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BEYOND BLOCS

Global views on China and US-China relations

Edited by Jacob Gunter and Helena Legarda

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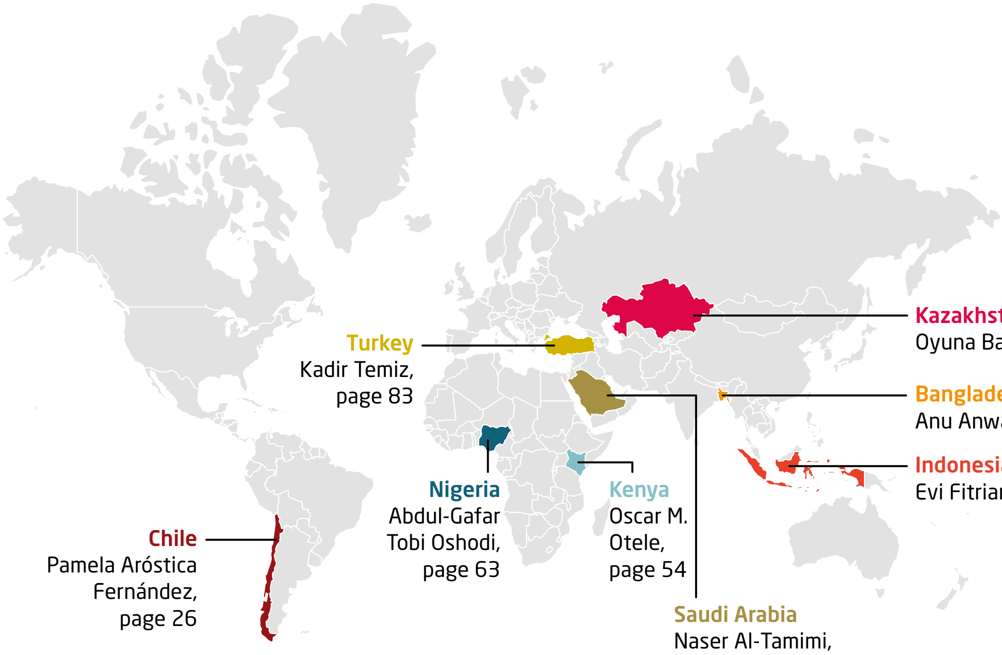

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KEY TAKEAWAYS

- **China's ambitions and international behavior are increasingly felt as challenges to European interests and security and have attracted growing skepticism in European countries.** For many EU capitals, systemic rivalry is becoming the dominant framework through which decision-makers look at relations with China.

- **This view is not fully shared even within the EU, and it is certainly not universal at the global level.** Attitudes towards China's rise are as numerous and varied as the UN's member countries, many of whom take a more critical view of the United States and the West than of China.

- **Beijing seeks to exploit this skepticism to deepen ties with the Global South, aware that its ambition to return to global power status by 2049 will hinge on how these countries respond to US-China rivalry.**

- **Few countries want to take sides in this competition, but they may find themselves pushed to do so at some point.** It is therefore imperative for European capitals to understand how the rest of the world perceives a rising China and Beijing's rivalry with Washington.

- **Contributors to this study reported on perceptions in Bangladesh, Chile, Indonesia, Kazakhstan, Kenya, Nigeria, Saudi Arabia, and Turkey.** All said their countries' ties with China have strengthened over the last decade.

- **On US-China rivalry, contributors noted a general tendency to lean towards the United States as a security partner and China as an economic partner.** All the countries examined here opposed taking sides; their governments hope to continue seeking out opportunities that arise from US-China rivalry.

- **China's economic engagement with each of the eight countries considered here has expanded – through trade, FDI, infrastructure financing and project facilitation – but the trend is overwhelmingly lopsided.** China's exports, investment and financing have risen, while flows in the other direction have failed to keep pace in almost every case.

- **Security ties with China remain limited for most of the eight, but the trend is towards expansion, both in military-to-military cooperation and in arms imports.** Some welcome China as a security partner to lessen reliance on the United States as a security provider.

- **China is working to expand its network of friends and partners by leveraging its position across multiple regions as an important economic partner and as a geopolitical alternative – or counterbalance – to the United States and Europe.**

- **European governments and the European Union should not lose sight of these developments.** Growing global bipolarity is certain to have substantial impacts on European interests and security in many countries and regions, often of key strategic importance to the EU.

Introduction: The global struggle to respond to an emerging two-bloc world

Jacob Gunter, Helena Legarda

> *"It's not a question of one country or the other per se; it's really a question of the best deal that we can strike."*
>
> ***Nigerian Foreign Minister Geoffrey Onyeama,*** *November 19, 2021*

Even prior to the pandemic and invasion of Ukraine, Europe was struggling to find the best approach to the emerging international dynamics of a post-unipolar world. As the underlying fabric of the rules-based global system gets stretched – between the United States and its partners, China and its growing list of friends, and everyone else in the middle – the sense that a two-bloc world is gradually re-emerging is greater than at any time since the Cold War. It was accelerated by Russia's invasion of Ukraine only a few weeks after China and Russia reaffirmed their "no limits" partnership and committed to solidify their own bloc. European leaders now face some stark realities as the rules-based international order they are used to risks being undermined by this new dynamic.

However, countries all over the world are attempting to respond to shifting global dynamics and a rising China, not just close allies of Beijing or Washington. And Beijing sees what is at stake very clearly: the success or failure of its ambition to regain global power status by 2049 and play a central role in reforming the present international order hangs on how countries outside the traditional "West" respond to its growing strategic footprint and rivalry with the United States.

It is of major importance to European leaders to understand how actors outside the usual grouping of rich, liberal market economies view this changing ecosystem, and how they think about Europe in a complex world of actors who all have agency. To that end, we commissioned eight contributors to describe their countries' views of China and US-China rivalry. Their analyses cover Bangladesh, Chile, Indonesia, Kazakhstan, Kenya, Nigeria, Saudi Arabia, and Turkey. The eight countries were chosen for their geographic and cultural diversity, varied levels of development, different government types and varied degrees of proximity to China.

Countries do not want to 'choose' between Beijing and Washington

Contributors universally reported that their countries "do not want to 'choose'" between Beijing and Washington – instead, governments hope to remain in the middle and see what opportunities might emerge out of US-China competition over third countries. However, it is possible these countries may nevertheless be pushed to "choose." There is therefore a pressing need to understand their interests and perspectives better now, rather than after the fact.

More immediately likely, however, is that these eight countries (and others too often overlooked by European leaders) might choose sides in smaller, specific matters under the rules-based international system. Russia's invasion of Ukraine provided a glimpse as to how such matters can play out. When the UN General Assembly (UNGA) held a vote in early March

2022 on a resolution to condemn the invasion, 141 countries supported it, 35 abstained, and 5 opposed. Of the eight countries selected (prior to the invasion) for this project:

- Abstentions came from Bangladesh and Kazakhstan, countries with close ties to Russia, or to the USSR in the past.

- Two votes in support came from Chile and Turkey, which have mutual defense pacts with the United States; the third, Saudi Arabia, is heavily reliant on the United States as a security provider.

- The remaining three – Indonesia, Kenya, and Nigeria – also voted in support of the resolution. All have much larger trade flows – all of which are surpluses – with the United States than with Russia.

From a European perspective, it is worth considering how these eight countries, and others in their respective neighborhoods, might exercise their agency and leverage their positions in multilateral institutions. Or within the emerging blocs, if push comes to shove. Compared with modern Russia, China's vastly larger economic ties with much of the world, coupled with its growing role as a security provider to a swathe of countries, would likely produce very different calculations if UNGA members were asked to vote to condemn something China did. Add to this that Beijing has repeatedly demonstrated willingness to use economic coercion when faced with even minor diplomatic slights. This dynamic begs two questions: would the 141 countries that condemned Russia's invasion of Ukraine do the same if China had been the aggressor? What does Europe need to do to enhance its value in the eyes of such countries to shift the calculus in favor of the rules-based system?

Would the countries that condemned Russia do the same if China had been the aggressor?

KEY TRENDS: CHINA NARRATIVES IN WESTERN LIBERAL DEMOCRACIES ARE NOT MAINSTREAM IN THE REST OF THE WORLD

Attitudes towards China in the eight countries diverged widely from the mainstream narratives in developed liberal democracies; the same was true of attitudes to US-China tensions. There were several common trends among the eight, though key differences emerged too.

Economic ties with China have expanded in nearly all eight countries since 2012. Trade with China has grown significantly for most during the last decade. Overall volumes have risen by several multitudes for most, but the trend has brought sizable trade deficits with China for all except two – Chile and Saudi Arabia. Several countries saw imports skyrocket while their exports remained flat. Yet looking at overall trade with all partners, China now takes a much larger share of both imports and exports. It has become – for most – either the largest trading partner, or among the largest. Closer business ties, growing trade, and Chinese inbound investment were generally viewed positively, with some exceptions:

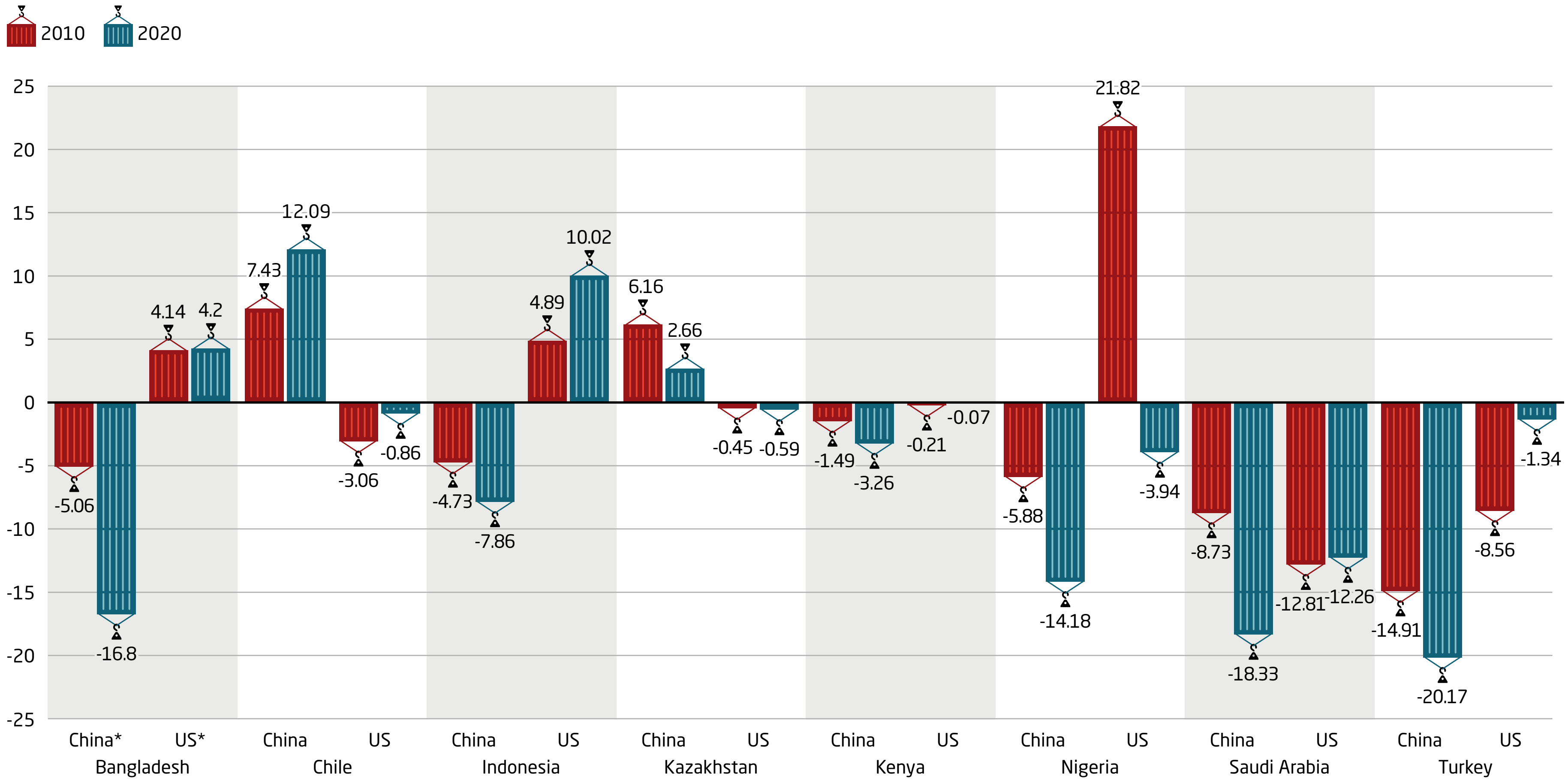
- Nigerian companies are concerned at how Chinese imports undercut prices and displace small producers.

- Large companies in Chile view China as an opportunity, but smaller companies struggle to compete, especially footwear producers.

Exhibit 1

Overall trade with China increased, but for most, it came with a growing deficit

Trade balances with China and the US, in USD billion



*No available data for Bangladesh on UN Comtrade, but China data came from the World Integrated Trade Solution statistics (WITS) and the WTO database, while US data came from the US Customs Office.

Source: UN Comtrade

Chinese financing and technical assistance in infrastructure projects was widespread in all eight countries and met with a largely positive reception. All the countries studied have signed on to the Belt and Road Initiative: all have railways, ports, airports, and other projects built by China's national champions and funded by China's banks. With some exceptions – Kenya and Kazakhstan – contributors reported limited concerns about the sustainability of debt with China, and the only one that invoked 'debt-trap diplomacy' – Turkey – was concerned about its neighbors falling prey, not itself. Beyond infrastructure investment and financing, there has been significant growth in investment in all eight countries; Chinese companies have established their operations, often at a staggering pace – another almost universally welcomed trend. However, some specific China-supported infrastructure projects and investments were viewed as concerning.

All the countries studied have signed on to the Belt and Road Initiative

- In Kenya, Chinese firms brought in their own security forces and provided special training to Kenyan forces to protect the Standard Gauge Rail project between Nairobi and the port city of Mombasa. While cooperation went smoothly, there were local concerns that this undermined the Kenyan government's role as sole security provider within its own jurisdiction.

- Rumors surrounding the possible relocation of 55 Chinese factories to Kazakhstan in 2019 triggered widespread anti-China protests; people demonstrated about the lack of transparency, pollution fears, rising debt levels and China's mistreatment of Uyghurs and Kazakhs in Xinjiang.

In the security realm, China's security relationship with most of the eight countries remains limited in scope, though it is expanding. Most of these countries have close defense and security ties with the United States, which they are interested in maintaining. Washington was seen as a more reliable security guarantor and – for some – arms provider. This was not true across the board, however. One country – Bangladesh – covered here counts China as its top arms supplier. And US withdrawal from international commitments under the Trump administration made others rethink their dependence on Washington and seek to strengthen security cooperation with Beijing.

- China has become Bangladesh's main source of military equipment, making the country into China's second largest arms export destination.

- Saudi Arabia has expressed concerns about the US wish to disentangle itself from Middle East conflicts, and has found a receptive audience in Beijing, which is reportedly now helping Riyadh build its own ballistic missiles.

Regional dynamics also play a key role in shaping how countries look at China and the opportunities and challenges posed by its growing influence. The importance of other regional players, and of tensions with neighboring countries cannot be overlooked in assessing how countries position themselves amid rising US-China competition.

- For Turkey, its relationship with Russia comes into play. A member of NATO, Turkey has firm security commitments to the Alliance that align it with the United States and Europe. However, Ankara's close ties with Moscow and growing economic ties with Beijing, pull it in a different direction.

- Saudi Arabia's main geopolitical concern is Iran's role in the region which influences how it positions itself vis-à-vis China and the United States.

Countries that are in closer proximity to China also had concerns that would not trouble those far away.

- Indonesia has regular friction with China over conflicting claims to the South China Sea.
- Transboundary water management and land ownership issues play an important role in China-Kazakhstan relations.

Commonalities also emerged when looking at public perceptions of China across all countries in this study. Elite perceptions were universally improved by Beijing's stance of non-interference in domestic politics, often in direct contrast to the conditionality the United States and Europe can impose on aid and investment. Political, military and business elites tend to see China in a positive light, focusing on opportunities in China's large market and Beijing's status as a possible counterbalance or alternative to the United States for smaller nations. This was true even among Muslim-majority countries included in the study; China's crackdown in Xinjiang seemed to play little or no role for most, but not all, countries in shaping perceptions or policies. The general public also had a positive view of China across most countries, though the global Covid-19 pandemic seems to have worsened public opinion of China in many of them. Overall, China's soft power has generally grown across most countries, but not in certain communities.

- Bangladesh has seen a growth in positive views of China in recent years, though the United States remains extremely popular due to factors like US vaccine donations and the sizeable Bangladeshi diaspora there, which feeds aspirations and sends remittance payments.
- Although five of the eight countries studied are majority-Muslim, plus Nigeria which is roughly half Muslim, only in two have concerns over the treatment of ethnic and religious minorities in the Xinjiang Uyghur Autonomous Region (XUAR) had a meaningful impact at the political level.
- Turkey has a large Uyghur diaspora and the affinity of some Turks for their Uyghur brethren (Uyghurs are a Turkic people) has put pressure on various parties to raise the issue.
- Meanwhile, Kazakhstan shares a border with the XUAR, and both its native Kazakhs and Uyghurs have spoken out about Beijing's mistreatment of their fellow ethnic Uyghurs and Kazakhs.

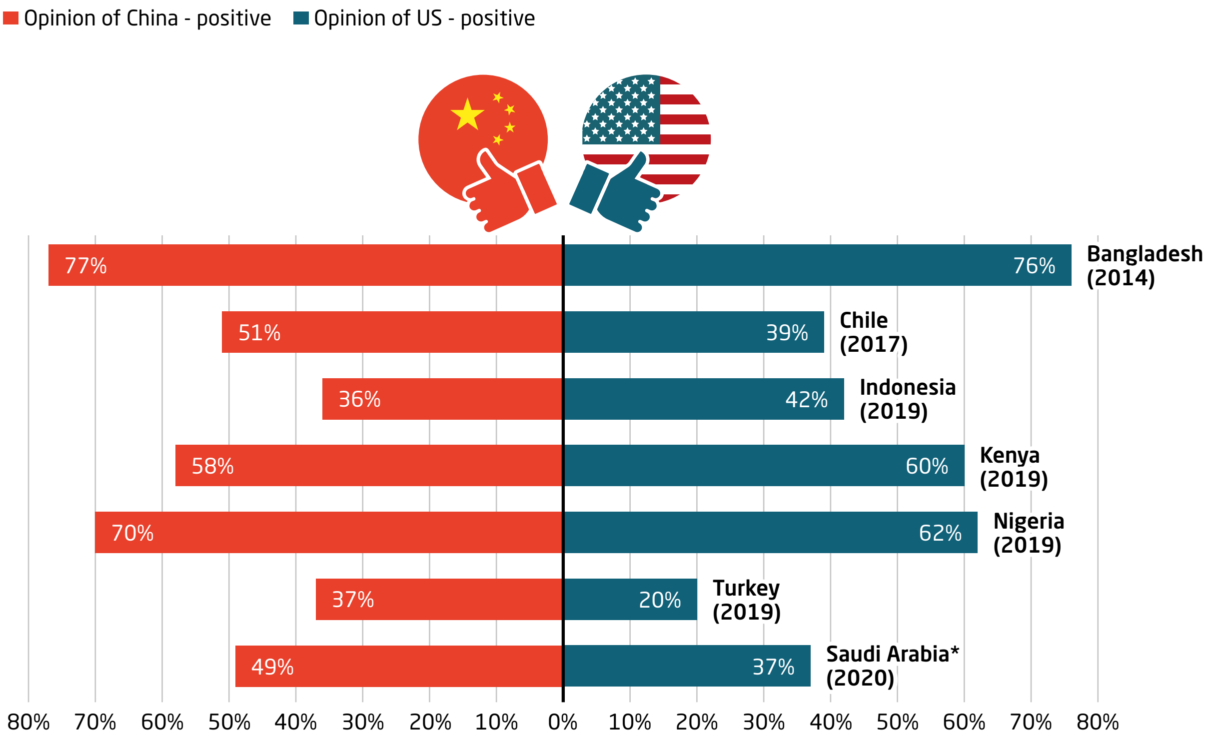
Overall, most countries had high hopes that closer ties with China would bring more opportunities to improve their economic footing and strengthen their geopolitical positioning. But those with the lowest GDP (PPP) per capita – Bangladesh, Kenya, and Nigeria – were more likely to show concern about the sustainability of trade deficits with China. This contrasts with sentiments in richer countries; like Chile, the only country to see a growing trade surplus with China thanks to commodities exports, and Saudi Arabia, which is seeking to invest part of its sovereign wealth fund in China and is considering pricing some oil exports in Chinese yuan.

