



CASE STUDY FOUR

It is now harder to have meaningful exchanges as Chinese participants often are officials repeating party-state ideology and policy positions

A key objective of this Ford Foundation-funded research project is to monitor and evaluate the state of implementation of China's Overseas NGO Law by documenting the intended and unintended consequences of the new law for European non-profit organisations and their Chinese partners. This case study is based on an in-depth interview conducted after the enactment of the law. It has been anonymised to protect the identity of both the organisation and interviewee(s).

Short version

Past

This European organisation is not a classical donor in the context and logic of development cooperation. The first priority of their China program has been to look at the relationship from a European perspective. They have launched initiatives and events which reflect on the question how Europe can and should respond to developments in China and to developing EU-China relations. This organisation started its distinctive China programme only in 2012. Previously its China activities had been part of an Asia-wide programme. The portfolio of this organisation is focused on two main tasks: First, to mine, sift, make available, publish and facilitate debate of the deep China knowledge of European firms and other economic stakeholders based on often long-term cooperation which is hard to tap. The second task is to elaborate, highlight and communicate the model of social market economy to their Chinese partners. European partners mostly are business associations and firms.

The organisation's flagship project in China highlights and promotes the social engagement of European firms in China. It is implemented in cooperation with a European-Chinese business organisation with a representative office and Chinese co-owners. The assumption for this configuration is that a partnership with an official Chinese state agency would erode the socially innovative approach of the project. It is a successful format; many companies have been participating; and the achievements and results are published both in English and Chinese.

The organisation is now deliberating how to upscale the issue of corporate social responsibility on a strategic inter-governmental level. There are also other projects facilitating an open, unbiased dialogue with Chinese partners about possible futures of China playing the neutral role of a bridge. In one project they mandated expert assessments of China's possible future development options and scenarios, including liberalisation and democratisation options, but without taking sides. Instead they facilitated open debates with Chinese partners about the results.

Present

The impact of the Overseas NGO Law (henceforth: the law) has been manifold: first, registration by temporary permit has been slow, costly and a pragmatic but unsatisfying and provisional solution; second, it is hampering real, authentic, open exchange of ideas; third, there were many Chinese extra requests and fourth, the administrative costs of implementing the law are rather high.

Registration, has been difficult, costly and tricky as they succeeded not with an official registration of a temporary permit but only with an informal, non-written approval. A critical issue was the need for a temporary permit registration in Beijing because of working with a Beijing-based partner, whereas the project was to be conducted in the Shanghai region. Besides, the Chinese side tried to use the registration procedure to introduce an official partner as supervisory agency which would have endangered the quality standards of the European organisation.

China activities are going on but it is now much harder to have meaningful exchanges as Chinese participants often are officials repeating official ideology and policy positions whereas other participants no longer dare to openly articulate their opinions and constantly refer to official framing and Xi Jinping philosophy. Additionally, the composition of the delegations has changed with the participation of more officials with a mandate to monitor and control the agenda and the performance of other participants.

At the same time there have been a lot of extra requests by Chinese partners for the promotion of exclusively Chinese-designed projects, with the aim to redirect priorities of cooperation according the Chinese party-state agenda and priorities, e.g. the Belt & Road Initiative. It looks like as if these developments have been strategically intended to deter projects driven by European interests and criteria and as if to switch and structure resources according to the Chinese official agenda.

Future

Within the European organisation there is considerable feeling of frustration regarding the difficulties and registration and restricted focus and the decreasing scope and quality of the China engagement. The organisation has identified two red lines: 1. If the flagship project in China would no longer get registered though it is focused on the social engagement of European enterprises as a kind of role model in China and thus is not sensitive in political terms; 2. When meaningful exchanges are no longer possible.

In spite of these challenges the European organisation is well positioned to weather the storm of the new restrictive legal environment because of its particular strategic positioning: the main focus of their activities now is on facilitating open, ongoing strategic debates of European actors, in particular among business actors and other economic stakeholders how to respond to the development of China. Therefore, their main activities are based in Europe, not in China. Besides, they have and pursue the strategic option to facilitate China-related conferences outside but near China in states with a high proportion of Chinese citizens and a high connectivity to China. Therefore high-level conferences are planned to take place e. g. in Hong Kong and Singapore.

The European context and scene is facilitating this approach as most European enterprises are dissatisfied and insecure regarding economic relations with the often aggressive and unfair way China is rising, ignoring institutional international norms and standards (WTO) of economic cooperation based on fairness and reciprocity. For the first time since years there is a lively, urgent, strategic debate within the European business community and economic stakeholders to reassess cooperation with China and how to reposition European firms and the European economy as a whole towards China.

EU-China relations beyond aid

From the outset the European organisation's activities were 'beyond aid' and centered around European strategic interests, with a strong focus on economic interests: the aim was neither China watching nor China practicing but building bridges from Europe to China and opening doors for European strategic interests according international standards. There is much deep China knowledge created in long histories of close economic, scientific cooperation which is hidden and has to be unearthed. Making available this precious knowledge raises the quality of ongoing dialogue formats and is of great use for and ensures a deep, trustful and realistic cooperation despite of divergent interests.

