there is negative news in the local media. We hope we can also take the initiative to guide public opinion in the future. (Anonymous 5, 2019)

Providing Public Goods to Chinese Migrants

Another political role often overlooked by the previous studies is the public goods provision from Chinese associations, which encompasses not only security support as we stated earlier but also the efforts associations have made to set up a platform of

information-sharing for Chinese migrants in Zambia. Several Chinese associations have their own official online media platforms – in the form of an official WeChat account, on which these Chinese associations publish news, announcements, foreign exchange rates, and job postings on a daily basis. For example, the ZCA has been working on an initiative that translates local laws into Chinese and helps Chinese investors to understand local regulations. This kind of initiative is particularly helpful for those who cannot read English, as most information published is related to Zambia's political, economic, and social news. With support from the Chinese government, the ZCA has further established an Emergency Medical Assistance Team with the aim of providing emergency medical aid exclusively to Chinese (including those from Hong Kong, Macau, and Taiwan), since such service is still quite rare in Zambia.

One of the functions of Chinese embassies is to provide consular protection and assistance for Chinese nationals. With more and more Chinese migrants working and living in Zambia, the workload of consular protection has increased, whilst the number of staff in charge of consular protection remains the same. For example, there is only one staff member in charge of consular protection at the Chinese embassy to Zambia, and this person has other duties too. Small companies, families, and individual traders are amongst the most vulnerable, and are not able to receive official protection from the embassy. The gap is now being filled by associations and the Chinese Security-Defending Union, which have sufficient local resources and *guanxi*. In 2017 31 Chinese nationals who had been held for illegal mining in Zambia, including a pregnant woman and two people suffering from malaria, were released after being detained for more than seventy-two hours in the Copperbelt town of Chingola. Chinese associations in Zambia led by the ZCA and ACC mobilised local resources to pressure for the release of these individuals. By the time we were finalising this article around September 2019, a confrontation between Nigeria and South Africa broke out over the xenophobic attacks against Nigerians and other black Africans in South Africa. This is a situation Chinese migrants in Zambia want to avoid as they will be to some extent more vulnerable than any other non-indigenous groups should similar xenophobia surge again.

The provision of security as a public good is a sovereign affair. The appearance in Zambians' daily lives of Chinese faces controlling an organisation of legal violence can be controversial. Some Chinese association leaders have gone further than establishing a security-defending union: In 2017, the president of the ZCA donated two vehicles to the Zambia Police Service. At the donation ceremony, Inspector General of Police Kakoma Kanganja nominated eight Chinese nationals, leaders of the ZCA and other Chinese associations in Zambia, as police reservists. It was the first time that the Chinese in Zambia tried to protect themselves by becoming local police officials (though unarmed). However, Zambians who held prejudiced views against the Chinese regarded this nomination as an invasion in to the public security sphere. They fear that the Chinese are buying influence and using the national police at the expense of Zambians' public interest. The nomination was soon cancelled following the public outcry.

The cooperation between Chinese and the Zambian police force continued despite the failed nomination. More than ten senior Zambian police officers attended a joint annual

defence session between the Zambia Police Service and Chinese Security-Defending Union organised by the ZCA later in 2017. According to the conference notes we obtained, the main purpose of this annual session was to strengthen the cooperation between the ZCA and the Zambian police in order to provide a safer working and living environment for Chinese migrants in Zambia. The Zambia Chinese Association delivered ZMK 20,000 (about USD 1,670) to the Zambian police to encourage them to swiftly resolve a case of shooting in which a Chinese migrant was a victim.

Our study finds that leaders of Chinese associations are the decisive factor behind the quality of service provided to the Chinese migrants in Zambia. These leaders always try to gain support from both the Chinese embassy and local elites. On one hand, their strong connections with the local elites have benefitted the development of the associations and have helped the entire Chinese community better integrate with local society. On the other hand, these connections with local elites can sometimes be controversial and might potentially run counter to China's "non-interference policy." Some leaders of Chinese associations have been working and living in Zambia for more than twenty years, having developed a close relationship with senior Zambian officials, even with party leaders and the head of state. It is not unusual for leaders of the ZCA to pay a visit to State House on behalf of its members, where issues such as the business environment for Chinese in Zambia are discussed. For example, the representatives from the ZCA paid a visit to President Lungu in 2015 and soon afterwards the Zambian police headquarter publicly assured the Chinese community there would be increased security for their businesses. The president of the Zambia Council for the Promotion of Peaceful National Reunification of China told us that he used his own connection to persuade former president Michael Sata to meet the then-Chinese ambassador to Zambia right after Sata won the election in 2011. Further, added a president of a Chinese hometown association, "whenever the police trouble you in Zambia, just tell them my name and you will be fine" (Anonymous 1, 2017).

We should understand that these association leaders who contribute their time and efforts to managing Chinese associations and provide service for Chinese migrants are not philanthropists. They do it because of their deep financial, social, or emotional involvement in local society. The image of China and how local Zambians view Chinese is important to them as the sustainability of their own investment relies on the relationship between Chinese and locals. Below are two examples of such leaders.

Ms. L, who is in her mid-60s, has been very active in the associational life of several Chinese associations. Ms. L came to Zambia from Sichuan province with her husband more than two decades ago. She is not only the chairperson of the Chuan-Yu Hometown Association but also the vice-chairperson of Chinese Ladies' Union in Zambia, and the manager of the Emergency Medical Assistance Team organised by the ZCA. As a Chinese who left her motherland a long time ago, one of her proudest accomplishments was her participation in the Sixtieth Anniversary of the Founding of the People's Republic of China in 2009, where she got the chance to stand at the red carpet in Tian'anmen Square in Beijing as a Chinese community leader from Africa.

Mr. F came to Zambia as a manager of a state-owned construction company in 1994. After several years, he started his own business. In 2000 he married a Zambian and now has three children. As most Chinese are not open to interracial marriage, he then kept a distance from the Chinese community. However, he changed his mind and in recent years has become active as a Chinese community leader. The main reason for this change is that he realised that locals' view of the presence of Chinese would affect him and his family, no matter how hard he has been trying to localise himself. For his mixed-race children, the question about their origins has sometimes been a sensitive topic at school, especially when negative media reports about China or Chinese came up. Mr. F therefore has devoted himself to helping improve the image of Chinese in Zambia, becoming an ardent member of Chinese associations in Zambia.

Discussion

Contemporary Chinese associations are active actors in China–Africa relations. First of all, our findings support Liu's (2018) argument that the Chinese state has domesticated and facilitated diasporic participation in China's diplomacy. We have shown that Chinese associations perform a variety of functions in this respect. Second, the China–Africa relations and rhetoric are sparking unprecedented "transnationalism" (Vertovec, 2004; Zhou and Lee, 2013) amongst new Chinese migrants and their associations. The engagement of civilian migrants in bilateral relations is by nature political, meaning that associations and their leadership can reap huge political capital to the benefit of their own businesses and lives. As Kuhn (2008) concludes, being recognised by both governments translates to career success for Chinese migrants, and the official recognition allows them to benefit from both societies.

Economically, some Chinese associations have arranged for business delegations from China to visit Zambia (for instance, the Jilin and Jiangxi hometown associations invited leading companies from Jilin and Jiangxi), which results in direct investment. In some cases, through the introduction of an association, some Chinese companies are able to find reliable go-betweens to facilitate trade with Zambian companies. Culturally, Chinese associations have organised a variety of activities to present Chinese culture to the mainstream society. By highlighting Chinese culture, they have helped the local Zambians gain insight into China and have improved the mutual understanding between Chinese and Zambians.

According to d'Hooghe (2015), in spite of the fact that China is a one-party state with a centralist authoritarian regime that has far-reaching control over public diplomacy instruments, its public diplomacy is no longer solely confined to a hierarchical state-centre format. Politically, Chinese associations as important non-state actors are carrying out an ever-growing role in China's public diplomacy and in so-called people-to-people diplomacy in Africa. The former Chinese ambassador to Zambia Zhou Yuxiao admitted that Chinese overseas associations were indeed practitioners of Chinese public diplomacy. The Chinese embassy and migrants in Zambia have a common concern regarding promoting the image of Chinese companies and people in Zambia. In 2016 a Zambian

tabloid published an article claiming that the Chinese use human meat to make corned beef and sell it to Africa. Due to the strong dismay shown by many Chinese in Zambia, especially as expressed in WeChat groups, the president of the China Council for the Promotion of Peaceful National Reunification in Zambia held an emergency meeting with leaders from different Chinese associations and requested the tabloid publish a letter of apology the Chinese community in Zambia.

Apart from the Chinese community, Zambia is home to several other non-indigenous populations, the most notable of which are Indians, frequently mentioned by the Chinese during our interviews. The longer-established Indian community plays a critical role in the Zambian economy. Different from the Chinese, the majority of the Indian community in Zambia hold Zambian citizenship. Their associations, such as the Association of the Indian Community in Zambia and the Lusaka Indian Ladies' Association, are thus more concerned with domestic development than bilateral politics, as the Indian Zambian citizens can find more institutionalised channels within the established system to express their needs and interests.

Conclusion

Overseas Chinese all over the world have a strong tendency to organise themselves as part of associations or associational movements, regardless of their ideology or identity. These associations have occupied various functions and have been studied from different viewpoints. For centuries, associations, in particular those framed around kinship and dialectal compatriotism, have been essential for both legal and illegal new migrants by providing economic shelters for them (Kuhn, 2008). At the same time, political overseas associations have been a catalyst for the state formation and nation-building of modern China. Tongmenghui, the Chinese United League, which received organisational and financial support from Chinese migrants across the Asia-Pacific region, was the main force behind the establishment of the first Chinese Republic (Liu and Liu, 1996). Progressive Chinese students were sent to Europe to study between 1919 and 1920, where they founded the European branch of the CCP and started their revolutionary careers (Bailey, 1988; Wang, 1982). For Chinese migrants, patriotic associations were specially organised to provide support for the war against the Japanese invasion during World War II (Leong, 1979). Today, the need to promote culture and business opportunities between China and migrants' host countries is spurring the creation of new overseas Chinese associations in new frontiers such as Africa and helping transform the traditional associations in the more established Chinese communities in other parts of the world as well.

In general, this article finds that contemporary Chinese associations with new Chinese migrant members in Zambia are vital to facilitating cultural, business and, in particular, political ties between China and Zambia. Associations institutionalise and politicise the life of Chinese individuals and companies in Africa, connecting them with the embassy and the homeland state apparatus, engaging in Zambia's local politics, fighting the anti-Chinese sentiment, and providing public goods. This process can be advantageous to

both the businesses and personal lives of migrants. From an individual perspective, Chinese associations have supported many individuals when they encountered obstacles, such as robberies, illnesses, car accidents, and labour disputes. From a commercial perspective, Chinese associations, especially business associations, are instrumental in resource-sharing and information-sharing.

The impact of Chinese associations in Zambia needs, however, further observation and evaluation. We have seen Chinese people, Chinese culture, and Chinese values being exposed to the daily lives of Zambians on an unprecedented scale thanks to the proactive approaches of Chinese associations attempting to promote and protect Chinese interests. Without the organisational and financial support of these associations, none of the open cultural activities, joint security forces, and charity events we witness on the streets and venues all over Zambia would have been possible. In Zambia, no permanent Chinese space such as a Chinatown exists as a physical foundation for these activities and events. Thus, we argue that associations are functioning to some extent as Chinatowns do in other cities.

We must pay special attention to the fact that the associational, and mostly urban, life of the new Chinese migrants in Zambia is highly politicised and connected to the bigger picture of China–Africa relations. Politicisation can sometimes give the impression of grandeur in scale, of working with authorities, and of neglect of local civil society, which, as often emphasised in development studies, can be associated with problems in, for example, social inclusion or the welfare of the poor. Whereas it is true that Zambia, particularly Lusaka and the Copperbelt region, has benefitted from the presence of Chinese associations in terms of potential investment and charity, we are not yet certain about how ordinary people working for sustenance can gain from the development of Chinese associations in their lives.

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A Synergy of Failures: Environmental Protection and Chinese Capital in Southeast Europe

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Abstract

Chinese economic presence in Europe is primarily discussed as a security threat with its impact on sustainability remaining a rather marginal issue. This article investigates the repercussions of Chinese capital's surge in Europe for environmental protection and analyses the reasons behind its poor performance. We examine five key Chinese projects in Southeast Europe, a sub-region that includes countries with different forms of association with European institutions and with varying levels of development and state capacity. We find that the negative environmental impact of these projects cannot be attributed to the commonly held perception of the Chinese as inherently "bad" investors and of host states as "weak" and dependent. Rather, we identify a synergy of failures between investors, host states and regional institutions that results in poor regulation and compliance. This finding calls for the inclusion of sustainability in foreign

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investment screening mechanisms and the abandonment of contradictory developmental priorities in the region.

Keywords
Southeast Europe, China, Sustainable Development, Belt and Road Initiative

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Introduction

Chinese outward capital has attracted considerable attention worldwide, triggering both positive and negative reactions. While some countries, especially developing and crisis-stricken European Union (EU) nations, view it as an important new source of investment, others fear that it is centrally controlled and promotes China's aggressive foreign policy agenda. Regarding Southeast Europe (SEE), over the last five years, European policy makers, think tanks, consultants and journalists have exhibited rather alarmist attitudes towards expanding Chinese economic activity and the political leverage this might entail in a region traditionally seen as Europe's "soft underbelly." This ongoing, and largely inconclusive, debate has concentrated on political and security concerns about China's actual or potential influence over current and aspiring EU member-states and its impact on EU cohesion (Benner et al., 2018; Casarini, 2015; Godement and Vasselier, 2017; Hellström, 2016; Karásková et al., 2018; Meunier, 2014; Pavlićević, 2018; Rogelja and Tsimonis, 2020; Vangeli, 2017; van Pinxteren, 2017). Threat perceptions associated with Chinese capital have flourished and fuelled policy responses. Characteristically, the EU foreign direct investment (FDI) screening mechanism was created in 2019 to safeguard the Union against the security or public order threats of foreign investment, primarily originating from China. Both the debate and the policy responses have widely neglected areas of direct concern for European citizens and societies, including labour practices, environmental protection and the impact of Chinese capital on local economies (with notable exceptions like Drahokoupil, 2017 and Neilson, 2019 on labour).

Another stream of the literature is increasingly concerned with the model of development that Chinese capital promotes and the corresponding challenges for Western liberal norms and regulatory standards (Adisu et al., 2010; Armony and Strauss, 2012; Baah and Jauch, 2009; Lee, 2018; Trofimov, 2007). The Chinese president's 2017 assertion that China offers a "new option" for developing countries (Xi, 2017) has further intensified this debate, raising fear and criticism of the corporate governance and social responsibility standards of Chinese companies (Economy, 2019). This literature, however, focuses predominantly on regions of the Global South characterised by underdevelopment and weak institutional capacity, where Western and other developing country actors have a long track record of exploitative activities and unethical corporate practices (Duanmu, 2014; Elliott and Freeman, 2004; Moran, 2002). As a result, it is often not analytically possible to distinguish the impact of Chinese capital from the effect of structural

limitations emanating from neoliberal reform programmes imposed by Western lenders or weak developmental bureaucracies and corruption.

The present article engages directly with the debate on regulatory standards and practices by examining a key area of concern about the Chinese developmental model, namely environmental protection. It concentrates on Southeast Europe, an integral part of China's new "Silk Road." This region combines EU countries (Bulgaria, Croatia, Greece, Romania and Slovenia), where environmental protection is regulated according to EU legislation, and aspiring members (including Albania, Bosnia-Herzegovina, Kosovo, North Macedonia and Serbia), where national regulation could be more amenable to investors' interests in an effort to attract investment. As such, SEE offers a unique opportunity to investigate the assumed downward spiral effect from different regulatory starting points. This represents a novel evaluation of Chinese capital which is particularly relevant given the intensification of anti-Chinese FDI policy and rhetoric by the EU in recent years (Rogelja and Tsimonis, 2020). As major Chinese capital flows into SEE are a trend of the last decade, the article is also timely in being able to track the development of Chinese projects and their impact on environmental standards in the region and to identify emerging trends that may also be applicable at a European level.

The article also contributes to the literature on state-investor relations, specifically transnational state-owned enterprises that for the most part, over 19 per cent globally, come from China (Babic et al., 2017). Examining the investment and financing behaviour, negotiating priorities and sustainability policies of large Chinese transnationals is linked to understanding the role of host states and supranational regulatory frameworks precisely because Chinese companies have faced a steep learning curve in their effort to seek business overseas (Jacoby, 2014), suggesting their practices are still in flux and reflect host state regimes as much as they do domestic Chinese institutional arrangements. Consequently, our work does not tend toward the "comparative capitalisms" approach, which emphasises modelling relations between the owner state and state-owned enterprise (compare Nölke et al., 2015 on "state-permeated market economies"). Instead, we emphasise host state-investor relations as an important variable that helps us understand the behaviour of transnational corporations from emerging economies such as China, as they co-create different practices and regulatory norms in liminal regions such as SEE.

Methodology and Argument

Under the rubric of "Chinese outward capital," we include FDI as well as other overseas flows such as concessional loans resulting in contracted work for Chinese companies, following the work of Lee (2018) on varieties of capital and Klinger and Muldavin (2019) on the need to approach state, capital and development in a multi-scalar way. By using the term "Chinese capital," we also emphasise the role of China's state-led economy while at the same time allowing for differentiation on a case by case basis.

This study represents a collaborative methodological design combining fieldwork with input from civil society, by bringing in the views of participants on the ground as

co-authors of the analysis of China's outward capital. The great variety of potential cases across SEE states required an exploratory phase to map recent developments. This stage culminated in a workshop titled "Chinese Investment in the Balkans: an Environmental Perspective" that took place in Athens on 14–15 June 2018, funded by King's College London and organised in conjunction with the Mediterannean Programme for International Environmental Law & Negotiation (MEPIELAN), Panteion University. The workshop brought together environmental non-governmental organisations (NGOs) from SEE, local civil society groups and researchers, focusing on the experiences of civil society on the environmental challenges associated with Chinese capital.