Nearly all the countries covered follow a consciously pragmatic approach to US-China tensions. Prioritizing their own national interests, they try to avoid taking sides, preferring to take advantage of the contentious relationship between Washington and Beijing to extract deals and beneficial conditions from both. As long as this is a possibility, they will likely try to maintain this approach.

Nearly all the countries follow a pragmatic approach to US-China tensions

Exhibit 2

Not ready to take sides: Views of the US and China are quite balanced



Note: No data available for Kazakhstan.

*No Pew data available for Saudi Arabia, but comparable survey data was published through the Fikra Forum.

Source: Pew Research Center

OUTLOOK AND IMPLICATIONS FOR EUROPE: NAVIGATING THE RETURN OF BLOC POLITICS

Avoiding taking sides has served many developing countries well so far, but the strategy may prove unsustainable in the long run. Growing geopolitical tensions, further spurred by Russia's invasion of Ukraine, are changing the picture for smaller nations around the world. As US-China relations continue to deteriorate and a sense of growing bipolarity takes hold, many of the countries covered in this study will find it difficult to maintain their balancing act, for reasons outlined in the country-specific chapters below.

Europe should not lose sight of these developments. While this report focuses on responses to US-China competition, global dynamics are shifting due to Russia's invasion of Ukraine. Beijing is increasingly concerned that a US-led coalition of NATO and its East-Asian partners is forming to contain China's rise. In response, Beijing is stepping up efforts to expand its network of friends and partners in hopes of building a competing (loose) bloc of nations. China will try to leverage its position across multiple regions as an important economic partner and as a geopolitical alternative – or at least counterbalance – to the United States and Europe.

This is sure to have a substantial impact on European interests and security in a variety of countries and regions, many of them of key strategic importance to the EU. First, the expansion of China's footprint and influence in these countries – often at the expense of US and European actors – can impact the rules and norms underpinning the current global order. Beijing hopes to leverage its growing 'circle of friends' to reshape it. Second, China's status as the top trading partner and source of investment and financing for many countries will reduce opportunities for European businesses, and could give Beijing an outsized influence over local governments and stakeholders. Finally, closer security ties between China and many developing nations can work against European interests and security in multiple ways, whether by allowing Beijing to prop up authoritarian regimes or by helping expand China's sphere of influence.

With China's emergence onto the world stage, liberal market democracies are no longer the only game in town for countries seeking security, infrastructure, and development support. It is therefore imperative for Europe to take action to become a more attractive partner, both in material terms and in how it communicates its role in much of the world.

Liberal market democracies are no longer the only game in town

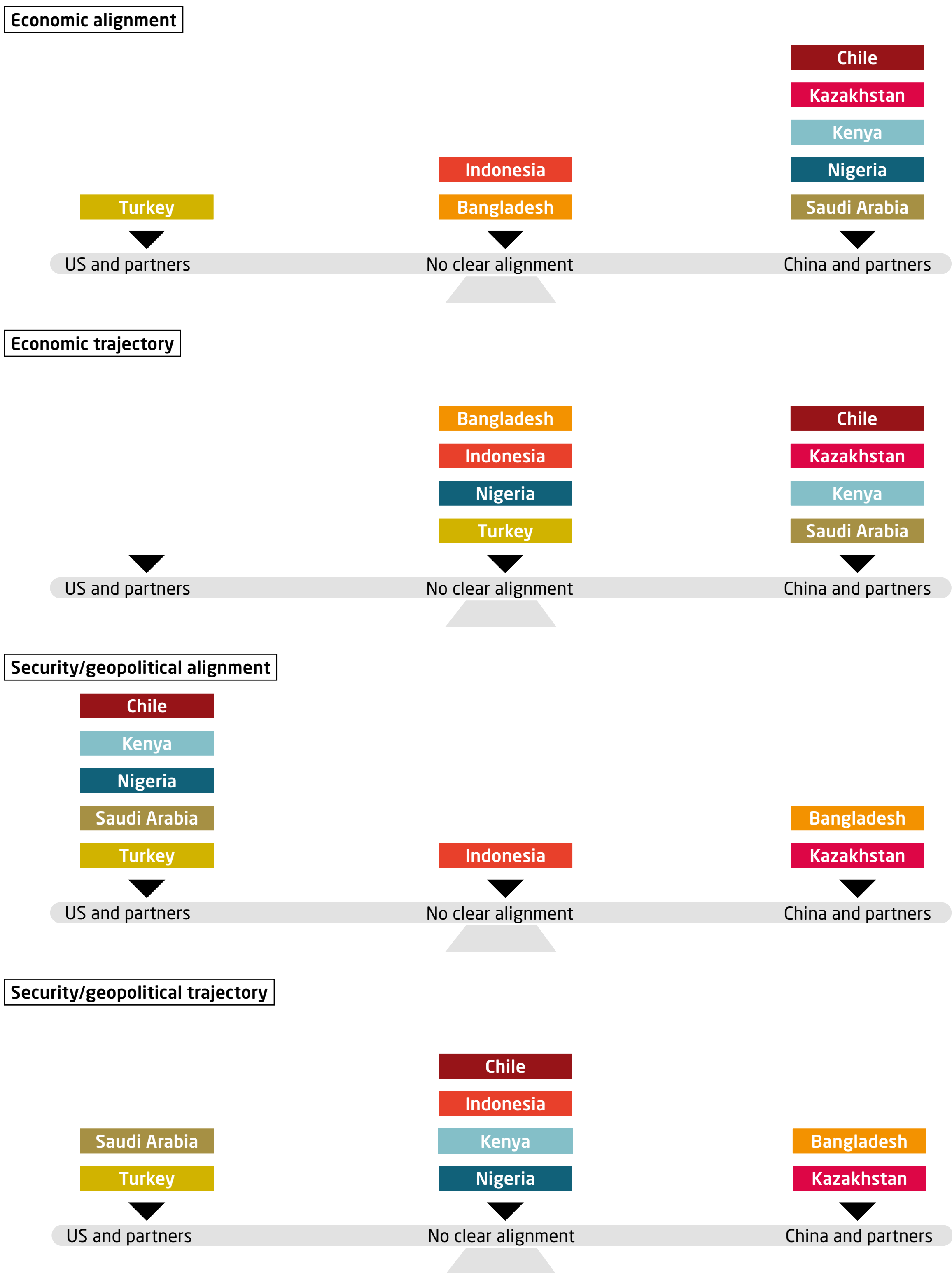
There is considerable space for Europe to strengthen its role as an economic and security partner. Options include training programs and defense diplomacy efforts, or simplified and expanded development investment and financing (progress on the EU's Global Gateway would help). Furthermore, Europe could do a better job of communicating what kind of partner it already is, especially on the economic front, where the EU taken as a whole is a large and longstanding investment partner. The EU also tends to have a more sustainable, and often favorable, trade balance with many countries that run sizeable trade deficits with China. Yet new-arrival China often attracts all the attention with its positioning as *the* economic partner to work with. In this sense, Europe should shift away from a communications strategy of underplaying its role while, as some partners see it, 'lecturing' countries about what they *should* be. Instead, it should emphasize what the scope of the EU's partnership already *is*, as well as what fruit it *could* yield through stronger ties.

To remain a relevant geopolitical actor and protect its own interests and security, Europe will need to play a more active role in current dynamics and become more proactive in the shaping of global coalitions. This is particularly crucial at a time of global uncertainty, when the situation in Ukraine remains in flux, and both China and the United States may shift their trajectories after the 20th Party Congress and the US midterm elections in the fall. The EU and its member states are clearly more aligned with the United States than with China; any talk of equidistance is a thing of the past. But there still room for Europe to strengthen its relationships with partners around the globe, moving beyond the dichotomy of democracies versus authoritarian states, to prevent the further fragmentation of the global order. The growing global bipolarity may not be in Europe's interests, but the trends pointing in that direction are undeniable. European nations will have to find a way to navigate the return of bloc politics in a way that best protects their own interests and security.

Exhibit 3

China remains the more attractive economic partner, but loses on security

Current and future alignments of countries covered in this study



Source: MERICS assessment, verified with each contributor

BANGLADESH

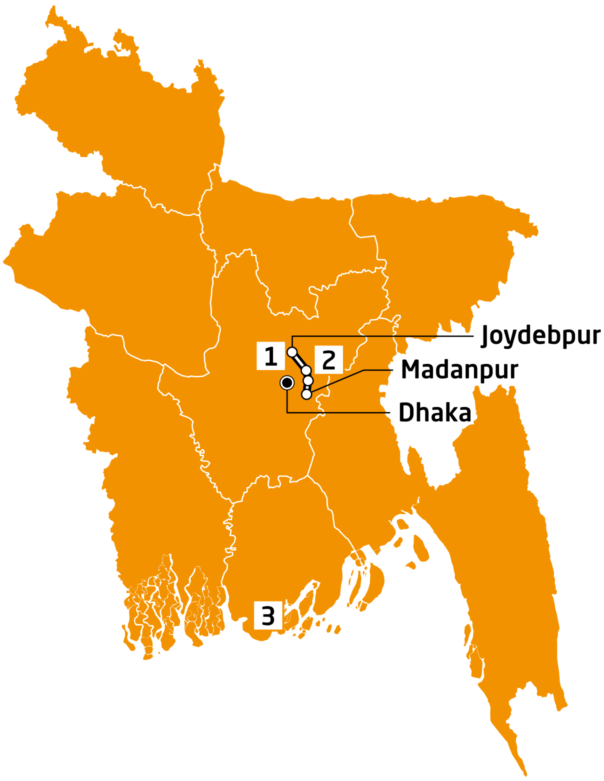
China-Bangladesh relations: A three way balance between China, India and the US

Anu Anwar

BANGLADESH

Country factsheet

MAIN CHINA-BACKED INFRASTRUCTURE PROJECTS AND HOLDINGS



1 Electrical grid expansion and upgrade project, *Dhaka*

2 Dhaka Bypass Road upgrade project, *road from Joydebpur to Madanpur*

3 Payra Power Plant (coal), *Kalapara*

FORMAL LEVEL OF PARTNERSHIP (WITH CHINA ONLY)

Strategic Cooperative Partnership (战略合作伙伴关系)

NUMBER OF HIGH-LEVEL VISITS (2017-2022)

China	US
5	8

CHINESE FDI (2013-2021)

USD **6.24 billion**

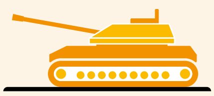
BILATERAL TRADE (2020)

China
USD **15.79 billion**

US
USD **8.04 billion**

ARMS TRADE (IMPORTS AND EXPORTS, 2013-2021)

China	US
USD **2.37 billion**	USD **123 million**



Sources: MERICS, China's Ministry of Foreign Affairs, Comtrade, SIPRI, AEI China Global Investment Tracker

BANGLADESH

China-Bangladesh relations: A three way balance between China, India and the US

Anu Anwar

In 2021, China's President Xi Jinping sent a congratulatory message to Bangladesh on the 50th anniversary of its independence that encapsulates mutual aspirations for stronger ties in an age of great power competition. Both countries were "at a crucial stage of revitalization and development" when China's "dream of great national rejuvenation can well connect with the "Sonar Bangla" [Golden Bangladesh] dream," China's president said. In 2016, President Xi became the first Chinese president to visit Bangladesh in 30 years. Bilateral relations were not always smooth and warm. China's position towards Bangladesh has evolved over the 50 years since 1971 from hostility into a reluctant embrace and is now a "strategic partnership." Current Bangladesh-China relations rest on a mix of pragmatism, strategic ambiguity, and political accommodation. Bangladesh and China have built a deep interdependence which is tilting increasingly in China's favor.

STATUS QUO: EVOLVING AS NEVER BEFORE

Bangladesh's ties with China have come a long way since the country split from Pakistan, China's ally, in the 1971 liberation war. Cold War realities meant China aligned with Pakistan, its all-weather friend, and opposed Bangladesh's independence. As a permanent member of the United Nations Security Council (UNSC), China used its first veto power to deny UN membership to Bangladesh in 1972.[1] They eventually established formal bilateral relations in 1975 but prior to that China's approach consisted primarily of countering Bangladesh to reassure its ally Pakistan.

Sino-Bangladesh relations have improved steadily since then, evolving into a cornerstone of Bangladesh's foreign policy.[2] Convergences in their strategic calculations – for instance, their mutual view of India as a common threat – and economic incentives are the principal drivers of improving relations.

China is now Bangladesh's top trading partner

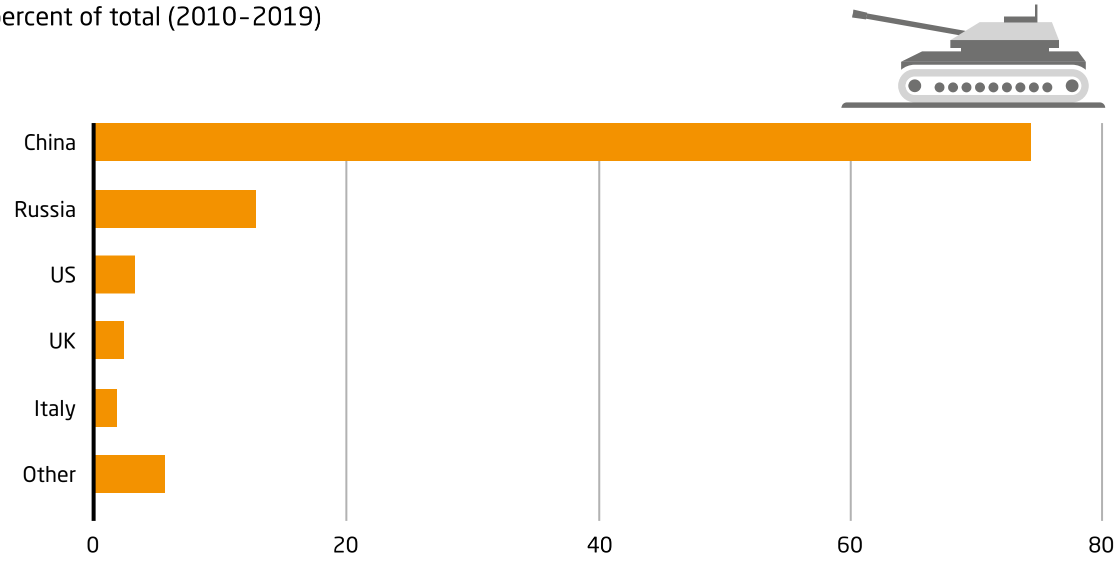
Chinese officials made their first high-level visit in 1978, which set off improvements in bilateral relations. Greater momentum came in 2013, with the launch of China's Belt and Road Initiative (BRI). Dhaka formally joined the BRI during President Xi's visit to Bangladesh in 2016, when relations were upgraded to a strategic partnership.[3] BRI membership has brought Bangladesh an influx of Chinese investment totaling USD 38.05 billion, roughly equal to 10 percent of Bangladesh's gross domestic product, the largest sum ever pledged to Bangladesh by a single country.[4] China is now Bangladesh's top trading partner,[5] direct foreign investor, trade importer, and military hardware supplier. In 2020, China also granted duty-free access to its market for 97 percent of Bangladeshi products.[6]

Defense cooperation has been the main building block[7] in the Sino-Bangladesh relationship: China's economic footprint is a relatively new and an ever-increasing dimension, but defense cooperation has been the main component of the relationship. Since the early 1980s, the two armed forces have engaged in frequent high level official visits and have held joint training and exercises to strengthen cooperation. China has become Bangladesh's top source of military hardware. Dhaka, likewise, is China's second-largest arms export destination, behind only Pakistan.[8] In the 2010-19 period, China accounted for 72 percent of Bangladesh's total arms imports.[9]

Exhibit 1

China is Bangladesh's most important arms supplier

In percent of total (2010-2019)



Source: Stockholm International Peace Research Institute

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GEOPOLITICS: FOUNDED ON PRAGMATISM AND AMBIGUITY

In Bangladeshi geopolitics, India has long been at the center due to its geographic proximity, cultural links and above all its intervention as an ally against Pakistan during Bangladesh's liberation war. Meanwhile as a global power, the United States has exercised the greatest economic and political leverage over Bangladesh. Other regional powers, such as China and Japan, had a more peripheral role until China's rise as an economic and military power cemented its ability and confirmed its willingness to exert influence beyond its borders into South Asia, providing Bangladesh an opportunity for a new partner to the north.

Bangladesh recognized the new opportunity that China represents; *realpolitik* began to dictate its foreign policy calculations, powered primarily by economic incentives. China's appeal lay in the contrast with India's hegemonic posture, coercive tactics, and resource scarcity, especially when garlanded with China's practice of non-interference in Bangladesh's domestic affairs. Massive investments in infrastructure and other sectors sealed China's allure. As Bangladesh-China ties continue to deepen, India worries that its traditional regional partner may follow the same path as Nepal and Sri Lanka which are clearly hedging towards Beijing.

Consequently, Dhaka faces the risk of becoming embroiled in a China-India tug of war for regional influence.[10] It has so far avoided this trap by maintaining balanced relations with both, emphasizing political and cultural affinities with India and economic ties with China.[11] This balancing act is growing more challenging as competition between Beijing and

New Delhi for regional influence intensifies. Dhaka therefore views the United States as a strategic 'third-way-balancer' and has proactively reached out to Washington for economic assistance and support in international forums so as to defuse tension and lessen Bangladeshi reliance on India and China.