This European organisation has had some smaller involvements regarding dialogue and cooperation in global fora on issues of global public goods, e.g. during G-20 and C20 meetings. In their view the only issue where Chinese and European interests are still aligned is climate policy cooperation. In this policy field sectoral dialogue formats might make sense. There have been some experiences with thematic dialogue formats including the Communist Youth Organisation but in the end the results were disappointing, as this partnership did not match.

Full version

Past

For this European organisation China is only one of many partner countries. The China engagement of this organisation started more than a decade ago but remained low profile until 2012 when an Asia Program was launched which included a focus on China. Many of the Asia projects have a China component or relate to China. This European organisation is not primarily a classical donor in the context and logic of development cooperation. The first priority of their China program has been a look at the relationship from a European perspective and the launching of initiatives and events that reflect on the question how Europe can and should respond to developments in China and to developing EU-China relations. For a long time China-related projects were cultural exchange programmes taking on a broad spectrum of different forms including studies, conferences, roundtables, cultural events, awards and contests. The programmes were developed in collaboration with many other partners, often strategic political and economic players including a consortium of European think tanks. The main Chinese partner has been the China Academy of Social Sciences (CASS).

Activities are centered around issues concerning Europe–China economic cooperation in an all-Asia context from a European perspective and aim to achieve two objectives: First, to mine, sift, and make available, publish as well as facilitate debate of the deep China knowledge of European firms and other economic stakeholders based on often long-term cooperation. There is a lot of knowledge in European businesses about China and what is happening there which is not at all tapped by traditional think tank work. It is hard to unearth it because it is a very different perspective; until this becomes common knowledge through the academic process it may take a couple of years or not happen at all. But a couple of years is a long time in a rapidly developing China. The second task is to elaborate, highlight and communicate the model of social market economy to the European organisations' Asian partners including China. Partners in Europe mostly are business associations and firms. Twice a year a joint economic forum with Asia is organised, co-sponsored by other European think tanks and firms. Most activities are roundtable conferences in Europe.

The flagship project in China highlights and promotes the social engagement of European firms in China and is implemented in cooperation with a European business organisation with a Chinese legal status and Chinese co-owners with a representative office. This cooperation project is going very well: it is a successful format; many companies have been participating; the achievements and results are published in English and Chinese. The organisation is now deliberating how to upscale the issue of corporate social responsibility on a strategic inter-governmental level. In this project, a European civil to civil society cooperation seemed to be better suited than a long-term cooperation with Chinese state actors with often underperforming, rather boring and less than meaningful dialogue conferences. This insight reflects the experience of other European NGOs as well which are based on cooperation projects with party and state actors often not matching well with European interests and standards. Though the attitude of this organisation regarding the autocratic China of Xi Jinping is critical, their portfolio does not include human rights advocacy. Their approach is critical and dialogical at the same time: in one of their projects they mandated expert assessments of China's possible future development options and scenarios, including liberalization and democratization options, but without taking sides. Instead they facilitated debates with Chinese partners about the results.

Present

Status and registration. Though temporary registration was difficult to obtain the flagship project continued in 2017 and was in the preparation phase in March 2018. Besides, there are some minor projects or co-funding of projects of the EU Commission where registration is secured by the EU. For their flagship project in China the European organisation had to apply for a permit for temporary activities. This was difficult, tricky, costly and needed a specialised, well-connected lawyer. It required one person for three months; all in all the costs have been more than EUR 20.000. It highlighted another mismatch of the law: the difficulty to register a project with partners or activities in different provinces. Beijing authorities had to approve a project in Shanghai because one partner was located in Beijing. The approval only succeeded by hiring a lawyer as facilitator who was a Shanghai resident. Nevertheless, the European organisation did not succeed with a formal registration as a temporary activity but only received a non-official verbal agreement - a typical Chinese solution to a Chinese problem, which can be considered pragmatic and feasible but which does not offer effective, enforceable legal recognition and protection. The authorities officially refused to give them the stamp needed but informally acknowledged that an official registration would not be necessary in this case.

The European organisation was not happy with this solution but came to the conclusion that there were no other viable and acceptable alternatives and that it would be sufficiently safe to go ahead with the planned activity. The Chinese interlocutors would have preferred the involvement of an official Chinese partner organisation but this would have been more costly and added at least EUR 5.000 to the bill. Such a collaboration would have been much more complicated and would involve additional political risks, as it was perceived as part of a Chinese control strategy aimed at weakening European aims and standards. Registration for project activities in 2018 is confronted with the same challenges, though this time the NGO has decided to pursue only with a normal official registration. As the NGO is now better informed about the challenges and procedure, it probably will be less cost-intensive. Nevertheless, registration had not yet succeeded in March 2018. Their general assessment is that in the mid to long term it will get increasingly difficult to continue their project according their own standards.