We paid particular attention to the resilience and implementation of regulatory standards, the role and interplay between local, regional, EU and Chinese actors, the observed impact of Chinese capital on the environment and local communities and the way it compares to Western investors. The workshop provided us with empirical evidence from the ground that we could then fact-check, corroborate and analyse in this article. Unfortunately, the debate on Chinese capital has long been dominated by often exaggerated and unsubstantiated threat perceptions, political discourse and sinophobic or sinophilic attitudes (for more on this see Pavlićević, 2018; Rogelja and Tsimonis, 2020). By focusing on specific issues of compliance, even of a "technical" nature, we aim at recalibrating the debate on Chinese capital in Europe towards a more meaningful – for our societies – fact-based discussion on its actual impact. By doing so, we are not disregarding the broader picture of the developmental and political implications of Chinese capital, thereby "missing the forest for the trees." On the contrary, we fear that the debate around the real or imagined security implications of Chinese economic presence in Europe has deflected attention on its impact on environment, health, labour standards and local communities. By bringing in specific cases, we aim at identifying common practices and developmental understandings of Chinese companies, analyse possible trends, and foster further thinking on local and regional regulatory gaps and possible policy responses.

Regarding the projects we analyse in this article, from twelve cases examined during the workshop, we decided to concentrate on the port of Piraeus (Greece), the Kostolac power plant (Serbia), the Stanari power plant (Bosnia-Herzegovina), the construction of the Kičevo-Ohrid highway (North Macedonia) and the Patos-Marinza oil field (Albania). Our purposeful sampling followed four criteria: (1) the importance of the project, with all the cases being among the largest inflows of Chinese capital in each state; (2) its environmental impact, concentrating on contested cases; (3) cross-sectoral representation and whether it matters in the way Chinese companies engage and comply to environmental concerns and standards and (4) the host countries' degree of association with the EU, to assess the latter's regulatory influence. This allowed us to focus on analysing *how* Chinese capital poses challenges to sustainability and environmental protection, rather than answering *whether* such projects are damaging or not.

The aforementioned cases have raised serious environmental concerns in different sectors (transport, energy, construction and oil extraction) and in countries that range from full EU membership (Greece), full candidate status under accession negotiations

(Serbia), candidate countries with negotiations not yet under way (Albania and North Macedonia) and potential candidate status (Bosnia-Herzegovina) (European Commission, n.d. [b]). This purposeful sampling enabled us to capture the complexity of the regional picture and accommodate the rich detail pertinent to each case while allowing us to reflect on the "big picture" of the impact of Chinese capital in the region as a whole. Further, concentrating on controversial cases allowed us to best examine the factors behind the downward regulatory effect observed in these projects. By concentrating on substantial and problematic cases, we tried to unpack the complex dynamics involved and test the validity of an often held assumption of an inevitable trade-off between Chinese capital and environmental standards, what we call the "bad investors, weak hosts" approach. The close examination of problematic cases enables us to trace the development of these projects, assign responsibility to the various actors involved and identify possible courses of action for national and European policy makers. It should also be noted that the Albanian, Bosnian, Greek and Macedonian cases represent the single largest flow of Chinese capital into each country, while the Serbian case is the second largest. Cumulatively, the projects amount to over EUR 1.8 billion in loans and EUR 750 million in direct investment through acquisitions. For a comparison, the total value of Chinese loans currently active in SEE stood at EUR 4.480 billion in January 2019 (data compiled by the authors).

All of the cases examined were contested to some degree by coalitions of civil society actors. We do not imply that these contestations are apolitical or without specific agenda. Rather, we see in them an important factor that defines the process of localisation of Chinese capital, but also argue that the framing of contestation (as a social justice issue, a question of compliance, market liberalisation, EU accession, etc.) suggests that civil society tactics reflect how local conditions define optimal modes of contestation. Given the support of the host state for the projects in question, civil society mobilisation is often one of the first barriers Chinese capital has faced.

Throughout the article we juxtapose the EU as a normative and regulatory entity to incoming Chinese capital originating from a different developmental context. The EU provides civil society with regulatory standards and legal instruments, thus setting the benchmark for them to evaluate the sustainability of these projects. Furthermore, EU accession is a key incentive motivating infrastructural upgrading in the region, featuring in EU Accession reports (European Commission, 2018) and seen as an important goal by lending bodies such as the European Investment Bank (EIB, 2018). Yet without ambitious financing support, SEE countries often have no choice but to turn to Chinese loans or investors. But by concentrating on the EU we do not implicitly suggest a binary of "good Europe versus bad China." We understand Chinese capital as amenable and adaptable to new contexts, and therefore as an opportunity to test the ability of national and European mechanisms to enforce compliance, promote best practice and socialise Chinese companies to the more regulated European business context. In addition, as all Balkan countries have either joined or are aspiring to join the EU (European Commission, 2019a), they have to meet specific regulatory requirements and conform to policy goals such as the rapid reduction of greenhouse gas emissions (European Commission, 2019b).

In this regard, the availability of Chinese capital has in some cases delayed transition to cleaner forms of energy by investing in coal factories (Doehler, 2019) and in others has promoted green industries (Pencea, 2017; Spasić, 2018). This variety of outcomes demonstrates that both national-level actors and EU frameworks have to be considered when we assess challenges posed by Chinese capital for environmental sustainability.

We argue that the challenges Chinese capital poses emanate from a combination of factors: (1) a disregard for regulatory standards and related technical and legal know-how by Chinese companies due to their understanding of environmental issues as a matter of bilateral negotiations rather than compliance; (2) the complicity of local actors, mainly political and economic elites which, by trying to "lure" investors, undermine the enforcement of regulatory frameworks and sustainability goals and (3) the ambivalence of the EU in terms of its developmental priorities and commitment to sustainability that results in regional regulatory gaps and anaemic monitoring mechanisms, but also in terms of enlargement and the future of SEE.

Our findings identify an unfortunate "synergy of failures" by the actors involved as the heart of the problem. On the one hand, Chinese investors tend to disregard the necessity of environmental impact assessments (EIAs), the need for compliance with local regulatory frameworks and the importance of engaging with local communities and civil society. On the other hand, host governments demonstrate a lack of political will to pursue sustainable development or enforce compliance, especially at the entry point, which renders them primarily responsible for the negative environmental impact of these projects. The closed nature of bilateral negotiations mitigates against effective civil society oversight until many of the environmentally damaging effects are already happening, or at least until the project has taken on an institutional inertia which can be difficult to stop. This is particularly relevant given the high level of host state involvement in many of the Chinese-invested projects in SEE. The reliance of Chinese investors on compliant national governments is, however, also a point of concern for the investors themselves. Public protest, intervention by European or national regulatory authorities or a change of government can jeopardise such projects.

The third aspect of this synergy of failures is the ambivalence of the EU on key policy areas. Is privatisation a prerequisite for sustainability? Do SEE countries have a future in the EU? What challenges does third-country capital bring? While doubtlessly exerting structural power (Pavlićević, 2019), the EU is at best ambivalent and its policies can contradict its long term goals, setting up conflicting incentives for host governments and foreign investors and lenders. This synergy of failures results not so much in a "race" to the bottom, but rather a "drift" to the lowest common denominator of compliance with environmental standards.

To put in a nutshell, across all cases we find that although Chinese companies bring an understanding of development that contradicts European norms and regulations on sustainability, their failure to comply with local standards and practices is equally attributable to the laxity of host governments and the absence of adequate supervision by European institutions. In that regard, the next step for the EU is to introduce sustainability as a key aspect of its foreign investment screening mechanism. Such a move would

assist host governments and/or local societies in enforcing the compliance of Chinese actors to local standards, managing the latter's expectations and improving the environmental impact of these projects.

Our examination of the selected cases will begin with the gradual acquisition of the Greek Piraeus Port Authority by COSCO, China's landmark investment in SEE. We will then continue with the China Machinery Engineering Corporation (CMEC) construction of the Kostolac coal power plant in Serbia and Dongfang Electric's plant in Bosnia-Herzegovina's Stanari, the construction of the Kičevo-Ohrid highway in North Macedonia by Sinohydro, and fracking at Patos-Marinza oil field in Albania by GeoJade/Bankers Petroleum. We will then continue with a comparative analysis of the cases to identify the interplay of Chinese, host state and regional actors.

Piraeus Port, Greece

The first case under investigation is COSCO's gradual acquisition of the Piraeus Port Authority (PPA). The PPA is the largest port operator in Greece and one of the most important in Europe. Its infrastructure and activities include container handling, coastal shipping, cruises, car handling and ship repair. The port spans across Piraeus and four adjacent cities: Drapetsona/Keratsini, Perama and Salamina. In October 2009, following an international tender, the PPA granted the Piraeus Cargo Terminal SA (PCT), a subsidiary of COSCO (one of the largest container-terminal operators globally), the concession of Container Pier II for 35 years (henceforth "Concession deal"). The deal also stipulated the construction of Container Pier III. Six years later, the Greek government agreed to privatise the PPA (under Law 4336/2015) as part of the third bailout agreement signed with the European Commission, the European Central Bank and the International Monetary Fund (commonly referred to as the Troika) in August 2015, which contained austerity measures and privatisation obligations. As COSCO was the sole bidder in the 2016 tender, it acquired 51 per cent of the PPA and will gain a further 15.7 per cent in 2021 (Law 4404/2016).

The privatisation process of Piraeus Port started in 2005–2006 as part of an economic reform programme by the conservative (New Democracy) government of the time. Although the social-democrats (PASOK) and the left (SYRIZA) voted against it when in opposition, they eventually supported the PPA's privatisation when they formed governments, in 2009 and 2015, respectively. From 2014 onwards, COSCO's presence in Piraeus has been linked to China's Belt and Road Initiative, and has been used by both the Greek and Chinese governments as an example of a win-win project (China Daily, 2016; To Vima, 2018). Conversely, trade unions, local communities, environmental groups and parties of the left have long opposed the privatisation for being unnecessary since the PPA under public ownership was profitable, for diverting profits from the local economy to shareholders, and for facilitating the casualization of employment and an overall decline in labour standards (Federation of Greek Port Workers, 2018; Frantzeskaki, 2016; Limani tis Agonias, 2011). Characteristically, in 2009–2010 the concession of Container Terminals 2 and 3 resulted in the loss of 500 full-time jobs. Up to 2019 around 1,500 jobs had been created in the PCT/COSCO area, yet 90 per cent of them are

part-time, while there is no collective bargaining agreement (Federation of Greek Port Workers, 2018; Frantzeskaki, 2016).

Throughout the privatisation process, the various environmental implications of the two deals were given secondary importance. Even before 2008, there were several problems emanating from port activities, but they have since intensified considerably, including air pollution from cars, tour buses, container trucks, cargo and passenger ships; water pollution from ships; noise and light pollution from ships and the operation of port machinery; the location of fuel silos within the urban area of Perama; and the future of the vacated fertiliser plant at Lipasmata (Maragkogianni and Papaefthimiou, 2015; Sakellariadou et al., 2001; Tzannatos, 2010). People's grievances have focused mainly on air pollution and traffic, and on the port's expansion that shut off land and blocked access to the seafront. These issues have been raised by grassroots movements and channelled through local MPs and the local government, but bottom-up initiatives were more effective when the PPA was under public ownership.

In the 2008 concession of Cargo Terminals II and III, references to environment protection were vague and stipulated no penalties (Law 3755/2009). In 2009, PCT/COSCO proceeded with the expansion of Pier III, without public consultation and despite opposition by both the authorities and citizens of Perama on environmental grounds. Furthermore, grievances on noise and light pollution, as well as on emissions from ships and cargo terminal machinery, were directed to the publicly owned PPA, which had no legal right to interfere in the concession part of the port. Since 2016, the point of contention has been the COSCO-owned PPA's new Master Plan, which covers all existing port operations and future infrastructure upgrades (Capital.gr, 2019; Articles 6.2c, 6.2e, 6.3 and ANNEX 7.2 of the 2016 Concession Agreement). During this period, COSCO submitted seven different versions of the Master Plan, all of which were rejected on technical, financial and environmental grounds.

According to sources within the PPA, the Chinese management lacked the necessary know-how on compliance processes, treating it as a bureaucratic box-ticking exercise. This was partly because the conservative government, under which the 2008 Concession agreement was signed, imposed regulatory standards with laxity. This changed under a new government in 2015, resulting in COSCO being unprepared and unwilling to comply with the existing regulatory framework.

Although most of these investments have a major environmental impact, public consultation never took place, while the required Strategic Environmental Impact Assessments (SEIAs) have yet to be completed. The controversial expansion of the cruise terminal, 95 per cent of which will be funded by the EU, is the most characteristic example (PPA, 2017). Without public consultation and an SEIA in place, local citizens have mobilized to oppose the proposed expansion due to air pollution caused by engines in constant operation of cruise ships hoteling close to residential areas. Other investments, including the development of a 42,000 sqm logistics centre and the upgrade of the ship repairing zone (PPA, 2017) have also raised important environmental concerns as they will increase marine and road traffic in already congested areas (Limani tis Agonias, 2011).

The PPA Privatisation Law (4404/2016), which ratified the agreement between the Greek government and COSCO, limited the scope and weakened the compulsory character of the consultation process. First, it restricted consultation to the jurisdiction of the Municipality of Piraeus, excluding adjacent municipalities that are more affected by port activities. Second, Article 6.6 stipulated that the consultation process will not have the power to stop or delay any project with pre-existing approval, in effect rendering the whole process an empty shell. This partly reflected the weak position of the Greek government which, under the EU bailout agreement, had to rapidly privatise the PPA. To make matters worse, in the first round of consultation, civil society and major NGOs such as the World Wide Fund for Nature (WWF) were excluded. The municipality of Piraeus organised its own consultation (Aftodioikisi.gr, 2018), but without a Master Plan to scrutinise, civil society groups were not given the opportunity to discuss the significant environmental, social and economic impacts of COSCO's plans. Although several unused land areas of the PPA were permanently given to local municipalities (Law 4404/2016, Article 19), the Piraeus Municipality, the regional government of Attica and civil society organisations raised environmental concerns on COSCO's plans for the port and complained about its lack of commitment to meaningful public consultation (Newsit.gr, 2018).

Since the privatisation, local communities have mobilised around the expansion of the cruise terminal in Piraeus and the removal of fuel tanks in Perama, organising public meetings, demonstrations, and petitions to local authorities. In Piraeus, more than 5,000 people have signed against the expansion of the cruise terminal, but COSCO, unlike the PPA management under public ownership, has repeatedly refused to meet with civil society representatives (Reportaznet.gr, 2018). In October 2018, residents of Perama protested against COSCO's trespassing on municipal land as part of Cargo Pier III expansion works, causing the immediate intervention of the municipal and regional government authorities that forced COSCO to withdraw (Papastathopoulou, 2018). Despite constant pressure from the Chinese Embassy in Athens and Chinese officials, the Master Plan that includes the SEIAs for all agreed and proposed infrastructure upgrades was not approved by the SYRIZA government, which insisted on COSCO complying with the environmental legal framework (To Vima, 2018). However, COSCO's port operations continue uninterrupted, taking advantage of the port's importance for the national economy at a time of recovery from a decade of crisis.

To sum up, COSCO has brought its own understanding of environmental issues as of secondary importance in its port operations in Piraeus, treating compliance as a matter of bilateral negotiation. Similarly, the combination of lacking know-how on EU and national environmental standards and the experience of their lax enforcement under the 2008 Concession deal, has made the Chinese management unwilling to adapt to demands for a more regulated, responsive and transparent mode of operation post-2016.

Kostolac Coal Power Plant, Serbia

The over-reliance of SEE on lignite coal (Euracoal, 2017; Milatovic and Chung, 2018) is a reality that renders EU requirements for transition to cleaner forms of energy a

complex endeavour. In this regard, the involvement of Chinese companies in the regional energy sector appears to pander to the Balkan states' questionable commitment to sustainability by enabling "dirty" energy projects – which Western funders are not willing to support any longer (Parnell, 2018). The Kostolac coal power plant in Serbia offers a useful case to examine the impact of Chinese capital in delaying transition to cleaner forms of energy by enabling the perpetuation of the host state's political preference for carbon-based energy production.

Serbia's state-owned utility Elektroprivreda Srbije (EPS) is building a new 350 MW lignite plant at Kostolac in the country's north-east, alongside two already existing units. This is the second phase of a project implemented by the China Machinery Engineering Corporation (CMEC) and financed by the China Export-Import Bank (China Exim). The first phase, for which a USD 293 million financing contract was signed between the Government of the Republic of Serbia and China Exim on 29 December 2011, consisted of the modernisation of the existing units, the construction of a desulphurisation system, a landing dock on the Danube and an associated railway infrastructure.

The Serbian government signed an agreement with CMEC for the construction of the new unit in November 2013. No tender procedure took place because the Chinese and Serbian governments had signed an intergovernmental agreement in 2009 which exempts joint projects from public tender obligations. Following the signing of the commercial agreement with CMEC, a second, USD 608 million loan was agreed between the Serbian government and China Exim in December 2014 for the new unit and the expansion of the Drmno open cast lignite mine, whose annual production would increase from nine to twelve million tonnes (EPS, 2016: 56).