The United States has exported USD 110 million worth of arms to Bangladesh since 2010, a meagre amount compared to the USD 2.59 billion Bangladesh has spent on Chinese military equipment.[12] Faced with the heated Sino-Indian relationship caused by renewed Himalayan border clashes from May 2020, the United States took a proactive approach to courting Bangladesh. It proposed a military modernization plan, starting with Apache helicopters and missiles.[13] Deeper security cooperation is of "mutual interest, with full respect for Bangladesh's sovereignty and independence of action" according to Laura Stone, the US State Department's then deputy assistant secretary for South Asia.[14]

The United States remains Bangladesh's largest export destination – accounting for 14.5 percent of total exports, primarily garments, which are the country's main export and foreign currency lifeline.[15] Although China has granted duty-free access to 97 percent of Bangladeshi products, its own manufacturing prowess limits the market possibilities for Bangladeshi exports. Germany remains the top export destination for Bangladesh's garment trade, taking USD 6.20 billion – worth of items in 2021; Germany is Bangladesh's second largest market overall, accounting for 14.2 percent of total exports.[16]

The United States remains Bangladesh's largest export destination

China is gaining ground in the fierce competition between India and China. In 2015, it displaced India as Bangladesh's top trading partner, knocking India out of the position it had held for 40 years. Imports from China represented 34 percent of Bangladesh's total imports in 2019.[17] Given China was also the origin of Bangladesh's highest investment from a single source, and the bilateral strategic partnership, New Delhi naturally felt it was falling behind. In response, India has deployed a wide variety of tools – rather asymmetric but significant - to counter China's inroads.[18]

Bangladesh has long wanted to build a deep-sea port on the Bay of Bengal, giving the project a high priority on the national agenda. China had pursued the Bangladesh government for decades to construct the Sonadia project. However, India's opposition led to the scrapping of the Sonadia project altogether.[19] Recognizing geopolitical realities, Bangladesh welcomed Japanese funding to build a deep-sea port in Matarbari.[20] Beijing's purchase of a 25 percent share in Bangladesh's largest stock market, the Dhaka Stock Exchange (DSE), when it outbid India's National Stock Exchange (NSE), took their struggle into new arenas. The sphere of China-India competition expanded from hard infrastructure into soft assets.[21]

PERCEPTIONS: CHINA'S ECONOMY AND NEUTRALITY WIN STRONG SUPPORT

While the Bangladeshi population's perception of China is overwhelmingly positive, the degree of enthusiasm varies among the political, military, and business elites and ordinary citizens. In 2014, the Pew research survey found 77 percent of Bangladeshis viewed China positively, the highest positive rating for all countries. By contrast, India continues to be seen as a potential threat to Bangladesh's security by significant sections of the populace and elites.[22] Overall, 43 percent of Bangladeshis prefer the United States as an ally.[23] The lack of national unity and consensus has long been a major stumbling block for Bangladesh's nation building process. The two major political parties – the Awami League and the Bangladesh Nationalist Party – rarely agree on anything except closer ties with Beijing.

China owes its popularity to the skillfully created perception that it is politically neutral and non-interfering as it has refrained from public comments on internal Bangladeshi issues.[24] As a result, China benefits from general acceptance, which is reflected in political discourse. Bangladeshi leaders are often labelled as "pro-India" or "anti-India" which is not the case for China.

Bangladesh's military and business community tend to be the strongest advocates of deeper Bangladesh-China relations. Military planners see a convergence with China in strategic calculations, given that India engulfs Bangladesh on three sides and hostile neighbor Myanmar shares the only other land border. Likewise, China sees long-term strategic interest in strengthening ties with India's neighbors. It therefore provides sophisticated military hardware at comparatively low prices that Bangladesh could not obtain elsewhere. However, Bangladeshis have reservations about China's ties with Myanmar to weigh against their positive attitude to convergence with China to buffer against India. Nonetheless, military ties with China are long-standing and deep-rooted.

China sees long-term strategic interest in strengthening ties with India's neighbors

In contrast, ties to China among Bangladesh's business communities are relatively new but evolving fast. They are seeing profits as Chinese investment, trade and exports ramp up across multiple sectors, from physical to digital infrastructure. They have positive perceptions of China; like anywhere else, these business communities seek to influence the outlook of political, military and intellectual elites.

Broadly-speaking, perceptions of China and the United States seem uniformly positive. As Bangladesh is the world's fourth largest Muslim-majority country, predominantly positive views of the United States there contrast with the Muslim world's prevailing perceptions. Among Bangladeshis, 76 percent view the United States favorably, the highest level in the subcontinent.[25] However, when it comes to comparisons with India, the perception of China is increasingly positive.

The differing perceptions of these three countries can be seen in responses to the Covid-19 pandemic. China fell short in supplying vaccines to Bangladesh, despite its intense Covid diplomacy, whereas the United States prioritized Bangladesh. The United States donated 38.4 million vaccine doses, while China provided only 5 million.[26] Anti-India sentiment rose to its highest level when the Indian firm Serum Institute failed to fully deliver a prepaid government order for vaccines. Bangladesh then had no option except to purchase vaccines from China.[27]

OUTLOOK: FUTURE FRICTION IS POSSIBLE OVER TRADE, WATER AND REFUGEES

Bangladesh may face further isolation from the West due to its backsliding from democracy. The trend can be seen in recent US actions: for instance, the sanctioning of individuals by the US Treasury Department for human rights violations – a first for Bangladesh.[28] Nor was Bangladesh among the 110 countries invited to President Joseph Biden's Democracy summit in December 2021.[29] These are unfavorable signs for the current regime, which has shown little appetite for pluralistic society. Such moves may motivate the regime to seek further ties with Beijing, as a potential economic lifeline that comes without criticisms of civil liberties failings.

While Bangladesh-China relations have strengthened considerably, there are three major areas of contention that loom large.

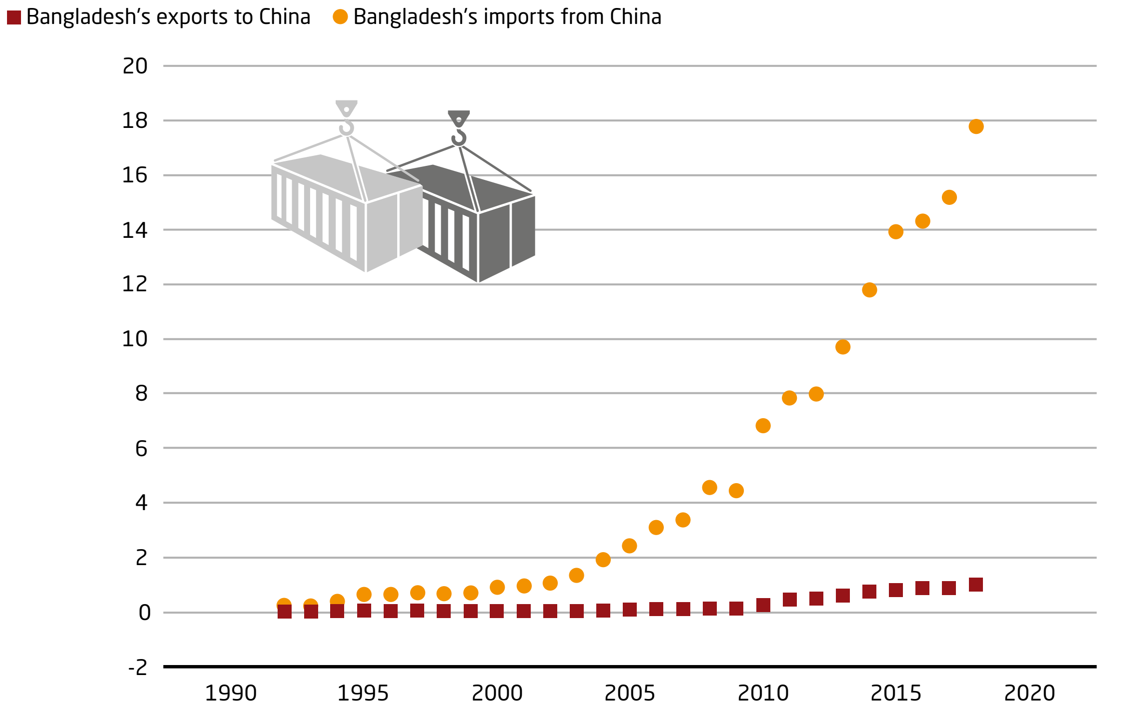
First, Bangladesh faces the challenge of hosting millions of Rohingya refugees. Beijing has failed to pressure the Myanmar junta as Dhaka had hoped, prioritizing instead China's geopolitical and economic interests in Myanmar. In future, Dhaka's frustration may rise if China maintains its current stance on the Rohingya crisis, with increasing impacts on Bangladesh. The issue could potentially damage China's friendly image in Bangladesh.

Second, the growing trade imbalance with China is a concern for Bangladesh. Although China grants duty-free access to 97 percent of Bangladeshi products, it is inconceivable that Bangladesh can cut its trade gap with the world's factory. In 2018, Bangladeshi imports from China amounted to USD 17.75 billion, while Bangladeshi exports to China were worth only USD 985.41 million, resulting in a trade deficit ratio between Dhaka and Beijing of 1:17.3.[30]

Exhibit 2

Bangladesh's export-import gap with China

In USD billion



Source: World Integrated Trade Solution statistics (WITS) and WTO database, compiled by the authors in February 2022.

Third, China's ambition to build dams along the upper Brahmaputra River poses serious concerns for Bangladesh as a downstream country.[31] The Brahmaputra is among Bangladesh's main water sources for agriculture, forestry, and fisheries; three sectors that together account for 12.5 percent of total GDP.[32] If China carries out the plan, it could create a major stumbling block in the warming ties between the two countries.

In conclusion, Bangladesh's strategic choices continue to be shaped by great powers, as they were when Pakistan and India fought a direct war over Bangladesh's independence backed by the United States and USSR. The acceleration of US-China strategic competition will influence Bangladesh's options and trajectory. In South Asia, their rivalry increasingly manifests as a competition between China and India, with Bangladesh as the battleground.

Bangladesh seeks to manage these tensions by triangulating within the US-China-India matrix. It pursues cooperation with China as a tool to promote its economic development, while reaching out to the United States as an extra-regional power, to balance the China-India tensions that stem from its close economic links to China. Bangladesh pursues 'strategic ambiguity' in foreign and defense policy by engaging with each country sector-wise. To balance, navigate and position itself, Bangladesh has accelerated its US ties to defuse tensions with the help of a 'third-way-balancer.' It aims to protect itself amid intensifying great-power competition in South Asia as relations between Beijing-New Delhi and Beijing-Washington worsen.

Bangladesh's reaction to Russia's invasion of Ukraine

Russia's invasion of Ukraine added a new layer of unprecedented complexity to Bangladesh's strategic dilemmas in juggling US-China great power rivalries. Dhaka does not take an ideological view of the crisis, seeing it instead as driven primarily by three main factors; 1. Historical ties 2. Realpolitik; 3. Neighborhood syndrome.

The USSR supported Bangladesh in its liberation war, a legacy that remains the dominant factor in Dhaka's foreign policy decisions vis-à-vis Russia. Prime Minister Sheikh Hasina Wazed cited this fact to explain why Bangladesh was among 35 countries that abstained from voting on the March 2 UN resolution condemning Russia. Bangladesh's response to the Ukraine crisis is also a diplomatic continuation of its long-term policy of non-alignment – to stay at arm's length from great power competition and reaffirm its foreign policy stance of "friendship to all, malice to none."

Second, to counter its military dependency on China, Dhaka signed a USD 1 billion arms deal with Russia in 2013 – the country's largest military deal. Moscow is also assisting Dhaka to build a 2,400 megawatt (MW) nuclear power plant in Rooppur, the first of its kind in Bangladesh. The project's total cost is estimated at USD 12.85 billion, 90 percent of it from Moscow. Russia is Bangladesh's fourth-largest source of development funding, partnering in sectors like ready-made garments, agriculture, fertilizer, and military hardware.

Third, Bangladesh is watching, and to some extent following, key partners in its neighborhood that remain neutral and non-committal towards the Ukraine crisis. China, India, Pakistan, and Sri Lanka all abstained on the UN General Assembly resolution condemning Russia's invasion.

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CHILE

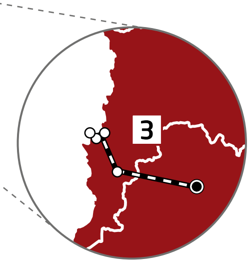
Chile’s once-pioneering relationship with China is turning into dependency

Pamela Aróstica Fernández

CHILE

Country factsheet

MAIN CHINA-BACKED INFRASTRUCTURE PROJECTS AND HOLDINGS



1 Purchase of Compañía General de Electricidad (CGE), *Santiago de Chile*

2 Purchase of Sempra Energy's Chilean Business, *Santiago de Chile*

3 Santiago-Valparaiso High Speed Rail (planned), *train line from Santiago de Chile to Puerto de Valparaiso*

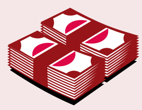
NUMBER OF HIGH-LEVEL VISITS (2017-2022)

China	US
6	5

CHINESE FDI (2013-2021)

USD

13.17 billion



FORMAL LEVEL OF PARTNERSHIP (WITH CHINA ONLY)

Comprehensive Strategic Partnership
(全面战略伙伴关系)

BILATERAL TRADE (2020)

China

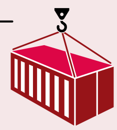
USD

44.3 billion

US

USD

20.64 billion

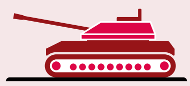


ARMS TRADE (IMPORTS AND EXPORTS, 2013-2021)

China

USD

-



US

USD

258 million

Sources: MERICS, China's Ministry of Foreign Affairs, Comtrade, SIPRI, AEI China Global Investment Tracker

CHILE

Chile's once-pioneering relationship with China is turning into dependency

Pamela Aróstica Fernández

Chile was a pioneer in Latin America's relationships with China. It has the highest number of instruments of association and cooperation with China at the Latin American level and built the bilateral relationship around pragmatism and economic cooperation. The pragmatic trend is likely to continue, though Chile's asymmetrical relations with China may well be accentuated under President Gabriel Boric's left-wing government, formed on March 11, 2022. He inherits Chile's institutional weaknesses and crisis-prone economy.[1] The Chilean communist party (PC) plays a strong role in his government (ministers, under-secretaries and advisers in more than half the ministries, in the Presidency, Defense, Interior, General Secretary of Government, Finance, Labor, Sciences, Energy, Mining, Education, Justice, Transport and Communications).[2] Furthermore, PC ties with the Chinese communist party (CCP) could influence Boric's stance towards international relations, specifically US-China rivalry. The new government has already ceased to criticize the war in Ukraine. China's presence in Chile will continue to grow. However, public opinion is also shifting and has become increasingly critical of the relationship.

STATUS QUO: CHILE HAS A GROWING "COPPER DEPENDENCY" ON CHINA AND LACKS STRATEGY IN THE SECURITY SPACE

China has continued to consolidate its position as Chile's main trading partner

China has continued to consolidate its position as Chile's main trading partner. In 2021, China accounted for 38.3 percent of Chilean exports, while the United States was second with 16.4 percent; the EU took 8.6 precent, Japan 7.7 percent and the four-nation regional Mercosur trade bloc 6.2 percent.[3]

In 2021, Chile's bilateral trade with China rose to USD 57.72 billion, up 39.8 percent on 2020, according to Chile's National Customs Service. The growth was due to a substantial rise in Chile's imports of Chinese products, which in 2021 totaled USD 25.56 billion, representing an increase of 68 percent year-on-year. China is now positioned as Chile's largest source of imports, accounting for 29.2 percent of the total. Meanwhile, Chile's exports to China were worth USD 35.42 billion in 2021, up 31 percent on 2020. China therefore remained the main buyer of Chilean products, taking 38.4 percent of Chile's total exports.[4]

The trade balance between the two countries is nominally favorable to Chile, but is largely dependent on mineral exports. Mining made up 84.4 percent of Chile's shipments to China. Copper minerals and their concentrates rose 62.9 percent in 2021. Non-mining products accounted for just 15.6 percent of exports, of which forestry products formed more than a third.[5] Chile's export basket is much more limited than China's.

Investments from China rose by 167 percent to USD 4.85 billion in 2019. The number of projects rose by 55 percent compared to 2018, with 31 initiatives registered at the end of 2019. Chinese investments are mainly directed at: 1) natural resources (focused on materials for non-conventional renewable energy); 2) construction (with a focus on concessions) and 3) the financial sector. China has become the main foreign investor in Chile, overtaking the United States and Canada.[6] However, China's interests in Chile have sparked objections, as they are in strategic sectors, prompting parliamentarians from both left and right to advocate greater regulation of foreign investment.[7]

In 2021, the Financial Market Commission authorized China Exim Bank to operate in Chile, making it the third Chinese bank in Chile, alongside Bank of China (2018) and China Construction Bank (2016). All three banks regard Chile a suitable location to host their regional platforms thanks to its digital eco-system and skilled workforce. All three focus on corporate banking; their target clients are Chinese companies operating in Chile, large Chilean companies and export and import companies trading between the two countries.[8]

Two decades ago, Chilean foreign trade was directed mainly to North America, Asia and Europe, in a balanced way. The data shows a trend towards greater dependence on a single market has been emerged over the last decade; Chile's accentuated dependence on China and on a single product has been called "copper dependency."[9] China's growing demand for raw materials means this trend will intensify, along with Chile's vulnerability to Chinese economic slowdowns.

Military cooperation with China has gradually increased in strategic areas, especially military exchanges consisting of official visits from senior military figures, training exchanges and visits to military units. For instance, in 2013, a Chinese naval task force conducted joint military exercises with their Chilean counterparts, before passing through the difficult waters of the Magellan Strait to make port calls in Argentina and Brazil. In 2019, the PLA Navy icebreaker Xue Long II made its maiden voyage to Antarctica.[10] China is currently in talks with Chile to gain access to Punta Arenas so it can resupply its Antarctic bases from there.

Sharply rising financing for China's Antarctic Program is another trend likely to affect the region's geopolitical environment. Argentina and Chile are fundamental to China's geostrategic perspective, because of their proximity to Antarctica and because they have the largest, oldest, permanent Antarctic bases capable of operating non-stop throughout the year – Orcadas de Argentina base, set up in 1904, and Captain Arturo Prat of Chile, 1947.[11]

Argentina and Chile are fundamental to China's geostrategic perspective

In the space sector, the Chinese Academy of Sciences' South American Astronomy Center (CASSACA) stands out as it was among the first International Research Centers financed by China's government. CASSACA began operating in Santiago in October 2013 from offices located atop Cerro Calán, next to the National Astronomical Observatory and the University of Chile's Department of Astronomy.[12]

China's initiatives are driven by a macro strategy embodied in White Papers on Latin America and the Caribbean, produced in 2008 and 2016. The White Papers establish China's objectives and priorities for the short, medium and long term and highlight the region's growing importance for Chinese foreign policy. Topics covered include geostrategic, political, economic-commercial, military, cooperation, education and cultural matters. By contrast, there are hardly any instances of debate in Chile about the appropriate scope of military cooperation with China. The new leftist government of President Boric and his Minister of Defense Maya Fernández (Socialist Party) is likely to shrink the minimal spaces for debate that exist, such as the National Academy of Political and Strategic Studies (ANEPE). These may cease to be spaces for professional and academic analysis[13] because despite President Boric's campaign promises "the appointments he has made to the front line of the government have not been exempt from criticism for prioritizing political quota,"[14] which suggests a trend towards greater political clientelism.

Chinese investment in Chile's critical infrastructure is another under-considered issue. Currently, Chinese companies control an unprecedented 57 percent of electricity distribution. The growing Chinese presence in Chile's digital architecture is also a concern for the intelligence services.[15]

GEOPOLITICS: US-CHINA RIVALRY HAS A DIRECT IMPACT ON CHILE

A domino effect is generated once Chilean exports contract

The United States and China are Chile's main trading partners, so any sustained negative effect on their economies has a direct impact on Chile – specifically, on the price of copper. If tariffs hurt US demand for Chinese goods, then China needs less key industrial raw materials such as copper, which dampens Chile's exports.[16] A domino effect is generated because once Chilean exports contract so do mining investments, the public portfolio, private accounts and the labor market. If Chile's exports and consumption fall, rating agencies may downgrade the country's credit rating. Chile would then have to pay higher interest rates on capital market funds, with further negative impacts on large and small companies.

Concerns also exist about the Digital Silk Road, 5G technology and possible consequences for data handling. Chinese firms invest in the technology sector because they consider Chile has acquired leadership in digitalization within Latin America, and so has a good infrastructure and human resources base to run regional operations.[17] For instance, Huawei's Data Center opened its second data center in Chile in 2020, focused on AI and Big Data services. Chinese interests in Chile have generated public debate, along with US pressure to revoke the Visa Waiver.[18] In 2021, the tender for Identity Card and Passports in the Civil Registry was awarded to Aisino (one of China's top five tech firms) but later withdrawn under public pressure.[19]

US influence in the Southern Cone has declined in the last two decades relative to China's. However, Washington's presence has become more visible in recent years, because of its struggle with China in a region of traditional US influence. Chile's position has been to maintain equidistance and pragmatism vis-à-vis the two powers, given its asymmetric relationship with both of them. But the important role of the Chilean communist party (PC) within the new government and its greater closeness to China may change this policy framework.