Impact of the law on Chinese partners. Beyond the aforementioned difficulties, costs and risks of registration by temporary permits the law has had a negative impact on many aspects of cooperation. The two most important critical effects have been: first, it is hampering real, authentic, open exchange of ideas; second, there were many Chinese extra requests tying to define and shape the agenda of cooperation according to official priorities. What follows is a more detailed summary of the impact on the European organisations' relationship with Chinese partners:

They got a lot of extra requests from their Chinese partners. The contact usually came through the embassies but sometimes directly through the NGOs, foundations, think-tanks that they had contact with. The impression was that the Chinese partners were under quite some pressure to conduct activities to propagate Xi Jinping's flagship policy Belt and Road Initiative, but also some other things. It looked like that the Chinese partners had received funds for these projects at the center of the Chinese agenda but needed European partners to do these things.

Exchange events with Chinese think tanks, conferences, workshops, etc., especially in China, have become much less meaningful and have therefore been reduced or totally avoided. Some independent think tanks, e. g. Unirule Institute, recently have been suppressed.

The Chinese composition of conferences has shifted from more or less independent participants to official or mainly politically loyal participants.

Conferences are often monitored by political minders which means that other Chinese participants no longer dare to speak out.

Trusting and sincerely engaged Chinese partners of the European organisation are not happy with the decreasing quality of dialogue and know what is going on but are not in a position to change this as the potential risks of non-conformity can be high in terms of professional employment and career perspectives.

Some projects with official Chinese partners, e. g. the Communist Youth League, did not match because they were not based on acknowledgement of and respect for intercultural and political differences but have been instrumentalised to follow a very narrow and strict official agenda and discourse.

This European organisation has experienced the Chinese strategy as a switching of resources from more or less autonomous partners to state partners and from open, authentic, constructive dialogue to state propaganda.

In their view the immediate and mid-term future of cooperation with China is rather clouded. They partner on a very low level with other organisations and they are a rather minor co-funder of some of their projects. But as the European organisation does not perceive a real interest in any meaningful exchange the perspectives of dialogue and cooperation projects in China are rather dull. In their assessment it will be difficult to engage in a meaningful exchange for quite a long time.

Future

Within the European organisation there is considerable feeling of frustration regarding the difficulties and registration and restricted focus and the decreasing scope and quality of the China engagement. The organisation has identified two red lines: 1. If the flagship project in China would no longer get registered though it is focused on the social engagement of European enterprises as a kind of role model in China and thus is not sensitive in political terms; 2. When meaningful exchanges are no longer possible. In spite of these challenges the European organisation is well positioned to weather the storm of the new restrictive legal environment because of its particular strategic positioning: the main focus of their activities now is on facilitating open, ongoing strategic debates of European actors, in particular among business actors and other economic stakeholders how to respond to the development of China. Therefore, their main activities are based in Europe, not in China. Besides, they have and pursue the strategic option to facilitate China-related conferences outside but near China in states with a high proportion of Chinese citizens and a high connectivity to China. Therefore high-level conferences are planned to take place e. g. in Hong Kong and Singapore.

The European context and scene is facilitating this approach as most European enterprises are dissatisfied and insecure regarding economic relations with the often aggressive and unfair way China is rising, ignoring institutional international norms and standards (WTO) of economic cooperation based on fairness and reciprocity. For the first time since years there is a lively, urgent, strategic debate within the European business community and economic stakeholders to reassess cooperation with China and how to reposition European firms and the European economy as a whole towards China.

The reasons of frustration are manifold: European stakeholders of course remember that its photovoltaic industry was destroyed by hidden Chinese party-state subsidies; the are grievances related to the lack of reciprocity and asymmetrical market access including the evident market restrictions in many sectors in China; dissatisfaction about the great firewall and the autocratic control of the information flow; the reasoned suspicion of internet hacking and spying; institutional privileges of Chinese firms within the Belt and Road Initiative because there is no level playing field, no free access to information and investment opportunities etc. Because of the fear of retaliation most European firms are pursuing this discussion behind closed doors, but European business associations are feeling the urgency of the issue and are open to public debates regarding their strategic repositioning. The primary focus of the European organisation now is to facilitate this ongoing debate in the European business community.

The main strategic guidelines for their ongoing China activities can summarised as follows: a focus on lively, independent, relevant and dialogical exchanges on and with Chinese partners with a strong focus on European interests; mining and publishing the deep China knowledge of many European economic China stakeholders, in particular economic actors; building a strategic alliance with European economic stakeholders in their policy field without excluding Chinese partners; opening doors for strategic European interests according international standards; focus on Europe as main geographical arena of debate. Sometimes Chinese partners prefer to discuss critical issues outside of China as they tend to feel freer here. At the same time pursuing a citizen-diplomatic approach with China by staying in touch, keeping the communication channels open, cultivating trust networks with Chinese partners and friends; agreement on acceptable compromises on condition that these do not endanger the quality, standards and authenticity of an open and true Europe–China debate from a European perspective.

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