Preparations on the Kostolac project began in January 2015, when the Serbian parliament ratified – in a fast track procedure designed to minimise opposition scrutiny (Interview 1) – the second loan agreement with China Exim. Since then, the project has been dogged by numerous irregularities. First, the Serbian government took the loan on behalf of its state-owned utility EPS, raising issues of compliance with its state aid obligations under the Energy Community Treaty (Staviczky and Nicolaides, 2015). Second, the feasibility study summary left out carbon costs on the assumption that they would be covered by the state. In practice, however, state aid rules that apply to Serbia as a signatory to the Energy Community Treaty forbid this kind of payment. At the same time, the project's sensitivity analysis, which does include carbon costs, leaves no doubt that even a low CO2 price is enough to render the plant uneconomic. Lastly, with the European Union updating its legislation governing industrial emissions in November 2017, Kostolac B3 would now be obliged to adhere to emissions limits stricter than those set in the EIA decision from October 2017. This means that should Serbia continue towards EU accession, Kostolac would already be saddled with expensive retrofit costs necessary to bring the plant in line with EU standards (Gallop, 2017).

Although the Serbian prime minister announced the completion of works at the Kostolac B1 and B2 desulphurisation units in August 2017, news reports mentioned that the issuing of operating permits was still pending (Energetski Portal, 2017). There is no publicly available information to this day regarding the existence of an operating permit,

which raises the question of how the Chinese financier and contractor can ensure that all the legal obligations in the host country are adhered to. Also, according to eyewitness reports, the desulphurisation system seemed to be inoperative more often than not. Following these accounts, the Serbian Centre for Ecology and Sustainable Development (CEKOR) requested the Environmental Inspectorate's intervention. In its response, the inspectorate stated that

> At the time of the previous inspection in November 2017, it was established that the desulphurization unit was in a test phase in March and April 2017, after which it did not work, since the construction of the landfill for the gypsum, which is created in the operation of this plant, has not been completed. (Letter from EI to CEKOR, 1 March 2018)

This raises concerns regarding both the contractor and the investor's ability to manage the project successfully and efficiently.

Apart from the irregularities mentioned above, the project comes with significant environmental costs. If the project is completed, the village of Drmno, where a core group of locals are requesting to be resettled, would become cut off from the rest of the world, having the Kostolac B power plant complex to the north, the huge Drmno opencast mine to north-east, east and south and to the west, a new dock on the Danube, where equipment for the new unit will be imported. Many locals are experiencing damage to their houses because of the mining operations which drain underground water and cause the soil to sink, but also due to vibrations from heavy machinery transiting through the village or operating too close to their houses (Petovar and Jokić, 2016). Most of the farmland in the village area has already been bought up by EPS to ensure that its mine expansion plans can go ahead without opposition. Ironically, locals have no job opportunities apart from the same company whose mining operations are destroying their houses and polluting the air (Ciuta, 2016). During the tragic floods that hit the Balkans in 2014, the Kostolac B power plant narrowly avoided being flooded thanks to the tireless work of plant workers, firefighters and civilian volunteers. While their efforts were successful – unlike at Kolubara and Nikola Tesla plants, which were seriously affected by the floods – later that year a separate flooding incident saw unit A2 at Kostolac closed for several days, while the Drmno mine was also partially flooded.

Similar to Piraeus, assessing the environmental impact is a key aspect in the Kostolac case. The first EIA for Kostolac B3 was approved in December 2013 but it did not include an analysis of transboundary impacts (the site is just 15 km from the Romanian border) and suffered from numerous other deficiencies. It was therefore challenged in the administrative court in Serbia by CEKOR and at the Espoo Convention Implementation Committee by Bankwatch Romania. In March 2015, the Espoo Convention Implementation Committee noted that the construction of a unit at the Kostolac lignite power plant was an activity listed in Appendix I to the Convention and that the likelihood of a significant adverse transboundary impact could not be excluded. Therefore, the Committee asked Serbia to comply with its obligations under the Convention and to notify Romania about the EIA. This was the first time that the Committee opened an

initiative related to cross-border impacts of a coal fired power plant. In June 2016, the Serbian administrative court ruled that CEKOR's arguments were valid and that the decision to approve the environmental assessment should be revoked. By this time, however, the original decision had already expired and a new environmental assessment had to be carried out.

The new EIA process took place in 2017, included transboundary consultations, and was approved in September. However, it still failed to ensure compliance with updated EU pollution standards (Ciuta and Gallop, 2017), the so-called LCP BREF, and didn't address the concerns of residents of the Drmno regarding their health and property damage. Therefore, CEKOR again challenged the decision in court. In September 2018, a complaint was submitted to the Energy Community Secretariat by CEE Bankwatch and CEKOR, alleging Serbia's non-compliance with the EIA Directive for the Drmno mine expansion. Consequently, the Espoo Convention Implementation Committee re-opened the investigation into the mine expansion being carried out without a transboundary impact assessment (UN Economic Commission for Europe, 2018).

To sum up, despite economic, environmental and health concerns, the Serbian government seems adamant to go ahead with this project, signalling a high level of political will that overrides questions about economic feasibility and sustainability. Kostolac B3 is referred to as the country's most important energy infrastructure project in the last thirty years and is listed as a priority in the implementation programme for the country's energy strategy (Government of the Republic of Serbia, 2017). While financing and construction are done by Chinese actors, the project is chiefly driven by unwavering domestic political commitment. Yet at the same time, Western institutional lenders have not followed such a blasé approach to satisfying domestic, European and international regulations and norms. They enforce transparent environmental, social and access to information policies, which facilitate timely social scrutiny even in the face of overwhelming host state support, as the cessation of coal financing by the European Investment Bank, the European Bank of Reconstruction and Development and the World Bank clearly demonstrates. In contrast, Chinese infrastructural projects are governed by the 2009 bilateral cooperation treaty, which tasks the host state with providing administrative support. The pre-contract on the project's implementation states that Serbia's national power utility will provide all necessary documentation (EPS, 2010), but there are no provisions beyond this general and vague commitment, no references to the project's environmental sustainability aspect, nor are they present in the financing agreement between the Serbian government and China Exim bank (Official Gazette of the Republic of Serbia, 2012). This lack of compliance together with oversight mechanisms means the Chinese investor has to blindly trust the host state to arrange for the legality of the project. Yet without the necessary instruments of transparency, oversight by domestic civil society and regional regulatory frameworks is difficult, leaving such projects vulnerable to intended and accidental malpractice and the breaking of rules and norms.

Stanari Coal Power Plant, Bosnia-Herzegovina

In the case of the Stanari power plant, Chinese capital perpetuated an environmentally damaging operation through cooperation with local actors, undermining compliance with European environmental standards. Dongfang Electric, a Chinese state-owned enterprise (SOE), constructed a "dirty" power plant for a local private investor that relied on the availability of Chinese financing for coal-related projects, at a time when European funding was directed to decarbonisation.

The Stanari power plant is situated in the northwest of the Serbian entity of Bosnia-Herzegovina, the Republika Srpska. The site is located next to one of the largest lignite fields in the region, which has been mined since 1948, when efforts to electrify the nation led to the introduction of many open pits across former Yugoslavia. In 2004, the mine was taken over by Energy Financing Team (EFT) Group, a major private power trader in the region, headed by Serbian businessperson Vuk Hamović. Because lignite as a fuel is heavy and can spontaneously combust, it is not ideally suited to transportation over large distances. For an energy trading company such as EFT therefore, the construction of a power plant next to the mine must have always been the objective, even though it did not feature in the entity's energy strategy until 2008, when a concession for the exploitation of the mine and the construction of a new power plant was signed between the Srpska government and EFT. That EFT was the subject of an investigation by the UK Serious Fraud Office in 2005 did not seem to matter (Leigh and Evans, 2005). The concession agreed in 2008 was for a 420 MW power plant that would supply 3,000 GWh annually, more than half of Srpska's total production. Quickly however, this commitment was reduced to 2,000 GWh with a series of annexes that above all fit EFT's needs (Commission for Cconcessions of Republika Srpska, 2018; Tešić, 2018). As the project gained momentum, environmental activists became concerned about potential European Bank for Reconstruction and Development funding for the project, which however never materialised as the bank moved away from financing coal-related projects in 2013, leaving EFT struggling to find a source of funding for its plant.

It is into this situation that the Chinese team entered, led by the China Development Bank (CDB) as financier and Dongfang Electric as contractor. The plant, which became operational in 2016, cost an estimated EUR 550 million, of which EUR 350 million was sourced from the CDB loan. Compared with the acquisition of Piraeus Port or the sovereign loans to Serbia and North Macedonia, the Chinese financier ostensibly dealt with a private business and not the state. Yet the role of the host state was crucial in getting the project completed. Throughout the process, the Srpska government supported Stanari with two means, by changing domestic regulations and laws, and by reducing costs for EFT. The possibility of secret guarantees notwithstanding, the Srpska Republic could not act as a guarantor for the CDB loan. Moreover, the entity's laws did not allow for concession rights to be transferred to a new concessionaire in case of default or bankruptcy, which could have had serious repercussions for the Chinese bank. In June 2011, therefore, the government issued new rules which were designed to allay the Chinese bank's fears. By allowing the transfer of concessionary rights "...when the concession holder cannot realize its obligations to the creditor…" (Official Gazette of Republika

Srpska, 2011), the state in effect allowed EFT to use its concession rights as collateral for the loan. Should EFT default on its loan, the CDB can demand concession rights be transferred to it or to a nominated third concessionaire.

Apart from regulatory support, the state also reduced costs for the plant operator by reducing concession fees for coal power generation from 3.6 per cent to 0.2 per cent of total revenue, and exempting it from coal mining fees completely with a change to the concessions law that effectively applies only to EFT (CIN, 2014; Official Gazette of Republika Srpska, 2018). One of the biggest changes however took place even before the plant was built. The plant's environmental impact has been a cause of concern among environmental groups and local residents long before the involvement of Dongfang Electric and CDB, yet proponents of the plant cited its efficiency (Cero, 2016). The original plan for a pulverised supercritical boiler with a maximum capacity of 420 MW agreed in 2008 was however altered during the negotiation process to a 300 MW design based on a subcritical circulating fluidised boiler. While this technology is more appropriate for the burning of sub-standard coals such as lignite, the redesign meant the plant's energy efficiency also dropped and Stanari will not adhere to the EU's Industrial Emissions Directive in the future. More importantly, although the redesign was drastic, involving the installation of less efficient technologies, the Srpska Republic decided that no new environmental impact assessment study was necessary at the time (CEE Bankwatch, n.d.).

The Stanari case shows how Chinese financing may end up funding projects of dubious provenance, sustain non-transparent practices, as well as contribute to delays in decarbonisation. But it also demonstrates the agency of local actors such as EFT, which was instrumental in bringing the Chinese finance package to Stanari, and the key role of the host state in weakening environmental protection by waiving the requirement for a new EIA and reducing concession fees for coal power generation. Further, as in the case of Kostolac in Serbia, the construction of a new coal power plant only a few miles away from the EU's borders signifies the emissions regulation gap in the region that is sustained by the unclear accession prospect of Bosnia-Herzegovina, allowing it to delay the implementation of stricter EU norms which took effect in 2017 (European Commission, n.d. [a]). Apart from Stanari, there are a further six coal power plants being planned with Chinese funding, three of which (Banovići, Tuzla 7 and Gacko II) are in advanced stages of negotiation. The EU may be phasing out coal in its member states, but Chinese contractors are building new coal power plants on its doorstep – plants that will export their power into the EU. Once more, a synergy of failures on behalf of local and regional actors actively encourages environmentally unsustainable practices by Chinese investors.

Kičevo-Ohrid Highway in North Macedonia

The Chinese involvement in North Macedonia's highways was part of an effort by the former Prime Minister Nikola Gruevski to attract foreign investment in the country. In July 2013, a Macedonian delegation visited China to showcase investment opportunities

to Chinese companies. A few months later, on November 2013 officials from the government of North Macedonia and China Exim signed a loan agreement of USD 580 million for two new motorway segments (Dreher et al., 2017). The agreement was decided without a tender. The construction of the 56.7 km long Kičevo-Ohrid highway began in March 2014, and will eventually become part of the Pan-European Corridor 8, linking the country with Bulgaria to the east and Albania to the west. The construction of the 53 km Miladinovci-Štip motorway will provide the city of Štip with access to Pan-European Corridor 10, which connects North Macedonia with Greece and Serbia. The interest rate on that loan is 2 per cent with a payback period of twenty years and a grace period of five years. The loan agreement further stipulates that the Chinese Sinohydro Corporation Limited, a company suspended from World Bank projects since December 2013 (MLex, 2016), will provide oversight and 49 per cent of the construction labour force. According to the contract for the construction of the motorways, Sinohydro Corporation Limited is the main contractor, the Macedonian Granit Construction Stock Co is the nominated sub-contractor, the Consorcium GIM, Euroconsulting and GEING Krebs und Kiefer are designated as the engineers of the projects, while the Macedonian public enterprise for state roads is the employer (Granit Construction Stock Co, 2014). As such, the deal is typical of Chinese projects in Southeast Europe that combine Chinese construction and financing without a tender.

A series of environmental and geotechnical issues put the sustainability of the project into question. First, in 2016, UNESCO raised concerns about the environmental impact of the highways on the Natural and Cultural Heritage of the Ohrid region, noting the absence of a strategic environmental assessment (SEA) in relation to the construction plans (UNESCO, 2016). Following an evaluation of the situation on the field in 2017, UNESCO also requested that the government of North Macedonia urgently undertakes "a comprehensive comparative study of alternative routes for the railway of the Pan European Corridor VIII." The new government of North Macedonia committed to completing the SEA by October 2018, but a 2019 draft decision places the region on UNESCO's endangered heritage list (UNESCO, 2019).

Second, the Kičevo-Ohrid highway cuts through the natural habitat of the Balkan lynx, a critically endangered species according to the International Union for Conservation of Nature (Melovski et al., 2015). Their tiny population of around thirty animals has been declining due to pressures from infrastructure projects in the area, yet no green corridors were planned for the Kičevo-Ohrid highway. Rather than a choice between development and preservation, this is better understood as a failure to implement already agreed and tested measures to mitigate the undesirable effects of development.

Poor planning affected not only the environmental impact provisions of the deal but the actual construction of the highway as well. The main issue at hand was land erosion, as North Macedonia is one of the most affected countries in the Balkans, with 96.5 per cent of its total area under threat of erosion. In the western part of the country, where the Kičevo-Ohrid highway construction is located, the terrain is steep and rugged, caused by deep erosion (Blinkov and Andonovska, 2008). Although the problem is well known, in July 2018 the current minister of transport Gjorgji Sugareski announced that poor

planning has led to landslides on parts of the section, delaying the entire project (Sdk.mk, 2017). The government launched a public inquiry, which discovered that the project lacked minimal geotechnical and geomechanical soil testing, leading to severe problems in certain parts of the highway. As a result of the above, construction work on the Kičevo-Ohrid highway stopped in 2017, as the project faced many unplanned delays which raised its total cost.

The above were just some of the many irregularities involved in this project. The inquiry also revealed unsolved expropriation disputes that increased the cost of the project further. To make matters worse, the 2015 wire-tap scandal (Robinson and Casule, 2015) exposed evidence of extensive corruption by Gruevski himself and other members of his government involving foreign deals. In May 2017, the Special Prosecution (SJO) launched a corruption investigation codenamed "Traektorija" (Marusic, 2017; Public Prosecutor's Office, Republic of North Macedonia, 2015) which is linked to the construction of the highways. VMRO-DPMNE, North Macedonia's ruling party at the time of the highway construction agreement, and former prime minister Nikola Gruevski were accused of money laundering and illegal financing. Following these and other charges of corruption (Akademik.mk, 2017), Gruevski fled the country and has been granted asylum in Hungary (RFE/RL, 2018). Although initially set for a trial *in absentia*, the time limitation on the "Traektorija" case ultimately expired in late 2019 (Akademik.mk, 2019). As for the project itself, after a year of negotiation with Sinohydro Corporation Limited, the newly elected Macedonian government led by prime minister Zoran Zaev signed a third annex to the agreement with the company at the beginning of November 2018 and agreed to add EUR 187 million to the original price so construction work can continue (Government of the Republic of Northern Macedonia, 2018). The government will take out a new loan from the China Exim, increasing the total cost of the Kičevo-Ohrid road from EUR 411 to EUR 598 million.

To sum up, the Kičevo-Ohrid highway case highlights the regulatory weaknesses involved in bilateral loan-to-construct deals that are typical of Chinese construction in the region. Without an international tender, corruption and disregard for environmental impact have undermined the completion of the highway that has since become a controversial project. Responsibility for this situation lies primarily with the two parts involved, Sinohydro and the former Macedonian government, but mainly at the latter's unwillingness to assess the highway's sustainability. At the same time, the EU's ambiguity on North Macedonia's accession means that the current regulatory weaknesses can only be remedied through domestic changes, not through harmonisation with EU standards and laws.

Fracking in Patos-Marinza, Albania

On 25 February 2017, a group of protesters, including hunger strikers carried in wheelbarrows, reached Tirana after a four day march from their home village of Zharrëz in South Albania. The group, supported by civil society organisation Nisma Thurje (Hashtag Initiative) and encouraged by people along their route, came to the capital to protest against hydraulic fracturing (commonly known as "fracking") taking place at the

Patos-Marinza oil field, next to their village. Just a few days later, the Albanian government issued a nationwide moratorium on fracking and agreed to compensate the villagers for damages to their property (Koleka, 2017).

In this case, the Chinese investor, private company GeoJade, did not negotiate initial entry into the country, nor did it participate in the first three years of mediation handled by the Compliance Advisor Ombudsman (CAO, the compliance mechanism of the World Bank's private sector arm, the International Finance Corporation or IFC). GeoJade, upon taking over the Canadian company Bankers Petroleum's operation in Albania, inherited a problematic situation, involving local resistance and an ongoing compliance investigation, which rapidly deteriorated as undesirable incidents related to fracking increased markedly (Tirana Times, 2017). This was perceived by local communities as evidence of intensification in fracking, leading to a confrontation with GeoJade.