PERCEPTIONS: CHILEAN PUBLIC OPINION IS AT A TURNING POINT

When considering perceptions of China in Chile, it is important to distinguish between the Chilean authorities' official discourse and that of non-official elite groups. Official discourse is marked by a positive perception of China. It lauds Chile's first place position in the Latin American context and the "special relationship." This narrative flows from Chile's pioneering status in forging relations with China: in 1970, it was the first country in South America to establish diplomatic relations with China, and the second at the Latin American level. In 1982, Chile was the first Latin American country to agree a joint venture with China in 1982; it was the first Latin American nation to support China's entry to the WTO in 1999; then to recognize China as a market economy in 2004; and to sign a Free Trade Agreement (FTA) in 2005. Chile has the largest number of instruments of association and cooperation with China at the regional level.

However, though the official discourse of political and diplomatic elites manifests positive perceptions, there is also a non-official discourse. Here, the perceptions of the same elites are permeated by mistrust and fear towards China, due to the disparity in capabilities and accentuated asymmetry in multiple fields (geopolitical, diplomatic, political, economic, etc.).[20] Chile agreed to "comprehensive strategic association" status in 2016. However, a requirement to obtain that status was that Chinese officials should hold coordination meetings with counterparts in key Chilean ministries such as mining and agriculture. Distrust of this mechanism forms part of the unofficial narrative.

Political and academic actors also view the strengthening of the military dimension in bilateral relations with concern. They cite the increase in military cooperation with China, interests in Antarctica as a key geopolitical point, joint military exercises, and China's sales or donations of military equipment to Chile.

In the corporate sector, positive or negative perceptions of China tend to correlate with the degree of success or opportunity that China represents for businesses. Among large business associations (exporters of raw materials and importers of Chinese manufactures), China is perceived as a "source of opportunities" – especially since the FTA and boom in demand for raw materials. But perceptions differ among small and medium-sized enterprises (SMEs); negative perceptions are at their strongest in the local footwear sector, which has almost disappeared due to Chinese competition. Although perceptions vary among sectors, there is a common denominator; the sense that China is an increasingly dominant and complex counterpart, due to different economic and cultural variables involved in business processes.

Perceptions of China tend to correlate with the degree of success that China represents

The 2014 "The Americas and the World" survey found 25 percent of the Chilean public considered China a "friendly country," and 67 percent considered it a "partner country". Favorable opinions towards China are also seen in how Chileans rate its influence in their country: In 2013, 75 percent believed China had a very positive or positive influence in Chile and only 8 percent saw a very negative or negative influence (CIDE, 2014). The trend remains. More recently, China has begun pursuing a strategy to enhance its positive image in the Chilean media (using paid space for inserts in the local press), which has increased its cultural influence. Chile has also seen a recent wave of Chinese migration – it was among the 10 most important migratory flows in 2010.[21]

However, Covid-19 was a turning point in the decade-long positive perceptions of the "China Boom." Broad public opinion perceives China as "guilty" of the pandemic and trying to make amends with the "diplomacy of masks and vaccines," which has been a theme in various opinion blogs. There have also been negative perceptions surrounding the award of key tenders, such as for passports in the Civil Registry, which was then reversed.

In any case, it is key to consider that the study "China In The World 2022" places Chile among the 15 countries most influenced globally by China in the media, economy and local politics, and therefore has a clear impact on perceptions.[22]

OUTLOOK: ONGOING PRAGMATISM, GROWING ASYMMETRY AND CHANGING PERCEPTIONS OF CHINA

The backbone of Chilean state policy towards China has been pragmatism based on economic and trade relations. It is possible that this pragmatism will continue with the center-left coalition of President Boric, but it is very likely that asymmetry in the bilateral relationship will be accentuated, given Chile's greater institutional instability, a new constitution giving more powers to the regions (in line with a referendum under the previous president),[23] and the potential for economic and fiscal crises. The current government has given a key role to the Chilean communist party (PC),[24] is very close to the Chinese communist party (CCP) and takes a favorable view of China.

Chinese investment in Chile has caused a series of negative perceptions

The growth of Chinese investment in Chile has caused a series of negative perceptions and public criticisms. Parliamentarians (from left and right parties) led by Jaime Naranjo from Partido Socialista (PS), and Miguel Mellado from Renovación Nacional (RN) have expressed their concern at how the Chinese state company State Grid now controls more of half of Chile's electricity distribution market. They have presented a bill highlighting the strategic nature of the electricity sector and their concerns that State Grid will hold the personal data of 4 million customers. They argue their action is not "against the Chinese State but against any State," nor is it an anti-investment law, because it does not target private firms, "but it is very different when another State invests as such. That must be regulated so that tomorrow we don't get any kind of surprise."[25]

China is currently impacting Chile though foreign investment; as an exporter of manufactured goods; as a buyer of raw materials, thereby intensifying Chile's dependence on commodities (especially copper); as an investor in infrastructure to ensure access to markets, raw materials and energy resources. But though Chinese investment has gained prominence in some areas, such the energy sector, its participation in foreign direct investment (FDI), remains limited compared to the United States and other Western countries with historical influence in Chile.[26]

China's soft power in Chile manifests itself in different ways to influence public views. In this regard, it would be necessary to review the influence of China in the media through paid sections in the local press, as well as influence in the academic sector to counter critical analysis through the financing of projects, scholarships or infrastructure (even in public universities).

And finally, the advance of Chinese investment within strategic sectors such as energy, mining, technology and telecommunications, banking and health is a key issue. Two recent examples are that Sinovac will install a 'Fill and Finish' facility to convert bulk vaccines into doses,[27] and the award in January 2022 to Chinese vehicle battery maker BYD Chile SpA10 of one of five lithium exploitation quotas tendered by Chile.[28] BYD provides electric buses for Santiago's public bus network RED Metropolitana de Movilidad.

Chile's reaction to Russia's invasion of Ukraine: The dilemmas of the Boric government

This war is taking place in a context of high global uncertainty in the world, "(…) relating to several factors: uneven rates of vaccination against coronavirus disease (Covid-19) and new variants of the virus; inflationary pressure and difficulty in maintaining fiscal stimulus packages; trade tensions and risks in the Chinese real estate sector; disruption of supply chains and rises in freight charges; and extreme events caused by climate change."[29]

Chile's position on the war in Ukraine has undergone a change. The day war began on February 24, 2022, the then-President Sebastián Piñera condemned Russia's invasion, saying "these acts violate international law and threaten innocent lives, peace and security." He urged Russia to respect the Geneva Conventions on international humanitarian law.[30] In contrast, at the beginning of President Boric's term, his silence was criticized in the National Congress' Chamber of Deputies, which expressed "concern at the silence of the President of the Republic" and those in charge of "the design and conduct of foreign policy, in relation to the invasion of Ukraine."[31]

In the new government coalition, the Communist Party (PC) plays a key role and has sympathy for autocratic regimes. The Minister of Foreign Affairs (close to the Socialist Party) argued on May 3 about the importance of multilateralism and that isolating Russia could accentuate the conflict.[32] Nevertheless, on July 1, 2022, President Boric reportedly had a telephone conversation with President Zelenskiy during which he expressed Chile's willingness to support the condemnation of Russia in international organizations and offered humanitarian aid. The possibility of sending Chilean specialists to Ukraine to participate in demining operations was also discussed.

Chile's post-pandemic recovery expectations for 2022 will be affected by the war in Ukraine, and uncertainty will be a key factor that will weaken national economic activity. If the war is long drawn out, it could have a significant impact on Chile's economy, with a complex inflationary scenario and rising prices for food, transportation and energy. One of the main impacts will be the global food crisis.

Therefore, "(…) a strict fiscal design [is necessary] to complement monetary policy, which can mitigate the inflationary effects."[33] But this fiscal adjustment will be another dilemma for President Boric, due to the multiple promises of social reform in his government program.

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INDONESIA

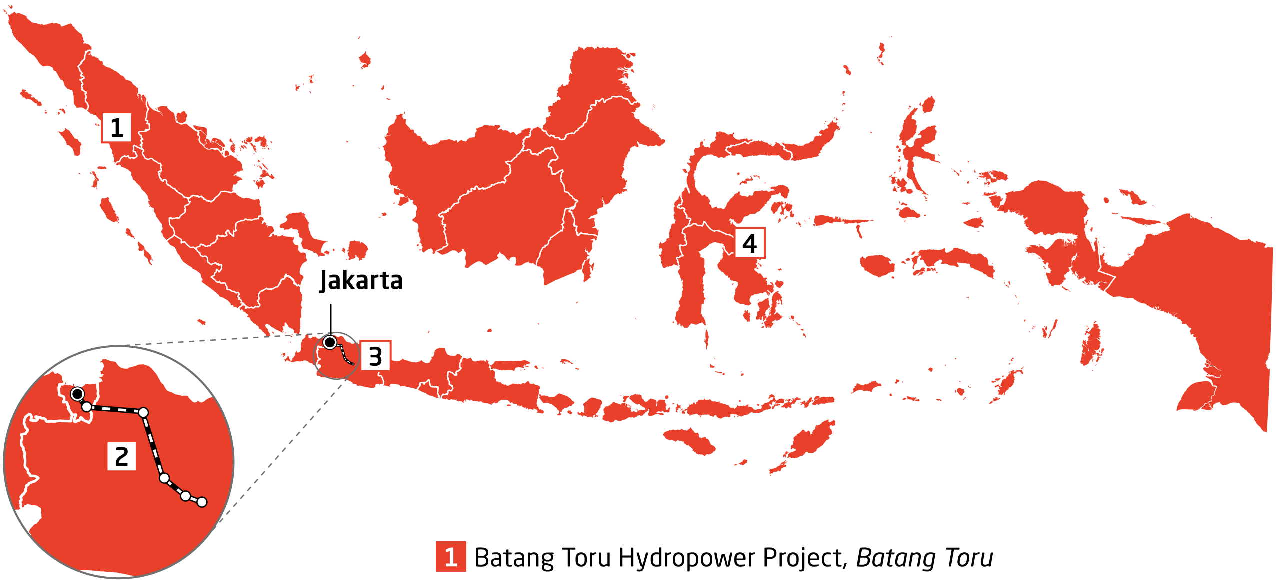
Indonesia’s wary embrace of China

Evi Fitriani

INDONESIA

Country factsheet

MAIN CHINA-BACKED INFRASTRUCTURE PROJECTS AND HOLDINGS



1 Batang Toru Hydropower Project, *Batang Toru*

2 Jakarta-Bandung High Speed Rail Project, *train line from Jakarta to Bandung*

3 Tanjung Jati A Power Station, *Cirebon*

4 Morowali Industrial Park, *Morowali Regency, Central Sulawesi*

FORMAL LEVEL OF PARTNERSHIP (WITH CHINA ONLY)

Comprehensive Strategic Partnership (全面战略伙伴关系)

NUMBER OF HIGH-LEVEL VISITS (2017-2022)

China	US
17	7

CHINESE FDI (2013-2021)

USD **27.05 billion**

BILATERAL TRADE (2020)

China: USD **73.4 billion**

US: USD **27.19 billion**

ARMS TRADE (IMPORTS AND EXPORTS, 2013-2021)

China	US
USD 269 million	USD 946 million

Sources: MERICS, China's Ministry of Foreign Affairs, Comtrade, SIPRI, AEI China Global Investment Tracker

INDONESIA

Indonesia's wary embrace of China

Evi Fitriani

The two strongest factors shaping Indonesia's relations with China today are domestic politics and the long-established Chinese diaspora, which is economically influential despite being only 3 percent of the population, Indonesia's relations with China have swung sharply during the last 70 years, veering from close allies (1950s-1965) to enemies (1966-1990), to distant associates (1990-2014), to their current close partnership. Ethnic Chinese Indonesians have often played a part in promoting, or impeding, their country's relations with China.

STATUS QUO: STEADY TRADE FLOWS AND LIMITED SECURITY COOPERATION

China has been Indonesia's biggest trading partner since they signed the Indonesia-China Strategic Partnership in 2005. Trade flows increased steadily, turning in 2008 into a rising trade deficit for Indonesia. Indonesian exports are dominated by intermediate goods (37.33 percent) and raw materials (33.43 percent).[1] Intermediate goods also form the largest share of Indonesian imports from China (31 percent), followed by consumer goods (18.79 percent).[2]

Two-way investment remained slight until it was boosted by President Joko Widodo and President Xi Jinping (who have a close personal relationship), leading to a surge in investment under China's Belt and Road Initiative (BRI). Inbound investment from China, including Hong Kong, in 2019-2020, ranked second after Singapore.[3] Chinese investment in Indonesia is concentrated in mining and the energy sector. As of 2021, Indonesia had the highest number of Chinese-built overseas coal-fired powerplants.

There are growing concerns among the Indonesian public about the influx of Chinese goods and migrant laborers, and about Indonesia's inability to seize business opportunities in China's market. The biggest Chinese investment project – the Jakarta-Bandung high speed railway – has become controversial due to project delays and cost overruns.

The role of ethnic Chinese Indonesians cannot be underplayed, as they are the main actors in economic relations between the two countries and, arguably, the ones who have benefited most from the relationship. Resentment of Chinese investment on perceived unequal terms also encompasses the Chinese diaspora and can generate domestic political frictions.

Ethnic Chinese Indonesians are the main actors in economic relations to China

In the security sphere, the two countries have set up multiple confidence-building platforms, including the Annual Indonesia-China Defense Security Consultation Talk (established in 2006); the Xiangshan Forum; and the ASEAN Defense Ministerial Meeting Plus (ADMM Plus). Nonetheless, security cooperation remains extremely limited, despite the signing of the 2008 Joint Development of Defense Industry, Exchange and Training of Military Officers, and Joint Military Exercise in 2008 and the signing of a Comprehensive Strategic Partnership in 2013. The main reasons are the Indonesian military's ongoing distrust of China, and public anxiety about China's aggressive behavior in the South China Sea. Frequent incidents in Indonesia's Natuna Sea (neighboring the South China Sea) have stoked fears about the threat China may pose to Indonesian territory. The risk of Uyghur terrorist operations in Indonesia is an additional security concern.

However, both China and Russia are seen as alternative security partners to counterbalance difficult relations with the United States and its Western allies.[4] Western countries are generally perceived as hypocritical for their double standards on human rights. Frequent US-led interventions and subversion in developing countries are unpopular. Previous bitter experiences and distant relations with Western countries have driven Indonesia to seek other security partners.

GEOPOLITICS: GROWING US-CHINA RIVALRY PROMPTS NEW PROTECTION MECHANISMS

Indonesia has experienced bitter relations with both the US and China. Indonesia strives to operate an "independent and active" policy (bebas aktif) in response to US-China strategic competition, as is often the case amid big-power rivalry. For Indonesia, their rivalry presents opportunities as well as challenges.

Beijing has actively promoted investment and infrastructure projects through the Belt and Road Initiative (BRI), whereas Indonesia has seen no clear economic dimensions to Washington's Indo-Pacific strategy. However, US allies such as Japan, the EU, and Australia have sought to enhance economic relations with Indonesia; these countries are perceived as alternatives to China, so Jakarta applies a hedging strategy. The United States seemingly prefers to support other regional countries such as Singapore and Vietnam when it comes to business opportunities and investment.

In 2021, China launched the Global Development Initiative (GDI) to promote cooperation in poverty reduction and the implementation of UN sustainable development goals (SDGs). The new global initiative expresses both Beijing's growing global ambitions and its willingness to shoulder more 'big power' responsibilities by providing global public goods. The GDI's eight focus areas are aligned with ASEAN's Community Vision 2025 and Indonesian Development Programs. It can also be synergized with the Indonesian-sponsored ASEAN Outlook on the Indo-Pacific (AOIP).

Indonesia's government does not wish to take sides in geopolitical competition. Historical experience has shown the United States and China are equally capable of threatening Indonesia's territorial integrity and security. Jakarta proposed the AOIP in a bid to pacify the Quad's Indo-Pacific strategy to contain China: it seeks to turn points of tension into areas for cooperation and to include China, not exclude it. Indonesia has also expressed concerns about AUKUS, as it fears the anti-China alliance will provoke nuclear proliferation in the Pacific and threaten overall regional security, jeopardizing Indonesia too. However, though Jakarta avoids openly welcoming the US presence in the South China Sea, it needs US and allied support against Chinese a aggression. Indonesian diplomacy aims to build a stable region through dialogue and mutual trust; major extra-regional powers are welcome to cooperate, not to dominate, let alone to dictate.

Indonesian diplomacy aims for regional stability through dialogue and mutual trust

PERCEPTIONS: A MIX OF RESPECT, SUSPICION AND CAUTION

Indonesian perceptions of China and the Chinese are a major issue that significantly affects bilateral relations.[5] Public discourse freely mixes up China as a country, PRC citizens and the ethnic Chinese descendants of earlier Chinese migrants to Indonesia; worsening identity politics has targeted both Indonesia's Chinese minority and the PRC.

Indonesians admire China's astonishing development and cultural richness, but they also fear China's domination of the Indonesian economy and are concerned about Chinese assertiveness in the South China Sea. There is skepticism about the impact of China's rise.[6] Perceptions of Chinese economic dominance prevail at both public and elite levels. However, elite perceptions are divergent, ranging from the military and anti-communist groups who perceive China as threat, to moderate technocrats and bureaucrats who see both challenges and opportunities in China's rise. Ethnic Chinese in the business community tend to be fond of China; many have sent the rising generation to work or study there in recent decades.[7] Among elites and supporters of President Widodo, there is no clear steer as perceptions are divided between those who view China optimistically and those who are suspicious of Beijing.[8]

Some studies reveal Indonesian perceptions of China in particular issues. A study of the BRI found Indonesian diplomats had largely negative perceptions of Chinese intentions, but nonetheless welcomed the initiative and were optimistic it would benefit Indonesia somehow.[9] Bilateral economic cooperation through the BRI has been limited by the influx of Chinese workers to projects in Indonesia, fear of China's economic domination, its aggressive stance in the North Natuna Sea and the ethnic Chinese issue.[10] Indonesians exhibited most positive sentiment towards China over the Covid-19 pandemic as it proved the most generous country in providing medical supplies, medicines, and vaccines.[11]

Positive perceptions may fade if China's economic dominance and political influence grow, if it employs strong-arm tactics in the South China Sea, continues mistreating the Muslim Uyghur population in Xinjiang, or intervenes in domestic politics.[12] Other possible triggers for negative feeling would be a major influx of mainland Chinese workers, any heightening of identity politics in Indonesia, or changes in China's policy on Chinese overseas.[13]

OUTLOOK: INDONESIA'S EMPHASIS ON THE GLOBAL SOUTH OFFERS CHINA DIPLOMATIC OPPORTUNITIES

Overall, domestic audiences and international society both consider Indonesia's government under President Widodo to be a close partner of China under President Xi. The personal factor seems to shape the relationship. However, public concern over China's economic dominance, its naval assertiveness and mistreatment of Uyghurs have become sufficiently sensitive issues to hinder the government's attempts to expand economic relations with China.

Indonesia's regional and global stance is not to isolate China, a position that is consistent with its foreign policy principle of "bebas aktif" (independent and active). It is also rational and pragmatic, as the Asian giant has become the engine of global economic growth and offers more opportunities than other major powers. Through the GDI, China has also indicated more willingness and readiness to be a responsible major power that provides global public goods. Accepting China's rise and working cooperatively to cope with the threats China poses seems more rational; condemnation and exclusion will fuel great power rivalries that, eventually, endanger Indonesian interests.

