



# Bundling Threats: Why Dominant Perceptions of China Changed in Europe

Shaun Breslin<sup>†,\*</sup> and Mikael Mattlin<sup>‡</sup>

<sup>†</sup>Professor of Politics and International Studies, University of Warwick, UK

<sup>‡</sup>Research Professor, Center on Global Orders and China, Finnish Institute of International Affairs (FIIA), Finland; Adjunct Professor and Senior Lecturer in International Politics, University of Turku, Finland

\*Corresponding author. Email: [Shaun.Breslin@warwick.ac.uk](mailto:Shaun.Breslin@warwick.ac.uk)

## Abstract

Popular perceptions of China in Europe have clearly shifted over the past few years. This article builds on the literature that assesses how narratives of China emerge and change, and how they influence policy on how best to respond to China's rise. We construct an analytical framework in which we identify two different types of reasons for change in dominant perceptions, underlying and precipitating, and a transmitting process (narrative diffusion). We argue that four underlying and three precipitating reasons together with active diffusion of a particular academic and policy narrative explain why dominant perceptions of China changed in Europe to predominantly negative within a relatively short time period. We explore what foundational assumptions this dominant narrative depends on, and what is considered as evidence (and evidence of what). We suggest that a projected threatening future image of China explains how current actions of Chinese actors are interpreted and that this interpretation in turn reinforces the projected future image in a circular logic, with clear policy implications. The associated assumptions, connotations, evaluation, and beliefs regarding ability and agency bundle together many different concerns that analytically should be kept separate. This leads to difficulties in discerning between diverse kinds of risks and threats on different timescales, with policymakers often opting for playing safe.

## Introduction

Inspired by the idea that asymmetric interdependencies might be “weaponised” for political ends,<sup>1</sup> the concepts of economic statecraft and geoeconomics have become something of a theme of the time, although the concepts themselves had been around already for decades. The very same globalisation of supply chains that was once supported and championed by a number of neoliberal-inspired governments is now seen as a source of insecurity: not just economic insecurity but potentially a broader national security threat too. Of course, it has long been acknowledged that elongated and complex supply chains might easily be disrupted by a range of factors; sudden shifts in supply and demand, strikes and political

<sup>1</sup> Henry Farrell and Abraham L. Newman, “Weaponized Interdependence: How Global Economic Networks Shape State Coercion,” *International Security*, Vol. 44, No. 1 (2019), pp. 42–79.

instability, corruption, terrorism, and piracy all can (and indeed all have) disrupted production and consumption in various sectors over the years.<sup>2</sup> Even the accidental blocking of the Suez Canal in March 2021 had a significant (albeit fairly transient in the long run) impact on supplies of a whole range of commodities to Europe. Moreover, first the pandemic and then the war in Ukraine have highlighted how quickly previously stable and relatively predictable economic relationships can become unstable and unpredictable.

The geo-economics discourse goes beyond these concerns in four main ways. First, is the understanding that states may actively develop strategies to create dependencies that they can then use in the future for political advantage. It is not about accidents or unforeseen rapid transformations, or rogue non-state actors. It is about concerted and deliberate state action and intent. Second, in addition to the focus on weaponisable trade relations, there is also a specific concern that state-sponsored or -supported investment activities can result in ownership and control of key (also weaponisable) assets, sectors, and technologies.

Third, while the debate is framed in more general terms, it is really about China. To be sure, the strategic objectives and actions of the USA have been a constant in the study of economic statecraft since its inception. More recently, there has also been research on the economic statecraft of other states. Even so, the main driver of this new (or renewed) interest in geo-economics is assumed Chinese strategic intentions. Indeed, much of the recent work on the economic statecraft of states other than China is explained by their need to respond to China's perceived geo-economic influence.<sup>3</sup> So even when China is not front and centre as the primary research focus, it is often in the background.

Fourth, while a Sino-centric focus has been evident for several years, the geographic scope of attention has shifted. There have been studies of (potential) Chinese economic statecraft in Africa, Latin America, China's regional "backyards," and other developing areas pretty much ever since Chinese money started to flow to these areas in significant amounts.<sup>4</sup> This interest remains today. But crucially, it has been joined—and in some cases overtaken—by concern with the geostrategic consequences of Chinese economic statecraft in the developed West. This is no longer a case of worrying about what China might do to "others" (and the indirect consequences of such action), but instead a very live political debate about what China might directly do to "us."

In Pew Research surveys of global attitudes, there was a sharp increase in people holding negative views of China between 2015 and 2020, and a concomitant drop in those holding positive views, in almost all European countries surveyed, the USA, Canada, Australia, Japan, and South Korea; indeed, across an overwhelming majority of the OECD group of industrialised democracies.<sup>5</sup> In many cases, views went from predominantly positive to overwhelmingly negative within a few years. This shift in dominant perceptions of China has also been evident among Western policy think tanks, where research projects, event topics, and paper titles have become predominantly focused on various threats and risks related to China. A similar shift can be seen in how many countries' policy papers and media describe China. There is also ample anecdotal evidence of this shift from numerous encounters by the authors of this paper against the backdrop of a decades-long perspective of studying

<sup>2</sup> John Manners-Bell, *Supply Chain Risk: Understanding Emerging Risks to Global Supply Chains* (London: Kogan Page, 2014).

<sup>3</sup> See, for example, the special issue of *The Pacific Review*, Vol. 36, No. 5 (2023).

<sup>4</sup> Mingjiang Li, "Introduction," in Mingjiang Li, ed., *China's Economic Statecraft: Co-optation, Cooperation, and Coercion* (Singapore: World Scientific, 2017), pp. xxiii–xxiv.

<sup>5</sup> See Laura Silver, Christine Huang, and Laura Clancy, "How Global Public Opinion of China Has Shifted in the Xi Era," Pew Research Center, 28 September 2022, <https://www.pewresearch.org/global/2022/09/28/how-global-public-opinion-of-china-has-shifted-in-the-xi-era/>; Laura Silver, Kat Devlin, and Christine Huang, "Unfavorable Views of China Reach Historic Highs in Many Countries. Majorities Say China Has Handled COVID-19 Outbreak Poorly," Pew Research Center, 6 October 2020, <https://www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/>.

and talking publicly about China. Notably, however, outside of industrialised democracies, there has been much less of a clear shift in perceptions of China over the same time span.

Threat perceptions are conventionally thought of as based on a combination of “capacity × intention,” possibly also with the addition of opportunity and willingness to act on these opportunities.<sup>6</sup> It has become relatively common in Europe to assume that the Chinese party-state harbours both the capacity to inflict serious harm and malign intent towards European countries; that most Chinese organisations are ultimately controlled by the party-state; and that many (if not most) of the actions taken by Chinese organisations in Europe therefore pose a direct security risk to European states and populations.

In this article, we strive to do three things: to offer a more nuanced explanation for why dominant perceptions of China have shifted over the past decade in Europe; to demonstrate how these changed perceptions do not necessarily lead to policy clarity; and to link the reasons for changing perceptions to actual policy outcomes, backed up with empirical examples. We build on the relatively well-established literature that assesses how narratives<sup>7</sup> of China emerge and change, and how they influence policy on how best to respond to China’s rise. We also incorporate findings from work on the importance of memes,<sup>8</sup> and some of the insights of the literature on the “securitisation” of China’s rise.<sup>9</sup> Finally, we focus on the consequences of a certain narrative becoming dominant; how it has been constructed (and then depends) on different assumptions, and what is considered to be evidence (and evidence of what).

## Analytical Framework: Underlying and Precipitating Reasons, and Narrative Diffusion as a Transmitting Process

The study of China’s international economic interactions, and particularly their impact on others, has increasingly been influenced by those whose starting point is security (and *in*security) rather than political economy itself. In these studies, what would be considered a topic for business studies or management researchers in other countries are typically considered to be a core element of statecraft in the Chinese case. Rather than asking “why has this firm invested here” and focusing on commercial logics, the question is instead what does the state or the Chinese Communist Party want to achieve in terms of grand political or geostrategic objectives? Investment in this example is not viewed through varieties of commercial lenses, or even *political*-economy ones, but instead through national and economic security ones. This is because a whole range of activities that would not be thought of as statecraft if they originated from other countries are indeed viewed through statecraft and political lenses when they come from China.

In the mid-1990s, the “China Threat Theory” (*Zhongguo weixie lun*) became one of the hotter topics in Chinese academic discourses of China’s place in the world. There was,

<sup>6</sup> See, for example, Chang-Ching Tu, Han-ping Tien, and Ji-jen Hwang, “Untangling Threat Perception in International Relations: An Empirical Analysis of Threats Posed by China and Their Implications for Security Discourse,” *Cogent Arts & Humanities*, Vol. 11, No. 1 (2024), <https://doi.org/10.1080/23311983.2024.2335766>.

<sup>7</sup> Examples include Björn Jerdén, “Assertive China Narrative: Why It Is Wrong and How So Many Still Bought into It,” *Chinese Journal of International Politics*, Vol. 7, No. 1 (2014), pp. 47–88; Linus Hagström and Karl Gustafsson, “Narrative Power: How Storytelling Shapes East Asian International Politics,” *Cambridge Review of International Affairs*, Vol. 32, No. 4 (2019), pp. 387–406.

<sup>8</sup> Examples include Deborah Brautigam, “A Critical Look at Chinese ‘Debt-Trap Diplomacy’: The Rise of a Meme,” *Area Development and Policy*, Vol. 5, No. 1 (2020), pp. 1–14; Matt Ferchen, “How New and Crafty Is China’s ‘New Economic Statecraft?’” Carnegie-Tsinghua Center for Global Policy, 2016, [https://carnegieendowment.org/files/How\\_New\\_and\\_How\\_Crafty\\_is\\_Chinas\\_New\\_Economic\\_Statecraft\\_CTC\\_Web\\_Version.rd2.pdf](https://carnegieendowment.org/files/How_New_and_How_Crafty_is_Chinas_New_Economic_Statecraft_CTC_Web_Version.rd2.pdf).

<sup>9</sup> Examples include Weiqing Song, “Securitization of the ‘China Threat’ Discourse: A Poststructuralist Account,” *The China Review*, Vol. 15, No. 1 (2015), pp. 145–69; Katja Banik and Jan Lüdert, “Assessing Securitization: China’s Belt and Road Initiative,” *E-International Relations* (2020), <https://www.e-ir.info/2020/10/04/assessing-securitization-chinas-belt-and-road-initiative/>.

so the theory went, a concerted attempt by some foreigners to demonise China and to “find” evidence wherever possible of a purposeful Chinese effort to undermine the interests of the stakeholders in the existing liberal global order. The aim was to try and convince policymakers of the urgent need to change direction and develop strategies designed to restrict, shape, or even prevent China’s continued rise.<sup>10</sup> This rise was, without using the specific term, being “securitised” in an attempt to justify policy choices that would not have been legitimate (or perhaps tolerated) without the identification and acceptance of such a threat.