The concessionary rights to the oil field were acquired in 2004 by Bankers Petroleum. The company claims to be the "largest foreign direct investor, the largest tax payer (...), and one of the largest employers" in Albania (Bankers Petroleum Albania LTD Website, n.d.). In September 2016, GeoJade acquired Bankers for CAD 575 million, and took over extraction and further exploration of the largest onshore oilfield in Europe, Patos-Marinza (McCarthy Tétrault LLP, 2016). Fracking was first used by Bankers in 2008, with consequences being felt shortly thereafter. Villagers reported drinking and agricultural water contamination as well as damage to their homes due to fracking-induced earthquakes (Portali i Energjise, 2017). According to the department of Seismology of the Institute of Geosciences, Energy, Water and Environment (IGJEUM), Polytechnic University of Tirana, during September to November 2016 there were more than 2,700 earthquakes in Zharrëz – more than thirty a day (IGJEUM, 2017). The constant tremors caused house walls to crack, roofs to open and many villagers reported fearing for their lives. The company consistently denied any wrongdoing and was supported in this claim by a 2012 letter from the IGJEUM claiming that Zharrëz is a naturally highly seismic area (Lata, 2012) – the letter however never explained how it's possible that it became so seismically active only *after* 2008. Villagers engaged in protest many times already before Bankers' takeover by GeoJade, yet the company co-opted them by hiring the outspoken villagers or members of their family, or by renting their land. Thus, a fragile coexistence between economic needs and environmental concerns continued until 2016. A formal compliance investigation by CAO was instigated in 2013, which also involved the setting up of a dialogue group comprised of local community and Bankers representatives (Compliance Advisor Ombudsman, n.d.).

The situation however deteriorated after GeoJade acquired Bankers Petroleum, with intensified fracking operations causing major earthquakes on a daily basis. Shortly after the takeover, in 2017, a big explosion occurred in the area due to fracking, causing several earthquakes and provoking the anger of inhabitants (Faxweb.al, 2017). In addition, communication between the local community and Bankers Petroleum ceased. GeoJade paid off a USD 55 m loan provided to Bankers by the IFC, so it was no longer obliged to participate in the CAO mediation process. Following months of inaction, GeoJade eventually agreed to re-engage with the CAO formal compliance process, which had by then lost momentum and

the faith of local community (Compliance Advisor Ombudsman, 2018). The villagers however continued to mobilise, asking for Hashtag Initiative's assistance in December 2016. Their aim was to organise against the company and demand an end to fracking, as well as seek compensation for the damage already caused. Their action started with a week-long hunger strike, which was soon followed by a second one, as the government failed to intervene as promised. In the meantime, related videos and news became viral on Albanian social media.

On the seventeenth day of the hunger strike, the villagers decided to escalate their protest. Their aim was to raise awareness and squat in front of the Ministry of Energy until three requests were met by the government: (1) fracking to be banned as a method with an executive order; (2) full compensation for the physical damages of the houses and (3) full rehabilitation of the environment (Exit News, 2017). More than forty people from Zharrëz set off on foot towards Tirana, some 130 km to the north. As the group proceeded towards the capital, their plight was taken up by activists, public figures and academics who joined the march and raised awareness on social media. When the group reached Tirana, thousands of people joined them to show support. Following a four day sit-in at the Ministry of Infrastructure and Energy, the government offered a moratorium on fracking, full compensation for damaged property and opened a process of arbitration with Bankers Petroleum (Council of Ministers, Republic of Albania, 2017).

In summary, the Albanian case stands out in that the Chinese investor was a private entity rather than a state-owned one and its mode of entry was not through a bilateral negotiation with the Albanian government, during which the investor could shape the terms of the deal in its favour with the help of the Chinese state. In practice, this meant that the Chinese management of Bankers Petroleum after September 2016 had to comply with the terms of operation in which it had no say in shaping. As the stalling of the mediation process following the acquisition of Bankers shows, the Chinese investor initially had neither the know-how nor the desire to address the controversies surrounding fracking on the site. When it increased fracking activity in the midst of mediation, it instantly undermined the World Bank-backed process, radicalising local protesters and civil society who managed to bring in the host state's intervention on their favour in a relatively short period of time. This action showed a poor reading of the local political climate which ultimately led to a moratorium on fracking in the country. In other words, the Chinese private investor took over an already controversial project, intensified the conflict and failed to successfully lobby the Albanian government. Once public protest intensified and made support for Bankers politically unpalatable, the host state was quick to turn its back on the Chinese investor's priorities. Ultimately, this case demonstrates the crucial importance of the point of entry. GeoJade missed the key advantage Chinese SOEs enjoyed in other countries: the Chinese state's political leverage in the initial stages of negotiation and agreement. As GeoJade's increased fracking challenged the context of operation agreed between the Albanian state and Bankers under the auspices of the IFC, it was confronted with significant resistance by local communities and the host state.

Bad Investors, Weak Hosts?

Conventional wisdom on Chinese capital in SEE presents investment-hungry host countries falling prey at the hands of inconsiderate and profit-maximising Chinese actors (Lagazzi

and Vít, 2017). This view ignores the fact that many of these projects were initiated by the host states and enjoyed the support of a dominant political group when they were approved. Yet it would be equally simplistic to say host state agency is all that matters. Going beyond the stage of inception, we have identified a more nuanced picture, which allows us to identify the factors explaining the poor performance of Chinese projects in terms of environmental protection. First, the cases point to three key characteristics on the Chinese side that drive unsustainable practices in SEE projects: a lack of know-how, a financialised understanding of sustainability and a hands-off approach to ensuring compliance. Second, the role of host states in mediating these characteristics is problematic due to a lack of commitment in enforcing compliance with local and supranational regulatory frameworks, largely due to conflicting political priorities or insufficient state capacity. Third, the role of regional frameworks is, at best, ambivalent, as although they provide a set of regulatory standards, they fail to promote compliance through enforcement or incentivisation of host states. This synergy of failures is crucial in the initial stages of negotiation and agreement, when the rules of interaction and the set of agreed expectations from each side emerges. At this phase, the socialisation of Chinese investors into environmental protection regulations, norms and best practices is ineffective, rendering subsequent governmental and/or societal efforts to enforce compliance a posteriori more difficult. A lack of sustainability can therefore appear to be "baked-in."

The five Chinese companies exhibited little concern over the environmental impact of their operations from the outset of their involvement. Both in cases where an international tender took place (Greece) and those involving a bilateral agreement (Serbia, Bosnia-Herzegovina, North Macedonia), the companies understood environmental impact as, primarily, a bureaucratic requirement to be satisfied with the active support of "friendly" governments. This took the form of anaemic provisions on compliance in the agreements signed and the expectation that potential issues will be dealt with through coordination with host governments. As environmental protection became an issue of negotiation rather than compliance, all companies disregarded the necessity for comprehensive EIAs and proceeded with their operations largely uninterrupted from national authorities. In the cases where, following elections, new governments attempted to enforce compliance, this initial indifference resulted in significant delays and additional costs. COSCO, for instance, had to submit the Master Plan seven times since 2015 and its approval was still pending at the time of writing. In a similar vein, a second EIA for Kostolac had to be resubmitted in 2017 after the first one expired and was struck down in court, while the desulphurisation unit was declared operational despite never having received operating permits. In addition, Chinese investors exhibited the same indifferent attitude towards public consultation and in their communication with local communities both before and after environmental concerns were collectively raised by civil society. The mobilisation of local residents in Zharrëz and Piraeus, and of civil society regarding the Kostolac Power Plant and the Kičevo-Ohrid highway, was partly a response to the absence of engagement by the new investors.

The failure of host governments to provide a clear and stable regulatory environment that promotes compliance is the outcome of political expediency, rather than state capacity. In most cases examined, host governments welcomed Chinese investors and actively took

measures to create an "investment-friendly" environment through favourable terms in contracts and laxity in compliance requirements. With motives ranging from attracting investment to outright corruption, host governments failed to socialise Chinese companies with their domestic regulatory environments and created a distorted set of expectations on "how things work" in their respective countries. Ultimately, this jeopardised the financial viability of projects and soured relations with local communities and civil society. The Greek government from 2008 to 2014 failed to engage COSCO in a way that promoted compliance, turning a blind eye on the problems created on the ground. As a result, after 2015, COSCO had neither the commitment nor the required expertise to address the requirements of an EIA. In the Kičevo-Ohrid highway, the EIA that the government of North Macedonia put in place had many irregularities which caused delays and increased costs. In Stanari, the Srpska government waived the requirement for an EIA despite the investor constructing a less efficient power plant originally agreed. In Kostolac, the Serbian side had to defend its involvement in the project with the Energy Community, which flagged it as a case of undesirable state aid, yet without these sovereign loan guarantees, the project would not have been financed at all. Here too, the host state had assured the Chinese side that it was able to provide such guarantees.

Overall, the role of host states in shaping the environmental impact of a certain project is crucial. A common trend we identified in the case of Greece, Serbia, Bosnia-Herzegovina and North Macedonia, was that host governments attempted to lure Chinese companies by undermining compliance with *existing* regulatory frameworks instead of managing their expectations by being transparent on what compliance entails. In contrast, GeoJade did not negotiate with the Albanian state as part of the Bankers Petroleum takeover and, as a result, did not influence the business context of its investment. Instead, it inherited an already problematic situation involving tensions on the ground and an international investigation by CAO. As this pressure rendered support for the Chinese investor politically unattainable, the host state was more quick in intervening to protect local communities.

Considering the deficiencies in both investor and host state actors, regional regulatory frameworks are often the first port of call for civil society actors eager to contest environmentally problematic projects. Yet the same frameworks also suffer from two crucial flaws. First, they often answer to conflicting normative priorities. Characteristically, in the case of Piraeus, EU pressure for the rapid privatisation of the port under the 2015 bail-out agreement has curtailed the commitment of Greek authorities to enforce compliance. It has also created a peculiar situation where EU funding for the controversial Piraeus cruise terminal expansion, approved before the privatisation, is now in the hands of COSCO to the dismay of local residents. Second, among EU accession states, infrastructure upgrading is cited by local officials (Interview 2) as a key prerequisite of their countries' entry into the EU, yet with European institutional lenders disbursing insufficient amounts, the promise of Chinese financing fits well into national developmental plans despite the potential frictions over the projects' environmental repercussions. Regional institutions such as the Energy Community have proved powerless to prevent the adoption of projects with strong national backing and Chinese financing. Ultimately, such conflicting normative priorities have the effect of

undermining state capacity for intervention without building lasting tools for oversight and compliance.

Kostolac is a case in point, seeing how the coal power plant was challenged before the Energy Community on state aid rules, rather than environmental impact. Supporting energy market integration and competition rules, rather than opposing coal-power, was the more effective tactic for the ENGOs involved. But transnational regulatory frameworks are of limited effect when an enthusiastic host state is willing to provide the minimum required documentation post festum, as our cases demonstrated with varying degrees of administrative irregularities. Ensuring compliance at the entry point is therefore a key method of promoting environmentally sustainable investment and financing by Chinese actors in SEE. Yet, given the lack of transparency in early negotiations, the lack of know-how by investors and the unwillingness of host states to jeopardise politically important projects, societal contestation is often the very first hurdle some of the Chinese-financed projects face. The contested nature of the projects could indeed be taken as an indictment of the ineffective regulatory regimes present in the region – be they domestic or international.

Conclusion

This article has analysed five cases of large-scale projects across SEE by Chinese companies that have raised environmental concerns. The aim of the research was to give a comparative account of how the specifics of incoming Chinese capital (state involvement, lack of transparency, lack of societal engagement, lack of know-how on environmental regulation and reliance on bilateral agreements in the place of compliance frameworks) intersect with the demands of sustainable development. To the wider question whether Chinese capital brings practices that disregard environmental sustainability concerns, we offer a qualified "yes." Qualified, because the problematic practices identified in our cases are only possible through the intentional or unintentional synergy of Chinese, local and regional actors. Our investigation leads us as far as to say that local state commitment to upholding sustainable practices is the key variable determining the extent to which Chinese capital creates downward pressures on environmental regulations and norms. In relation to this, the role of regional organisations and regimes is crucial in strengthening the host governments' often anaemic commitment to sustainability. The EU accession process and the new foreign investment screening mechanism are instruments of particular importance in this regard and could be used to apply pressure on candidate and member states, respectively, provided they are deployed at the right time and consistently. Due to the nature of Chinese financed projects and investments however, regional frameworks have been ineffectual either in shaping the deals or enforcing compliance at a later stage, highlighting the complicity of European institutions in the resulting environmental degradation.

The lessons of this study have a comparative value that exceeds the context of Chinese capital in SEE. Much of the literature on transnational state-owned enterprises emphasises their relations with the state of origin to explain the form and impact of a project (Hall and Soskice, 2001; McNally, 2012; Nölke, 2014). The present article emphasises

the role of the host state as regulator and its commitment to sustainability as the key variable determining outcomes on the ground. Regional actors and frameworks need to concentrate on the direction of sustaining host states' willingness and capacity to enforce compliance when faced with powerful state-backed investors, Chinese or otherwise. Regional environmental protection regimes and instruments can fill the void of regulatory gaps and can be used to prevent environmental damage (in the case of investment screening) or enforce compliance at a later stage. However, in order to understand the relationship between incoming capital and sustainability we need to bring the host state back in the equation. Explanations that portray states at the mercy of international investors, tend to deflect responsibility from host governments. Our findings point in the exact opposite direction, the existence of a synergy of actors that shape the sustainability of a project, whose failures can be unintentional as well as intended, but not inevitable.

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The Discipline of Happiness: The Foucauldian Use of the "Positive Energy" Discourse in China's Ideological Works

Zifeng Chen[1] and Clyde Yicheng Wang[2]

Abstract

One important question about ideological works in China concerns the tension between mobilisation (encouraging public expression) and control (limiting public expression). Recently Xi Jinping's administration has doubled down on both strategies. To study the rationale of this seemingly self-contradictory move, the authors examine the recently prominent ideological discourse of "positive energy." Through a combination of online ethnography and discourse analysis using Foucauldian methods, we find that the discourse borrows and evolves from previous ideological works, but most importantly and distinguishably features a more dispersive, rather than centralised power structure. It penetrates popular culture and private lives, and by doing so disciplines people's subjectivities, rather than only aiming at top-down persuasion or control. The logic of "positive energy" produces self-disciplined docile subjects, and quietly resolves the tension between mobilisation and control by having subjects internalise the interests of the state as their own good.

Keywords

China, propaganda, Foucault, popular culture

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Introduction

One important feature of Xi Jinping's administration is his strong emphasis on ideological works. Immediately after taking office, Xi stated that "ideological work is an extremely important work of the Chinese Communist Party (CCP)" (Xinhua Net, 2013). Since then, scholars have noticed increasingly tightened control over propaganda and public discourses, especially in the cyberspace (Creemers, 2017). Yet behind this tightened control is a classical "dictator's dilemma": the CCP must and has mobilised public expression of support to secure its regime, but meanwhile, it also has to forcefully limit expression to prevent the backfire of public opinion. The needs of mobilisation and control are usually in tension with each other, and the state is said to maintain a fragile balance in between (Brady, 2017; Dickson, 2016).

However, a noteworthy puzzle about Xi's re-ideologisation is that, whereas previous leaders had balanced by swinging between the two options (Baum, 1994: 5–9; Brady, 2017: 138), Xi emphasises both control and mobilisation/participation more heavily than before. Xi's (2016) view on cyber-management stresses "mass line through the Internet" and "positive interactions with the grassroots," and aims at avoiding a situation where "relaxation causes chaos, control causes deadly silence" (一放就乱，一管就死, *yifang jiuluan*, *yiguan jiusi*). Recently, some scholars have noted a "Maoist revival," which concerns not only centralisation, but also mass campaigns, channelling public expression and "rectification" of the mind (Yang, 2014a; Zhao, 2016). The question, then, is how the CCP reconciles mobilisation with control, especially in the post-socialist time?

One important discourse that provides a vantage point to understand this question is that of "positive energy" (正能量, *zheng nengliang*). A discourse that has caught the attention of many Chinese scholars but is yet to be studied systematically, "positive energy" appears frequently in official speeches, especially concerning public opinion management. As indexed by an official database (Renmin Shuju, 2019), its mentions in major state media reached 5,318 in 2017 and 4,427 in 2018, an impressive high compared to other important propaganda catchphrases such as "main melody" (主旋律, *zhuxuanlü*, 1,986 mentions in 2017 and 1,848 in 2018). More importantly, its popularity among the public and its depoliticised usage distinguish "positive energy" from other propaganda discourses. Its mentions among the public (indicated by the numbers of entries on the Chinese search engine Baidu using time-limited search) have continued to skyrocket since its first popularisation in 2012, even though its mentions in official media has remained stable after reaching the peak in 2015. This is especially remarkable considering that it had already received the title of "the most popular phrase (流行语, *liuxing yu*) of 2012" from the popular magazine *Yaowen Jiaozi* (咬文嚼字, *Excessive Wording*). In comparison, the mentions of "main melody" in 2018 on Baidu are only three-quarters of those of "positive energy," and those of "China dream" are only half of positive energy (despite its larger number in official media). As discussed below, positive energy originated from public discussions of everyday life topics, and is used frequently in popular culture. Therefore, an important question about this discourse is how it can dominate both official propaganda and public discourses for years, being simultaneously highly politicised and highly depoliticised. On a broader scale, this reflects the aforementioned puzzle about how to mobilise and control expression at once.