Indonesia's regional and global stance is not to isolate China

Nevertheless, it is imperative for Indonesia to continue putting (friendly) pressure on China as Indonesians do not wish to see a rising power emulate the unacceptable hegemonic behavior shown by the United States in the last several decades. US support for Israel and interventions in many countries, especially Muslim countries, for economic and strategic purposes have soured Indonesian public opinion towards it. Indonesian public wariness towards China is shaped by this rejection of hegemonic behavior. However, China's criticism of frequently unfair and unilateral US conduct could help frame codes of conduct for an acceptable major power. On environment and climate change issues, China has shown itself willing to comply with international norms and to take the lead on some climate actions.

Indonesia needs to navigate carefully in its foreign policy to avoid being seen to lean towards any major power. The country also needs to enhance its national development in order to mitigate its dependence and become a more equitable partner. Working with Southeast Asian partners to enhance ASEAN's centrality, and with other countries to strengthen global governance, is generally accepted among Indonesians as the route to a more participatory approach in creating a fairer new global order.

Indonesia's reaction to Russia's invasion of Ukraine: A result of US and NATO geopolitical strategy

Indonesia has been prudent in its reaction to the Ukraine crisis. While against Russia's invasion and the use of force against civilians, Indonesia's elites and the public seem to believe that Ukraine has been the victim of US and NATO geopolitical strategy toward Russia. The general perception is that the United States and NATO knew Russian insecurities would spark aggressive moves.

The Western alliance is seen as preferring to arm poor countries along Russia's border rather than take on President Vladimir Putin themselves. The crisis has demolished Ukraine, as well as damaged Russia's resources and reputation, but it undoubtedly benefits the Western military-industrial complex. Now, the United States is trying to dictate to international institutions to exclude Russia and exerting enormous pressure on Indonesia as the current president of the G20.

Indonesia's government and wider opinion reject condemnation and exclusion as a way to handle the crisis, and favor dialogue to treat both sides more fairly. Furthermore, there is a strong sense that Western countries' hypocrisy has been remarkable recently as they did not react equally strongly to Israel shooting Muslim worshippers in Al Aqsa Mosque, Jerusalem, on April 15, 2022, or to Israel's many acts of aggression towards Palestinian people over the decades.

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KAZAKHSTAN

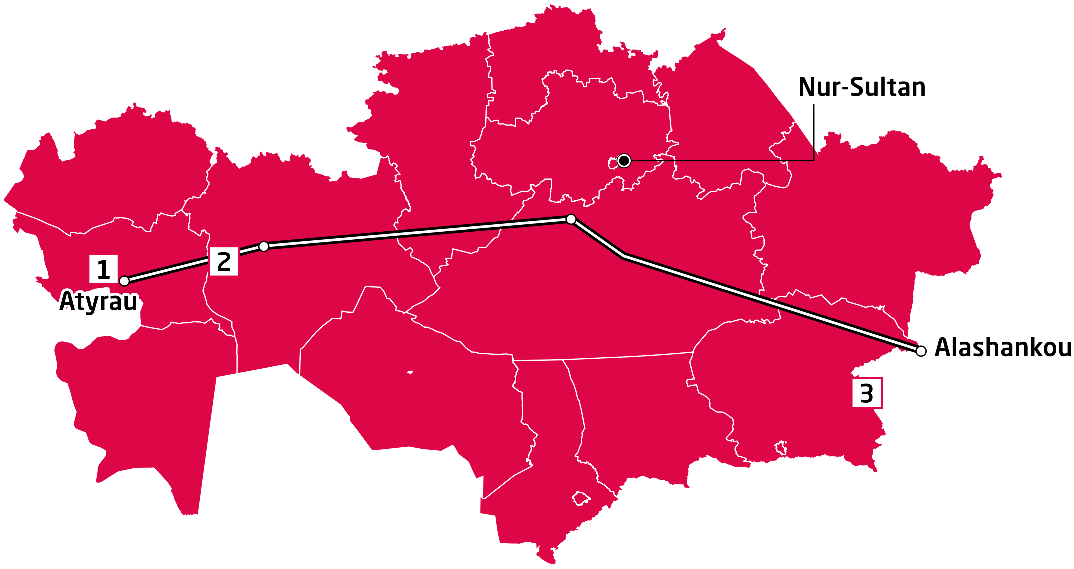
Kazakhstan’s three-way balancing act between competing powers is under pressure

Oyuna Baldakova

KAZAKHSTAN

Country factsheet

MAIN CHINA-BACKED INFRASTRUCTURE PROJECTS AND HOLDINGS



1 Integrated Petrochemical Complex, *Atyrau Region*

2 Kazakhstan-China Oil Pipeline,
pipeline from Atyrau in Kazakhstan to Alashankou in Xinjiang (China)

3 Khorgos Special Economic Zone (SEZ) and dry port, *Khorgos*

FORMAL LEVEL OF PARTNERSHIP (WITH CHINA ONLY)

Permanent Comprehensive Strategic Partnership
(永久全面战略伙伴关系)

NUMBER OF HIGH-LEVEL VISITS (2017-2022)

China	US
19	4

CHINESE FDI (2013-2021)

USD
8.97 billion

BILATERAL TRADE (2020)

China
USD
19.72 billion

US
USD
1.82 billion

ARMS TRADE (IMPORTS AND EXPORTS, 2013-2021)

China	US
USD 36 million	USD 9 million

Sources: MERICS, China's Ministry of Foreign Affairs, Comtrade, SIPRI, AEI China Global Investment Tracker

KAZAKHSTAN

Kazakhstan's three-way balancing act between competing powers is under pressure

Oyuna Baldakova

As one of Kazakhstan's biggest trading partners and investors, China has prioritized the economic relationship over the military one. However, China is becoming more interested in acting as a security provider in Central Asia, given the instability in Afghanistan and growing securitization of Xinjiang. China's increasing presence in Kazakhstan has provoked concern among expert groups and the wider public, though Kazakhstan's authoritarian regime makes it hard for public opinion to shape policy. Nonetheless, widespread public outcry has sometimes shifted policy towards China. Kazakhstan's 'multi-vector' foreign policy and trade diversification strategy could be undermined by greater economic dependence on China, as Russian's attack on Ukraine will strengthen China's role as an economic partner. Kazakhstan needs to diversify its oil and gas-dependent economy, channel more investment into value-added technologies and plan for a low-carbon future. Russia's unpredictability might also open the way to an alternative security system in Central Asia. Rising tensions between Russia, China and the West could mean Kazakhstan's three-way independent policy gets squeezed by pressures to take sides.

STATUS QUO: OIL AND GAS-DEPENDENT KAZAKHSTAN NEEDS RUSSIA, CHINA AND THE WEST

Kazakhstan's relationship with China is driven by trade and investment

Kazakhstan's relationship with China is driven by trade and investment. In 2021, China was the largest buyer of Kazakhstan's exports (taking 16.4 percent) and second only to Russia as a source of imports, providing 20.2 percent of the total. Kazakhstan predominantly exports commodities – oil and gas, coal, uranium, zinc and iron ores, agricultural and chemical products – and imports industrial goods such as food, light manufacturing goods, medicine, electronics and machinery from China. Total trade between the two amounted to USD 18.19 billion (17.9 percent of the total) and rose 15.2 percent in 2021 compared to the previous year reflecting the ease of Covid-19 trade restrictions.[1]

China is Kazakhstan's fourth largest source of foreign direct investment (FDI), after the Netherlands, the United States, and Switzerland. Total gross inflow of FDI from China, excluding Hong Kong, was USD 18.9 billion between 2005 and 2019, roughly 6 percent of total investment in the time.[2] The bulk of Chinese FDI goes into joint ventures in extraction, especially oil and gas and other minerals. Other destinations include manufacturing, communications, and service industries.

Kazakhstan's debt to China was 5.9 percent of its total external debt in April 2021, or USD 9.7 billion, which included government-guaranteed debt of USD 1.39 billion, according to official data.[3] Kazakhstan ranks as China's fifth-largest recipient of grants and loans, having received USD 39.01 billion from official Chinese institutions from 2000 to 2017. It is among the 10 countries whose hidden debt to China (or loans issued to state-owned enterprises with implicit host government repayment guarantees) amounts to more than 10 percent of GDP.[4]

In the security sphere, Kazakhstan is one of the original members of the Shanghai Five grouping (which became the Shanghai Cooperation Organization, or SCO), set up in 1996 in the aftermath of the disintegration of the Soviet Union to settle territorial disputes between Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and China. The SCO countries have held joint military training, fostered academic exchanges and cooperated against the three evils of "terrorism, separatism and extremism." China is particularly concerned about those three threats in relation to Afghanistan and its own Xinjiang Uyghur Autonomous Region. China's only military base in Central Asia is in Tajikistan, which borders both Afghanistan and China.

Kazakhstan's government has a vested interest in Afghanistan's stability, given its proximity and the potential for radical groups to influence Kazakhstan's own, predominantly Muslim population. The Kazakh public takes a close interest in China's persecution of the Muslim Uyghurs and Kazakhs in Xinjiang. Hence, the Kazakh government must juggle between keeping close relations with China and responding to popular demand for action to protect Xinjiang's Kazakh minority. The government has cracked down on activists and protesters seeking information about missing relatives in Xinjiang, but also sent diplomatic notes of protest to Beijing.[5]

China's military did not get involved in pacifying protests in Kazakhstan in early 2022, despite Beijing's concern for stability in Central Asia. Military involvement was coordinated under the Russian-led Collective Security Treaty Organization (CSTO), not the China-led SCO. Beijing embraced the official Kazakh narrative that the protests were a color revolution instigated by external forces and promised its support to overcome the difficulties.[6]

GEOPOLITICS: KAZAKHSTAN CHERISHES ITS "MULTI-VECTOR" FOREIGN POLICY DOCTRINE

Kazakhstan has followed a multi-vector foreign policy since its independence from the Soviet Union in 1991, triangulating between Russia, China and the United States. After the January 2022 protests, President Kassym-Jomart Tokayev said Kazakhstan would remain open to multifaceted cooperation with the international community.[7]

Kazakhstan's foreign policy triangulates between Russia, China and the US

On the economic front, Kazakhstan is finding it harder to maintain its foreign policy balancing act between Chinese or Russian influences to fend off US pressures. Chevron and other US companies remain leading oil producers in Kazakhstan, accounting for 30 percent of total oil extracted in 2019. This compares with 17 percent pumped by China's CNPC, Sinopec, and CITIC, and 3 percent for Russia's Lukoil.[8] The US has attempted to engage with Kazakh financial sector initiatives via a USD 1 billion project from its International Development Finance Corporation to implement joint investment projects through the Astana International Financial Center platform,[9] and through Washington's response to China's BRI – the Blue Dot Network.[10] Although these are meaningful initiatives, US-Kazakhstan trade turnover of USD 2.3 billion in 2020 is tiny compared to USD 18.19 billion of trade with China. Nor can the relationships be seen as comparable, given the scale of Chinese investment, financing, and infrastructure support.

Kazakhstan's triangulation strategy can clearly be seen in military co-operation. Russia is its primary military partner[11] but Kazakhstan has hosted the annual 'Steppe Eagle' military exercise with NATO since 2006. It was last held in 2019, before the COVID-19 pandemic.[12] From 1991-2020, the US and China each supplied a minor and roughly equal share of Kazakhstan's total arms imports; 1.3 percent from the US, against 1.1. percent from China.[13] The informal and low-grade nature of the US-Kazakhstan security relationship allows Kazakhstan to maintain its multi-vector foreign policy and not upset Russia.[14] China's role has been mainly economic, though Afghanistan's instability has increased China's interest in adopting a regional security role.

For the United States, as for China, the two most prominent security issues in the bilateral relationship are Afghanistan and Xinjiang. Both the United States and China are concerned that radical Islamic terrorism in Afghanistan could become a source of regional instability. After the US withdrew its troops in 2021, Afghanistan's political settlement and stabilization became an interest for China and Russia, just as much as for Central Asian states, and Washington. Xinjiang, on the other hand, is a source of US-China tension and political confrontation. During his official visit to Kazakhstan in February 2020, then US Secretary of State Pompeo urged Kazakhstan to join in pressing China to end its repression of Muslim minorities in Xinjiang.[15] However, he failed to persuade Kazakh officials to take a harder line that would have disrupted Kazakhstan's balancing act.

PERCEPTIONS: CHINA IS MORE POPULAR WITH ELITES THAN WITH THE PUBLIC

Elites exhibit a cautious pro-China approach, while the wider public is divided

The axiom "warm politics, cold public" could have been coined to describe the Sino-Kazakh relationship. The political establishment and the business elites exhibit a cautious pro-China approach, while the wider public is divided. Public opinion readily equates China with Chinese migrants who are often perceived in a negative light.[16] Despite the growing number of anti-China protests,[17] the Kazakh and Chinese governments enjoy stable high-level relations, underpinned by a 2019 bilateral agreement on a permanent comprehensive strategic partnership. Kazakhstan's authoritarian nature makes it hard for public concerns to directly impact policy making, though widespread public outcry has sometimes produced policy shifts, as happened with the suspension of land reforms in 2016.

Both expert groups and the public have expressed concern about China's increasing presence in Kazakhstan. The expert survey "Central Asia Forecasting 2021" found that China's regional role was expected to grow, leading Beijing to challenge Moscow's position as the preferred partner of all five states. This was not necessarily a welcome trend; fears included the likely adoption of China-style surveillance technologies and other authoritarian practices.[18] Popular views recorded by the Central Asian Barometer also revealed concern; only 7 percent of Kazakh respondents "strongly supported" Chinese energy and infrastructure projects and more than 70 percent were very concerned at the prospect of Chinese land purchases.[19]

Anti-China protests spread across several cities in 2019 on the eve of President Tokayev's first official visit to China. Demonstrators protested against the rumored relocation of 55 Chinese factories[20] to Kazakhstan. They cited fears about pollution, and rising debt, while also objecting to the mistreatment of Uyghurs and Kazakhs in Xinjiang.[21] A preliminary list of the factory projects had been drafted in 2016, but was only publicly disclosed in 2019 after the protests.[22]

Transboundary water management and land ownership issues also worry the Kazakh population. Two key rivers, the Ili and Irtysh, remain contested, with negotiations on water management and use underway since 1999. Additionally, the growing Chinese presence has seen widespread fears of land takeovers gaining momentum over the past decade. In April-May 2016, people in several cities successfully protested draft amendments to the Land Law that would have permitted foreigners to rent agricultural land for 25 years instead of 10 years. Concerns focused on Chinese citizens, many of whom already work on rented agricultural lands in Central Asia.[23] The land reforms were eventually suspended.

The Kazakh public has few ways to influence official policy: Kazakhstan is classed as a consolidated authoritarian regime by Freedom House.[24] However, the land protests of 2016 and anti-China protests of 2019 succeeded: land reform was suspended and the "55 projects" list became publicly available. Public opinion cannot be completely disregarded in Kazakhstan's relations with China.

OUTLOOK: ECONOMIC DIVERSIFICATION IS MORE URGENT THAN EVER

President Tokayev promised Kazakhstan's major policy paradigms would remain unchanged when he won the June 2019 presidential election, ending the 30-year presidency of Nursultan Nazarbayev. He has continued to follow the 'multi-vector' foreign policy that balances pressures from Russia, China and the United States, along with "controlled democratization" and social reforms.[25] However, President Tokayev may have over-indebted himself to Russia in January 2022 – and unbalanced Nazarbayev's carefully-calibrated independent foreign policy – when he asked the Russian-led CSTO to help suppress violent riots in Almaty, the biggest city and commercial metropolis.[26]

Russia's war in Ukraine has swung Kazakhstan away from Russia and towards China

For now, however, Russia's war in Ukraine has swung Kazakhstan away from Russia and towards China. International sanctions against Russia have worsened Kazakhstan's economic woes, coming so soon after the January 2022 protests hurt the investment climate. As Kazakhstan seeks to diversify away from Russia, it is likely that China will play a bigger role, given its proximity, sizeable market and alternative financial institutions. Other factors pushing Kazakhstan towards China are the fear of sanctions affecting Kazakh oil in Russian pipelines and risk of secondary sanctions. Yet, China's Covid-19 management strategy of continuous lockdowns has slowed trade and business travel this year. More broadly, the government will need to weigh whether greater economic dependence on China's jeopardizes its balanced foreign policy.

The top economic policy in need of revision under current circumstances is the trade diversification strategy and structural transformation of the energy sector. Kazakhstan gets almost 45 percent of its government budget from oil and gas revenues[27] – it was the world's ninth-largest exporter of crude oil and 12th for natural gas in 2018, according to International Energy Agency (IEA) data.[28] Shifting patterns of global energy consumption mean Kazakhstan needs to channel more investment into oil and gas processing and value-added technologies to diversify its products; yet it must simultaneously plan for a low-carbon future and develop alternative energy sources.

In security policy, Russia's unpredictability, and the rise of anti-colonial sentiments in Central Asia, could lead to a push for an alternative Central Asian security system. The Kazakh government's heightened sensitivity to public opinion after the January protests could also play into this. Here, Kazakhstan's multilateralism could form the basis of a new regional system, with countries drifting away from Russia to engage more with China, Turkey, the West, and the Arab world. However, rising tensions between China and the West may also hinder Kazakhstan's ability to continue to maneuver between opposing interests.

Kazakhstan's reaction to Russia's invasion of Ukraine: Russia's war in Ukraine puts pressure on Kazakhstan's three-way foreign policy

US-China geopolitical competition is less significant for Kazakhstan than Russia's invasion of Ukraine and rising fears among the Kazakh population about the potential for Russian aggression against them. Such fears focus on northern Kazakhstan, which has a large Russian minority.[29] Like China, Kazakhstan has avoided directly criticizing Putin's war against Ukraine. However, the government did not recognize the Russian-occupied parts of Donbas as independent, citing international law, and ruled out sending its CSTO troops to Ukraine.[30]

Being a member of the Russian-led Eurasian Economic Union (EAEU), Kazakhstan has felt ripple effects from sanctions; these include higher inflation rates, currency devaluation and slackening Russian trade and investment.[31] Negative impacts on the oil-dependent economy and its Russia-bound energy trade routes highlight the need for diversification in the energy sector and wider economy. Kazakhstan may lean even more towards China for investment and equipment supplies to counter the risk of reliance on sanctioned Russian entities. Russia's war is also likely to accelerate efforts to diversify Kazakhstan's imports and exports via Caspian Sea routes and away from Russia to mitigate the effects of sanctions.