It is not hard to understand why the China Threat Theory became so popular. This was a period when China still had to be granted Most Favoured Nation status by the USA every year to enable “normal” access to the US market. And this meant that each time the decision was due, there was extensive debate in the USA over the wisdom of facilitating China’s rise, and an opportunity for those who had concerns to air whatever anxieties they had. Given that views of China in the USA now seem to have reached a bipartisan consensus, it is worth reminding ourselves that this was not always the case. This was an era when the debate over whether it was best to try and engage or contain China was very much alive and part and parcel of both academic and policy debates.

The need to counter these negative and threatening narratives is one of the reasons that China’s leaders decided to devote considerable time, effort, and money to what would later be called a “soft power” agenda. But while identification of threats never went away, the idea of an inevitably ever stronger China did not always lead to the feared (in China) strategies designed to prevent it, and perhaps most notably in Europe. In 2009, Fox and Godement blamed flawed ideological/theoretical starting points for what they called the EU’s “unconditional engagement” of China.<sup>11</sup> Even when expected domestic change in China did not seem to be forthcoming, a more pragmatic appraisal of China’s inevitable future strength (and particularly, financial resources) relative to European weaknesses and vulnerabilities after the global financial crisis (GFC) suggested to some at least the need to continue to engage and embrace the inevitable future power in the national interest. Certainly, in comparison to the rather early identification of China as a potential security threat in the USA, China was for many years overwhelmingly viewed through economic lenses in most of Europe.<sup>12</sup>

We outline below our understanding of the main factors that seem to have been most influential in generating what has been a rather rapid, and in some places, dramatic reversal in the dominant European narrative on China. We should not really need to say this but in an era when suspicion of Chinese disinformation projects has increased, we want to be very clear: we are not saying that there is no strategic intent or statecraft taking place, or threats and attempts to exert influence. And therefore nothing to worry about. There is. Our aim is simply to understand *why* the clear shift in popular perceptions of China and the dominant narrative has occurred, and then to understand how the nature of this shift affects (or maybe obstructs) subsequent policy change.

Narratives empower and enable action and can be used strategically.<sup>13</sup> Unsurprisingly, international political agents therefore sometimes seek to push strategic narratives in specific ways at certain time points. Identifying shifts in dominant narratives may then enable us

<sup>10</sup> Yong Deng, *China’s Struggle for Status: The Realignment of International Relations* (Cambridge: Cambridge University Press, 2008), pp. 97–127.

<sup>11</sup> John Fox and François Godement, *A Power Audit of EU-China Relations* (London: European Council on Foreign Relations, 2009), p. 1.

<sup>12</sup> David Shambaugh, “China and Europe: The Emerging Axis,” *Current History*, Vol. 103, No. 674 (2004), pp. 243–8.

<sup>13</sup> Katja Freistein, Frank Gadinger, and Stefan Groth, “Studying Narratives in International Relations,” *International Studies Perspectives* (2024), <https://doi.org/10.1093/isp/ekae019>.

to anticipate future developments.<sup>14</sup> Talking about a shift in narratives and discourses does not suggest that everybody thinks, says, and wants the same thing. Just as voices of concern could always be found when the emphasis was on engagement (as the Fox and Godement example clearly shows), so voices calling for continued cooperation and engagement have remained, even as the overall tone of the debate over the consequences of China's rise has shifted. But shift they have, and while not unchallenged, the dominant narrative is now of a China that is a "systemic rival"<sup>15</sup> to the EU that provides a number of challenges to Europeans, and which is increasingly identified as a "threat."<sup>16</sup> In China, there is also a renewed interest in the sources and inspirations behind the China Threat Theory, and not surprisingly, a rejection and refutation of them once they have been identified.<sup>17</sup>

While attracting Chinese investment was once posited as a good thing for Europeans, it now forms one of the areas of concern, as the sources and consequences of Chinese "economic statecraft" come under ever closer scrutiny. Yet, while it seems to make a sort of common sense that Chinese ownership of European assets provides some sort of threat, when you take a step back it is not *always* wholly clear what it is that is being threatened. We argue that this is because understandings of what constitutes "economic statecraft" when it comes to China—both in terms of actions and consequences—are not the same as understandings of the craft of other states.<sup>18</sup> What might be considered as commercial projects if they were done by companies from most other countries can and are seen as evidence of Chinese "economic statecraft." To be sure Russia (another authoritarian great power) was also treated with some suspicion in Western countries already before 2022. But the main focus of concern has centred on China, and the oft-repeated association of Russia with a storm (a short-term and transient albeit sometimes serious challenge) and China as climate change (a systemic and paradigm-shifting challenge) points to the different lenses that the two are often viewed through.<sup>19</sup> As Kastner and Pearson argue:

Ultimately, the political impact of China's economic rise will depend not just on China's intentions, mechanisms, and agents, but on how they are met and received outside of China.<sup>20</sup>

This points to the importance of thinking about how "causal narratives" emerge; how a general framework of understanding comes about that establishes widely accepted "truths" that then condition the way that data are understood.<sup>21</sup> In this case, this means focussing especially on two things. The first is the unintentional political consequences of economic

<sup>14</sup> Alister Miskimmon, Ben O'Loughlin, and Laura Roselle, "Forging the World: Strategic Narratives and International Relations: A Response," *Critical Studies on Security*, Vol. 3, No. 3 (2017), pp. 341–4; Hagström and Gustafsson, "Narrative Power."

<sup>15</sup> European Commission, "EU-China—A Strategic Outlook," High Representative of The Union For Foreign Affairs and Security Policy Joint Communication to The European Parliament, The European Council and the Council, 12 March 2019, <https://commission.europa.eu/system/files/2019-03/communication-eu-china-a-strategic-outlook.pdf>, p. 1.

<sup>16</sup> For examples, see CEER, "How Should Europe Handle China?: Annual Report 2023," Center for European Reform, 2023, <https://www.cer.eu/about/annual-report/2023>.

<sup>17</sup> With the *Global Times* playing a particularly prominent role. The USA is the main target of such refutations with the UK in second place. For examples, see <https://www.google.com/search?q=site:www.globaltimes.cn+%22China+Threat>.

<sup>18</sup> We refer here to the way that economic statecraft is primarily understood in policy debates, rather than academic publications.

<sup>19</sup> This idea seems to have originated with US National Security Advisor Rob Joyce in 2019, when he referred to Russia as a hurricane and China as climate change. See Akshay Singh, "If Russia Is the Storm, China Is the Climate," Centre for International Governance Innovation, 2022, <https://www.cigionline.org/articles/if-russia-is-the-storm-china-is-the-climate>.

<sup>20</sup> Scott L. Kastner and Margaret M. Pearson, "Exploring the Parameters of China's Economic Influence," *Studies in Comparative International Development*, Vol. 56 (2021), p. 36.

<sup>21</sup> Chad W. Kendall and Constantin Charles, "Causal Narratives," NBER Working Paper 30346 (2024), [https://www.nber.org/system/files/working\\_papers/w30346/w30346.pdf](https://www.nber.org/system/files/working_papers/w30346/w30346.pdf).

interactions; the implications for Europe of an ever stronger and richer China irrespective of whether this strength and wealth is derived from deliberate strategic state action or simply from commercial ambitions. The second is what Fung et al. call an “assumption of intentionality.”<sup>22</sup>

Most basically, but crucially, we suggest that *an assumption of the (future) consequence establishes an understanding of “causality.”* In other words, a projected threatening future image of a powerful China at odds with European values and interests explains how its actions here and now are interpreted, and this interpretation in turn reinforces the projected future image in a circular fashion. Because China is thought of as a major (future) threat to what Europeans value, then a large swathe of actions and their consequences are parsed as evidence of that threat in a way that probably would not be the case if the action came from a different international actor. While the evolution of this mode of thinking might be understandable, we conclude by showing why this may be detrimental when the goal is to identify workable responses and solutions to different parts of European relations with China.

Our analytical framework (Figure 1) consists of two different types of reasons for change in dominant perceptions: *underlying* and *precipitating reasons*, as well as a *transmitting process* (narrative diffusion). So why have dominant perceptions of China and the consequences of its rise changed in many parts of Europe? Clearly, there are somewhat different drivers in different places. At the risk of providing too much of a broad-brush over-generalisation, we argue that there are three precipitating and four underlying reasons that together with narrative diffusion collectively have played their part in explaining why dominant perceptions of China changed in many parts of Europe to predominantly negative within a relatively short time period. All reasons are in various ways related to the differences and relationship between authoritarian and liberal-democratic political systems. The underlying reasons all relate to the shifting balance in institutional and material relative strengths of China and Europe, as well as the growing self-confidence of China’s leaders, and declining self-confidence of Europe’s leaders in their respective politico-economic systems. The transmitting process refers to loosely connected networks of policy advocates, vested in maintaining the Western-led (liberal) global order, who in recent years have been active in amplifying and diffusing a certain narrative of China through policy publications, events, active media and social media commentary, and other actions. Finally, the precipitating reasons all revolve around assumptions or confirmation of the nature of authoritarian great powers.

## Underlying Reasons for the Change in Perceptions

We posit that there are four main underlying reasons for why dominant perceptions of China have changed in Europe which explain why the precipitating reasons have been understood and explained in the way that they have. Collectively, they point towards the importance of trust. Or more correctly, the lack of it: the absence of what Hoffmann refers to as “a willingness to place the fate of one’s interests under the control of others” and an absence of confidence that others will not harm your interests even if you give them control over issues that can profoundly affect your interests.<sup>23</sup> The reasons are interlinked but should be analytically treated separately.

Our first underlying reason that has helped shape and change perceptions is *Western disillusionment in China’s trajectory*—either politically, economically, or as an international

<sup>22</sup> Courtney Fung, et al., “Conditioning China’s Influence: Intentionality, Intermediaries, and Institutions,” *Journal of Contemporary China*, Vol. 32, No. 139 (2022), p. 3.

<sup>23</sup> Aaron Hoffman, “A Conceptualization of Trust in International Relations,” *European Journal of International Relations*, Vol. 8, No. 3 (2002), pp. 376–7.