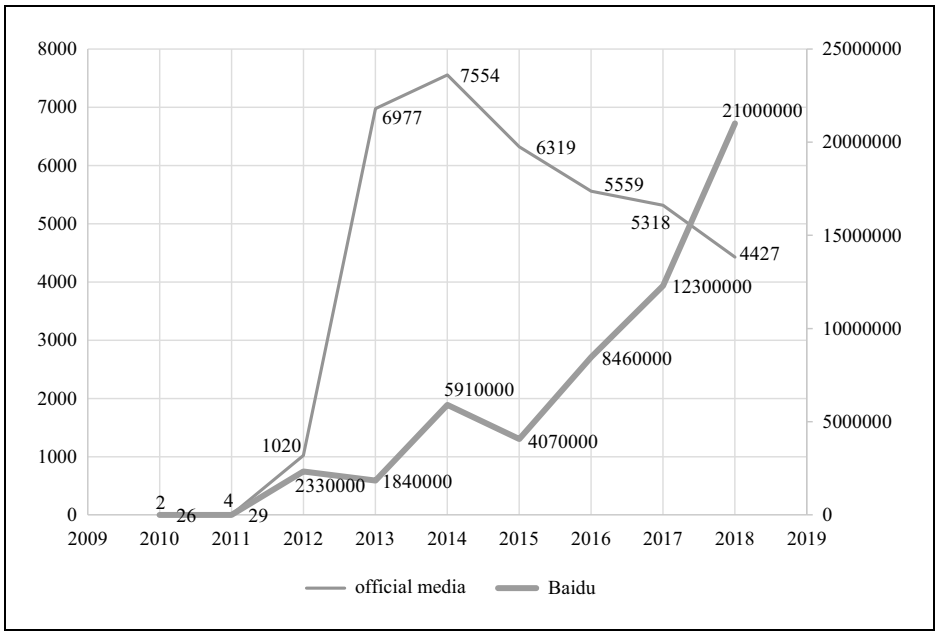

Figure 1. Number of mentions of "Positive Energy" on Official Media and on Baidu by Year. *Source:* Authors' own compilation.

This article aims at deciphering the Janus face of the positive energy discourse, and looks beyond the discourse per se to analyse the Janus face of China's recent ideological works. We dissect positive energy using the Foucauldian methods of discourse analysis. In addition to conventional propaganda techniques such as agenda setting and framing, the discourse complicates the power relations in the ideological field through a range of disciplinary techniques. Built on a dispersive power structure with a depoliticised language, it aims at shaping the subjectivity of citizens rather than mere persuasion or control. The tension between encouraging and limiting expression is, under the logic of positive energy, resolved by making citizens internalise the interests of the state.

We first examine literatures on China's ideological works and positive energy, showing that the CCP has traditionally used a richer repertoire than persuasion and control. Then, after introducing methodological and theoretical frameworks, we trace the development of the positive energy discourse and compare it with propaganda projects in post-Tiananmen China before Xi. Following the comparison, we analyse the Foucauldian mechanisms of positive energy to see how it serves the evolving needs of ideological works.

Continuity and Change in Ideological Works

Despite the "end of ideology" prophesy, ideology continues to play an indispensable role in post-Mao China, supporting the otherwise unstable legitimacy of the CCP. The new

ideological work we try to dissect here is one of the many experiments in the CCP's history. Whether the party-state decides that legitimacy should come from nationalism or (economic) performance, the official ideology usually manages to adapt itself to the changing emphases, thus providing normative justification, defining proper ends, and mobilising subordinates' consent (Holbig, 2013).

As Perry (2017) pointed out, cultural governance has been crucial to China's ideology since early revolutionary years. The CCP has skilfully deployed various symbolic resources to pursue political goals, and direct persuasion is only part of the repertoire. Indeed, persuasion, especially in the politically polarising cyberspace, is inefficient and potentially counterproductive in discourse management (King et al., 2017). Ideological work is also associated with non-persuasive means, including coordinating sentiments, fostering identity (Perry, 2017), signalling state power (Huang, 2015), agenda setting and attention management (Chan, 2007), especially distracting from controversial discussions (King et al., 2017), and so on. These literatures remind us to examine both persuasive and non-persuasive parts of ideology, focusing on not only beliefs but also perceptual, emotional, and behavioural aspects, especially under the background of re-ideologisation, which scholars have observed since Hu's time, and reached an even higher level under Xi (Holbig, 2009, 2018).

The positive energy discourse borrows many aspects from this repertoire of ideological works. One important aspect, for example, concerns emotional manipulation, which has been common since Mao, and played important roles in recent political discourses. The CCP has tried to cultivate both positive (pride, gratitude, and happiness) and negative emotions (rage and grief) to serve different purposes while maintaining a delicate balance (Kong, 2014). The work on emotion transformed into an emphasis on "positive propaganda" (正面宣传, *zhengmian xuanchuan*). In the 1980s, many party leaders saw the foremost task of propaganda as to revive the public morale, which had been frustrated by the Cultural Revolution. Propaganda expert and Politburo member Hu Qiaomu, for example, said during the anti-spiritual pollution campaign that "the important thing is that readers must feel inspired to work for socialism after reading (newspapers), instead of getting more doubtful and frustrated" (Deng et al., 2015: 703–704). Positive propaganda was intensified after 1989 and the term appeared frequently in official documents (Chan, 2007: 553). Based on a dialectical understanding of difficulties and struggles, its positivity was highly contextual, relying on selective reporting of spectacular political events to inspire faith and affection (Brady, 2002; Stockmann and Gallagher, 2011).

In addition to the continuities, the positive energy phenomenon, compared with such conventional approaches as "positive propaganda," also raises new questions unanswered by previous works. The discourse is tailored for a booming cyberspace that the state has longed to conquer. This new context adds its own flavours to the cultural repertoire, and urges the state to make adjustments in its cultural governance. Importantly, positive energy has an unprecedented duality that makes it a powerful discourse in both political discussions and everyday life, involving (curiously) both the politicisation of everyday life and the depoliticisation of political issues, which indeed challenges the conventional understandings of "ideological works."

A number of studies on Chinese propaganda have touched upon positive energy, and have rightly recognised it as part of cohesive ideological works rather than a movement on a whim. Yet they focus mostly on directly persuasive aspects, and on continuities rather than changes. For instance, Creemers (2017) briefly yet insightfully points out that the discourse is based on predefined civility and public morality. He looks at the persuasive (even coercive) side of the discourse, which aims at marginalising counter-narratives: "rather than pointing out what's wrong in China, online commentators should focus on positive examples and uplifting stories of effort and heroism" (Creemers, 2017: 98). Guo's (2017: 420) focus group discussions show that the discourse has generated genuine beliefs, and is more than "propaganda as signaling" (Huang, 2015). However, she then continues that the discourse is not dissimilar to the previous "harmonious society" slogan in the Hu era. Roberts (2018: 212), seeing the nuances and novelties within the discourse, attributes positive energy to distraction: "instead of trying to counter negative criticism," the state "reorients the public to the positive." However, she focuses on the control over public discourses, rather than the participatory and/or depoliticised aspect of positive energy.

Some recent works have centred on positive energy. A study by Yang and Tang (2018), through the lens of critical theories, also see in this discourse the state's growing proactiveness in online propaganda. Yet they similarly focus exclusively on the state's top-down persuasiveness in the cyberspace. An insightful research by Hird takes a different approach, arguing that positive energy is a "neoliberal" positive psychology that makes individuals responsible for their own emotions and thus "relieves governments and businesses of responsibility for workers' unhappiness" (Hird, 2018: 125). A deep examination of what positive energy signifies and of its role in class construction, the account views the party-state more as a background than an actor, and does not emphasise how the state actively and strategically constructs and uses the discourse, and how it evolves from previous discourses. While these researches lend important insights about positive energy, they inspire more questions. As Hird (2018: 125) said, "much research remains to be done on *zheng nengliang*." An important question is how to posit positive energy in the tradition of China's ideological works. Especially, its distinctive non-persuasive aspects, including its participatory demands, skilful manipulation of emotions, and penetration into popular culture and everyday life, deserve more exploration. On the existing works' bases, we extend our sight to these previously understudied areas, especially through two important pairs of comparison, namely, between "positive energy" and previous propaganda, and between its official usage in propaganda and popular usage in public discussions.

Methods and Theoretical Framework

Long-time online ethnography, comparative case studies, and Foucauldian discourse analysis are important in this work about the positive energy discourse. The online ethnographic method builds on both Yang's (2009) "guerrilla ethnography" of moving between different networks, and Han's (2018) immersive approach on selected platforms. First, we closely follow official media such as CCTV, *People's Daily*, *People's Daily*

Online, *Global Times*, Xinhua News Agency, and the Communist Youth League, which are important in both their official status and their active presence on Weibo, one of the largest social media platforms in China. While official outlets are important sources of studying the official tone of positive energy, their Weibo accounts have a higher level of interaction with non-official discourses, and reflect the mutual influence between official media and the netizens. Meanwhile of observing official accounts, we also do extensive observation of netizens' public expressions about positive energy. Instead of following specific netizens' accounts, which is likely to cause bias, we focus on related topics and hashtags, and observe a broad range of participants. During the observation, we also review their profiles to ensure they are not professional astroturfers for the state. The influence of astroturfing is minimised in this study also because it usually happens under posts related to overtly political contents rather than in discussions of everyday life (King et al., 2017). Starting from 2016, we have been conducting ongoing observations of the discussions of positive energy on Weibo by (at least) monthly tracking new posts, and comparing them with official documents and reports. To trace the origin of the discourse before then, we also consult online archives. The cases selected in the article either happened at crucial time points or received high level of public attention, or both.

As Repnikova and Fang (2019) argued, interactiveness has been important in the new propaganda strategies. Therefore, instead of reading the texts separately, we examine the interactions between netizens and state media accounts, including reposts, comments, and similar contents in different posts, especially how the discourse connects private life-related posts with political life. This emphasis on social relation in online ethnography is consistent with Foucauldian discourse analysis methods, which focus on the contexts, logics, and effects of the discourse rather than separate texts (Foucault, 1977a; Jones, 1999; Wedeen, 1999: 18–24). Moreover, through comparing different contexts and effects of various ideological discourses, we also think about whether and why the new discourse serves the state's interests better than previous propaganda strategies.

We adopt Foucault's theory of power and discipline as the analytical framework. As Foucault illustrates in the panopticon model, power is not necessarily hierarchical or centralised. The more important form of power is dispersive, immersive, and systemic, which is more easily internalised by subjects. Ideology serves as an important agent of the dispersive power structure, although Foucault sometimes refrained from using the exact word of "ideology," because it is commonly understood as a top-down technique of forcefully imbuing specific ideas. Instead of this conventional understanding, the Foucauldian theories require us to rethink ideology from a broader perspective, as ideological discourse not only concerns thoughts and persuasion sent down from above, but is also an institution of discipline systemically focusing on speech and actions. For example, school – ideological apparatus of the state – not only conveys fabricated knowledge, but also disciplines students and shapes docile subjectivities. Furthermore, by manipulating ideology, power constructs norms and standards, and structures not only political actions but everyday practices, and while such construction and structuralisation can be manipulated by centralised power, it must go through complicated and diverse societal networks. Indeed, as Foucault noted, one important feature of modern power is that the increasing capacity of modern states to regulate subjects largely comes from self-

regulation that subjects impose on themselves (Foucault, 1977a, 1977b). Therefore, the Foucauldian methodology also stresses treating literary and non-literary texts inseparably as parts of a discourse, and studies how they are shaped by, and simultaneously regenerate, power (Veeser, 1989: xi). These themes will recur in the following analysis about ideological works and positive energy, as the positive energy discourse uses dispersive networks of power to discipline mentality in general and shape docile subjectivities of the people, rather than implanting thoughts arbitrarily.

What's in a Word?

As mentioned above, "positive energy" was not invented by the state but appropriated from popular culture. "Positive energy" first entered the modern vocabulary as a scientology-esque term about spiritual healing in the West (Hird, 2018; McGuire and Kantor, 1988: 241). Its early usages showed an Orientalist and syncretic understanding of cosmology and Eastern philosophy of health, claiming that a sort of "positive energy" could be absorbed from the universe into the human biofield through meditation, yoga, and other spiritual practices. Over the years before the Internet era, this idea had been introduced to the Chinese public with some localising changes.

The phrase developed into a public discourse and gained online popularity through a series of events in 2012. First was a hashtag movement on Weibo during the London Olympics, when the organising committee invited ten previously unknown Chinese citizens to the torch relay, who had made unreserved efforts to serve the public good in their ordinary, humble life. On 4 July, many influential Weibo users cheered the torch relay with the hashtags "light up positive energy and explode your microcosm" (#点燃正能量，引爆小宇宙#, *#DianranZhengNengliangYinbaoXiaoYuzhou*) and "light up positive energy and good luck cannot be stopped" (#点燃正能量，运气挡不住#, *#DianranZhengNengliaingYunqiDangbuzhu*). Although the hashtag movement was likely organised by commercial interests to boost the sales of Olympic torch models (all relevant news reports related "positive energy" with selling torch models, e.g. Phoenix New Media, 2012), it attracted a snowballing number of netizens to repost, marking the public debut of the phrase "positive energy" to the wide audience online.

In August, a popular psychology book titled *Positive Energy* became a national bestseller (according to the 2012 bestseller list on Dangdang.com, a major online bookstore, *Positive Energy* ranked eleventh despite published late in the year, Dangdangwang, 2012). The original English version, titled *Rip It Up* and published only one month before, was written by popular psychologist Richard Wiseman and never mentioned "positive energy." But the publisher (Hunan Literature and Art Press, an experienced bestseller maker) decided to take advantage of the trending positive energy fervour to boost the Chinese version's popularity. The editing team retitled the book *Positive Energy*, and added concluding remarks at the end of many paragraphs highlighting the coined keyword "positive energy." They succeeded not only in marketing, but also in taking the discourse a step further in its meanings. The main idea of the book, which would soon spread across public discourses, is that make-beliefs can become self-fulfilling prophecies: you are happy when you act as if you are happy. "People never

smile because they are happy, but rather always feel happy because they are smiling." (Wiseman, 2012: 10; cf. Hird, 2018).

The popular phrase was appropriated by the state soon afterwards. Xi Jinping himself became the first "official" user when he called on Sino-US relations to "accumulate positive energy" during a meeting with former US president Jimmy Carter (Central Government of PRC, 2012). In June 2013, the phrase first became related to propaganda works, when Liu Yunshan, Politburo Standing Committee member and head of the propaganda system, stated that propaganda needed to "disseminate the positive energy of morality" with the "most beautiful people" and "most beautiful phenomena" (*People's Daily*, 2013). In previous discourses, "most beautiful people" (最美人物, *zuimei renwu*) commonly referred to those who sacrifice themselves for the greater good. On 30 October 2013, Lu Wei, then head of the Cyberspace Administration Office, set the tone of the positive energy discourse for years to come by making a keynote address at the annual Forum of Chinese Cyber-Media. He urged that "to build the China Dream, we need to inspire positive energy, pass on positive energy, gather positive energy, and keep enhancing the common ideological ground of the Party and the people." The purpose of "positive energy" is to "dissolve the hostility (戾气 *liqi*) of the society." Lu's instruction was followed by a *Xinhua Daily* article (2013), which pointed out the way to build up "positive energy" by citing Richard Wiseman's book. It argued that actions provide "positive energy," and positive energy will change your thinking.

Thus, the essence of positive energy was that people should act positively, speak positively, and, presumably as a result, think positively. Per this logic, "positive energy" does not require sacrifice for the greater good, because such sacrifice is actually good for you too. Moreover, the key is to stay positive, even if it concerns only your own attitudes and not the greater good. Therefore, an important difference between positive energy and previous propaganda works is that positive energy not only focuses on political issues, but could be used to frame such everyday nuisances as an old grandfather studying English together with his grandson (@Renminwang, 2018), or a good recipe for making toast (@Huanqiushibao, 2018). On the other hand, netizens spontaneously use the term on social media to refer to anything they find encouraging or pleasant, be it an inspirational quote (@Chuandaoyoujie, 2019), a happy song (@Gaojingselina, 2018), or tasty food (@MISSTangtang, 2019), for example. As captured by a media report, even when propaganda is not directly involved, people usually "associate 'positive energy' with an optimistic attitude, an inspiring manner, and a healthy lifestyle" (Huang, 2017).

The Narrative of Suffering and Its Dilemma

For a better understanding of "positive energy," we need to look back at ideological works of the post-Tiananmen times before Xi. A dominant strategy discussed here is the "narrative of suffering" (苦难叙事, *kunan xushi*), a development discourse emphasising how China struggles to overcome hardship through perseverance, virtue, and self-sacrifice (Schneider and Hwang, 2014). While Deng's administration had made intermittent efforts to cover up public grief during the reformist 1980s, his successors managed to sublime bitter emotions (Schwarcz, 1996). Yet continuity clearly existed

between the 1980s and the 1990s, as the narrative of suffering also emphasised positive reporting and shared the difficulty-struggle dialectics. Jiang Zemin's administration found natural disasters especially helpful to unite the people and submit them to a "protecting state." In the famous flood-resistance (抗洪, *kanghong*) campaigns of 1991 and 1998, by highlighting unreserved sacrifices of the People's Liberation Army (PLA) soldiers and bitter struggles of the people, the state managed to change the PLA's stigmatic image left by Tiananmen and create patriotic sentiment in the society (Brady, 2002: 569). In 1997, the "narrative of suffering" was also heavily adopted to comfort laid-off workers. By framing their suffering as "sharing difficulties" (分享艰难, *fenxiang jiannan*) with the state, this narrative justified the mass lay-offs and dissolved the pain.