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KENYA

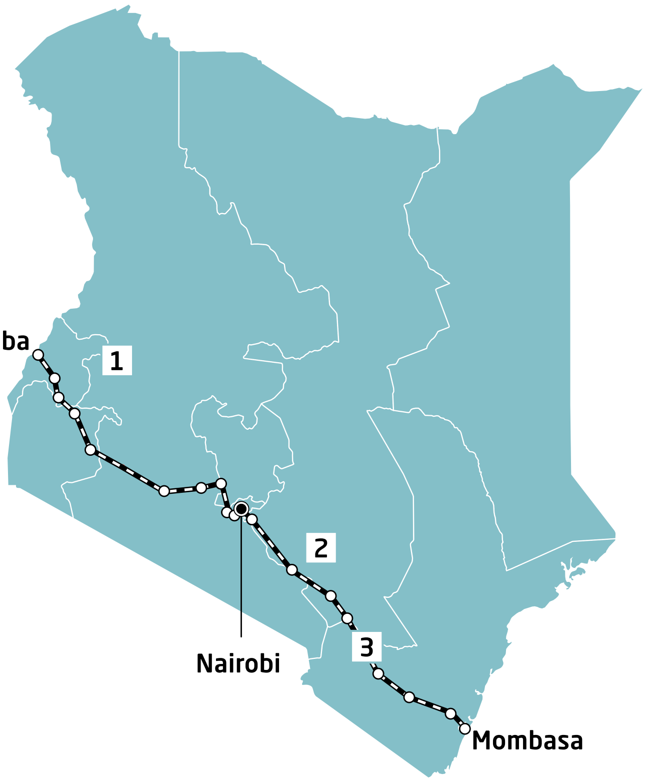
China- Kenya relations: Economic benefits set against regional risks

Oscar M. Otele

KENYA

Country factsheet

MAIN CHINA-BACKED INFRASTRUCTURE PROJECTS AND HOLDINGS



1 Eldoret Special Economic Zone (industrial park), *Eldoret*

2 Thwake Multipurpose Dam, *Ngosini East*

3 Mombasa-Malaba Standard Gauge Railway, *train line from Mombasa to Malaba via Nairobi*

FORMAL LEVEL OF PARTNERSHIP (WITH CHINA ONLY)

No partnership

NUMBER OF HIGH-LEVEL VISITS (2017-2022)

China	US
8	8

CHINESE FDI (2013-2021)

USD **840 million**

BILATERAL TRADE (2020)

China

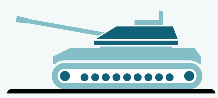
USD **5.01 billion**

US

USD **908 million**

ARMS TRADE (IMPORTS AND EXPORTS, 2013-2021)

China	US
USD 27 million	USD 48 million



Sources: MERICS, China's Ministry of Foreign Affairs, Comtrade, SIPRI, AEI China Global Investment Tracker

KENYA

China-Kenya relations: Economic benefits set against regional risks

Oscar M. Otele

China and Kenya have a relationship of enhanced economic cooperation, though the trade balance heavily favors China and concerns over debt sustainability have grown with Chinese lending. Closer economic ties have paved the way for more security cooperation. However, the resulting geopolitical rivalry risks exacerbating political fragmentation in East Africa and the Horn of Africa as countries align themselves with either the West or China. Amid these pressures, it remains to be seen how effectively Kenya can triangulate between China and the West. How will Nairobi manage to forge mutually beneficial relations with the West and yet sustain constructive engagement with China?

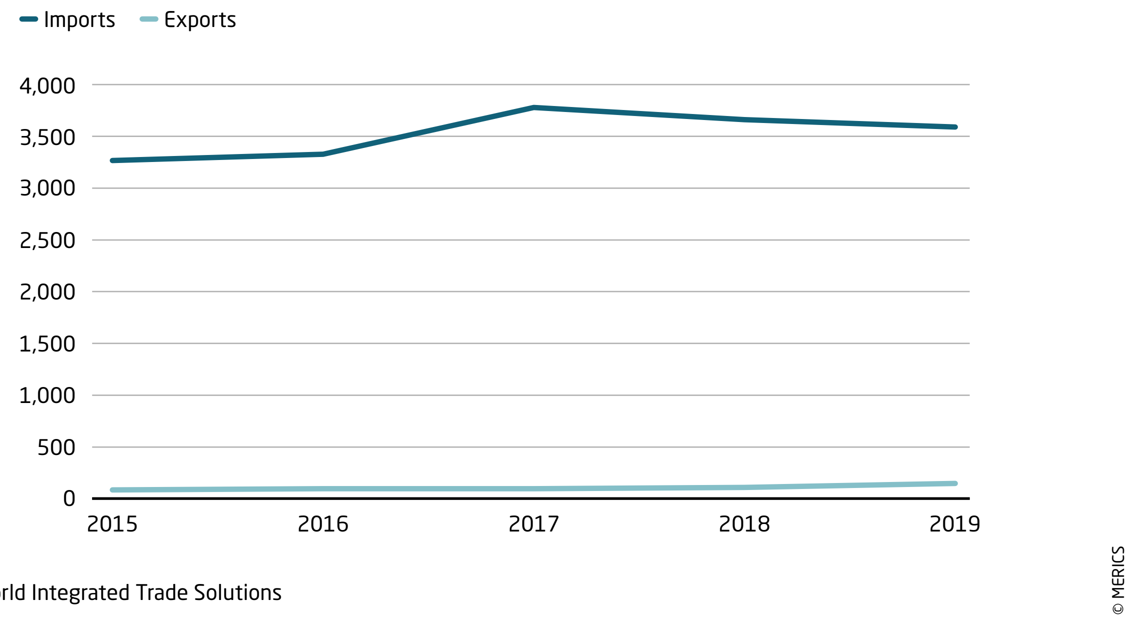
STATUS-QUO: ECONOMIC TIES OPEN THE DOOR TO MORE SECURITY COOPERATION

Since 2015, bilateral trade between China and Kenya has been on the rise (see Exhibit 1). From 2015 to 2019, the total trade value between the two countries was USD 18.20 billion.[1] Of this, Kenya's imports from China made up 97 percent, while Kenya's exports to China were a mere 3 percent, thus the trade balance skews heavily in China's favor. Imports rose due to Kenya's engagement with China's Belt Road and Initiative (BRI), especially from the start of the Standard Gauge Railway (SGR) project in December 2014.[2] The incorporation of the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) Corridor project into the BRI

Exhibit 1

Kenya's trade imbalance with China

Large gap between import and export volume, in USD billion



Source: World Integrated Trade Solutions also had a significant impact. The slight increase in Kenyan exports during the same period suggests Kenyan exporters may have discovered some sustainable opportunities in China's market. The growing trade deficit is underpinned by the fact that China's leading exports to Kenya are electrical equipment and machinery, predominantly used in the construction sector, while Kenya's leading exports to China consist of mineral ore slag, soda ash and some agricultural products. The imbalance has prompted concern among policy makers about the need to review China-Kenya trade policy.

Meanwhile, since 2005, the Kenyan Investment Authority (KenInvest) has registered and facilitated 313 Chinese investment projects with a total value of USD 1.55 billion (see Exhibit 2).[3] This far outstrips US investments in Kenya, which stood at USD 353 million in 2019.[4] Kenya's experience is consistent with the general pattern of declining US investment flows into Africa since 2010.[5] Chinese investments in Kenya increased significantly when the SGR kicked off in 2014, as the rail project generated new investment opportunities in the construction and manufacturing sub-sectors. Chinese firms have also helped Kenya reduce dependence on imported commodities, especially in high tech fields like cloud computing.[6]

Exhibit 2

Sectoral distribution of Chinese investments

SECTOR	NO. OF PROJECTS	CAPITAL COST (IN KSH MILLION)	NUMBER OF KENYANS EMPLOYED
Tourism	27	30.41	1,752
Trade	70	12,636.92	1,862
Services	33	3,624.48	4,871
Manufacturing	118	46,606.44	11,557
Agriculture	5	613.8	281
Construction	36	86,116.8	5,718
Finance	1	1.00	8
Real Estate	1	0.1	6
Education	1	0.144	50
Health	4	0.4502	58
Telecommunications	3	12.072	1,329
ICT	7	11.71	104
Transport	3	2.58	67
Energy	4	0.9841	31

Source: Kenya Investment Authority

Rising trade and investment was reflected in the growth of Chinese loans during the same period. By the end of 2021, China was the leading bilateral creditor to Kenya, representing about 67 percent of its external debt, followed by Japan with 14 percent and France at 7 percent.[7] As a significant proportion of Chinese loans are commercial, politicians have raised concerns about the potential impacts of fluctuating interest rates and long repayment periods.[8]

Amid deepening economic ties, China's conceptualization of its national security interests has widened. In the 2000s, China sought to secure its maritime safety from pirates along the major sea lanes connecting East Africa to Chinese ports.[9] China's presence in the construction of mega infrastructure projects in Kenya has also generated security concerns arising from local frustrations over lack of job opportunities for Kenyans. Friction could have been avoided at the negotiation stage if Kenyans had insisted on legally binding agreements on local content.

The construction of the SGR saw several security problems, including attacks from locals and terrorist threats.[10] To protect its assets during construction, China set up security services and trained an elite Kenyan police division.[11] In addition, China Bridge and Road Corporation (CBRC) procured the services of private security company DeWe, which developed a "comprehensive security plan" for the SGR infrastructure project involving security personnel, security technology and coordination. CBRC also entered into a partnership with the Kenyan Police Service for the services of 1,500 armed police officers. The presence of Chinese private security companies has increased Kenyan citizens' perception of insecurity and reduced trust in the police's ability to maintain law and order. The Afrobarometer[12] survey in the month of November 2021 found Kenyans ranked crime and security as the sixth most important problem, with citizens reporting 34 percent trust in police,[13] down from 38 percent in 2021.

During the January 2022 visit of China's Foreign Minister Wang Yi, peace and security topics were discussed, in recognition of Kenya's position on the United Nation Security Council (UNSC)[14] – a seat that China may leverage to influence Kenya's position on UNSC matters in future. China's growing interest in Kenya's security sector has stirred a Western reaction; the United States has claimed China is planning to set up a military base in Kenya similar to the one in Djibouti.[15] US anxieties are understandable as it has traditionally played a greater role in Kenya's national security than China, especially in supplying military equipment and the fight against terrorism.

China's growing interest in Kenya's security sector has stirred a US reaction

GEOPOLITICS: KENYA PLAYS OFF CHINA AND THE WEST FOR DEVELOPMENT GOALS

China's growing economic power and heightened engagement in Africa enhances the geostrategic importance of anchor states like Kenya. In the early 2000s, Kenya's foreign assistance came mainly from the West and stood at approximately USD 750 million.[16] China's presence meant Kenya could diversify its external sources of development assistance, so that by late 2018, Chinese loans in Kenya stood at USD 4.75 billion.[17] Kenyan policy-makers tend to perceive Chinese development assistance as free from onerous conditions and therefore favor it as a counterweight to Western aid, which is often pegged to good governance.

Kenya has gained diplomatic space to manoeuvre in its engagement with the West by wrapping infrastructure mega-projects into the BRI, and thereby being loosely associated with China's global geopolitical ambitions. Beijing's readiness to enhance Kenya's position as East Africa's main gateway is perceived in Kenya as a Chinese strategy to counter Western influence. However, Kenya maintains a supple position on whether it favors the West or the East, which depends on the context.[18] When US President Barack Obama visited in 2015, President Kenyatta stressed Kenya's openness to constructive engagement with all countries.[19] During his second state visit to China in September 2018, President Kenyatta affirmed his country's commitment to an "interconnected world [through the BRI]."[20] Although Foreign Minister Wang's visit to Kenya was part of China's annual diplomatic visits to Africa, it came barely six weeks after a visit from US Secretary of State Antony Blinken. Whereas Blinken was hosted in Nairobi, Wang flew directly to the coastal city of Mombasa where he inspected an oil terminal funded by China's Exim Bank at a cost of USD 400 million.

Kenya maintains a supple position on whether it favors the West or the East

Although Kenya wants to engage with both sides, it is increasingly likely to find itself aligning with China, given the attractions of economic cooperation with no strings attached. However, this strategy appears strained. At the start of Russia's invasion of Ukraine, Kenya voted for the resolution calling on Russia to withdraw its troops from Ukraine. However, as the situation unfolds Kenya may reevaluate its position, opting to maintain a strategic equal distance between the axis represented by NATO and democracies and the Russia-China authoritarian axis.

PERCEPTIONS: MIXED VIEWS ON CHINA'S GROWING PRESENCE

The Afrobarometer survey asked respondents whether they thought China, the United States or Japan had positive or negative economic and political influences on Kenya. Among Kenyan respondents, 54 percent felt China was a positive economic and political influence; favorable views of the United States were only slightly higher at 57 percent, while Japan received positive responses from 39 percent.[21]

However, views varied within different sections of Kenyan society. For instance, among Kenyan businesspeople, perceptions are informed by whether they gain or lose from China's presence. Small traders in Nairobi complained that Chinese traders are squeezing them out of business: "They usually come to our shops disguised as customers and ask for our prices, only to go back to their country and bring to the market the same products at a much lower price."[22] On the other hand, Kenyan political elites were generally positive about China's engagement. One leader observed that, "Beijing acted nicely and generously to really promote its long-term strategic and political objectives in Africa." As in other African countries, the lack of socio-political conditions on loans and China's general indifference toward Kenya's domestic politics were welcomed by Kenyan elites who compared China's stance favorably with the conditions put on Western support. However, Kenya's foreign policy toward China may be impacted by the erosion of optimism about increased cooperation, particularly in relation to the trade deficit, which could have implications for the BRI's future there.

OUTLOOK: UNSUSTAINABLE TRENDS IN NEED OF REVISION

Concerns over the trade deficit provided the impetus for a review of trade relations. In 2018, the two countries began talks on a sanitary and phytosanitary protocol to expand market access for Kenyan products in China. Kenya is pushing for a review of tariffs levied on cut-flowers and vegetable exports. During Wang's visit, Kenya and China signed a memorandum of understanding (MOU) and set up a working group to look into tariff and non-tariff barriers to Kenya-China trade. The declared aim was "to fast-track and increase exports from Kenya and China." They also signed two protocols to facilitate trade, particularly exports of Kenyan avocados and aquatic products.[23] Although Kenya's economy has remained resilient during the pandemic, its growing debt problems may predispose the country to default on Chinese loans in the near future.[24] On the security front, geopolitical rivalry is likely to exacerbate regional political fragmentation, as countries align themselves with either the West or China. It remains to be seen how Kenya will manage the inevitable pressures of balancing between its Western and Chinese partners.

Kenya's reaction to Russia's invasion of Ukraine: From outright opposition to quiet strategic balancing act

Unlike some African countries that have remained relatively quiet about Russian action in Ukraine, Kenya openly opposed the invasion from the outset, as it violated Ukraine's sovereignty and territorial integrity. As a non-permanent member of the UN Security Council, Kenya voted for the resolution calling on Russia to stop the invasion and remove its troops from Ukraine.

However, as the situation unfolds Kenya may carefully evaluate its position. Kenya may prefer a quiet strategic balancing act, keeping equal distance between the NATO/democracies and Russia-China authoritarian axis. Kenya's dependency and marginalization in the international system would imply that it balances its options carefully.

If the situation escalates, the West may channel its resources towards NATO's military defense, implying less attention and resources for African states. On the other hand, Russia may turn to China for assistance, though China may not become directly involved in the war due to its policy stance of non- interference. China may leverage its economic power to pull Kenya and others to its side. However, China's economic engagement with Kenya may become limited if its manufacturing capacity is disrupted by the lack of raw materials like oil and gas from Russia.

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NIGERIA

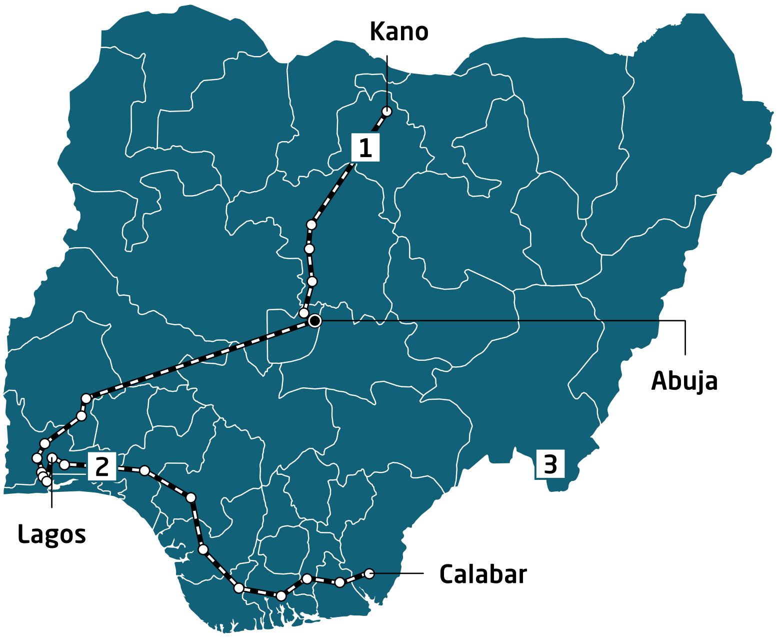
Nigeria sees China as a steady partner and its largest lender

Abdul-Gafar Tobi Oshodi

NIGERIA

Country factsheet

MAIN CHINA-BACKED INFRASTRUCTURE PROJECTS AND HOLDINGS



1 Lagos-Kano Standard Gauge Railway, *train line from Lagos to Kano*

2 Lagos-Calabar Railway Line Project, *train line from Lagos to Calabar*

3 Mambilla hydroelectric power plant, *Kakara Village, Taraba State*

FORMAL LEVEL OF PARTNERSHIP (WITH CHINA ONLY)

Strategic Partnership (战略伙伴关系)

NUMBER OF HIGH-LEVEL VISITS (2017-2022)

China	US
6	5

CHINESE FDI (2013-2021)

USD 7.5 billion

BILATERAL TRADE (2020)

China

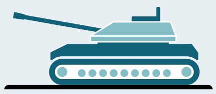
USD 19.94 billion

US

USD 6.18 billion

ARMS TRADE (IMPORTS AND EXPORTS, 2013-2021)

China	US
USD 257 million	USD 100 million



Sources: MERICS, China's Ministry of Foreign Affairs, Comtrade, SIPRI, AEI China Global Investment Tracker

NIGERIA

Nigeria sees China as a steady partner and its largest lender

Abdul-Gafar Tobi Oshodi

Nigeria has the largest population and biggest economy in Africa, yet, it is confronted with serious challenges.[1] About 80 million of Nigeria's 200+ million people live in poverty. There is insufficient infrastructure, weak and ineffective institutions, transparency and governance issues, and an oil-dependent rent-seeking economy. Meanwhile, insurgency in the northeast is now being compounded by separatist Indigenous People of Biafra (IPOB) attacks in the southeast.[2] Within that context, Nigeria-China relations are dominated by economic considerations. China is a major investor and an alternative to other sources of development finance like the International Monetary Fund (IMF), World Bank and other bilateral lenders; it has become Nigeria's largest bilateral lender.

STATUS QUO: ECONOMIC RELATIONS ARE AT THE CORE

China is one of Nigeria's top trading partners. According to the World Bank, Nigeria-China trade in products increased from about USD 1.2 billion in 2003 to USD 13.7 billion in 2019. Nigeria's trade with the United States in the same period declined from USD 11.5 billion to USD 7.5 billion. Within the same period, Chinese investment in Nigeria increased from USD 24.4 million to 123.27 million. Nigeria became one of the top five Chinese investment destinations in Africa – after Kenya, The Democratic Republic of Congo, South Africa, and Ethiopia in 2020.[3]

China is fundamental to Nigeria's development finance

Beyond trade and investment, China is financing large projects and its companies are contracted to deliver their construction – including railways, road projects and the rehabilitation of Nigeria's main four airports in Abuja, Lagos, Kano and Port Harcourt. All this makes China fundamental to Nigeria's development finance. In addition to these projects, China has sold millions of USD worth of tanks and artillery to the Nigerian military.[4]

China's rising influence in Nigeria, nonetheless, raises three main concerns worth stressing:

The first revolves around the opacity of China's loans and infrastructure contracts, something that can encourage corruption and other illiberal activities. This opacity led Nigeria's House of Representatives (i.e., the Lower House of the National Assembly) in May 2020 to decide unanimously to probe Chinese loans.[5] They voted for the probe despite a plea from the Minister of Transportation, Rotimi Amaechi, that the inquiry might frustrate future Chinese loans.[6] However, by late June 2021, there were media reports that the House probe was not proceeding.[7]

China's response to the House's probe was to emphasize that loans to Nigeria were mutually beneficial.[8] Some months later, in February 2022, a two-man Chinese delegation, Wu Baocai and Li Ineijian, visited the national secretariat of the main opposition party, PDP, whose members in the House had moved and supported the motion for the probe, at its headquarters.[9] Less than a month later, Wu led another Chinese delegation to the

Inter-Party Advisory Council (IPAC), an umbrella body for all the registered political parties in Nigeria. These visits appear to have been successful as positive statements about China's activities in the country were made by Iyorchia Ayu, the chairperson of the PDP, and by his IPAC counterpart, Yabagi Sani.[10] By showing willingness to reach out to the main opposition party, the Chinese initiative may have laid a useful foundation if the 2023 general election brings a change of government.