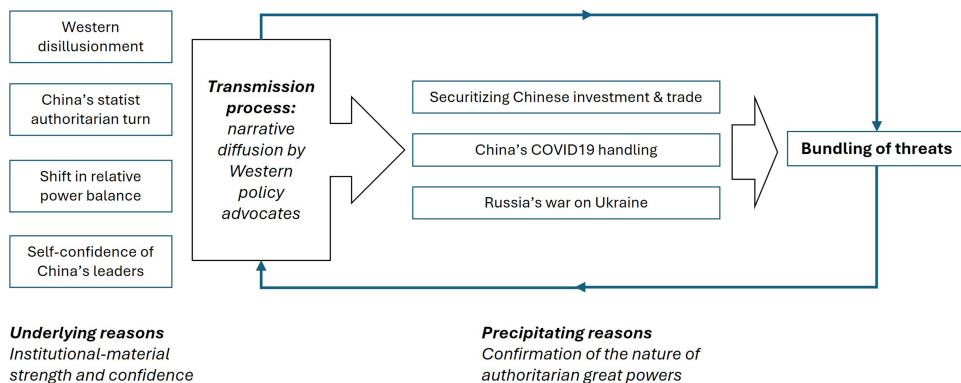


Fig. 1. The Process of Change in Dominant Perceptions of China

actor (or some combination of all three). Various degrees of frustration have been articulated for many years now, so it could be seen as the longest standing of the reasons.<sup>24</sup> And given this relatively long history of frustration and disappointment (similar to Western disappointment with Russia's trajectory in the 2000s), it might seem odd to include it as a source of change rather than continuity. However, what was once a frustration now seems to have become something else: a widely shared certainty that the liberal logic of engagement was wrong.

As already noted in the introduction, one of the arguments put forward for engaging China and bringing it into the liberal international order was that it would lead to change; but certainly not the sort of change that we have witnessed in recent years. The liberal logic was that this engagement and multiple forms of international interactions would lead to domestic change in China towards greater freedoms. Perhaps not Western-style liberal democracy, but a more open, tolerant, and free society. Internationally, it was expected (or hoped) that these dynamics would see China becoming "socialised" into *status quo* behaviour. In reality, the official EU position on China never really specifically focussed on the prospects of Chinese democratisation.<sup>25</sup> But it is certainly true that the logic of engagement was at times justified by some Europeans by what Fox and Godement called "an anachronistic belief" that this engagement would lead to liberalizing political change in China.<sup>26</sup>

And even for those who had more modest expectations of change that fell a long way short of a Chinese transition to democracy, there is also considerable frustration and disappointment. The hopes and/or expectations that the Chinese economy would become more accessible to foreign companies and finance have not been fully met, even though parts of the Chinese economy are much more open now than they were in the past (and arguably more open than the Japanese economy, for example).<sup>27</sup> Certainly, the expectations of what China's entry into the World Trade Organisation (WTO) might mean for outsiders have not

<sup>24</sup> See, for example, the various reports produced by the European Union Chamber of Commerce in China, available at <https://www.europeanchamber.com.cn/en/home>.

<sup>25</sup> Mikael Mattlin, "Dead on Arrival: Normative EU Policy Towards China," *Asia Europe Journal*, Vol. 10, No. 2–3 (2012), pp. 181–98. For a critical analysis of what engagement was meant to achieve (and its results), see Alistair Iain Johnston, "The Failures of the 'Failure of Engagement' with China," *The Washington Quarterly*, Vol. 42, No. 2 (2019), pp. 99–114.

<sup>26</sup> Fox and Godement, *A Power Audit of EU-China Relations*, p. 1.

<sup>27</sup> On a basic measure of trade openness, China was slightly more open than Japan in 2018. However, both ranked among the least open economies. See [https://www.theglobaleconomy.com/rankings/trade\\_openness/](https://www.theglobaleconomy.com/rankings/trade_openness/).

been met to the satisfaction of many of those outsiders. Hence, the refusal to recognise China as a “market economy” within the WTO in 2016, even though many had assumed that such a designation would be automatically granted after 15 years of Chinese membership.<sup>28</sup>

By the end of Xi’s second 5-year term, it appeared that rather than coming to resemble Western societies more, China’s authoritarian political system had become newly empowered, resilient, durable, and self-confident. This has gone hand in hand with a decline of confidence in the legitimacy, authority, capacity, and efficacy of the European/liberal political system. Even those who do not think that China is actively trying to export its political system as an alternative to liberalism (and many do) accept that China has “demonstrated that development does not require democracy” and provides a significant challenge to liberal norms, ideas, and practices.<sup>29</sup> In economic terms, and somewhat ironically, it now appears that it is Western countries that are borrowing from China’s “playbook” (rather than the other way round) when it comes to shielding local industries from competition, industrial policies and subsidies, and securitising the economy.<sup>30</sup>

The idea that “we” got the ideological arguments for engaging China wrong has been more widespread for longer in the USA than in Europe.<sup>31</sup> That said, the argument that what an *Economist* leader called the “gamble” that China would change had failed has become a sort of common-sense position.<sup>32</sup> And this is in large part because of the impact of the second, third, and fourth of our underlying reasons.

The second underlying reason, quite simply, is the already noted *changes in China’s politics and political economy* as Xi Jinping has, in his own words at the 2022 Party Congress, “continued to strengthen the overall leadership of the party.”<sup>33</sup> This “strengthening” has included a number of policy changes that have been widely reported in Europe and the rest of “the West,” and pretty much equally widely disliked.<sup>34</sup> Even though there had been a tightening of political controls and a reduction in freedoms for several years, the tit-for-tat sanctions imposed by China and Europe<sup>35</sup> against each other over Xinjiang propelled China to the centre of both policy debates and media reporting.<sup>36</sup> The rapid application of new controls over Hong Kong, as epitomised by the new National Security Law of 2020, also led to widespread condemnation and concern.<sup>37</sup> And China’s response to House Speaker Nancy Pelosi’s visit to Taiwan in August 2022 reminded the world of the real possibility that China’s rise might not be peaceful for everybody.<sup>38</sup> This was a China—so it was increasingly argued—that could not be trusted, and one which was a force for authoritarianism

<sup>28</sup> See Mirek Tobiáš Hošman, “China’s NME Status at the WTO: Analysis of the Debate,” *Journal of International Trade Law and Policy*, Vol. 20, No. 1 (2021), pp. 1–20.

<sup>29</sup> Jessica Chen Weiss, “A World Safe for Autocracy: China’s Rise and the Future of Global Politics,” *Foreign Affairs*, Vol. 98, No. 4 (2019), p. 95.

<sup>30</sup> Mikael Mattlin, “Normative Economic Statecraft: China’s Quest to Shape the World in Its Image,” in Chris C. Shei and Weixiao Wei, eds., *Routledge Handbook of Chinese Studies* (London: Routledge, 2021), pp. 24–40.

<sup>31</sup> See, for example, Kurt Campbell and Ely Ratner, “The China Reckoning: How Beijing Defied American Expectations,” *Foreign Affairs*, Vol. 97, No. 2 (2018), pp. 60–70.

<sup>32</sup> “How the West Got China Wrong,” *The Economist*, 1 March 2018, <https://www.economist.com/leaders/2018/03/01/how-the-west-got-china-wrong>.

<sup>33</sup> Xi Jinping, “Uphold Socialism with Chinese Characteristics and Strive in Unity to Build a Modern Socialist Country in All Respects,” 16 October 2022, [http://en.qstheory.cn/2024-12/06/c\\_1049672.htm](http://en.qstheory.cn/2024-12/06/c_1049672.htm).

<sup>34</sup> For a representative example from an influential French scholar, see Jean-Philippe Béja, “Xi Jinping’s China: On the Road to Neo-totalitarianism,” *Social Science: An International Quarterly*, Vol. 86, No. 1 (2019), pp. 203–30.

<sup>35</sup> By both the UK individually and the EU (in coordination with the USA and Canada).

<sup>36</sup> Sven Biscop, “The EU and China: Sanctions, Signals, and Interests,” Egmont Security Policy Brief No. 145 (2021), <https://www.jstor.org/stable/pdf/resrep32280.pdf>.

<sup>37</sup> And resulted in a European Parliament resolution highly critical of Chinese action. Resolution on the PRC national security law for Hong Kong and the need for the EU to defend Hong Kong’s high degree of autonomy, resolution no. 2020/2665(RSP), 19 June 2020, [https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2020/2665\(RSP\)](https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?lang=en&reference=2020/2665(RSP)).

<sup>38</sup> ICG, “Preventing War in the Taiwan Strait Crisis,” International Crisis Group Asia Report, No. 333 (2023), <https://www.crisisgroup.org/sites/default/files/2024-01/333-taiwan-strait.pdf>.

and control, not just within its own borders, but increasingly also affecting other countries, even in the West.<sup>39</sup>

These changes include big-picture strategic announcements like Made in China 2025<sup>40</sup> and the high-profile disciplining of Chinese businesspeople that looked very much like an attack on the private sector.<sup>41</sup> It also includes the more gradual but extensive increase of various mechanisms through which the party can control and direct economic activity in preferred directions. Add these to the other changes noted above and:

the content of China's domestic political economic practices, how they have changed over time, and perceptions of the sources of those changes have generated doubts about China's intentions and fears about its capabilities that contribute to security dilemmas.<sup>42</sup>

This can generate important understandings of the relationship between the party-state and economic actors, which we will return to later. Of course, China did not become a state-capitalist system only during the last decade. However, many policy changes during Xi's time have highlighted the primacy of the party-state over purely business interests, and of the state's ability to compel even private citizens and organizations to do its bidding.<sup>43</sup> Furthermore, while the party-state was always more security-focused than largely market capitalist systems in which state–corporate relations are typically more distant, it has now become overwhelmingly so, as was clear in the work report given by Xi Jinping at the 20th Party Congress in 2022, where security was a central feature of just about all spheres of the economy. This brings similar concerns to the fore that were earlier highlighted with regard to European dependence on Russian energy, and Russia's ability to exploit that politically.

Our third underlying reason is *a flip in relative power capabilities and growing power asymmetry between Europe and China*. Put simply, things do not look (as) challenging or threatening if the challenger is not perceived to have the ability to get what it wants. On a range of measures—from military power and industrial production to technological prowess in emerging fields, and global influence towards the Global South—China is now widely accepted as being close to the top in a hierarchy of global powers, second only to the USA. While it is difficult to put an exact date on when this flip occurred, the GFC of 2007–9 is typically identified in Chinese scholarship at least as marking a turning point in China's global status.<sup>44</sup> This shift is also borne out in economic figures that show a marked narrowing in the size difference between the Chinese and EU economies in the years following the GFC.

Initially, those who were concerned about this growth in global power and ambition tended to focus on the consequences of Chinese aid and investment flows to developing economies as potentially disrupting existing patterns and flows and resulting in shifting global alliances and partnerships.<sup>45</sup> And this remains important today too. The assumption of Chinese management of the Greek Piraeus Sea Port at a time when “Greece was under

<sup>39</sup> Charles Edel and David O. Shullman, “How China Exports Authoritarianism: Beijing's Money and Technology Is Fueling Repression Worldwide,” *Foreign Affairs*, 16 September 2021, <https://www.foreignaffairs.com/articles/china/2021-09-16/how-china-exports-authoritarianism>.