This narrative was used even more systematically and significantly in the Hu era, when the display of suffering was made an annual ceremony. Since 2003, CCTV has developed a programme named "Touching China" (感动中国, *gandong Zhongguo*) as an annual national event and important propaganda project. During its heyday, citizens were organised to watch it and students were required to write essays in a "Touching China" style. Every year, ten people were honoured as the "people who touched China." The honourees included not only national celebrities like Yao Ming and Yang Liwei, but more importantly, previously unknown people who had overcome difficulties, endured suffering, or made sacrifices to pursue the greater good. The ten honourees in 2003, for instance, included a deceased mid-level cadre who had damaged his own health to serve the local people, a grassroots cadre who had spent all his savings and sacrificed several lives in his village to build a mountain road, an activist who had given up her own career to represent the victims of World War II Japanese biological weapons in suing the Japanese government, a police officer in Xinjiang killed by a suicide bomber, and a coal mine manager who risked his life to rescue others in a deadly accident. In a nutshell, a large proportion of the "Touching China" honourees were either dead or severely injured. Their suffering was revealed to the audience, in Foucault's words, as they were illuminated (purposely yet randomly) by "a beam of light coming from the power, which marked them by a blow of its claws" (Foucault, 1979: 80).

The narrative encouraged people to endure suffering and believe that it would pay back in the greater good of national development. Thus, it diverted discontent and converted crises into propaganda opportunities (Schneider and Hwang, 2014). Still in "Touching China" 2003, a special reward was given to the 720,000 displaced residents of the Three Gorges region, who had been forced to abandon their home due to the Three Gorges Dam construction. CCTV framed the forced displacement as following: "In the Chinese culture, for thousands of years, it is hard to move away from home. Yet these people moved out of their hometown to pave the way for the state and the nation." The special award was given for their spirit to "sacrifice their small home for the greater home (the country)" (舍小家为大家, *she xiaojia wei dajia*, CCTV, 2008). The epitome of "narrative of suffering" came in 2008, during the Sichuan earthquake, when Premier Wen Jiabao raised the slogan "Sufferings revive the nation" (多难兴邦, *duonan xingbang*). The earthquake, as well as other sufferings, shares a structural role with the historical narrative of "national humiliation" that dominates China's historiography (Brady, 2002: 569) – although the constructed enemy were fateful sufferings whose

causes are either attributed to nature or left unexplained by the propaganda. Similar to the "national humiliations," these ambiguously sourced sufferings were used to provoke a sense of national solidarity and urged citizens to "share difficulties."

Behind the "narrative of suffering" in particular and the manipulation of emotion in general was a society in unrest. Accelerating economic development caused increasing inequality and dissatisfaction (Yang, 2006), and a low level of happiness (Brockmann et al., 2009). One way to address dissatisfaction was recognising the suffering and making people believe that their sacrifice was paid back in national development. This discourse served as a safety valve to mobilise emotions and vent out negative thoughts about individual suffering in a rapidly and unequally developing country.

Yet the safety valve was not completely safe. As noted by Schwarcz (1996), in China's long tradition to use personal suffering and sorrow in public expression, sorrow could easily be converted to rancour, grudge, and even a mobilising power (as in the 1980s). Although performed in an emotional manner, the essence of the "narrative of suffering" was actually persuasion, as it focused on the reinterpretation of political events along the line of the mainstream propaganda, rather than resolving negative emotions and producing positive ones. However, ideology is a multidimensional concept which means far more than instilling propaganda contents. As noted by Gramsci (1971: 445–462), Foucault (1977a), Althusser (2006), and many others, successful ideological works usually conceal its true purposes, orchestrate systematically produced common sense, and imperceptibly domesticate people's mind to control the generation of new thoughts. It is through the subtle disciplinary techniques, like Foucault's panopticon, that the generation of thoughts is controlled. In this light, the intention of using the "narrative of suffering" was explicit, when propaganda always came after crisis and displayed itself as a ceremonial event, a spectacle distanced from everyday life. Instead of trying to control the generation of negative feelings, it risks amplifying them and thus redirecting the anger towards the state itself.

With people's minds remaining undocile, querulous, and generally negative, the emphasis on suffering might be subverted by dissidents unhappy with China's authoritarian regime, nationalists unsatisfied with China's perceived softness abroad, or even ordinary people who grew increasingly sceptical about the official versions of stories. These societal voices could blame the suffering on the state itself, resulting in a moral dilemma with repercussions for legitimacy (Xu, 2016). For example, as sarcastic parodies of the "Touching China" programme, a list of ten honourees that "dares to touch China" (敢动中国, *gandong Zhongguo*) and another of those "China dared to touch" (中国敢动, *Zhongguo gandong*) went viral on the Chinese Internet in 2013. Japan, the Philippines, South Korea, the United States, and so on were on the first list, indicating the nationalist discontent about China's grand strategy. The second list concerned domestic scandals, including people such as immigrant workers, street vendors, human right lawyers, NGOs, and Bo Xilai.

Such problem was hardly a surprise to the CCP, and as before, the propaganda attempted to maintain the balance. For instance, despite their early utilisation of "dramas of bitter emotions" (苦情戏, *kuqing xi*) as a safety valve for laid-off workers to vent their dissatisfaction the CCP recognised them as a potential source of instability

and publicly stated that such works should be discouraged. Instead, in Hu's time, guidelines of the entertainment industry shifted towards encouraging "the reflection of bright side of society" (Kong, 2014: 55; Miao, 2010: 98).

The most prominent project of this kind was the "harmonious society," which started as a political slogan which aimed at curbing inequality and stabilising the society. Like the "narrative of suffering," it also signified the state's willingness to recognise the dissatisfaction caused by "serious conflicts and problems" such as "unequal economic and social developments between the rural and urban areas and between regions" and the "increased pressure of population, resources, and the environment" (CCP Central Committee, 2006). Yet it took a different approach, combining diffusing positive contents with censoring complaining speeches (Nordin, 2014). Despite heavy investment, the outcome of "harmony" turned out inharmonious. Chinese netizens subverted the discourse with the famous homonymic joke that transformed "harmony" (和谐, *hexie*) into "river crabs" (河蟹, *hexie*). This parody represented a popular political satire culture called *egao* (恶搞), which caused the propaganda organs much trouble and "led to considerable excitement in the academic community" (Nordin and Richaud, 2014: 49).

This is not to say that China could not regulate public discourses. The PRC has always had a set of regulations for the media, which for decades had exerted effective control. Yet with the emergence of the Internet, the conventional repertoire revealed its limits. Cyber-governance in the Hu era was relatively loose and the cyber-sphere seemingly had a potential of becoming a public sphere relatively free of state control. However, as many scholars mentioned, this relative openness does not indicate that the Internet is inherently a "liberation technology" (Diamond, 2010; MacKinnon, 2011). Instead, it was because that the state was yet searching for strategies that could effectively regulate the cyberspace.

What makes the Internet difficult to regulate? Drawing from Zuckerman's (2013) "cute cat theory," we argue that the reason for the state's incapability to regulate the cyberspace, in addition to the anonymity and low threshold of participation, is the extreme diversity of online contents, which are usually not explicitly related to politics. The Internet, as it becomes an increasingly important part of everyday life, is filled with entertaining contents such as popular music, feline videos, games, and fan-talks. These seemingly apolitical contents cannot be easily censored, but sometimes carry subtle political messages to be used in symbolic confrontations. The Hu administration, despite efforts to censor explicitly political contents, had insufficient control over the "apolitical" contents, allowing the Internet to become a platform for what Scott (1985) called "everyday forms of resistance." Political satires in the shape of entertainment were widely popular among the netizens as a subtle yet important way to express discontent (Esarey and Qiang, 2008; Han, 2018: 47–49, 84–90). To abuse Scott's (1998: 11–22) metaphor of foresting, the Internet, as a new sphere of information exchange, was full of weeds and strangely shaped bushes that were previously unknown to the state forester.

To regulate these contents, the state should first make them politically legible – both to itself so that it can make analysis and judgements; and to its subjects, so that they know what they should and should not do. One simple way to provide legibility is to use

what Foucault called the "order of discourse" (*l'ordre du discours*, Foucault, 1972), which can distinguish, compartmentalise, and hierarchise these new species, and provide a clear grammatic structure for them. The "positive energy" discourse is the very strategy to take on this new task: using the "order of discourse" to regulate people's "apolitical" everyday cyber-behaviours and provide legibility for them.

The Mechanisms of Positive Energy

Manipulating Emotions

One most obvious characteristic that distinguishes "positive energy" from the "narrative of suffering" is their emotional propensities. Instead of reinterpreting negative emotions, the "positive energy" strategy targets the generation of emotions, which shares a common root with "harmonious society" but pushes emotional manipulation one step further. The change from the previous discourse is observable over time. When Liu Yunshan associated "positive energy" with the "most beautiful people," suffering and sacrifice were still at its core, and the new slogan was not radically different from the old one. Since then, however, the emotional undertone has gone beyond the "pessoptimism" in the previous discourse (Callahan, 2009). In Lu Wei's speech, the change in political connotation was clear: instead of sacrifice, the discourse now stresses unconditional happiness.

Importantly, personal-level positivity is stressed independent of political events. As mentioned, people do not have to make painful sacrifices or remarkable contributions to gain "positive energy." Official media often report "positive energy" cases only because they show positive attitudes, even if the attitudes concern no one but themselves. If one is praised for indeed having made some "sacrifice," such as when an old working-class man makes large donations to charity (Ba, 2017), it is not framed as a "sacrifice," because through such donations he is supposed to gain positive energy for himself. The greater good is his good, too.

Moreover, the discursive strategy of "positive energy" extends far beyond the phrase per se. Following the guideline of positivity, the state has launched many projects and campaigns to develop a culture of "positive energy." Typical propaganda slogans include "China is awesome" (中国很赞, *Zhongguo henzan*), "the new era is awesome" (赞赞新时代, *zanzan xinshidai*), and so on. Accordingly, the general tone of official media has become increasingly positive, with popular slangs, inspirational quotes, and exclamations added consciously to news reports, be they related to entertainment, everyday life, or state/international politics.

At the same time, positive energy and the increasing positivity in the media do not make the narrative of suffering obsolete. Despite losing its appeal in the Internet age, especially after 2008 (Xu, 2016), the narrative of suffering covers important aspects of propaganda irreplaceable by the feel-good positive energy. Especially when people experience tangible hardships, positive energy's neoliberal self-help solution means evading rather than facing the problem, whereas the narrative of suffering vents dissatisfaction more directly. With an economic slowdown vaguely looming ahead, such

"suffering" slogans as "overcoming difficulties together (with the country)" (共克时艰, *gongke shijian*) re-emerge in propaganda to convey the idea that Chinese people do not fear and can endure bad times (Tao, 2018). However, the suffering narrative also evolves across time, aiming more at creating rally-around-the-flag effects domestically and reflecting muscles internationally than performing morality as the compassionate paternal state (Xu, 2016). The undertone of suffering in the positive energy era is thus coherent with the positivity, and *gongke shijian* comfortably coexists with *Zhongguo henzan*.

Participating in Popular Culture

In addition to emotional manipulation, the positive energy discourse's strong relation to popular culture also indicates its dispersive and immersive nature, a stark contrast to previous ideological works. Unlike predecessors that wielded external power from above, the new strategy demands that propaganda should participate in popular culture as at once a player, a producer, and a regulator of cyber-culture, which serves two intertwining goals: fostering spontaneous participation and "set the tone" for cyber-discourses (Cyberspace Administration of China, 2018).

The strategy requires not only adopting popular slangs, memes, and entertainment forms, but also constant production and reproduction of popular culture, as illustrated by a case during the 2018 annual National People's Congress (NPC). During the NPC, the Weibo account of *People's Daily* uploaded a finger tutting music video themed "China is awesome" (中国很赞, *Zhongguo henzan*), and joyfully invited pop stars and ordinary netizens to perform the "finger tutting challenge" and share the video on Weibo. Netizens responded enthusiastically, especially fans who appeared more than happy to see their idols on the video. Campaigns as such were said to spread positive energy, and the pop stars were called "positive energy idols" by both official media and netizens. *People's Daily* reported that within twelve days, the finger tutting had already received more than one billion clicks, reposts and video participations (*People's Daily*, 2018).

Fandom culture serves as a depoliticising disguise, efficiently penetrating the society, mobilising participation, and shaping public discourses. First, "finger tutting" took advantage of the "challenge" frenzy which had spread across social media worldwide and proved effective in motivating participation (Kilgo et al., 2017). Moreover, instead of forcefully pouring down propaganda in a hierarchical order, this challenge penetrates fandom groups, connects directly with fans, diffuses the pro-state sentiments into a cheerful air, and demands mass participation. It requires fans to watch the videos, repost, and comment passionately, record themselves performing the challenge, and share on social media. For instance, the *People's Daily*'s first promotion Weibo reads:

> […] People's Daily's social media account invites you to join the #ChinaIsAwesome# finger tutting challenge, and kick-start the 'China is Awesome' MV. Upload your finger tutting video, and give a thumb up for China […] Your video may be shown in the official MV together with @ZhangYixing, @LiuTao, @LiChen, @ZhangYishan, @WangKai, @Qin-Hailu!, (@Renminribao, 2018)

All the names mentioned were hot youth sensations, who also have their own hashtags calling them "positive energy idols" (e.g. #正能量偶像张艺兴#, #*ZhengNengliangOuxiangZhangYixing*#). Fans could repost videos with these hashtags, and the number of reposts contribute directly to the popularity ranking of the star. Participation in the campaign thus becomes a performative ritual for fan groups (a huge and extremely active population) to showcase support and compete for spotlights. "Positive energy" was a certificate for their loveliness and popularity within the fandom culture.

Similar campaigns appear increasingly frequently online, almost all of which receive enthusiastic responses (for examples of important official media using fandom culture and "positive energy idols" as ideological tools, see @Renminwang, 2017; @Xinhuashidian, 2017; @Zhongguoqingnianbao, 2019). Young actors/actresses often join the rank of positive energy idols soon after they rise to fame. The fandom culture must comply to the positive energy discourse if fans want to see their idols, making the discourse overwhelmingly powerful online. The campaigns are fun in nature and generally non-persuasive, and fans may or may not recognise the political meanings behind the veil of fandom passion. However, watching their idols lauding the state and performing the finger tutting with their own bodies, they are likely to internalise the sentiment within the videos (a subtle allusion to the "make-belief" logic that you will think positively if acting so), as indicated by their cheerleading comments about China. The discourse associates the state with joy, not by emphasising how life improves under the CCP, but by connecting the state with their favourite faces to look at. Ideological work in this form seldom targets any specific idea, but instead targets people's everyday life.

Interwoven with popular culture and masked by a depoliticised language, the positive energy discourse imperceptibly yet fiercely penetrates people's private spheres, and has a more powerful mobilising effect than conventional propaganda. For example, our data show that in 2018, among all *People's Daily* Weibo posts hashtagged #*QuanguoLianghui*# (#全国两会#), those posts that mentioned popular idols have significantly higher numbers of reposts, comments, and likes than those that did not, indicating a higher level of participation in the *lianghui* topic (see Appendix 1 for specific data). While this does not necessarily mean pop stars increase political support, they increase netizens' exposure to propaganda, and prime netizens with positive images.

Participation works side by side with coercion. Some fans, themselves politically sensitive, fervently relate their idols with the "positive energy" discourse to ensure that their idols conform to the spirit of the state and are not banned. Both a player and the referee in cyber-culture, the state is using both invisible and visible hands. In addition to official media participating in fandom culture, the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT, 2018) is also exercising tighter and more specific control over the entertainment industry. Meanwhile of rewarding positive energy idols with more resources, actors with negative characters (劣迹艺人, *lieji yiren*) are banned. As a result, both idols and fans try hard to maintain a positive image. This is particularly observable in multiple talent shows in 2018 and 2019, where potential idols remove smoky make-ups, hide their rebellious attitudes, and emphasise how hard they work to realise their dream, how bright and clear their souls are, and how much they love

the CCP. Though we are still awaiting systematic researches into these new phenomena, watching any TV shows offers a vivid illustration of how popular culture has been thoroughly penetrated, becoming a fresh part of state regulation.

Constructing a Floating Signifier

Beyond entertainment, the indispensability of virtual cultural life makes it possible for the state to target the entire sphere of private life by manipulating cyber-discourses. Positive energy is particularly an effective tool thanks to, ironically, its lack of precise meanings. The definition of positivity is always vague and subject to manipulation. Borrowing from linguistic terms, a phrase serves as a "signifier," whose signified meanings are fixed in a given semantic field, making it understandable to the audience. However, a phrase like "positive energy" can point to so many different meanings that it becomes a "floating signifier," a concept first used by Lévi-Strauss, which "represents an undetermined quality of signification, in itself void of meaning and thus apt to receive any meaning" (Lévi-Strauss, 1987: 63–64). The state, therefore, can easily use positive energy to signify any meaning that suits the need for ideological works.

It is not a new trick to play with political "newspeaks" whose meanings are intentionally left unclear. For years, such practices have worked to press for self-censorship (Rawnsley, 2008; Stern and Hassid, 2012). Yet the positive energy discourse has been applied in a much broader context, a large part of which has no direct political relevance. The same phrase can be used to extol the rise of China, economic growth, and military reform, but more often is it used to judge people's everyday behaviours. Sharing positive energy news and quotes has been a common practice for netizens. For instance, many small-scale e-commerce merchants (微商, *weishang*) use the hashtag *#WeishangZhengnengliangYulu#* (微商正能量语录, e-commerce positive energy quotes, which has over 22,000 posts by August 2019) to cheer themselves up in the harsh capitalist environment and attract potential consumers, as the positive energy contents can humanise the e-merchants by constructing funny, kind, and hard-working self-images. Typically, these positive energy quotes internalise and reproduce the discourse's "neoliberal" logic emphasising self-adjustments (e.g. "every success comes from suffering," @Ningxiaoxiaoxiaojie, 2019), but the floating nature of the discourse also means that they can be easily politicised. Inspirational quotes that combine individualism with national identities such as "if you are bright in yourself, China won't be dark" (你光明，中国便不黑暗, *ni guangming, Zhongguo bianbu heian*), while sometimes used to regulate people's own emotions (e.g. @Muzijingyi, 2016), are also conveniently picked up by netizens to show support for the state, as indicated in mainstream netizens' reactions against the Hong Kong anti-extradition movement in June–August 2019 (e.g. @M77Xingqiudemangozai, 2019).