Second, there are concerns that imports of Chinese products, especially textiles, are contributing to the demise of local industries. There have been protests amid reports linking Chinese textiles to the unemployment of thousands of Nigerians in the textile industry.

The third concern centers on Nigeria's growing dependence on China. There have been situations where Nigeria has had to jostle to find alternative sources of finance when China – or Chinese banks – declined to fund projects they had initially committed to. Recently, the China Exim Bank declined to proceed with the funding of projects. The Nigerian government was forced to approach Standard Chartered to bridge the gap after China Exim Bank disbursed only USD 1.3 billion of an estimated total loan of USD 8.3 billion for the Lagos-Kano railway – a major infrastructure project to link Nigeria's former capital and commercial center to its largest northern city.[11]

GEOPOLITICS, CHINA, AND THE UNITED STATES: NIGERIA SEARCHES FOR THE BEST PRAGMATIC DEALS

Like China, the United States occupies an important position in Nigeria's economic, political and security relations. So far, US-China rivalry has had only a minimal impact on Nigeria. However, there could be a drastic impact if the rivalry persists and deepens. For instance, Nigeria's telecommunications industry is increasingly dominated by Chinese technology firms led by Huawei, a multinational equipment and service provider with credit lines from state-owned Chinese banks.[12]

Thus, if the so-called 'splinternet' emerges – with Chinese and US technologies supporting different digital and internet ecosystems – it could have a disruptive impact and could force Nigeria(ns) to take sides. Not only have Chinese companies (e.g., Huawei and ZTE) dominated the telecommunications market by supplying the main service providers like MTN but also, like many African countries, Chinese-made smart phones have become popular in Nigeria.[13] Meanwhile, the enormity of the internet split could have unintended implications and disruptions for the emerging fintechs in the West African country. It is important to mention that of the five fintech unicorns (i.e., start-ups worth over USD 1 billion) in Africa, three – "Interswitch, Flutterwave and Paystack – are Nigerian companies".[14]

Thus far, Nigerian governments have managed their relationships with the US and China in a strongly pragmatic way. As Foreign Minister Geoffrey Onyeama put it during US Secretary of State Antony Blinken's 2021 Africa trip, "It's not a question of one country or the other per se; it's really a question of the best deal that we can strike."[15]

Nigeria has managed relations with the US and China strongly pragmatic

Nigeria had a democratic transition of power in 2015, after the ruling Peoples Democratic Party (PDP) lost to the All Progressive Congress (APC). The next general election is due in early 2023 and will take place at a critical moment in the country's history because, aside from the many security challenges, the country is confronted with socio-economic challenges. For instance, the outbreak of Covid-19 compounds the afore-mentioned pre-

Covid poverty situation. Public universities have been on strike and their students have been at home for months. Given the level of frustration with the current government, there is a real chance for the opposition to return to power – although the current President, Muhammadu Buhari, will not be on the ballot. Instead, a former Governor of Lagos, Bola Ahmed Tinubu of the APC will be contesting against PDP's Atiku Abubakar, a former Vice President, for the top job.

Although its relationship with China is important and strong, Nigeria's political system and political affinities are more in tune with that of the US and Western Europe. Local media, civil society and successive governments offer a space where US and EU interests have operated without Chinese interference.

PERCEPTIONS: CHINA IS SEEN AS A PARTNER DESPITE UPS AND DOWNS

Public perceptions of China in Nigeria are generally positive

Public perceptions of China in Nigeria are generally positive.[16] Afrobarometer polls in 2020 reported that 62 percent of Nigerians viewed China as a positive influence on their country – the same percentage as rated the United States positively.[17] The trend continued in 2021, when 63 percent of Nigerians considered China's political and economic influence as positive and gave the United States the same 63 percent score.[18] At the elite level, China is considered a partner and seen as an alternative to traditional sources of development finance.

Top level political office holders in Nigeria and China have periodically exchanged visits. For instance, President Jiang Zemin and President Hu Jintao visited Nigeria in 2002 and 2006, respectively, after President Olusegun Obasanjo visited China in 1999 and 2005. President Umaru Yar' Adua (in 2008), President Goodluck Jonathan (in 2013), and the sitting President, Buhari (in 2016) visited China.[19] In addition to China's Premier Li Keqiang's visit to Nigeria in 2014, Chinese foreign ministers like Yang Jiechi (in 2010, and as President Xi Jinping's special envoy in 2019), and Wang Yi (in 2017 and 2021) have visited Nigeria.

Anti-Chinese sentiment has occasionally flared up after, triggered by the maltreatment of Nigerians in Guangzhou in 2020 during the Covid-19 pandemic or the periodic maltreatment of locals by some Chinese companies in Nigeria.[20] But these episodes have gradually faded, and the usual friendly relations returned. Of the 34 African countries, Nigerian ranked seventh highest in rating the Chinese development model best for their country in the 2019/2021 Afrobarometer survey. It was favored by 29 percent of respondents, though 36 percent favored the US model.[21]

However, there are controversial issues amid these broadly positive views of China. The decimation of the local textile industry is a focus of anti-China feelings, although government policies on textiles and other local factors have contributed to that industry's decline as well. Thousands have protested against Chinese textile imports.[22]

The Nigeria-China relationship has gone through occasional sharp swings and instabilities over economic matters. When the government of President Olusegun Obasanjo initiated the short-lived oil-for-infrastructure policy with China in 2006, seeking to pay for Chinese infrastructure with oil, it was cancelled after only a few months by his hand-picked successor who was also from the PDP. Another example of instability in the economic relationship was China Exim Bank's reluctance to proceed with funding the Lagos-Kano railway project.[23] Although Nigeria's ruling elites generally consider China a reliable alternative source of development finance, this perception, too, is susceptible to oscillations.

OUTLOOK: A CAUTIOUS CHINA REMAINS AN ATTRACTIVE ALTERNATIVE

China has become a reliable major player in Nigeria's infrastructure development over the last 20 years. However, the future relationship will need to weather increasing regional instability and push back against Chinese debt. Nigeria's oil-rich economy is rent-seeking and has relied on exports of raw crude for years, though China is not a major market for Nigeria's oil. More seriously, the impending global shift to renewable energy could devastate the economy.

Meanwhile, Nigeria is moving into an election period that will culminate in general elections in early 2023. The elections will likely take place amid escalating regional frictions. There is ongoing conflict in the northeast; simmering tensions in the southeast where there is a secessionist group and a call for an Ibo presidency; and persistent frictions in the southwest, where herdsmen attacks on local communities have generated fresh local nationalism that led to the first region-based security outfit, *Amotekun*, by the southwest governments in 2020 and attacks on a Fulani community in Oyo, a southwest state, by a pro-Yoruba Nation secessionist group led by Sunday "Igboho" Adeyemo in 2021. China appears to be pulling the breaks on some projects.[24] Although this hesitancy could be tied to uncertainty in an election year, the question of Chinese loans to Nigeria becoming unsustainable is an issue.

Questions about Chinese loans affecting Nigeria's sovereignty became a major issue

Chinese development finance has led to a rise in debt. According to the Nigerian Debt Management Office, Chinese loans to Nigeria stood at about 10 percent (USD 3.3 billion) of the total external debt (USD 33.3 billion) at end-December 2020.[25] While this appears manageable in terms of the total external debt portfolio, China is Nigeria's top bilateral lender with 80 percent of the bilateral loans – which includes loans from France (USD 494 million), Germany (USD 184 million), Japan (USD 80 million), and India (USD 37 million). Thus, the narrative of a Chinese debt trap used by Western diplomats may soon find its way into national discourse. In 2020, questions about Chinese loans affecting Nigeria's sovereignty became a major issue in the National Assembly and in the news.[26]

Although China has not become an election issue in Nigeria (as it did in Zambia's 2006 national election), political elites have a tendency to criticize its conduct, especially when in opposition. The most frequent criticisms focus on growing Chinese loans to the government; the lack of transparency in such loan agreements; and the number of Chinese citizens working on China-funded construction projects. A cautious China may therefore be responding to local realities so as to reposition itself for all possible election outcomes.

In conclusion, Nigeria-China trade has increased in the last 20 years but in China's favor. Although the voices of local stakeholders will become louder, the trade imbalance in favor of China will continue – at least until Nigeria's government creates the necessary environment for local manufacturing to reverse the current situation. However, non-state actors like the media and civil society groups will remain critical elements in Nigeria-China relations. They are able to push back at the illiberal influence of Beijing and of Chinese companies where the Nigerian state fails.

The impact of the Russia-Ukraine conflict: Security relations with China could deepen

Nigeria's response to Russia's invasion of Ukraine has mainly been to organize the evacuation of its stranded citizens in Ukraine and support the March 2022 UN resolution condemning the invasion. Nigeria's relations with Russia are cordial (it has been a longstanding alternative source of military support ever since the 1960s Biafra War), the conflict in Ukraine could deepen Nigeria's security relations with China, in the wake of Western sanctions on Russia.

As Nigeria's struggles with escalating banditry and the conflicts with Boko Haram and Islamic State in West Africa Province (ISWAP), its reliance on Chinese military products will increase in the short and medium term. Western reluctance to sell weapons to the Nigerian government will play a role.

Rumors that Russian hackers were targeting Nigerian websites following the invasion increased anti-Russia commentaries online and in the media and could complicate this shift. There is no indication that China's response to the invasion, specifically its reluctance to criticize Russia, will affect Nigeria-China relations.

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SAUDI ARABIA

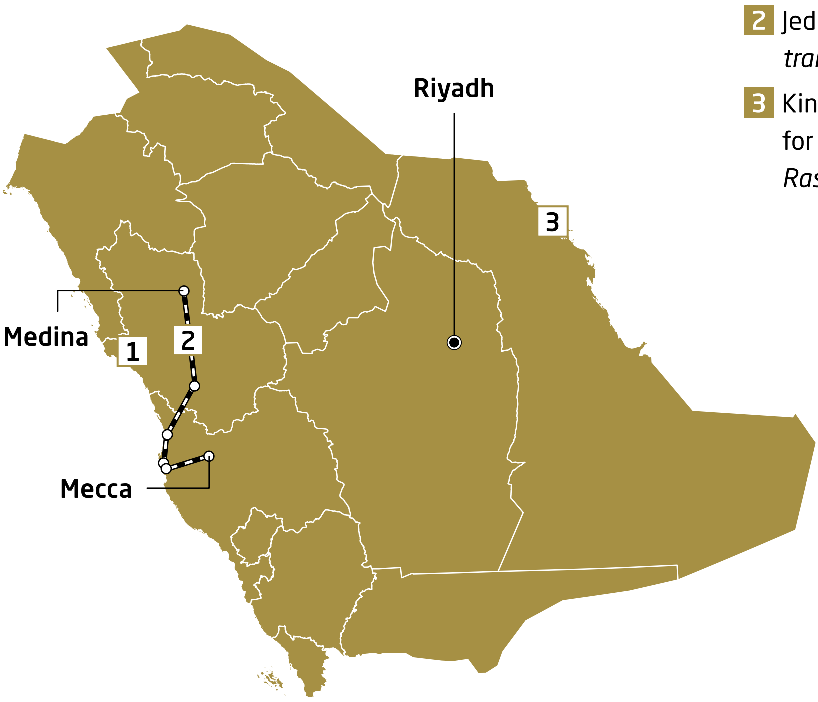
Saudi Arabia’s once marginal relationship with China has grown into a comprehensive strategic partnership

Naser Al-Tamimi

SAUDI ARABIA

Country factsheet

MAIN CHINA-BACKED INFRASTRUCTURE PROJECTS AND HOLDINGS



1 YASREF (Yanbu Aramco Sinopec Refining Company), *Yanbu*

2 Jeddah-Mecca-Medina Railway, *train from Jeddah to Medina, via Mecca*

3 King Salman International Complex for Maritime Industries and Services, *Ras Al Khair*

FORMAL LEVEL OF PARTNERSHIP (WITH CHINA ONLY)

Comprehensive Strategic Partnership (全面战略伙伴关系)

NUMBER OF HIGH-LEVEL VISITS (2017-2022)

China	US
8	22

CHINESE FDI (2013-2021)

USD **2.32 billion**

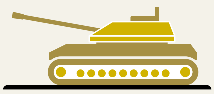
BILATERAL TRADE (2020)

China: USD **65.2 billion**

US: USD **19.76 billion**

ARMS TRADE (IMPORTS AND EXPORTS, 2013-2021)

China	US
USD **245 million**	USD **17.85 billion**



Sources: MERICS, China's Ministry of Foreign Affairs, Comtrade, SIPRI, AEI China Global Investment Tracker

SAUDI ARABIA

Saudi Arabia's once marginal relationship with China has grown into a comprehensive strategic partnership

Naser Al-Tamimi

Saudi Arabia is unlikely now, or in the immediate future, to turn to China as a military replacement for the United States as good relations with Washington remain a key Saudi foreign policy objective. However, Riyadh may begin to seek multiple political-security arrangements over time, should the developing rift with Washington deepen, or the United States pay less attention to the Middle East.

STATUS QUO: COOPERATION IS EXPANDING ACROSS MANY POLICY ISSUES

Over the last thirty years, Sino-Saudi political, economic and military ties have deepened. Saudi Arabia has become China's largest trading partner in the Middle East and North Africa (MENA), and China's top global supplier of crude oil.[1] Conversely, China is Saudi Arabia's biggest trading partner and crude oil customer.

Last year, China took 27 percent of Saudi Arabia's total crude oil exports, lifting its volumes by 3.4 percent to an annual record of 1.75 million barrel per day (mb/d). This happened even as China's overall crude imports fell for the first time in 20 years.[2] China is also the largest trading partner for Saudi Arabia's chemical industry, taking almost a quarter of the Kingdom's exports from this sector.[3]

Their bilateral trade involves huge sums but remains narrowly based; more than 95 percent of China's 2021 imports from the Kingdom consisted of petroleum oils, plastics, and organic chemicals.[4]

Bilateral trade involves huge sums but remains narrowly based

Annual bilateral trade volume was worth USD 87.31 billion at the end of 2021, an almost 209-fold increase from USD 418 million when diplomatic relations were established in 1990, just over thirty years ago.[5]

Saudi Arabia has also been the largest regional recipient of Chinese contracting and investment, which totaled nearly USD 43.5 billion between 2005 and 2021.[6] In turn, Saudi Arabia has invested or is planning to invest about USD 35 billion in China-based projects, with production capacity reaching 7.5 million tons of chemicals, amounting to 45 percent of total overseas production capacity for Saudi producers.[7]

The scope of Sino-Saudi cooperation has expanded in recent years, branching out from the energy trade into investments in infrastructure, communications, high-tech, industry, finance, transport, renewable and nuclear energy, and arms production.

Co-operation has been bolstered by bilateral and regional coordination mechanisms to create synchronicity between China's Belt and Road Initiative (BRI) and the Kingdom's Saudi Vision 2030. The latter is a Saudi development strategy that aims to reduce Saudi Arabia's reliance on oil, promote economic diversification, shrink the public sector's footprint and promote private sector development. These two mechanisms have fostered significant cooperation in many economic and investment areas.

Political ties have also developed steadily as the relationship between Riyadh and Beijing has grown from one of marginal importance into a "comprehensive strategic partnership."[8] Both sides have focused attention on common ground and avoided causes of conflict such as human rights, or any comment on each other's domestic affairs. This framework of delicate diplomatic interaction has so far proven a success.[9]

However, China's improving relations with Iran may cause discomfort among Saudi leaders. Beijing and Tehran recently signed the 25-year China-Iran Cooperation Programme which reportedly enables China to buy energy cheaply in exchange for a commitment to significant investments in Iran's economy. For Riyadh, military cooperation between China and Iran is a major concern. So far, Beijing has taken a cautious approach toward Tehran, despite supporting the Iran nuclear deal. However, it is a certainty that the Saudis will monitor China-Iran relations – especially in the event of sanctions on Iran being lifted – and will be alert to any impacts on Saudi national security.

Sino-Saudi defense ties remain limited in scope, despite greater bilateral economic and diplomatic engagement. Defense ties are confined to joint exercises, counter-terrorism cooperation, sales of some weapon systems, and joint production of armed unmanned aerial vehicles (UAVs).[10] Beijing has limited capacity to compete with Western arms suppliers, while the Saudi military's long-term dependence on US hardware means that Chinese arms will not easily integrate with pre-existing systems. In general, it takes years to complete diversification of weapons sources or any move towards local manufacture.

China has reportedly helped Riyadh to set up a nuclear program

However, China has reportedly helped Riyadh to set up a nuclear program, including a "secret" yellowcake extraction plant, and improve its solid-fuel ballistic launcher capabilities.[11] Although Riyadh "categorically denies" that it has built a uranium ore facility in the area described by a media report, Saudi Arabia's energy ministry Prince Abdulaziz bin Salman confirmed the existence of a contract with China for uranium exploration in certain areas.[12] Prince Abdulaziz also confirmed that his country has plans to develop its uranium resources with a view to supporting its nascent nuclear power program. "We do have a huge amount of uranium resource which we would like to exploit, and we will be doing it in the most transparent way (..) We will be bringing partners and we will be exploiting that resource, and we will be developing all the way to the yellowcake," Saudi Arabia's energy ministry told the Future Minerals Summit in Riyadh in January 2022.[13]

There is also potential for Chinese companies to win more Saudi defense procurement deals over the next decade, particularly as Riyadh may seek to strengthen strategic ties with Beijing and receive technology transfers through offsets, particularly for drones, light weapons, and some types of armor or even missiles.[14] Saudi Arabia was the world's second-largest arms importer in 2017-21 (just behind India) and accounted for 11 percent of all imports of major arms. Nevertheless, Saudi Arabia purchased less than 1 percent of its arms imports from China in that period. The United States was by far the largest arms supplier to Saudi Arabia in 2017-21, supplying 82 percent of the Kingdom's arms imports.[15]

Saudi Arabia's strong US military ties may limit Riyadh's openness to any increased Chinese military presence in the Kingdom – at least in the short term. Riyadh's ability to maneuver US-China tensions is likely to be tested in the months ahead as Washington may well pressure Gulf Cooperation Council states to limit their interactions with China, especially if Beijing faces secondary US sanctions linked to the war in Ukraine.

GEOPOLITICS: SEEKING A BALANCE BETWEEN WASHINGTON AND BEIJING

Although Saudi Arabia seeks economic and diplomatic benefits from a greater Chinese role in the Middle East, Riyadh knows it must balance such long-term benefits against the more immediate imperative not to alienate the United States.[16] Saudi Arabia is also aware that China's sustained economic growth may eventually translate into increased military power, expressed in more assertive strategies in the Middle East and beyond.

However, Saudi leaders do not believe China possesses the necessary capabilities to provide a credible alternative to the US security umbrella in the Gulf or broader Middle East.[17] Nor is China strategically motivated to do so. Riyadh faces complications from any US pressure to limit engagement with China, particularly in military affairs. It needs to find a difficult balance between deepening ties with China, its top economic partner, and appeasing its historic ally, the United States.[18]

Saudi leaders do not believe China can provide a credible alternative to the US security umbrella

To this end, Saudi Arabia is working along parallel routes: strengthening its independent military capabilities and aggressively diversifying economic and military ties with key external players. To offset declining US security support in the near term, Saudi Arabia will increasingly look to strengthen defense ties with European countries, plus China, India, Brazil, South Africa and even Turkey. It will hope these other partners can pump substantial investment into the growing Saudi arms industry. Eventually, the kingdom may also be tempted to deepen its defense ties with China and expand the ballistic missile program it is developing with Beijing's help.