<sup>40</sup> For a European response, see Nadir Preziosi et al., “China: Challenges and Prospects from an Industrial and Innovation Powerhouse,” Publications Office of the European Union (Luxembourg: Publications Office of the European Union, 2022).

<sup>41</sup> Daniel Fu, “Political Drivers of China's Private Sector Demise,” *Jamestown Foundation China Brief*, Vol. 23, No. 16 (2023), pp. 17–21, <https://jamestown.org/program/political-drivers-of-chinas-private-sector-demise/>.

<sup>42</sup> Margaret Pearson, Meg Rithmire, and Kellee Tsai, “China's Party-State Capitalism and International Backlash: From Interdependence to Insecurity,” *International Security*, Vol. 47, No. 2 (2022), p. 141.

<sup>43</sup> The frequently cited example is Article 7 of China's National Intelligence Law.

<sup>44</sup> This is explored in some depth in Shaun Breslin, *China Risen? Studying Chinese Global Power* (Bristol: Bristol University Press, 2021).

<sup>45</sup> See, for example, Ngaire Woods, “Whose Aid? Whose Influence? China, Emerging Donors and the Silent Revolution in Development Assistance,” *International Affairs*, Vol. 84, No. 6 (2008), pp. 1205–21.

intense pressure from international creditors, amid the severe public debt crunch” pointed to opportunities for China closer to home too.<sup>46</sup> The creation of what was then the 16 + 1 process between China and East and Central European countries in 2012 also fed into concerns that China would use the opportunity presented by the ongoing consequences of the financial crisis to use its financial power to threaten “the unity of the EU, undermining high-level standards, and exercising negative influence over EU members and potential members’ strategic choices.”<sup>47</sup>

The growing power asymmetry is partly due to self-inflicted damage. The crisis of a certain type of capitalism that led to the GFC (and the long recovery from it) was crucial in shaping the way that some European policymakers thought about Chinese financial power (though initially, not as a problem but as a solution). And while this remains probably the most important driver of declining self-confidence, we could also add Brexit, maybe the impact of the election of President Trump on perceptions of a common purpose in “the West,”<sup>48</sup> and other domestic changes in individual European countries. In short, when thinking about power transitions, it is important to recognise that they are not just about what the rising power does and wants. What established powers do (and don’t do) plays a crucial role too.<sup>49</sup>

Moving back to a changing China, the fourth underlying reason is the *self-confidence and clear acceptance by China’s leaders of the country’s great power status*, and the equally clear annunciation of Chinese ambitions to shift economic geographies, to challenge the dominance of “Western” ways of doing things, and to be a self-proclaimed leader in promoting global governance reform. Again, finding an exact moment of change is not possible, but many observers would place this shift around the time of the 19th Party Congress in 2017, when China’s leader Xi Jinping gave a confident speech that diverged from the previous message, for example, suggesting that other countries could learn from China. Prior to this, China’s leaders had fairly consistently downplayed any notions of China exporting any economic or social model to other countries.<sup>50</sup>

The way that the Belt and Road Initiative (BRI) was promoted and projected formed part of this signalling and played an important role in raising awareness—and at times alarm—at China’s new capabilities and ambitions. Here, the focus is on the way the BRI has been articulated, promoted, and publicised, rather than actual projects along the BRI. The teams of Chinese think tanks that were either charged with disseminating the message or took it upon themselves to do so, are an example of mechanisms of strategic signalling. Xi’s and other Chinese leaders’ many speeches on the topic are so too. The use of “host diplomacy” at the G20 Hangzhou Summit in 2016 and the first Belt and Road Forum the following year were also used to make the Chinese position clear.<sup>51</sup>

The Asian Infrastructure Investment Bank and the BRICS New Development Bank are pertinent illustrations of what China can do (either alone or with others) if it is unhappy with existing governance structures, or the pace and extent of reform (or both).<sup>52</sup> And we

<sup>46</sup> The port came under the management of the state-owned COSCO Shipping Corporation, which further extended its control in 2016. See Plamen Tonchev, “Chinese Influence in Greece,” *CEPA Insights and Analysis*, 24 August 2022, <https://cepa.org/comprehensive-reports/chinese-influence-in-greece/>.

<sup>47</sup> Richard Q. Turcsanyi, “Growing Tensions Between China and the EU over 16+1 Platform,” *The Diplomat*, 29 November 2017, <https://thediplomat.com/2017/11/growing-tensions-between-china-and-the-eu-over-161-platform/>.

<sup>48</sup> Brantly Womack, “International Crises and China’s Rise: Comparing the 2008 Global Financial Crisis and the 2017 Global Political Crisis,” *Chinese Journal of International Politics*, Vol. 10, No. 4 (2019), pp. 383–401.

<sup>49</sup> A list of key analyses of the idea of the decline of Europe and the Western liberal order is available at <https://www.eufp.eu/literature-the-decline-of-europe>.

<sup>50</sup> See Silver, Huang, and Clancy, “How Global Public Opinion of China Has Shifted in the Xi Era.”

<sup>51</sup> Ren Xiao, “The G20: Emerging Chinese Leadership in Global Governance?” *Global Policy*, Vol. 8, No. 4 (2017), pp. 433–42.

<sup>52</sup> Jonathan Strand, Eduardo Flores, and Michael Trevathan, “China’s Leadership in Global Economic Governance and the Creation of the Asian Infrastructure Investment Bank,” *Rising Powers Quarterly*, Vol. 1, No. 1 (2016), pp. 55–69.

can add to this list the way in which Chinese understandings and preferred definitions are challenging the normative basis of governance in some issue areas, cybersecurity for example and the nature of human rights.

## Narrative Diffusion as a Transmitting Mechanism for Perception Change

This brings us to the role of our transmitting mechanism, which revolves around the *transnational spread of narratives and perspectives*. This is in part a result of the rise of loosely connected networks of discourse champions in the West who promote a certain view and narrative of China. What leading politicians say can, of course, be an important part of this process if they take a particularly active role in articulating their view of China. But others too have become empowered, more vociferous, and more confident in spreading their understanding of China.

Arguably, the single most important person in establishing a new Western narrative on China—a China Threat Theory 2.0 if you will—has been President Donald Trump during his first presidential term. For sure there had been many concerns related to China already before. However, these had been voiced and discussed mainly in smaller, and often closed settings, mainly among policymakers and think tankers. In many Western countries, the wider public did not have a strong negative impression of China in the early 2010s (as borne out by Pew surveys before Trump's presidency). The media debate was also rather moderate, or even moderately positive, in many countries, save for predictable concerns revolving around human rights. What Trump did with his far more vociferous open criticism of China, coupled with a trade and technology war, sanctions, and increased support for Taiwan, was to make it acceptable even in polite European companies to voice harsh, open criticism towards the country. The Trump administration also depicted China (along with Russia) as a central security challenge for the United States in the 2017 National Security Strategy, changing it from a long focus on fighting terrorism.

This marked change in tone and more acerbic verbal style was quickly picked up by a large swathe of Western policy think tanks and advocacy groups. Broadly speaking, especially think tanks and individuals, who are vested in maintaining the Western-led liberal international or rules-based order, have been particularly prominent in this debate. Numerous research projects and policy studies, initiatives, seminars, and publications sprang up debating one or another aspect of security risks and threats related to Chinese state actions, investments, companies, or researchers. Research funding for such projects has been ample, while many less security-oriented study subjects have languished, and programmes closed. The China Research Group of conservative parliamentarians, for example, has been very active in the UK. Rogelja and Tsimonis focus on the role of think tanks in promoting a certain idea of China with a particular focus on MERICS and the Global Public Policy Institute, both headquartered in Germany.<sup>53</sup> Individual independent thinkers have actively sought to publish op-eds and other types of publications aimed at influencing both a policy audience and public opinion.

Discourse champions have always existed. It is just that one particular discourse has been pushed more often and more loudly in recent years than before and has tended to drown out alternative conversations. Amid demands for moral clarity, even arguing for a “balanced” or “nuanced” view on China began looking suspicious to many in the Western think tank community. There is then, a certain echo chamber effect, especially among leading Western think tanks and social media commentators that reinforce each other's public messages.

<sup>53</sup> Igor Rogelja and Konstantinos Tsimonis, “Narrating the China Threat: Securitising Chinese Economic Presence in Europe,” *Chinese Journal of International Politics*, Vol. 13, No. 1 (2020), pp. 103–33.

Individual national discussions about China do not exist in isolation from each other, and at least some of the discourse champions do not simply want to influence a single national audience. A good example is the Inter-Parliamentary Alliance on China that has representatives from 21 national European parliaments as well as from the European Parliament and others from Africa, Asia, North America, and Australasia. More generally, European views of and discourses on China have been influenced by what has been said and done in other parts of the world too. In China itself, when Europeans are critical of China, it is often explained as a consequence of US–Europe relations, for example, as a result of them being used as “a tool for the USA to confront China”<sup>54</sup> or as a result of trying to curry favour with Washington by using an anti-Chinese position “as a bargaining chip to attract the USA.”<sup>55</sup>

The geostrategic starting point of these sorts of arguments does two things: it removes European agency from any shifting perception of China and it also removes China (and anything it might have done) from the equation. But it would be very odd if the debates over China in the USA had not been heard in Europe and influenced thinking to at least some extent. And even odder if significant policy shifts towards China like trade wars and technology export bans had not had an impact too. At times, there is more than just an indirect ideational and narrative element to such transnational action. The USA has, for example, securitised Chinese telecom company Huawei and put considerable pressure on European allies to comply with its policies towards the company<sup>56</sup> and on semiconductor equipment suppliers in the Netherlands and Japan to comply with US export restrictions. What has happened between Australia and China has also acted as an example to others of what can happen if political and economic logics of engaging China point in different directions.<sup>57</sup>

Narratives mediate between realities and political processes, at the same time as representations and as effective forms of shaping them.<sup>58</sup> For a dominant narrative to truly establish itself, it has to make sense to and resonate with most of the target audience, so that it goes almost unnoticed.<sup>59</sup> This is where our three precipitating reasons enter the picture.

## Precipitating Reasons for the Change in Perceptions

The three precipitating reasons are the sharp rise of Chinese investment into Europe in the mid-2010s and especially their subsequent securitisation, the Covid-19 pandemic, and the Ukraine War. All three have tended to confirm, accelerate, or compound existing thinking about the nature of authoritarian great powers. As they all occurred within a few years and were very prominent in the media, they had the effect of taking concerns related to China, which previously had been debated mostly among policymakers and experts, to the general European public roughly around 2016–22.