Moreover, as "positive energy" can signify anything the state promotes, anything the state tries to avoid can be framed as its opposite. Hence, there is an antagonistic dichotomy between positive energy and what is known by the Chinese public as "negative energy" (负能量, *fu nengliang*). Like its counterpart, "negative energy" also works as a floating signifier, which can include anything the state dislikes, especially

those that cannot be regulated by clear-cut legislation. The following case exemplifies how this dichotomy regulates public discourses. In January 2018, the SAPPRFT announced that TV programmes and online media should not feature people "who have tattoos, who are related with hip-hop culture, sub-cultures (non-mainstream cultures), and the *sang* culture" (culture of despondency, Zhou, 2018). "Sub-cultures" (亚文化, *ya wenhua*) have commonly been perceived as rebellious against the mainstream, tattoos and hip-hop being two representative examples of them. The "sang culture" (丧文化, *sang wenhua*) expresses frustration about the hardship of daily life, usually without much potential of collective actions or hostility against the authority. Like "sub-cultures," however, it is opposite to the positive energy discourse, and its "negative energy" is enough to justify its prohibition.

As the example indicates, "negative energy" is not political opposition. Instead, it reveals the state's expanding ambition to meddle in the private sphere. If the diverse contents in the "apolitical" sphere were previously illegible to the state, the distinction between "positive" and "negative" energies serves to shape the grammar in the discursive field, structuralising the dazzling diversity, which can then become the target of state management. A good citizen needs to remain positive and avoid negative energy. Moreover, due to the ambiguity of "negative energy," online media, previously freer of state control than traditional journalism (Hassid and Repnikova, 2016), have to enforce ever-stronger self-censorship to avoid stepping on landmines. Increasingly frequently, "negative energy" sites are rectified. This includes not only news sites such as Fenghuang News (suspended all publications and taken down from the Apple/Android app store for weeks, Phoenix New Media, 2018), but also entertainment sites. The joke site Neihan Duanzi was closed indefinitely for "not conforming to public opinion guidance." Short video site Douyin, owned by the same company as Neihan Duanzi, started strict self-censorship under pressure, closing its live video and comment sections for weeks, claiming it would "construct a content pool of positive energy" (Sun, 2018).

More importantly, the dichotomy between positive and negative abnormalises negative feelings, which, ironically, had previously been part of the propaganda itself. By structuralising the previously unregulated field of personal emotions, the state not only promotes the feel-good lifestyle, but stigmatises negative emotions like sadness, anger, suspicion, and frustration as harmful for both individuals and the society. As positivity becomes the norm, negative emotions become a psychological problem that needs to be overcome and cured, rather than a normal feeling to be vented out. In one article, the *People's Daily* even denounced the aforementioned "sang" culture as "spiritual opium" (He, 2017). Positive energy plays a similar role to that of psychiatry as described by Foucault: it distinguishes "abnormal" from "normal" behaviours, and imposes guilt on the "abnormal" because they disturb the "normal" functioning of the society (Foucault, 1977a). Abnormality, be it idleness in Foucault's France or "negative energy" in today's China, thus is targeted by discipline, albeit not legally banned. With this stigmatisation, the discourse not only prevents people from testing boundaries, but also disciplines the societal mindset by controlling negative emotions. People are trained to be happy for their humble lives and show gratefulness to their parents, community, and probably most importantly, the party-state. They are also told to sideline their negative emotions, and by

implication the potential to act in accordance: attributing problems to the state, protesting, petitioning, even cursing. Not only in youth culture but even among elderly people, as Guo (2017) shows, positive energy prevails and "negative energy" is spontaneously and consciously avoided and opposed. Differently from the times of Jiang Zemin and Hu Jintao, positive energy does not depict a utopian future that requires sacrifice, but tells people that they are living in a utopia, as long as they conform to the "positive" norm.

Therefore, floating and dispersive as the discourse is, the combination of subtle languages and techniques produces a homogenous social order that serves the interests of the ruling class. Just as the Foucauldian discipline contributes to the capitalist society by making docile bodies working restlessly for capitalist production, the positive energy discourse shapes the subjectivities of citizens that target their own "negative" thoughts as an enemy, internalise the interests of the state as their own, and thus not only censor themselves in daily life but willingly so. Positive energy thus illustrates how ideological works today help solve the dictator's dilemma in a Foucauldian way: not "winning hearts and minds," but shaping hearts and minds.

Conclusion

As Brady has pointed out, the task of the Xi administration in ideological works is the same as that of Jiang and Hu, namely, gatekeeping the boundary of expression while mobilising public support (Brady, 2017). Indeed, we see much continuity between the current ideological discourses and previous ones. Yet the repertoire of state ideological apparatuses, while being inherited from past practices, also continually renews itself. One important feature of Xi's ideological work is that it tries to mobilise and control public discourses at the same time, through careful manoeuvres of the inherited repertoire as well as bold innovations and creative uses of it.

The discourse of positive energy is an illustrative case of both continuity and change, and carries important implications on the general direction of ideological works. Scholars have noted the "softening" of Chinese propaganda since the early 2000s, turning from "control" to "management" and "guidance" (Brady, 2017; Yang, 2014b). The repertoire of managing public discourse has evolved dramatically since then. While in earlier times official media on social media participated mostly reactively and interacted very little with netizens (Esarey, 2015; Tong and Lei, 2013), the state has increasingly emphasised proactive participation in public discourses. On the one hand, such proactiveness is indicated by the increased presence and increased persuasiveness of official media on social media; on the other hand, official media have also embraced a more diverse toolset of ideological work that expand beyond persuasion. The positive energy discourse combines emotional manipulation, norm-setting, stigmatisation, and popular culture to work on a different level from mere persuasion. Many of these tools are brought back from the CCP's cultural governance tradition, and applied to the realm of new media, creating an evolved repertoire of ideological works.

Moreover, while previous works have inspired our study on the CCP's evolving ideological strategies, we also pay specific attention to an aspect of CCP propaganda that has been previously understudied, namely, the Foucauldian disciplinary use of

discourses. As Foucault reminds us, the most dangerous power is not the sheer power wielded coercively by external forces, but rather the dispersed and intangible power that is easily internalised by its subjects. While the Xi administration is doubtlessly imposing tighter control and more powerful persuasion over public discourses, scholars have also noted that its propaganda is even "softer" than previous ones (Repnikova and Fang, 2018). The new propaganda combines force with subtle, dispersive, and immersive disciplinary techniques, making it both more coercive and more subtly manipulative. The positive energy discourse illustrates this combination. Investigating it under the Foucauldian light, we find that as an institution of discipline, this discourse subtly shapes the subjectivity of citizens, producing docile minds that internalise the interests of the state as their own. Under the framework of positive energy, mobilising participation and setting the limit for expression are not conflicting but mutually facilitating.

However, as Foucault says, "Where there is power, there is resistance" (Foucault, 1990: 95). The positive energy discourse, while trying to order discursive power, is not without tension in itself. For one thing, the floating nature of the discourse may actually indicate a void of ideology. The discourse is ready to promote anything the state is interested in, which is a hodgepodge of traditional morals, socialist values, development, nationalism, stability, and so on, possibly with tensions between each other. Moreover, positive energy is not unchallenged. Even though the self-help logic of unconditional positivity has become the norm in public discourses, there are still ridicules of positive energy, especially when facing solid social problems, such as the aforementioned economic slowdown. Notably, the floating nature of the discourse, which gives the state means to manipulate, may also cause problems of credibility. As a joke goes, a political slogan is positive energy on the wall of a government building, but becomes negative energy if someone takes it to the street. This floatingness thus also invites "weapons of the weak" that "wave red flags to oppose the red flag."

Yet such resistance, as Foucault (1990: 95) continues "is never in a position of exteriority in relation to power." Power indeed invites resistance, but because the modern power structure is dispersive and immersive, every act of resistance can only operate within it. Resistance must utilise the tool it condemns, risking falling prey to the very mechanism it opposes. Power and resistance are not confronting each other in a dichotomous war of position, but feeding each other in a spiral relationship (Foucault, 1990; Veeser, 1989). While potentially challenging official discourses, "weapons of the weak" also feed into the omnipresence of state power (Wedeen, 1999). In the case of China's cyber-culture, as recent researches have shown, the fragmented resistance of ridicule and satire leads to more cynicism than constructive actions (Shao and Liu, 2019). Yet Foucault still sees the dim hope of overcoming the modern power structure hiding in the practice of seeing through and exposing the power mechanisms. In a way, the mechanisms of positive energy are defined by the potential of resistance. Precisely because "weapons of the weak" become increasingly concerning for ideological state apparatuses, because information becomes increasingly diverse and cultural production increasingly complicated, a centralised power structure will be increasingly outdated for managing a changing field of public discourses, and a dispersive one increasingly

suitable for ideological works. Increasingly, the state is using a combination of subtle techniques to enrich its repertoire of ideological works. In Foucault's words, "The notions of institutions of repression, rejection, exclusion, marginalization, are not adequate to describe, at the very centre of the carceral city, the small acts of cunning, calculated methods, techniques, 'sciences' that permit the fabrication of the disciplinary individual" (Foucault, 1977a: 308).

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Appendix 1

We compare the numbers of reposts, comments, and likes of those posts that mentioned popular stars and those that did not, among all Weibo posts by *People's Daily* containing the hashtag #QuanguoLianghui# during the 2018 *lianghui* period (March 2018). The results are summarised in Tables A1 and A2.

We also collected similar posts (such as the finger tutting videos with cheerleading words) on the stars' own Weibo pages. Their numbers of reposts, comments, and likes are even larger than those of the *People's Daily*. Official media accounts are unlikely to delete comments or reposts, as it can (and usually does) use an UI to show its own selected comments (without influencing the numbers), making it unnecessary to invest time deleting. We also tracked the numbers of comments and reposts at different time points between March 2018 and May 2019, and noticed no decrease in the numbers (which mostly stay constant after April 2018). Astroturfing likely happens under some posts, but as mentioned, it is supposed to be more likely under posts related to overtly political debates, implying that between posts that mentioned the pop stars and post that did not, the difference in participation may actually be even greater than it appears here.

Table A1. Summaries of Repost, Comment, and Like Numbers.

	Mentioning pop stars			Not mentioning pop stars		
	Log reposts	Log comments	Log likes	Log reposts	Log comments	Log likes
Mean	8.917	7.763	9.153	6.688	5.608	7.721
median	8.721	7.966	8.961	6.548	5.429	7.512
Max	15.031	10.191	11.038	11.409	10.276	12.612
Min	5.932	4.419	7.220	3.401	0.	4.943
Standard deviation	2.119	1.353	1.080	1.346	1.514	1.236
N	23	23	23	549	549	549

Table A2. Difference between Mentioning and Not Mentioning Pop Stars.

	Log reposts	Log comments	Log likes
Intercept	6.68773 (113.217)***	5.60777 (87.110)***	7.72100 (146.981)***
Popular idol	2.22944 (7.568)***	2.15547 (6.714)***	1.43229 (5.467)***
R2	0.09131	0.07329	0.04983
Adjusted R2	0.08972	0.07166	0.04816

Note: The numbers in parentheses are *t*-ratios based on robust standard errors.
*Significant at 10% level.
**Significant at 5% level.
***Significance at 1% level.

Analysis

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CFIUS 2.0: An Instrument of American Economic Statecraft Targeting China

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Abstract

On 13 August 2018, the president of the United States signed a bill to strengthen the Committee on Foreign Investment in the United States (CFIUS), an interagency executive body responsible for screening foreign investments made in the United States for national security risks. The move is primarily aimed at preventing Chinese firms from exploiting the US open capital markets to acquire technology. While much commentary exists spelling out the changes made to CFIUS by way of the legislation, their focus is largely on the legal and business ramifications of the policy at the firm level. This analysis assesses what CFIUS strengthening portends for the tech ambitions, examines the Chinese state's response to the move, and observes its relevance to US–China economic decoupling.

Keywords

CFIUS, economic statecraft, innovation, techno-nationalism, interdependence

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Introduction

On 13 August 2018, the president of the United States signed the Foreign Investment Risk Review Modernization Act (FIRRMA) in a bid to strengthen an interagency executive body called the Committee on Foreign Investment in the United States (CFIUS). The agency is responsible for screening investments made in the United States by foreign persons or governments in order to safeguard against risks to national security. It is widely considered that the move is aimed at preventing Chinese firms and the state from exploiting the US open capital markets to facilitate tech transfer.

Indeed, investing in US tech companies emerged as an increasingly popular method of acquiring know-how for Chinese companies during the past decade. Overseas investments and Mergers and Acquisitions, in particular, provide rapid access to technologies and techniques. Investors emerge as decision-making stakeholders in capable firms, benefit from joint Research & Development (R&D) and can facilitate transfers from foreign subsidiaries to home bases (Amann and Virmani, 2015; Wang and Wang, 2011). Strategic asset-seeking investments were thus actively encouraged by the Chinese state under the rubric of its "Going Out" policy. Incentives included simplified and decentralised administrative procedures, special financial services and cheap credit, tax deductions, direct subsidies, and state-driven mechanisms to mitigate exchange rate risk (Sauvant and Chen, 2014). According to data collated by the Rhodium Group, Chinese investments in tech-intensive sectors including aviation, electronics, health, and Information and Communications Technology (ICT) stood at USD 29.3 billion for the 1990–2017 period (Rhodium Group, 2019). This constituted 20.9 per cent of total Chinese investment in the United States. In 2015 itself, the year during which the Made in China 2025 programme was announced, investments in US tech firms skyrocketed to USD 9.9 billion which was more than triple the number of the previous year (Bennett and Bender, 2018).

US policymakers have not taken kindly to such strategic investments and cite two primary reasons for this. In a comprehensive report prepared shortly prior to the passage of FIRRMA, the office of the United States Trade Representative (USTR) unequivocally concluded that Chinese acquisitions "burden US commerce" by transferring technologies to Chinese competitors (United States Trade Representative, 2018: 65). Second, China's systematic, state-led modus operandi to acquire technology has been frequently cited as a grave concern (Atkinson, 2018; White House, 2018; Wübbeke et al., 2016). CFIUS strengthening was, thus, devised.

This analysis assesses how CFIUS strengthening impacts China's economy and tech ambitions alike by drawing on insights from the relevant political economy literature. Much of the commentary on the subject spells out the changes made with a focus on the legal and business ramifications of the policy at the firm level. The use of an International Political Economy (IPE) lens to elucidate the state's perspective is, thus, a useful addition to the discourse on the subject. Drawing on this assessment, the response strategy of the Chinese state is then analysed. Commentary on the strengthening also neglects to elucidate on the precise channels through which CFIUS reform influences the phenomenon of US–China decoupling. The analysis addresses this gap as well while observing the Chinese state's response to CFIUS strengthening.

CFIUS 2.0: How Does FIRRMA Target China?

The Chinese state employs a long list of methods in its pursuit of foreign technology which include forced technology transfer through joint venture requirements and licensing requirements, espionage, academic collaborations with research centres and universities, imports of tech equipment, and tech-seeking outbound investments. FIRRMA is only designed to deal with the last of these. Three main elements of the FIRRMA stipulations are especially instrumental in empowering CFIUS to target investment originating from China.

First, FIRRMA, through its conceptualisation of national security urges CFIUS to meticulously scrutinise investments originating in countries that have "a demonstrated or declared strategic goal of acquiring a type of 'critical' technology and infrastructure that would affect United States technological and industrial leadership in areas related to national security." Although China is not named specifically in this portion of the bill, according to US Congressman Jeb Hensarling, Chinese investors will, de facto, be accorded the most attention (Centre for Strategic and International Studies, 2018). This becomes apparent in the latter parts of the legislation. Section 18(b) of FIRRMA mandates the Secretary of Commerce to submit a report on foreign direct investments (FDI) made by Chinese entities in the United States to Congress and CFIUS every 2 years. The report is to contain detailed descriptive statistics on Chinese investments in the United States, employment details, trends, and comparisons with FDI patterns of other investor countries. Moreover, the extent to which the pattern of investments originating from the People's Republic of China (PRC) is in consonance with a state-driven industrial policy such as the Made in China 2025 plan is to be investigated. State-owned enterprises and state-owned funds, in particular, will therefore face tougher scrutiny. It is worth noting that the PRC is the only country to receive such attention under FIRRMA. In a notable departure from the principles of the Washington consensus, the conceptualisation of national security under the new CFIUS has also expanded to include considerations of economic security and broader competitiveness of US firms (Jackson, 2019). This shift in the philosophy concerning investment regulation is instrumental in the targeting of Chinese investments.

Second, apart from origin-based restrictions, FIRRMA also sets out to target the specific channels whereby technology can be acquired with equity investments. The bill calls for the Committee to be aware of modern techniques of illicit technology acquisition by prompting it to observe transactions that could contribute to cybersecurity vulnerabilities. This stipulation is undeniably inspired by China-related concerns, given that Chinese entities have been linked to 90 per cent of all espionage activities in the United States (Geller, 2018). Moreover, under FIRRMA, joint ventures in critical technology or infrastructure sectors will be covered (Covington, 2018a), remedying what was considered a major loophole in the CFIUS process. These enabled Chinese investors to acquire sensitive information while skirting CFIUS reviews for many years (Cornyn, 2018; Kuo, 2018).

Third, the strategic vision of the US dispensation, on a larger scale, is to prop up a global financial regime intolerant to Chinese acquisition of technology. Section 13(3) of

FIRRMA calls for CFIUS to labour towards the harmonisation of investment regulations among like-minded countries and facilitate greater information sharing among allies and partners of the United States. In fact, subsequent to the bill's passage, trade officials of the United States, European Union (EU), and Japan released a joint statement in early 2019 wherein cooperation on national security reviews was confirmed (United States Trade Representative, 2019).