PERCEPTIONS: GROWING SYMPATHY WITH CHINA'S POLITICAL MODEL

Saudi political and business elites increasingly perceive China as a superpower in the making and expect it to remain a top destination for their energy exports for the foreseeable future, making it vital to cultivate strategic relations with the rising power.

- **Diplomacy:** China is a permanent member of the UN Security Council (UNSC), and its political influence will increase over time as its economic and military power grows. Saudi leaders express appreciation for China's growth model, non-intervention policy, and opposition to interference in Saudi Arabia's internal affairs. The country has supported China's positions on Xinjiang and Hong Kong.[19]

- **Economics:** China is the world's second largest economy and could surpass the United States by the end of the 2030s. Saudi Arabia's Public Investment Fund (PIF) has applied for a license that would enable it to make major investments in Chinese companies. This is a new direction for PIF as it has so far focused on US and European overseas holdings. As a Qualified Foreign Institutional Investor (QFII) license-holder, PIF will be able to trade renminbi-denominated stocks directly, instead of through third parties.[20] In the energy sector, China is the world's largest energy consumer and top largest oil importer. According to projections by the International Energy Agency (IEA), China will remain Saudi Arabia's top crude market for the foreseeable future.[21] Although Saudi leaders have pledged to diversify, to develop new sources of non-oil income, the Saudi economy will depend on energy exports for many years to come.[22] New opportunities are emerging from the Saudi Green Initiative program, which promises to facilitate some USD 190 billion-worth of green investment by 2030.[23] As China is the world's leading manufacturer, user, and exporter of green technologies, Saudi projects can bolster China's domination of the green energy supply chain.[24]

- **Military:** China has the world's largest army; it is a nuclear power and has the second-largest military budget after the United States. Many Chinese weapons remain less technologically sophisticated than those of Western military powers. However, China is expected to close the technological gap during the next decade or so.[25]

Beijing's efforts to advance the BRI in the Gulf seem to be broadly welcomed by the Saudi population, though the lack of independent polling makes it challenging to gauge Saudi public opinion. There are no well-established local polling firms and government influence has an inhibiting effect on the sector and the public. A recent poll commissioned by the Washington Institute on key foreign policy issues found that almost 50 percent of Saudis view good ties with China as "important," compared with 37 percent who regard the United States as important.[26] A recent Ipsos survey on the future of the world order reported that 84 percent of Saudi respondents agree China offers a political and economic model for their country to emulate.[27]

Here, it is worth noting that the catastrophic repercussions of the so-called Arab Spring of 2011 have undermined the attractiveness of the Western model of democracy. China's political model, at least as perceived in Saudi Arabia by respondents ranging from the political elite to ordinary citizens, gets points for avoiding political tumult and for its association with stability and economic growth.

OUTLOOK: RIYADH DISTANCES ITSELF FROM SEEMINGLY UNRELIABLE WASHINGTON

Washington's growing reluctance to engage militarily in the Middle East has stoked concerns among Saudi leaders that the United States cannot be counted on for support in the event of a conflict. The rapid US withdrawal from Afghanistan in 2021 provided the starkest example yet of its desire to disentangle itself from lengthy, costly Middle East conflicts.[28]

Saudi leaders are concerned the US can't be counted on in the event of a conflict

It appears that Saudi Arabia is already preparing for the eventuality that the United States may be reluctant to intervene in crises. The Saudi-led intervention in Yemen's civil war since early 2015 reflects this. Riyadh has been acting more independently of the United States in recent years, setting a new norm that is likely to persist.[29]

From the Saudi perspective, Iran is the primary security challenge in the Middle East regardless of whether the United States rejoins the Iran nuclear deal or not. US policies and a renewed Iran nuclear deal are likely to ease regional tensions, but Riyadh fears the consequences. Once pressure on Iran eases, Tehran will be freer to resume an assertive foreign policy over the medium-to-long term and threaten Saudi interests.[30]

Some of these Saudi concerns appear to resonate in Beijing. US intelligence agencies reportedly believe Saudi Arabia is now actively manufacturing its own ballistic missiles with China's help.[31] More broadly, if the Saudi elite lose faith in US willingness to defend their interests, perhaps due to the failure to halt Iran's nuclear program, the Kingdom will be more likely to accelerate its own nuclear programs.[32]

Saudi Arabia and the war in Ukraine: Reaping the benefits of higher oil prices

On March 1, the Saudi cabinet affirmed support for international efforts to achieve de-escalation in Ukraine through dialogue and diplomacy, and to restore security and stability. Saudi Arabia backed the March 2 UN General Assembly resolution condemning Russia's invasion of Ukraine.

Although Saudi Arabia would like to sit on the fence, US efforts to isolate oil-producer Russia over the war in Ukraine have handed Riyadh an opportunity to leverage its oil policy to re-calibrate relations with the United States, and a chance to regain the West's support for its security concerns. Saudi Arabia will also reap the benefits of higher oil prices. However, Saudi Arabia also wants to be seen as reliable guardian of the oil market, for instance by keeping its long-held pledge to stabilize the market and maintain acceptable prices for consumers and producers.

Meanwhile, Riyadh has signaled it wants closer ties with Beijing by inviting China's President Xi Jinping to visit Saudi Arabia this year. The Wall Street Journal also reported that Saudi Arabia was in talks to price some sales of crude to China in yuan.

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TURKEY

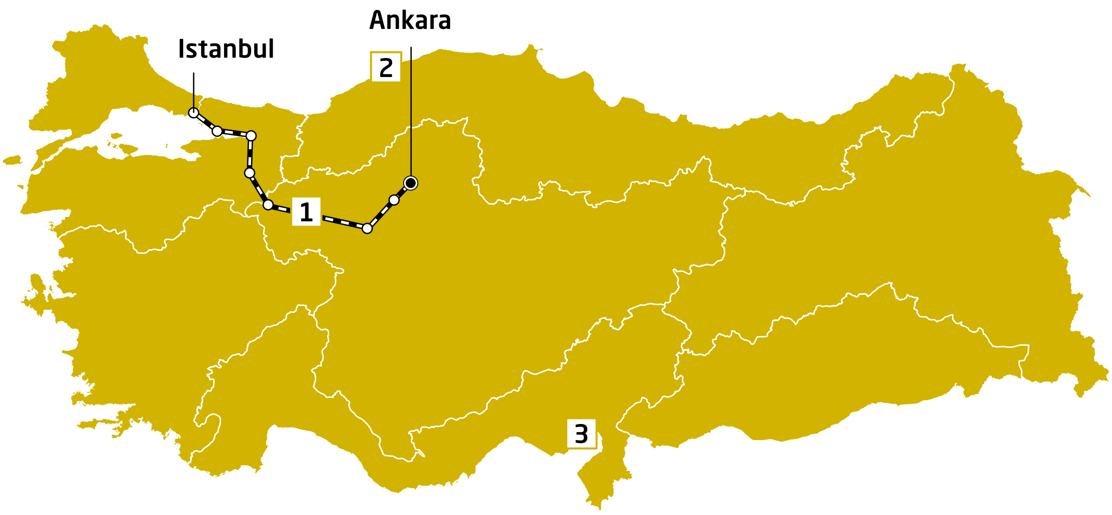
Turkey-China relations: Ankara must balance complications on many fronts

Kadir Temiz

TURKEY

Country factsheet

MAIN CHINA-BACKED INFRASTRUCTURE PROJECTS AND HOLDINGS



1 Ankara-Istanbul High Speed Rail Project,
train line from Ankara to Istanbul

2 Amasra Hattat Power Plant (coal),
Amasra, Bartın Province

3 Emba Hunutlu Power Station (coal),
Sugözü, Yumurtalık District, Adana Province

FORMAL LEVEL OF PARTNERSHIP (WITH CHINA ONLY)

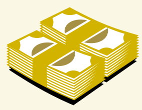
Strategic Partnership (战略合作关系)

NUMBER OF HIGH-LEVEL VISITS (2017-2022)

China	US
5	16

CHINESE FDI (2013-2021)

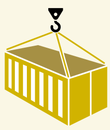
USD **3.5 billion**



BILATERAL TRADE (2020)

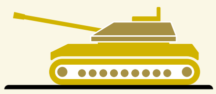
China
USD **25.03 billion**

US
USD **21 billion**



ARMS TRADE (IMPORTS AND EXPORTS, 2013-2021)

China	US
USD -	USD 2.39 billion



Sources: MERICS, China's Ministry of Foreign Affairs, Comtrade, SIPRI, AEI China Global Investment Tracker

TURKEY

Turkey-China relations: Ankara must balance complications on many fronts

Kadir Temiz

Turkish has a serious foreign policy dilemma given current geopolitical developments. On the one hand, Turkey is a NATO member and relies on the Euro-Atlantic security alliance against regional and global security threats. On the other hand, Turkey's political and economic expectations from membership of the West (as represented by NATO membership) have been challenged by Russian and Chinese political and economic influences in the last decade. Turkey's foreign policy orientation is therefore being shaped by these new political, economic, and security conditions.

STATUS QUO: PULLED BETWEEN CHINA'S ECONOMIC BENEFITS AND WESTERN SECURITY ALLIES

China and Turkey upgraded their relationship to a "strategic partnership" in 2010, becoming political, economic, and security partners.[1] Prior to that, China played a minor role in Turkish foreign policy as an emerging economic actor alongside countries such as Brazil, India and South Africa. Sino-Turkish bilateral relations have deepened since 2010, particularly in the economic field. However, their diplomatic status quo rests on two factors. First, the continued strengthening of economic ties. And second, a tacit understanding not to bring political disagreements to the table. All diplomatic activities are designed to protect this status quo.

Although each country prioritizes the economic relationship, there is much about the bilateral relationship that looks like a one-way street. For example, since Jiang Zemin's visit in 2000, Chinese presidents have not paid an official visit to Ankara.[2] Despite signing a "strategic partnership", China does not view the relationship as a strategically significant one. Meanwhile, Turkey has paid several high-level visits to Beijing since 2000.[3] Besides the President Recep Tayyip Erdogan's attendance at the opening ceremony of the 2017 Belt and Road Initiative (BRI) Forum in Beijing, he has paid four official visits to Beijing since 2014.[4]

Relations were strengthened by China's display of support for Turkey's elected government after the 2016 coup attempt, shown by a prompt visit from Deputy Foreign Minister Zhang Ming three weeks later.[5] President Erdogan's speech at the 2017 BRI Forum's opening ceremony was in part to show appreciation.[6]

Beijing's treatment of Uyghurs in Xinjiang remains a cause for tensions

However, Beijing's treatment of the Uyghur population in Xinjiang remains a major cause of diplomatic tension.[7] China has established internment camps to eradicate so-called "terrorism" in Xinjiang Uyghur Autonomous Region (XUAR).[8] Except for a few official statements, Turkey's government has not taken concrete steps against China's new securitization policies in the XUAR. China is inclined to play the "Kurdish card" in response to Turkey's official statements criticizing human rights violations in Xinjiang, effectively accusing Turkey of hypocrisy.[9]

Under pressure from recent developments in world politics and regional crises, China and Turkey's current security status quo is fragile. Turkey belongs to the NATO alliance and is a candidate country to join the European Union. Although China has not directly targeted the Euro-Atlantic alliance as Russia has, there are several controversial economic and political issues such as human rights, democracy, and policies against the market economy. Furthermore, Turkey and China hold different positions on regional crises such as the Syrian civil war, the Nagarno-Qarabag conflict, Kosovo, and Cyprus questions. China also holds an entirely different position from Turkey towards Russian aggression in Eastern Europe and the Caucasus. In the case of Syria, for example, Turkey's ambassador Emin Onen has expressed dissatisfaction at China's criticism of Turkish military operations in Syria.[10]

Sino-Turkish economic relations have improved greatly since 2001

Sino-Turkish economic relations have improved greatly since 2001. Bilateral trade volumes were worth USD 32 billion in 2021, compared to USD 1 billion in 2001.[11] However, Turkey has a trade deficit with China – imports are worth roughly nine times the value of Turkish exports. In 2019, capital goods worth around USD 7 billion made up the biggest share of total trade volume. Machines and electrical goods ranked second; they were worth approximately USD 6 billion.[12] Compared with China and Russia, the EU was Turkey's largest export and import partner in 2021. Approximately 33 percent of Turkey's imports came from the EU, which took 41 percent of the country's exports. By contrast, Turkish exports to China were only 2 percent of Turkey's total export volume in 2021. However, China was Turkey's largest import partner among individual countries. Russia was the second-largest import partner, taking goods worth approximately USD 29 billion; Germany was the third largest import partner with goods valued at roughly USD 22 billion in 2021.[13]

Foreign direct investment (FDI) is another important indicator of economic relations between China and Turkey. In 2021, China had 1060 registered firms in Turkey.[14] Most made their investments between 2014-2019. Although China is not among the top 20 countries investing in Turkey, Chinese investors have vital interests there.[15]

Clearly, China continues to expand its economic activities in Turkey, regardless of the lack of transparency and reciprocity in bilateral economic relations. China's import and export share in the approximately USD 800 billion Turkish economy does not indicate severe dependency. However, the quality of the economic partnership, especially regarding the lack of reciprocity and the sizeable trade deficit, could stir suspicions among Turkish economic and political actors. Although Turkey can compete with China in some traditional sectors such as textiles, it faces increasing competitive challenges in advanced technological sectors such as telecommunications and electrical machinery.

GEOPOLITICS: NAVIGATING THE MIDDLE PATH BETWEEN GREAT POWERS

US-China rivalry may bring economic disadvantages for Turkey. Global economic tensions triggered by US-China trade wars may create economic uncertainty for Turkey; for instance, when the US began to limit steel and aluminum imports through higher tariffs, Turkey felt the impact of restrictions.[16] Another concern is that China and the US might tighten their trade policies against third countries in order to counter each other. Turkey is also a logistics, trade, investment, and finance hub. A global economic crisis and decline in trade and investment could be a serious blow to the Turkish economy.

US-China rivalry also confronts Turkey with a geopolitical security dilemma. Turkey has security commitments to NATO. Especially in the last couple of years, China has raised its voice against the NATO alliance and criticized NATO's position towards Russia. This creates severe geopolitical risks for Turkey's eastern and Black Sea borders. For the time being, Turkey has not directly taken a position against either side in this rivalry. Turkey's hedging strategy has created a space for both political and economic interests. Turkey may turn toward a more aggressive approach against Russia and China if the rivalry goes forward.

Another geopolitical risk has arisen from China's ambitious Belt and Road Initiative (BRI). Although Turkey's middle corridor strategy coincides with China's BRI strategy, China's rising political and economic influence in nearby regions has the potential to threaten Turkey's national interests – for example, if China's economic influence in Northern Iraq and Syria were to turn into political and diplomatic influence. In the Syrian civil war, in ways opposed to Turkey's national interests, China has used its veto power several times in the UN Security Council.[17] Moreover, BRI-linked debt traps or economic dependency (as seen in Pakistan and Sri Lanka) in nearby countries could pose fresh security headaches for Turkey.

PERCEPTIONS: TURKISH VIEWS OF CHINA ARE GENERALLY POSITIVE, WITH SOME RESERVATIONS

According to the Pew Research Centre, 37 percent of Turkish people surveyed held favorable views of China in 2018, far higher than the 20 percent approval rate for the United States.[18] Public perceptions of China have improved in the last decade. China's public diplomacy efforts through China Radio International and the Confucius Institutes have contributed to bettering its image in Turkey. Five Confucius Institutes currently operate in Turkey to teach Mandarin and promote good cultural relations. While the first Confucius Institute opened in 2008 in Turkey, Yunus Emre Institute, which is Turkey's most influential public diplomacy tool, finally opened in China in 2021 after lengthy bureaucratic procedures were overcome.[19]

Apart from diplomatic relations, China and Turkey improved inter-governmental relations, establishing close bilateral ties in issues such as economics and politics. Opposition parties favor improved economic relations with China but have reservations on political issues, notably Uyghur civil and human rights.[20] Turkey's Good Party (İyi Parti in Turkish) published a report in December 2021 on human rights violations in the XUAR.[21] It also urged the Turkish parliament to recognize the "Uyghur genocide."[22] The Future Party (Gelecek Partisi in Turkish) has held several public events to give prominence to Uyghur voices.[23]

Turkish business circles view China positively, though there are reservations about the lack of reciprocity. TÜSİAD (Turkish Industry and Business Association), one of Turkey's most influential business-oriented NGOs, has set up Shanghai Network to promote Turkish private sector opportunities in China.[24] MÜSİAD (Independent Industrialists and Businessmen's Association) has also opened several branches, including in Beijing, Shanghai, and Guangzhou, to boost Sino-Turkey-China commercial relationships.[25]

Turkish business circles have reservations about the lack of reciprocity

OUTLOOK: TURKEY NEEDS TO DO SOME REBALANCING DUE TO CHINA'S INVOLVEMENT IN REGIONAL ISSUES

To sum up, there are three mainstream policy narratives require revisions regarding China in Turkey. The first, and most influential, concerns economic relations. Reciprocity in bilateral trade relations and the trade deficit are the most significant controversies between

China and Turkey. Approximately 90 percent of total trade consists of Chinese imports to Turkey, giving rise to concerns about negative impacts on Turkish domestic producers.

The second, contested policy is related to political controversies between China and Turkey. For years, China accused Turkey of "protecting" Uyghur "terrorists" in Turkey and being a terrorist conduit to Syria.[26] Turkey has responded to these accusations by highlighting China's human rights violations in the XUAR.[27] Although Turkey prioritizes economic relations, political controversies create tension in domestic politics. Turkey is under pressure from the Uyghur diaspora living in Turkey and from domestic public opinion. Turkey should review the global, regional and domestic political cost of the Uyghur question. Given the strong accusations of human rights violations in XUAR, Turkey could support international efforts to end violations such as China's network of internment camps in the XUAR.

The third contested policy relates to geopolitical considerations stemming from China's influence in nearby regions, such as Central Asia, the Middle East, and the Balkans. China's economic influence in all three areas has grown. Turkey has taken a neutral stance towards China's opposition to Turkey's involvement in the Syrian civil war. In Central Asia, Turkey has increased its own influence through new partnerships such as the Organization of Turkic States.[28] In the Balkans, China's outreach risks generating instability in economic and political relations. On the other hand, collaboration with the EU may provide Turkey and the region with a stable and peaceful environment. Economic priorities, political disagreements, and geopolitical uncertainties complicate the future of Turkey-China relations. Therefore, for Turkey a balancing strategy in bilateral relations with China is not only an option but a rational necessity.

Turkey's reaction to Russia's invasion of Ukraine: Cautious diplomacy

Turkey openly condemned the Russian invasion of Ukraine and voted in favor of the 2 March UN General Assembly resolution demanding Russia immediately end its military operations there and withdraw to internationally recognized frontiers. However, Turkey did not support the US and European sanctions against Russia.

Turkey's policy towards the war is "cautious diplomacy" as it has close relations with both Ukraine and Russia. Turkey has sought to play a mediating role in this crisis rather than aligning itself with either side. It is a policy compatible with Turkey's national interests in the short term.

However, Turkey's mediation role cannot be sustained indefinitely as Turkey also has responsibilities as a NATO member. Turkey has stated several times that it would act together with NATO member countries to fulfill these responsibilities. These positions are not related to the policies of China regarding the Ukraine war, and the conflict has limited to no impact on Turkish views on China.

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