The first precipitating reason is the securitisation of the very rapid increase in Chinese investment (foremost acquisitions) into Europe, especially in major Western European economies in 2015–7. But this needs to be placed in context. Even after a rapid increase in

<sup>54</sup> Wang Shuo, “Can Coordination with the US Solve Europe’s Predicament?” *Global Times*, 19 October 2023, <https://www.globaltimes.cn/page/202310/1300199.shtml>.

<sup>55</sup> Global Times, “Sunak’s Pandering to US Contradicts UK Firms’ Desire for Cooperation with China: Expert,” 9 June 2023, <https://www.globaltimes.cn/page/202306/1292262.shtml>.

<sup>56</sup> Andreas Bøje Forsby, “China as a National Security Threat. A Comparative Study of Changing Threat Perceptions in the Baltic Sea Region,” *DIIS Report* (2021), pp. 27–37; Laurens Cerulus and Sarah Wheaton, “How Washington Chased Huawei Out of Europe,” *Politico*, 2022, <https://www.politico.eu/article/us-china-huawei-europe-market/>.

<sup>57</sup> Hans van Leeuwen, “Australia Gives Europe Another Wake-up Call on China,” *Financial Review*, 2023, <https://www.afr.com/policy/foreign-affairs/australia-gives-europe-another-wake-up-call-on-china-20230425-p5d2zh>.

<sup>58</sup> Freistein et al., “Studying Narratives in International Relations.”

<sup>59</sup> Hagström and Gustafsson, “Narrative Power,” p. 391.

Chinese investment, the total stock of it in most European countries and the continent as a whole was very low. From 2007 to 2016 of those EU-based companies owned by overseas interests, the percentage of Chinese ownership increased from 1.4 to 8. A big leap and 8% is a significant number, but perhaps not quite as high as the discussion about Chinese ownership might suggest. In terms of the total assets of EU firms in 2016, Chinese companies only controlled about 3% of them. Again, not insignificant, but not massive either, and again probably less than the casual observer might think given the way that Chinese investment has been spoken about.<sup>60</sup> Of course, this is partly because of China being a relative late-comer to cross-border investment that has been playing catch up. But even on an annual basis, Chinese investment into most European countries was, even at its height, dwarfed by investment from North America and the rest of Europe.<sup>61</sup> And since the brief investment boom, Chinese investment into Europe has dropped considerably: back to 2010 figures in 2023. Mergers and acquisitions, which drove the previous rapid increase, keep tumbling with greenfield investment in the electric vehicle (EV) sector now the dominant form.<sup>62</sup>

Of course, Chinese money is not evenly spread across Europe, and its significance for individual economies varies considerably. Hungary became the single biggest destination in 2023 as a result of EV investment, and in the process, China became the biggest source of foreign investment in Hungary that year.<sup>63</sup> The UK has been the single biggest destination for cumulative Chinese investment in Europe over the years. Yet, China accounted for just 0.3% of the total stock of foreign investment into the UK in 2021.<sup>64</sup> Nevertheless, a sharp increase in investments of the kind that occurred in the mid-2010s is not going to go unnoticed. There was also an expectation at the time that this was not just a short-term blip but a new trend that was “unlikely to end any time soon.”<sup>65</sup> More important than total numbers are the sectors that Chinese investment was targeting up to 2016–7. The Piraeus port project points to the importance of Chinese control of major infrastructure assets. At least as important was the rapid growth in that period of Chinese merger and acquisition activity in “strategic sectors, particularly manufacturing and ICT companies based in Germany and UK, followed by France, Italy and the Netherlands,” investments that led to “much larger productivity gains for Chinese acquiring firms compared to their EU or US counterparts.”<sup>66</sup>

What really shifted the debate, however, was that Chinese investments became securitised in the years immediately following the investment surge. This was initially a debate centring much around the Chinese telecom company Huawei. The first Trump administration was actively warning European governments about potential security risks related to Huawei. This was initially met with much scepticism, even among some security European security services. After all, Huawei had already by that time attained a strong foothold as a network

<sup>60</sup> European Commission, “China Is Rapidly Increasing Its Investments towards Industries with High Innovative and Technological Content Where Traditionally the EU Has Been Stronger Than China,” EU Science Hub, 2019, [https://joint-research-centre.ec.europa.eu/jrc-mission-statement-work-programme/facts4efuture/china-challenges-and-prospects-industrial-and-innovation-powerhouse/china-rapidly-increasing-its-investments-towards-industries-high-innovative-and-technological\\_en](https://joint-research-centre.ec.europa.eu/jrc-mission-statement-work-programme/facts4efuture/china-challenges-and-prospects-industrial-and-innovation-powerhouse/china-rapidly-increasing-its-investments-towards-industries-high-innovative-and-technological_en).

<sup>61</sup> In addition to national government statistics, the Rhodium Group and Merics produce regular reports on Chinese investment into Europe.

<sup>62</sup> Agatha Kratz et al., “Chinese FDI in Europe: 2023 Update,” *Rhodium*, 6 June 2024, <https://rhg.com/research/chinese-fdi-in-europe-2023-update/>.

<sup>63</sup> Péter Szijjártó, “Hungary Drew Record Investments of More Than 13 Billion Euros in 2023,” *About Hungary*, 5 January 2024, <https://abouthungary.hu/news-in-brief/fm-hungary-drew-record-investments-of-more-than-13-billion-euros-in-2023>; Alyssa Chen, “China Confirms Xi Jinping’s European Tour Will Include Visits to France, Serbia and Hungary,” *South China Morning Post*, 29 April 2024, <https://www.scmp.com/news/china/diplomacy/article/3260810/china-confirms-xi-jinpings-european-tour-will-include-visits-france-serbia-and-hungary>.

<sup>64</sup> Department for International Trade, “Trade and Investment Factsheets: China,” 20 June 2024, <https://assets.publishing.service.gov.uk/media/6672b732f92bc4be25da7df7/china-trade-and-investment-factsheet-2024-06-20.pdf>.

<sup>65</sup> Thilo Hanemann and Mikko Huotari, “A New Record Year for Chinese Outbound Investment in Europe,” *Merics*, 2016, [https://events.merics.org/sites/default/files/2020-05/COFDI\\_2016.pdf](https://events.merics.org/sites/default/files/2020-05/COFDI_2016.pdf).

<sup>66</sup> European Commission, “China Is Rapidly Increasing Its Investments.”

equipment provider in many countries from Germany to Eastern Europe and the Nordic countries without much public debate. The message from the Trump administration was greatly aided by a provision (Article 7) in the 2017 Chinese National Intelligence Law that “All organizations and citizens shall support, assist, and cooperate with national intelligence efforts in accordance with law...”<sup>67</sup> This was taken as confirmation of the malign intent of the Chinese party-state and has subsequently been referred to by many security and intelligence services as one of the main public justifications for treating Chinese investments differently from others.

While the debate over security risks was fired up by the shift in investment patterns and flows and the securitised interpretations subsequently given to them, other material changes have played a role too. Concern about reliance on trade relationships with China has also increased as trade with China has increased. Indeed, in terms of relative significance *vis-à-vis* others, it is in trade (especially imports) rather than investment where China is most significant for most European states and the European Union as a whole.<sup>68</sup>

Having a high trade dependence with a physically distant country can be inherently risky. Volcanos and the inability to navigate canals have both had an impact on the transnational flow of goods this millennium. So too did the impact of the pandemic. But there is something else at play when it comes to trade with China. And this once again is trust and an assumption of intentions captured by Farrell and Newman’s idea of “weaponized interdependence,”<sup>69</sup> where states can use their critical positions within investment, trade, and communication networks to force change in others in order to make strategic gains. Or more correctly, a fear that such interdependence might be (or will be) weaponised in the future. If the extent of interdependence and sources of potential vulnerability grow, that can create anxiety. But it really needs the lack of trust to turn this from anxiety to something else, a sense of real insecurity and a conception of a threat.

The same is true for investment. Foreign ownership itself is not necessarily a cause of insecurity. That insecurity comes from an understanding of how China’s leaders might—or in some cases, absolutely *will* do at some point—use this ownership and control in ways that will be detrimental to Europe and Europeans. This is why we argue that shifting material relations on their own are not enough to explain the shift in perceptions and thinking. To do this, we need to understand why shifting material relations are received and parsed in the way that they are. Hence, the importance of the four underlying factors. To not so much misquote Alexander Wendt as to butcher the original, the significance of material relations is what states make of them.

It is very notable that despite the subsequent decline in Chinese investment after the peak of 2016, concerns about Chinese investment continue to drive a considerable part of the discussion of China’s future ambitions. As such, we draw a distinction between the specific precipitating impact of the rise in investment in the 2010s on the one hand, and the more general continued longer-term focus on the potential consequences of Chinese investment *per se* on the other hand. The former shone a light on Chinese investment and made it a subject of debate. The nature of that debate—including the way it has continued long after the boom—was shaped both by our four underlying factors and also by the way that investment has been used by various participants in the discursive battles to promote certain views of China.

The pandemic led to question marks over how the coronavirus was allowed to spread in the first place, and the opaqueness and secrecy of the Chinese political system. It also generated concerns about the consequences of the Chinese pandemic/medical diplomacy

<sup>67</sup> See <https://www.chinalawtranslate.com/en/national-intelligence-law-of-the-p-r-c-2017/> for a translation.

<sup>68</sup> Directorate-General for External Policies Policy Department, “EU-China Trade and Investment Relations in Challenging Times,” European Parliament, 2020, [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/603492/EXPO\\_STU\(2020\)603492\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/603492/EXPO_STU(2020)603492_EN.pdf).

<sup>69</sup> Farrell and Newman, “Weaponized Interdependence.”

and prompted discussions over the extent of excessive reliance on imports from China for a range of goods and resources, including critical medical supplies. By and large, though, the concerns that were articulated as the pandemic unfolded were not new ones. To be sure questions about what happened in the early days of the outbreak in Wuhan were pandemic specific. But they were questions that were already being asked before COVID19. The pandemic acted more as an accelerant or magnifying glass—perhaps forcing some people to come off the fence who otherwise would not have wanted to—rather than revealing new problems, issues, and questions.

And in some respects, the same is true of the Ukraine War. The speed and extent of disruption to energy supplies has had a spillover into wider concerns about precarity and vulnerabilities, and “what-if” questions. What would happen to global supply chains, for example, if there is a military conflict over Taiwan? Chinese support for Russia has also magnified existing concerns about the impact of contending positions on the fundamental nature of the global order, and an intimation of an emerging clash between democratic and authoritarian systems. And simply (in practice) supporting Russia raises questions about China’s fundamental trustworthiness too. All of these are important but are they really new? After all, Russia took limited military actions already against Georgia in 2008, occupied Crimea in 2014, waged a prolonged war in the Donbass, and used energy as a lever against its neighbours. In many parts of Eastern Europe, there were scant illusions about the nature of the Russian state even before 2022.