The aforementioned elements of FIRRMA place Chinese investments squarely within the Committee's crosshairs. Chinese investors have already been impacted even as the Committee pilots its new procedures. As of 2019, data-related concerns have taken the centre stage in terms of compelled divestitures. CFIUS instructed two Chinese companies, the Kunlun Group and iCarbonX, to sell the stakes they held in two online dating and health service companies, respectively (Clark et al., 2019). The newly empowered CFIUS was also reportedly involved in the Federal Communications Commission's (FCC) blocking of China Mobile Ltd's bid to provide telecommunications services in the United States (Kim and Burnett, 2019). Additionally, Huawei, Lenovo, and Bitmain Technologies have downsized operations in anticipation of CFIUS strictures (Hanemann et al., 2019). At an aggregate level, half-yearly averages of Chinese investments in the tech-intensive electronics, health, ICT, and machinery sectors fell from USD 1.03 billion in 2018 to USD 0.3 billion in 2019 (Hanemann et al., 2019). Chinese venture capital funding to Silicon Valley has also taken a hit and accounted for only USD 3 billion out of the total USD 84 billion that the United States attracted in 2018 (Global Times, 2019). Consultancy firms are reporting manifold increases in the number of CFIUS cases they handle and admit that more time and effort goes into closing a deal (Klein, 2019). It is abundantly evident, therefore, that Chinese investors' ability to perform strategic asset-seeking investments in the United States, particularly in frontier industries, has been impeded.

The Impact of CFIUS Strengthening

This section explores how large a setback the strengthening of CFIUS is to the Chinese state. The international political economy literature dealing with the use of economic tools in power politics and the costs associated with exit from economic relationships offers useful cues to tackle the question. In the context of foreign trade, Hirschman's (1945) work popularised the perspective that economic exchange, through the generation of material gains for participants, also bred political dependencies. Importantly, such dependence is said to engender power relationships among states that allow for the stronger to influence the policy of the weaker. In subsequent decades, a host of studies have employed numerous methods to measure dependence in order to understand state behaviour (Barbieri, 1996; Gartzke, 2007; Gasiorowski, 1986). The work of Keohane and Nye (2012) was most instrumental in contextualising dependence in a globalised world and is, thus, relevant to the Chinese state's situation vis-à-vis CFIUS. In *Power and Interdependence*, they state, "policy must be based on an analysis of actual and potential vulnerabilities" where vulnerability arises when changes in an economic

relation generate sizeable long-term costs for the concerned state (Keohane and Nye, 2012). On the other hand, when costs are low or transient, the state is faced merely with a sensitivity that is unlikely to prompt policy adjustment. It is germane, therefore, to examine whether the inability to conduct strategic asset-seeking investments constitutes a vulnerability or a sensitivity for the state.

To be sure, Keohane and Nye (2012) offer little by way of measuring dependence and vulnerability under globalised conditions. Assessing the Chinese state's vulnerability to CFIUS strengthening requires more specific tools. Crescenzi's (2003) framework of "complex linkages" offers these. Utilising the concepts of Keohane and Nye, it conceptualises dependence as the costs associated with the severance of an economic tie. These costs are, in turn, operationalised by identifying two principal elements – asset specificity and market structure. In the context of technology denial and CFIUS, asset specificity signifies the importance the Chinese state affords to technological upgradation and strategic asset-seeking investments. If an asset is domestically of very large importance, even small disruptions in availing them will prove undesirable. Meanwhile, market structure has to do with whether China's tech sector can adequately offset CFIUS strictures by performing strategic investments in high-tech markets apart from the United States. In order for a dependence to exist, the gains from an engagement must not only be domestically important and scarce but also difficult to source from alternative suppliers. So how dependent is the Chinese state on strategic asset-seeking investments made in the United States?

In specificity terms, technological upgradation is of high domestic importance. The extensive specialisation in low-quality manufactures which formed the bedrock of the Chinese economy's export-led growth model is gradually rendered obsolete by climbing wage rates and diminishing investment efficiency. In accordance with the consensus in macroeconomic theory, China's economy must now rely on greater total factor productivity generated through industrial upgrading to maintain growth. Neoclassical growth theories consider such upgrading as exogenous to the economic system and a result of market-enabled price discovery in international factor markets (Lall, 2000). Chinese economic analysts, however, derive policy impetus from the Schumpeterian variety of endogenous growth theory. They emphasise that technological upgradation requires not only efficient markets but also state efforts to remedy the problem of underinvestment, particularly through R&D spending but also by leveraging globalisation (Howitt, 2008; Lin, 2017; Romer, 1990; Zhang, 2017).

Chinese leaders concur that productivity must be generated through innovation and technological upgradation (Xinhua, 2018a, 2019). In 2016, president Xi lamented that a lack of innovation had proven to be an "Achilles' heel for economic development," and subsequently, innovation was enshrined in the 13th Five Year Plan (2016–2020) as the "primary driving force for development" (China Daily, 2016; National Development and Reform Commission, 2016: 20). While the thrust was certainly on domestic R&D and homegrown innovations, companies were nonetheless urged to "integrate with the global innovation network" (Xinhua, 2014). Strategic asset-seeking investments particularly were also encouraged under the Made in China 2025 plan (McBride and Chatzky, 2019).

To be sure, a cut-off from strategic asset-seeking investments in the United States cannot cripple the Chinese innovation system in an aggregate sense. In the short run, not all innovation in the country is coterminous with cutting-edge technological progress (Abrami et al., 2014; Breznitz and Murphree, 2011; Chang, 2003). According to McKinsey (2015), progress in customer-driven and efficiency-driven innovation – archetypes that are less reliant on cutting edge technologies – alone can add anywhere between USD 1 billion and USD 2.2 trillion per year to the Chinese economy by 2025. Nonetheless, an inability to acquire US tech firms deprives the Chinese economy of a potent growth catalyst at the frontiers of technological applications where domestic capabilities are most lacking. Acquisitions similar to Lenovo's 2005 takeover of IBM's personal computer division, for instance, would face far stricter scrutiny under the new CFIUS procedures. Chinese internet firms seeking high-quality data from US firms will also be disadvantaged from CFIUS' new emphasis on data security. Some would argue that a stronger investment regulation regime will simply cause Chinese investors to focus their attention on alternative methods of acquiring technology from US firms. However, since they confer firms with high degrees of control over technology and know-how, strategic asset-seeking investments generate benefits that other channels of technology transfer do not (Knoerich, 2017).

Moreover, political imperatives play a significant role in elevating the specificity of technology acquisition. Leaders of the PRC, ever since its inception, have considered technology to be "intrinsically strategic" and worthy of achieving mastery (Feigenbaum, 2003; Gewirtz, 2019a). Recently leaked documents reveal that former Chinese Premier and General Secretary Zhao Ziyang considered a tech-focus to be useful for his political self-preservation (Gewirtz, 2019b). This sentiment has arguably further gained currency under Xi Jinping. Innovation occupies first place in president Xi's "Five Major Development Concepts" (Li, 2016). In a speech to the Chinese Academy of Sciences, president Xi alluded to the centrality of scientific and technological advancement to the attainment of the China Dream and national rejuvenation (Xinhua, 2018a). Furthermore, as professed by Xi Jinping at the 19th Communist Party Congress, China is to be transformed not merely into a prosperous society, but a modern, technologically advanced one as well (China Daily, 2017). With technological progress inextricably linked with Xi Jinping Thought, his success as a leader is incumbent on the Chinese economy succeeding at incubating innovation (Gewirtz, 2018).

The Chinese state's reliance on quantitative targets in the Made in China 2025 plan and the involvement of a powerful Leading Small Group including officials from the National Development and Reform Commission and the Ministry of Industry and Information Technology also raises the political specificity of technology at lower levels (Wübbeke et al., 2016). Effectively, Chinese officials across the bureaucratic hierarchy would incur political costs if engineering-based and science-based innovations at the frontier were to lag behind stipulated time frames. At stake here are not merely the potential macroeconomic gains from advanced exports and economic growth that are attendant with technological advancement. The Chinese state's effectively high dependence on foreign technology is a function of both the economic and political costs of

deprivation. Viewing technological upgradation as purely an economically motivated endeavour is, therefore, erroneous.

With respect to market structure, it is naturally expected that CFIUS strictures would prompt Chinese investors to focus their attentions on other technologically advanced economies as a "shop of last resort" (Godement and Abigail, 2018). As of 2016, the United States accounted for 31 per cent of high-tech manufacturing (National Science Board, 2018: 33). As such, while US companies reign supreme in certain sectors such as semiconductors, they are hardly monopolists of high tech across the board. However, perceptions are undergoing a palpable churn, especially in the "big three" European economies (UK, Germany, and France) and Australia, and CFIUS strengthening has arguably served as a template for these countries (Anonymous, 2018; Covington, 2018b; Nauges and Roudergues, 2018; The Parliament of the Commonwealth of Australia, 2018: 43). In an important breakthrough, an EU-wide investment screening mechanism modelled along CFIUS lines came into effect in April 2019 (European Commission, 2019). According to the Rhodium Group, this new screening framework would have covered 82 per cent of China's investments in the EU during the year 2018 (Hanemann et al., 2019).

In conclusion, therefore, CFIUS reform unites the technologically advanced West against extractive Chinese investments. In doing so, it deprives the Chinese state of an important avenue to expedite progress in high-tech innovation at the frontiers of production where domestic capabilities are nascent. Moreover, it will incur notable political and economic costs, as techno-nationalistic plans for self-reliance at the frontiers of high-tech are held in abeyance and key deadlines risk being overshot.

The Chinese State's Response and US–China Decoupling

The Chinese state has largely responded strongly to CFIUS strengthening. The State Council condemned the reforms as an "abuse of national security reviews" in a September 2018 white paper (Xinhua, 2018b). This sentiment was also reflected in the draft Foreign Investment Law passed by the Chinese legislature in March 2019. The draft primarily drew attention for its commitment to protect the intellectual property rights of foreign firms operating in China and invite more FDI. However, a response to CFIUS was also baked in. Article 39 of the draft states that the state may take "corresponding measures" against countries where Chinese investments are restricted or discriminated against (People's Republic of China, 2019). The aforementioned draft law has also been supplemented by a revised "Catalogue of Encouraged Industries for Foreign Investment" which places emphasis on easing investment regulations in high-tech manufacturing. This is ostensibly a compensatory measure to maintain tech transfer channels.

Additionally, CFIUS strengthening has played a partial role in prompting Chinese leaders to double-down on self-reliance goals. In this regard, the coincidence of CFIUS strengthening with other aspects of US–China tensions has been instrumental. The passage of FIRRMA coincided with the first volley of US tariffs on imports from China and threats to use the International Emergency Economic Powers Act to level the playing

field. It was also accompanied by legislation strengthening the US export control regime which would later be used to block exports of crucial tech inputs to Chinese companies like Huawei and iFLYTEK among others. In response, president Xi stated in 2018 that "innovation entails mastering key and core technologies through self-reliance as well as independent innovation" (People's Daily, 2018) Later, citing "changes unseen in a 100 years," president Xi stressed the need to strive for self-reliance in the tech domain while addressing the nation (Takahashi, 2019). This will involve doubling-down on the domestic development of technologies which it is currently dependent on the West for, such as semiconductors, aviation technology and advanced manufacturing more broadly. For instance, according to reports, the state is planning large investments in 2019 to upgrade supercomputer infrastructure and regain leadership from the United States (Li, 2019). Moreover, the Chinese state effort will be to support manufacturing capacities at various stages in the supply chains of high-tech commodities, in order to insulate the domestic economy from any extraneous interventions (Xie, 2019). Additionally, Chinese tech companies, operating in various parts of the world, will be encouraged to popularise their technical standards in order to capture global markets and royalties and safeguard themselves from US-led disruptions (Arcesati, 2019).

To be sure, certain diplomatic efforts were made to placate the United States in late 2018 and early 2019. For instance, promises were made to import more from the United States, to clamp down on the smuggling of Chinese fentanyl into the United States and allusions to the Made in China 2025 plan were reduced (China Daily, 2019; Yao, 2019). However, these were made in response to the US tariff measures since China's vulnerabilities in the domain of bilateral trade are arguably higher than in outward investments. The Chinese state's long term objectives of achieving technological self-reliance are the priority, nonetheless. On the sidelines of the National People's Congress in 2019, former finance minister Lou Jiwei even indicated that China is not inclined to make particularly large concessions to the United States and will stay its development course (Bloomberg, 2019).

The Chinese state's response to CFIUS strengthening, even as it remains vulnerable to cut-offs, offers valuable insights into the current state of US–China relations and the prospects of decoupling. The two primary schools of thought in international relations posit diametrically opposed views of a state's impulses under conditions of vulnerability. The liberal school contends that the existence of vulnerabilities drives states to resolve conflicts through bargaining in order to preserve economic ties and prevent high exit costs (Crescenzi, 2003; Keohane and Nye, 2012). Liberal theorists in the IPE subdomain emphasise that powerful business interests are instrumental in the formulation of this state preference (Oatley, 2019). According to realists and economic nationalists, on the other hand, states are concerned with the distributional effects of economic interactions and view vulnerabilities as anathema to their standing in the international system (Jones, 1982; Waltz, 1979). States, thus, are driven to mitigate vulnerabilities wherever plausible. The Chinese state's decision to rely less on bargaining and embrace a CFIUS-enabled exit through a strong pushback, tit-for-tat action and self-reliance push suggests that realism better explains the Chinese state's reaction. Its actions constitute the tacit

acknowledgement that the exigencies of power politics, undesirable as they may be, are now major factors in the bilateral economic relationship.

Realist thinking also significantly explains the passage of FIRRMA in the United States and this subdues the Chinese state's bargaining preferences by creating negative future expectations. According to the realist scholar Waltz (2000), "when states notice the market usurping the authority of their governments, the politically and economically strong states try to recapture it." In the CFIUS context, to the extent that open capital markets facilitate the erosion of the US economy's technological superiority relative to China's, the state aims to subjugate them. In fact, calls for jettisoning conventional wisdom that neatly segregates the economic and political domains in CFIUS's functioning were taking hold even prior to the emergence of Trumpian protectionism in the United States (Blackwill and Harris, 2016). Liberal assumptions, on the other hand, have not shone through. For instance, despite strong lobbying efforts of US tech companies, FIRRMA expanded the Committee's purview to cover joint ventures and the lobby was even rebuked in a speech on the floor of the US Congress (Mohsin and Brody, 2018). Nor would the potential constructivist argument that FIRRMA is a function of the US apprehensions towards China's state-led economic system be admissible, even though it is frequently cited by US officials. First, a brief glance of CFIUS's genesis and evolution illustrates that its mandate has, indeed, tended to mirror the geopolitical and geoeconomic threat perceptions of the United States, with less regard to regime type. CFIUS's formation in 1976 encapsulated the US foreign policy animus towards the OPEC countries for their role in the 1973 oil crisis. The two subsequent iterations of strengthening in 1988 and 2007 were done in response to Japan's tech catch up and the 2001 terror attacks, respectively (Graham and Marchik, 2006: 41). Second, it would fail to explain the timing of CFIUS strengthening as the Chinese state has for long been deeply involved in economic activity globally. As in the case of Japan mentioned above, the fact of China's tech catch up has been the main motivating factor. The setting in of zero-sum thinking in both the United States and China with respect to CFIUS and strategic investments has, thus, sparked off tendencies to exit.

In conclusion, CFIUS strengthening has ostensibly ensured a selective decoupling in the context of strategic asset-seeking investments flowing between China and the United States. It should be noted that relatively innocuous types of strategic investments will continue to be made even as a decoupling takes place in sensitive high-tech sectors. With the Chinese economy expected to continue running large current account surpluses in the short term, Chinese economic agents will continue to look for avenues to generate a return on their foreign exchange and the United States remains a lucrative destination. With the passage of time and the expansion of legal capacity in the United States, investors will also acclimatise to CFIUS's mitigation stipulations. In the short term, therefore, China's investment figures in the United States will likely improve compared with the slump of 2019. Even so, these will not generate the kind of dependence prior investments did, since they will offer Chinese stakeholders little more than financial returns. Alternatively put, they will generate notable sensitivities, but not vulnerabilities. The outcome of CFIUS strengthening will, thus, ultimately be attenuation in structural

economic interdependence between the two great powers. To those that argue for the pacific effects of such interdependence, these developments should duly inspire alarm. In today's political climate, it is becoming increasingly apparent that a liberal economic regime, while it confers bounties upon populations and other nonstate actors, generates costs that are deemed unacceptable by states. In driving home this reality, the passage of FIRRMA might be remembered as a watershed moment for geoeconomic great power competition in the twenty-first century.

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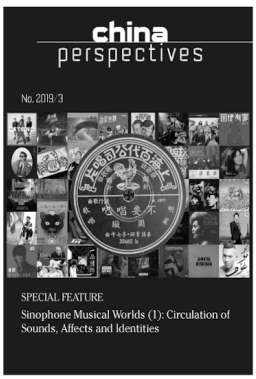

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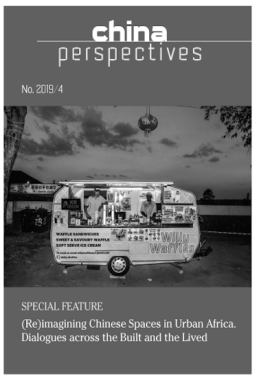

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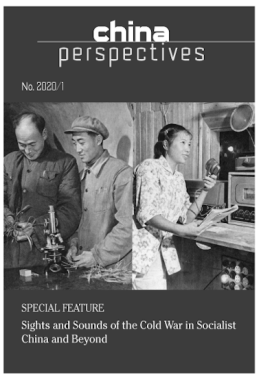

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