That said, there is a case for saying that the Ukraine invasion has been more than just an accelerant. It has placed a greater emphasis than for many years on real threats to sovereignty and national security and the potential for other military challenges in Europe, resulting from an ever-greater focus on the potential source of those threats too, including from China.<sup>70</sup> Together with the pandemic, they greatly strengthened a belief in Western democracies that authoritarian states are different in nature from democracies, and a (more debatable) argument that authoritarian states are all similar to each other, and inherently untrustworthy partners. Hence, the argument goes, what Russia is doing to Ukraine today, China will do to Taiwan in the future. The impact on thinking on China has been more fundamental in parts of eastern and northern Europe (the Baltics, the Nordic countries and Poland), where the war has resulted in calls for moral clarity and consequently a need to take sides, with China typically not perceived to be on the same side as Europeans. Even here, Ukraine has not been the only determinant in any shift in views of China, as disappointment that expected (or hoped) levels of Chinese investment had not materialised, also played a role in the emergence of more “hawkish” positions.<sup>71</sup> It is fair to say, though, that Ukraine has had a bigger impact on shifting views on China in some parts of the continent than in those countries where the shift had already occurred before the Russian invasion.

## What-ifs, Maybes, and Undefined Futures

Financial flows have been a significant precipitating reason for the change in European perceptions of China. However, our central argument is that it is the four underlying reasons that shape the way that these changing material relations, and the nature of Chinese economic statecraft, are understood. Without them, Chinese investments most likely would not have generated so much concern, and so many transnational policy advocates would not have latched on to it.

<sup>70</sup> Margot Schüller, “Disengagement from China: United States and European Union Policies,” GIGA Focus Asia, 2023, <https://www.giga-hamburg.de/en/publications/giga-focus/disengagement-from-china-united-states-european-union-policies-compared>.

<sup>71</sup> Pijpjen Bergsen and Valdonė Šniukaitė, “Central and Eastern Europe Become Hawkish on China,” Chatham House Expert Comment, 2022, <https://www.chathamhouse.org/2022/09/central-and-eastern-europe-become-hawkish-china>.

As we have argued elsewhere,<sup>72</sup> economic statecraft should entail three inter-related components: objectives and ends, capabilities and tools, and outcomes and effects. So, to identify economic statecraft in action, one needs to be able to show a causal linkage between the three: a clear (stated or unstated) objective that is deliberately pursued through specific ways to generate the hoped-for outcome for the state. Or more correctly, that is what we need to see to identify a *successful* deployment of economic statecraft. But even if it is unsuccessful and it does not have the hoped-for outcome, we need to be able to at least establish a clear link between establishing a goal and then using certain economic means to try and attain those goals.

When it comes to the discussion of Chinese economic statecraft in Europe, though, a clear causal linkage between the three sometimes seems to be simply assumed rather than proven. Or put another way, the action (the investment) is sometimes treated as evidence of state intent. This is particularly interesting and important in the European case, as the non-state sector has been a major source of Chinese investment. Indeed, the state sector share accounted for as little as 12% of all Chinese investment in Europe in 2021.<sup>73</sup> And the massive, albeit brief, spike in Chinese investment into Europe in 2015–7 that we suggest focussed attention on China's global role and ambitions was also overwhelmingly driven by the non-state sector. The Midea Group's purchase of Kuka Robotics in Germany was a major driver of concerns about "Beijing's ambitious strategy to transform the People's Republic into the leading powerhouse for future technologies."<sup>74</sup> Yet, Midea is a non-state public company listed on the Shenzhen Stock Exchange.

So why the focus on the state and statecraft when non-state actors dominate? Perhaps the first big wave of overseas Chinese investment at the start of the millennium shaped a view of a concerted effort to attain the state's strategic goals carried out by large state-owned enterprises (SOEs): a view that has persisted even as the nature of Chinese investment has changed. And SOEs still remain important today, not least when it comes to some of the biggest (and most newsworthy) projects, including in strategically important sectors like energy, transport, and communications. Moreover, it is not always easy to tell where the non-state sector starts and ends in China, as many limited liability companies are often subsidiaries of one or more SOEs and have ownership structures that ultimately end in the state sector.<sup>75</sup>

The state does not have to be the direct investor for it to be a key determinant of financial flows designed to attain specific ends. If it creates an economic environment and ecosystem that national companies operate in that is designed to deliver specific political goals, then that is statecraft. Establishing a macroeconomic environment that encourages market actors to act in certain ways that help attain states' geostrategic goals is also a component of economic statecraft. Somewhat ironically, this could even include making the sort of liberalising economic reforms that some have been calling on China to make for decades. For example, the (partial) removal of state controls over outward investment can be seen as a form of economic statecraft in itself if it results in Chinese companies being able to do things that they did not do before (or did not do to the same extent in the same places).

<sup>72</sup> Shaun Breslin and Helen E. S. Nesadurai, "Economic Statecraft, Geoeconomics and Regional Political Economies," *The Pacific Review*, Vol. 36, No. 5 (2023), pp. 927–48; Matt Ferchen and Mikael Mattlin, "Five Modes of China's Economic Influence: Rethinking Chinese Economic Statecraft," *The Pacific Review*, Vol. 36, No. 5 (2023), pp. 978–1004.

<sup>73</sup> Agatha Kratz et al., "Chinese FDI in Europe: 2021 Update," 27 April 2022, <https://meric.org/en/report/chinese-fdi-europe-2021-update>.

<sup>74</sup> Cynthia Wrage and Jakob Kullik, "After Kuka – Germany's Lessons Learned from Chinese Takeovers," *Choice*, 21 July 2022, <https://chinaobservers.eu/after-kuka-germanys-lessons-learned-from-chinese-takeovers/>.

<sup>75</sup> Dylan Sutherland, Ning Lutan, and Wang Jing, "An Exploration of Pyramidal Business Groups in China," in Wang Liming, ed., *Rising China in the Changing World Economy* (London: Routledge, 2012), pp. 138–62.

The Chinese state is particularly active in creating an unlevel playing field for Chinese commercial actors to operate in, be that support to go global and act overseas, or protection from external competition in the domestic market. That is why Babić and Dixon prefer the idea of Chinese *state-led investment* rather than just focussing on what is done by SOEs alone.<sup>76</sup> Furthermore and linking back to our second underlying reason, the relationship between party, state, and commercial actors has changed significantly in the Xi era. Pearson, Rithmire, and Tsai argue that the changes in the nature of China's domestic political economy under Xi, as noted earlier, have muddled distinctions between the state and the non-state and created a "blurred boundary between the Chinese state and firms."<sup>77</sup> This, they argue, has created uncertainty in major Western developed economies about who is doing what, and for which reasons, when they engage with Chinese economic actors, feeding an existing sense of insecurity that the extent of economic interdependence with China had already seeded. For Rogelja and Tsimonis, this has fed into the idea of a "China threat" through the promotion of an idea of what they call a "centralising agency" through which "Chinese firms, regardless of ownership status, are cast as agents of the Chinese state, unable to make their own financial decisions and beholden to their political masters in Zhongnanhai" (the leadership compound in Beijing).<sup>78</sup>

For those who see a China threat, corporate ownership is regarded either as irrelevant, inconclusive, or confusing. In truth, if you are trying to establish an overall big-picture understanding of a bilateral relationship, then it is the aggregate overall picture that matters rather than the nuance of individual cases. Ownership is also unimportant if the perceived threat is of China gaining dominance or leadership in certain economic sectors. This is exactly what the UK and US security agencies were referring to when they issued a joint statement on the main threats "posed by the Chinese Communist Party to UK and US interests" in 2020. These threats included losing "advantage" in key technological areas. And while such a transfer of advantage was in part taking place through illegal and/or clandestine methods, it was also occurring via commercial arrangements and activities.<sup>79</sup>

The action might be performed by a non-state actor, but the consequence is to increase Chinese capacities and capabilities as a nation-state. This need not be an issue or a threat in itself unless there is some sort of assumption that this increased capacity and leadership might—or indeed, absolutely will—be used in the future to attain some sort of national goal. And this is the very assumption that a relatively large number of observers now seem to have. Even if the party-state does not directly control the actions of Chinese companies overseas on a day-to-day basis today, there is an assumption that it can easily do so in the future, irrespective of their formal legal ownership. Parton provided perhaps the clearest example of this position in his oral evidence to an enquiry into UK–China relations in 2019:

I am not particularly bothered by the ownership of companies.... I think it is irrelevant. There was the whole Huawei debate about whether Huawei is a private company or a state-owned company. Who cares? It really is unimportant, because everybody knows that if the Communist Party says to a company, "Jump", the only answer is, "Certainly, sir. How high?"

<sup>76</sup> Milan Babić and Adam Dixon, "Is the China Effect Real? Ideational Change and the Political Contestation of Chinese State-Led Investment in Europe," *Chinese Journal of International Politics*, Vol. 15, No. 2 (2022), pp. 111–39.

<sup>77</sup> Pearson, Rithmire, and Tsai, "China's Party-State Capitalism and International Backlash," p. 137.

<sup>78</sup> Rogelja and Tsimonis, "Narrating the China Threat," p. 113. See also Babić and Dixon, "Is the China Effect Real?"

<sup>79</sup> Security Service, "Joint Address by MI5 and FBI Heads," 6 July 2022, <https://www.mi5.gov.uk/news/speech-by-mi5-and-fbi>.

There are several actual challenges and threats. Perhaps most obviously state-sponsored or -affiliated cyberattacks,<sup>80</sup> and various influence operations.<sup>81</sup> Their significance should not be underestimated. Yet as we have seen, assessments of the nature of the China threat are more often—perhaps even typically—dependent on “what-if” sort of questions. In the process, the conception of the goals and agents of economic statecraft in the Chinese case become somewhat different from the goals as understood when it comes to the study of other countries. This is because what are immediate commercial goals and objectives are perceived as having a broader and longer-term political utility in the attainment of other goals in the future. The commercial is deemed to be inherently political, and what would be left for students of management and business strategy to study when it comes to investment from other countries is deemed a being a core international relations issue when it comes to financial flows from China. Chinese companies and individuals involved in investing overseas might think that they are just trying to attain commercial goals, but their actions are parsed as ultimately contributing to something else as well.

Economic interactions, including those undertaken by non-state actors, can then be perceived as interim activities based on interim objectives. The individual company concerned can be driven by straightforward commercial objectives; this is their own individual intention. But this contributes to the state’s goal of building a richer, more advanced, and therefore more powerful China; the leadership’s intent. If the assumption is that this cannot be a good thing as a richer, more advanced, and more powerful China will inevitably use this power in ways that will harm the interests and security of others (or some others at least), the search for corporate commercial advantage by Chinese actors becomes an economic security—or even a national security—threat in the eye of the beholder. At an extreme, this can politicise and securitise all and every interaction with any type of Chinese actor irrespective of its nature, and the immediate intention and goal. Many scholars, for example, seized on Chinese investments in European port facilities as evidence of malign strategic intent of the Chinese party-state. However, China is the largest trading nation, and the EU is one of its main export markets. Amid increasing trade frictions, conceivably, there could also be an interest among Chinese companies to secure access to these ports for mainly commercial reasons.

In the process, the understanding of what is a strategically important economic sector also potentially widens when Chinese actors are involved. Or put another way, sectors that are not necessarily seen as being strategic when other foreign actors want to take a stake or get involved are in some way bestowed with being strategic when that foreign actor is a Chinese one. Note the different responses to Chinese money being involved in a plan to build a new nuclear power station in the UK, *vis-à-vis* the response to French technology to build the same plant. So, it is not wholly clear to us if the specific economic sector in itself is enough to gain it the definition of “critical.” Is it only when there is Chinese interest or investment in it that it gains this prefix? And this again harks back to the nature of China’s authoritarian state-capitalist party-state. The UK government’s 2023 Integrated Review placed national security, as well as deepening cooperation and alignment with core allies and partners at the centre of its relations with China, so engagement with China is first and foremost seen through the prism of how it affects UK national security.<sup>82</sup>

For example, in 2020, the Rhodium Group and the Bertelsmann Foundation published a report covering trade and investment relations between Europe and China. The goal was

<sup>80</sup> Antonia Hmaid, “‘Here to Stay’—Chinese State-affiliated Hacking for Strategic Goals,” *Merics*, 22 November 2023, <https://merics.org/en/report/here-stay-chinese-state-affiliated-hacking-strategic-goals>.

<sup>81</sup> Paul Charon and Jean-Baptiste Jeangène Vilmer, “Chinese Influence Operations: A Machiavellian Moment,” *IRSEM Report*, October 2021, <https://www.irsem.fr/report.html>.

<sup>82</sup> HM Government, “Integrated Review Refresh 2023. Responding to a More Contested and Volatile World,” 2023, pp. 12–3, [https://assets.publishing.service.gov.uk/media/641d72f45155a2000c6ad5d5/11857435\\_NS\\_IR\\_Refresh\\_2023\\_Supply\\_AllPages\\_Revision\\_7\\_WEB\\_PDF.pdf](https://assets.publishing.service.gov.uk/media/641d72f45155a2000c6ad5d5/11857435_NS_IR_Refresh_2023_Supply_AllPages_Revision_7_WEB_PDF.pdf).

to push back against the idea of a single Chinese threat (or not) and instead to distinguish between different types of interactions in different areas. Notably, this study was based on a very clear and explicitly made assumption that there is no point in distinguishing between different types of ownership of Chinese investors. It distinguished between those “green list” investment and trade relationships that did not provide a risk to Europeans, and those that had “potential security implications.” And the outcome was that in 2019, just under half of Chinese investments were thought to carry some sort of risk in areas like data collecting, infrastructure (including IT infrastructures), and “critical” economic sectors “needed for survival or basic economic life of all citizens.”<sup>83</sup> They note, however, that:

the EU needs to have a frank and open debate about what areas of its economy are relevant for its national security. At the moment, no European consensus exists on this question. Without clear definitions, Europe will struggle to defend its point of view.

Even if some sort of consensus does emerge, while some of these might be generically and universally critical, would all of these sectors be thought of in this way if the investment came from elsewhere?

The idea that perceptions of the potential threat that exists when friends and enemies have the same capabilities has, of course, a very strong foundation and tradition in constructivist thinking. Friend and foe are simplistic categories yet continue to be one of the most fundamental structuring elements of international relations. Just as Wendt argued that 500 UK nuclear weapons are viewed as less threatening in the USA than five held by North Korea,<sup>84</sup> so a much smaller level of Chinese ownership can be perceived as more threatening than greater levels of ownership by companies from elsewhere.

## So What? From Perceiving to Doing

Does it matter if the people doing the investment do not always have the same intent as is assumed? Particularly if the aggregate consequence of individual commercial projects is to strengthen a political regime that is perceived as the basic starting point of any challenge or threat? We suggest that there are a couple of reasons why a bit more nuance and perspective can be helpful when thinking about responding to concerns about China. We try to capture the importance of these by referring to *assumptions*, *conflations*, and *evaluation*, with the latter reinforced by a fourth consideration: *ability* and *agency*.

## Assumptions

First, it is all too easy, we suggest, to assume deliberate and guided state intent from action. And while the assumption might often turn out to be well founded, it can also be misplaced. For example, it seems fair to assume that the liberalisation of China’s outward investment regime in the 2010s was designed to achieve at least some previously defined state goals. But if you take the destination of where that increased Chinese outward investment went as evidence of what those goals were, then you might hit some problems. Because in the middle of the decade, the “evidence” would have suggested that the Chinese state wanted Chinese companies to invest in real estate, entertainment, and sports projects in the West. The “evidence” was there for all to see. So, the task would be to work out why. But it was exactly investment in these areas that new regulations in 2016 and 2017 were designed to stop; not only were the investors *not* acting on behalf of the state, but they were doing things

<sup>83</sup> Agatha Kratz, Matthew Minge, and Daniel H. Rosen, “Exploring a ‘Green List’ for EU-China Economic Relations,” 29 September 2020, <https://rhg.com/research/green-list/>.

<sup>84</sup> Alexander Wendt, “Constructing International Politics,” *International Security*, Vol. 20, No. 2 (1995), p. 73.

the state actively did not want them to do at all.<sup>85</sup> A little bit of time passing sometimes sheds events in a different light.

If we move beyond the European case, the growth of debt that has occurred in some countries that have been recipients of Chinese money really is a problem. However, there is very little evidence that catching smaller countries in a debt trap was the clear and obvious outcome that the Chinese leadership wanted to achieve, and then developed strategies to attain; it is hard to find any serious study that concludes that this is the case. On the contrary, there have been active attempts to do things differently and “establish a unified, efficient, and coordinated working mechanism for the prevention and control of overall, country-specific, and project-specific risks” to reduce the number of risky projects that lead to debt problems and defaults and the search for a “high-quality Belt and Road.”<sup>86</sup> Rather than see the growth of debt as a result of deliberate strategic intent, it seems more sensible to explain it as the result of exuberance and lack of planning, knowledge, and adequate risk analysis combined with the agency, interests, and objectives of recipients.<sup>87</sup>

And yet the idea that China has deliberately and successfully deployed an intentional “debt trap diplomacy” remains in popular use.<sup>88</sup> In the search for responses to the growth of debt, assuming a deliberate debt-trap diplomatic strategy results in a focus on the wrong drivers and at times the wrong actors. Outcomes are assumed to be intentional, and consequence is mistakenly presented as evidence to support a pre-existing perception of intent that can result in misguided predictions of future action, and as a result, misguided policy too.

## Conflations

Second, we think that different concerns at times become bundled together and conflated to generate overall negativity and scepticism. The logic of our explanation for the emergence of the new dominant perception means that it might not be possible to ever separate them from each other; it is how they work together and tend to reinforce each other that is the key. Despite this, we think it makes some sense to try to analytically do so, as different parts of this bundle point to different types of responses, and even perhaps in contradictory directions.

Dislike for China and the nature of the political regime seems to be the starting point of a number of perceptions of China. Such a dislike is an important part of establishing a lack of trust in China and its leader’s future intentions. Is it enough, though, on its own to base important economic decisions on? Or perhaps more clearly, should the argument for disengaging from China because engagement strengthens its authoritarian regime be separated out from a focus on the real, present, and clear risks of asymmetric interdependence with China?

More importantly, there is an urgent need to distinguish between perceived challenges and threats to the national interest, and those that have more world-order-type effects that seek to change the normative (and practical) starting point of the way that the world is ordered. The danger is that focusing too much on the national interest can point to solutions that might actually be detrimental when it comes to the global, where a more internationalist strategy might be more effective than a national one. Somewhat ironically, rather than China’s participation in the global liberal economy making China more liberal, it might be that existing liberal economies become less liberal than they previously were as they respond

<sup>85</sup> This argument is expanded in more detail in Breslin, *China Risen?*

<sup>86</sup> Zheng Shanjie, “Boosting High-Quality Belt and Road Cooperation Through Rigorous and Sustained Efforts,” *Qiusi*, 5 January 2024, [http://en.qstheory.cn/2024-01/05/c\\_953091.htm](http://en.qstheory.cn/2024-01/05/c_953091.htm).

<sup>87</sup> Mikael Mattlin and Matti Nojonen, “Conditionality and Path Dependence in Chinese Lending,” *Journal of Contemporary China*, Vol. 24, No. 94 (2015), pp. 701–20.

<sup>88</sup> Though in some cases, this is because it has lost its original intent and is often used simply to describe the increase in debt rather than the deliberate state intent to bring this about.

to China. And this could have consequences for how liberal preferences are perceived and supported (or not) in other parts of the world as a result. For example, in global economic governance, China's preferred ways of operating have been gaining traction also in Western countries, ironically, as a response to the challenge from China.<sup>89</sup>

## Evaluation

By definition, all threats are in the future. As such, it might seem to make no sense to say that a key problem is that so much of the assessment of a China threat is built on understandings of what-ifs. Threat assessment, though, is not just about identifying potential threats, but about evaluating the credibility and probability of each identified threat, arriving at some sort of understanding of a hierarchy of the immediacy and seriousness of each threat. And then building effective responses, given the resources available.<sup>90</sup>

Compared to the more limited (and largely energy-focussed) Europe–Russia relationship,<sup>91</sup> the relationship with China is much more multi-faceted and complex covering many more sectors. Returning to the Rhodium Group and the Bertelsmann Foundation 2020 report, they concluded that in 2019, just under half of Chinese investments were thought to carry some sort of risk.<sup>92</sup> Only 56% of European exports to China were rated “completely benign.” This high figure is in part because of the potential for what a Civitas report called “inadvertently arming China”<sup>93</sup> through the potential exploitation of commercial and research partnerships for either military use or enhancing illiberal governance capabilities (or both). Given the technological basis of modern military capabilities and surveillance techniques, this leaves many areas as potentially falling within a broad dual-use definition. Moreover, other technologies can also be considered to have “enabling effects” even if they are not directly usable but “have a feedback effect by accelerating innovation.”<sup>94</sup>

If pretty much anything and everything done by Chinese organisations and individual actors can be thought of as forming a potential future threat, then where does this leave the response? Even if an absolutist position of cutting off all contacts with China is rejected, then which future threats are more likely and more threatening than others? A tricky evaluation that is made ever trickier by the indeterminate future point at which commercial activities might be levered to become something else.

## Ability and Agency

Evaluating specific threats against the assumption of such a bleak future is made even trickier by balancing the need or desire to de-risk relations with China on the one hand, with the benefits of maintaining connections and connectivity with China on the other hand.<sup>95</sup> While in theory one can just pick the “bad apples” away from the basket while keeping the good ones, in practice intense focus on risks and threats in engagement with China has indirectly

<sup>89</sup> Mattlin, “Normative Economic Statecraft.”

<sup>90</sup> Clifton Smith and David Brooks, *Security Science: The Theory and Practice of Security* (Amsterdam: Elsevier, 2013), p. 65.

<sup>91</sup> Torbjörn Becker and Anders Åslund, “The EU’s Dependence on Russian Energy—A Force That Divides or Unites the Union?” in Antonina Bakardjieva Engelbrekt et al., eds., *The Borders of the European Union in a Conflictual World* (London: Palgrave, 2024), pp. 147–76.

<sup>92</sup> Kratz, Minge, and Rosen, “Exploring a ‘Green List’.”

<sup>93</sup> Radomir Tylecote and Robert Clark, “Inadvertently Arming China: The Chinese Military Complex and Its Potential Exploitation of Scientific Research at UK Universities,” *Civitas*, 2021, <https://www.civitas.org.uk/publications/inadvertently-arming-china/>.

<sup>94</sup> Alexander Montgomery, “Double or Nothing? The Effects of the Diffusion of Dual Use Enabling Technologies on Strategic Stability,” University of Maryland, CISSM Working Paper, 2020, [https://cissm.umd.edu/sites/default/files/2020-07/Dual\\_use\\_tech\\_strategic\\_stability\\_072720.pdf](https://cissm.umd.edu/sites/default/files/2020-07/Dual_use_tech_strategic_stability_072720.pdf).

<sup>95</sup> Directorate-General for Climate Change, “Readout of the Fourth EU-China High-Level Environment and Climate Dialogue,” 4 July 2023, [https://climate.ec.europa.eu/news-your-voice/news/readout-fourth-eu-china-high-level-environment-and-climate-dialogue-2023-07-04\\_en](https://climate.ec.europa.eu/news-your-voice/news/readout-fourth-eu-china-high-level-environment-and-climate-dialogue-2023-07-04_en).

led to the shutting down also of various forms of cultural engagement, just in case. For example, the city of Helsinki recently shelved a popular Chinese New Year's festival that had been organised in cooperation with the city of Beijing for more than 15 years, while controversial Confucius centres have been shut around Europe, and scientific cooperation with China has been under scrutiny in many European countries in the name of research security. The changing nature of warfare also expands the scope of subjects that might be considered to have dual-use exploitation for military purposes.

The most obvious and usual explanation for the need to maintain connections is to deal with climate change, pollution, and biodiversity loss. However, here as well if we place national security considerations front and centre of the relationship, cooperation quickly runs into trouble, as China currently controls most technologies and critical minerals needed for the green transition. Even without a pandemic, China has a key role to play in the global health sphere too and is the biggest provider of United Nations (UN) peacekeepers of all the permanent members of the UN Security Council. China still offers commercial possibilities that might be lost or made more difficult to attain if the political relationship deteriorates. And there is a good chance that any non-military solution to conflicts in the Middle East and Ukraine might well include Chinese involvement.

And then it becomes harder still because of the weak ability of European governments and/or the EU to control what happens. Quite simply, many of the decisions that will have to be made if Europe is to de-risk its China relations to any meaningful degree will be made by businesses, and not by governments; and those businesses might not always see the same threats as governments do; and indeed, see profits and economic gains (in the short term) instead.

We do not deal with how to de-risk from China in any detail here but have explored different options elsewhere.<sup>96</sup> One conclusion is that any and all of the options that can be used to de-risk are going to result in increased government expenditure, greater production costs, or increased prices; and most likely, all three. Governments will need to decide, then, how much economic cost they are prepared to incur or inflict on others for what extent of de-risking. And to be honest with their electorates about balancing costs and benefits too. It might be tempting to play it safe and view all economic interactions with China as containing potential risks or, less extremely, to perceive a large number of them as being potentially risky in the future. However, if de-risking needs to be rationalised, sophisticated government bureaucracies can do better than think of their economic relations with China in this way. A more discerning view of the severity of various threats and risks, as well as their likelihoods and time frames, is needed.

## Conclusion

In this article, we have contended that identifying China as a threat depends on manifold connotations, assumptions, evaluation, and beliefs regarding ability and agency that bundle together many concerns that analytically and in policymaking should be kept separate. What our analysis suggests is that identifying China as a systemic rival, or even threat, is a rather different project than putting in place effective and affordable solutions that do not have considerable negative externalities (such as making cooperation in areas of common interest

<sup>96</sup> See Mikael Mattlin et al., "Enhancing Small State Preparedness: Risks of Foreign Ownership, Supply Disruptions and Technological Dependencies," Finnish Institute of International Affairs, FIIA Report No. 74, August 2023, [https://www.fiaa.fi/wp-content/uploads/2023/08/report74\\_enhancing-small-state-preparedness\\_web.pdf](https://www.fiaa.fi/wp-content/uploads/2023/08/report74_enhancing-small-state-preparedness_web.pdf); Shaun Breslin, Liisa Kaupilla, and Elina Sinkkonen, "Is De-risking Possible?" EH5S Policy Paper, 9 April 2024, <https://eh4s.eu/publication/is-de-risking-possible-responding-to-china-related-economic-insecurities>. See also Andreea Brinza, et al., "EU-China Relations: De-risking or De-coupling—The Future of the EU Strategy towards China," Directorate-General for External Policies Policy Department, March 2024, [https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO\\_STU\(2024\)754446\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2024/754446/EXPO_STU(2024)754446_EN.pdf).

more difficult). At the very least, one would need to more clearly analytically separate: (1) things that Western observers dislike about China and its political system; (2) threats that are hypothetical (what-ifs) and lie in the future, and thus are dependent on our assumptions; (3) world-order type questions, where we dislike what a China-led world probably would entail; from (4) genuine and immediate national security concerns.

This realisation might explain why a number of European leaders have recently again exhibited more pragmatism in their statements on and dealings with China; indeed, the former UK Prime Minister specifically titled his approach to dealing with China (and other global competitors) “robust *pragmatism*” (emphasis added).<sup>97</sup> The new President of Finland formulated that Finland’s foreign and security policy will be based on “value-based realism,” and made a state visit to China.<sup>98</sup> While decoupling or de-risking from China has been a politically popular message to many Western electorates, especially after Russia’s war of aggression, selling politically the concrete costs and consequences of decoupling from a country that manufactures over 30% of the world’s goods is a much taller order. There are also environmental considerations: not just in terms of the overall planetary challenges, but also when it comes to specific European objectives and strategies. For example, while there are national security, commercial, and reciprocity arguments for imposing tariffs on Chinese EV imports into Europe, reducing imports and/or making them more expensive could undermine the EU’s ability to deliver on its climate change objectives and promises.<sup>99</sup>

This then raises questions about the relationship between narratives and actual interactions (both government politics and commercial relationships). Is the latter maybe less affected by the former than the other more pragmatic and material considerations as noted earlier? Is there a time lag between the former and the latter changing, perhaps because of a recognition of how difficult it actually is to unravel multiple sets of complex transnational networks of production and finance? Or perhaps the narrative itself has begun a new turn, as the focus moves away from what looks increasingly like a European consensus about the nature of China and the consequences of its rise to Europe, towards a more fragmented set of understandings of how to respond. And also, a lack of clarity and agreement over how far to align with the USA and respond to Washington’s China policies. At the very least, Donald Trump’s victory in the 2024 US Presidential election generated uncertainty over the future of both US–Europe and US–China relations that might impact on the way that China and Europe engage each other in the future.

We have constructed an analytical framework that explains how different factors have led to a shift in the dominant perceptions of China in Europe in recent years. We identified two different types of reasons for change in dominant perceptions: underlying and precipitating reasons, as well as a transmitting process (narrative diffusion). We have argued that the nature of these changing perceptions and narratives might lead to or potentially hinder the search for effective responses. In this respect, it is both time- and location-specific. We have also contributed to the literature on how perceptions and narratives emerge and change more generally when it comes to the study of China. All of this may improve our understanding of the causes and consequences of such perception shifts if and when the narrative shifts again in the future.

Our article has primarily dealt with Europe. However, we believe that it is relevant also for other industrialised democracies; after all, the shift in perceptions on China occurred in Pew survey data around the same time in most OECD countries. While there are bound to be local idiosyncrasies, by and large, discussions on threats and risks, on decoupling

<sup>97</sup> Rishi Sunak, “PM Speech to the Lord Mayor’s Banquet,” 28 November 2022, <https://www.gov.uk/government/speeches/pm-speech-to-the-lord-mayors-banquet-28-november-2022>.

<sup>98</sup> Government Report on Finnish Foreign and Security Policy, Publications of the Finnish Government 2024:35, [https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/165723/VN\\_2024\\_35.pdf?sequence=1&isAllowed=y](https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/165723/VN_2024_35.pdf?sequence=1&isAllowed=y).

<sup>99</sup> Jia Hui Tee, “EU Tariffs on Chinese EVs: A Climate Conundrum,” *Hinrich Foundation*, 9 July 2024, <https://www.hinrichfoundation.com/research/article/tech/eu-tariffs-on-chinese-evs-a-climate-conundrum>.

and later de-risking, as well as the requisite policy responses (such as investment screening and export controls) have been similar in the USA, the EU, UK, Japan, and Australia. As an ambitious party-state, and a highly capable state-capitalist authoritarian system, China is now seen as posing an overarching challenge to established industrialised democracies. Yet, the policy responses require more sophistication than just “flipping the switch” and shutting down economic interactions, to be on the safe side.

## Acknowledgements

The authors would like to give special thanks to Matt Ferchen for contributing to fruitful academic discussions that later developed into this article. We would also like to thank the two anonymous referees, as well as Morten Bøås, Thomas Christiansen, Kristin Dahlen, Hedda Flatø, Tuomas Forsberg, Andreas Førstby, Bjørnar Thygeson, Ole Jacob Sending, Antto Vihma, and Mikael Wigell for excellent comments that helped improve the paper. Earlier versions of this paper have been presented among others at the ISA Annual Convention in San Francisco on 3–6 April 2024, the European Research Council (ERC) SINATRA-project workshop in Brussels on 24 October 2023, and a workshop organised by the Norwegian Centre for Geopolitics in Oslo on 13 November 2024.

*Conflict of interest statement.* None declared.

## Funding

The research work that went into this article has been supported by the Research Council of Finland (grant number 338145) and the Horizon Europe-funded project EuroHub4Sino (grant agreement number 101131737).