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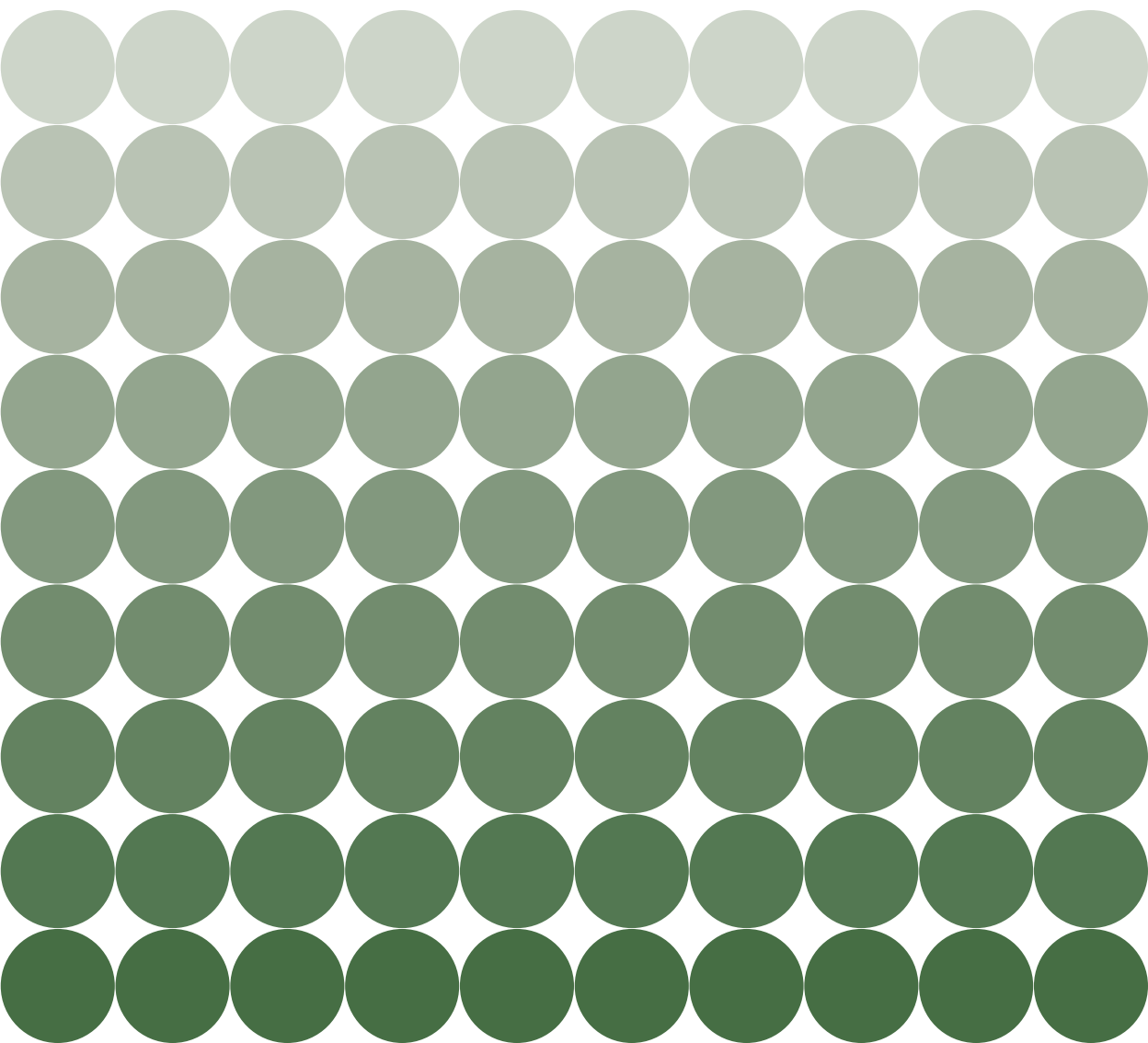
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June 2014

PROTECTING CHINA'S OVERSEAS INTERESTS

The Slow Shift away
from Non-interference

MATHIEU DUCHÂTEL, OLIVER BRÄUNER
AND ZHOU HANG



STOCKHOLM INTERNATIONAL PEACE RESEARCH INSTITUTE

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Preface

In March 2011 China was forced to hastily evacuate more than 35 000 of its citizens, many of them oil or construction workers, from Libya, as the regime of Muammar Gaddafi collapsed. This incident illustrated the severe and growing threats to both Chinese interests and citizens in crisis zones around the globe. The global expansion of China's interests thus raises serious questions about the sustainability of one of China's key traditional foreign policy guidelines: the non-interference principle.

The sustainability of China's commitment to non-interference is a key question for the future architecture of international security. In the post-cold war era, the policy debate within and outside China has focused on humanitarian intervention and the conditions of greater Chinese involvement in collective security and multilateral military operations. Although this debate has not yet come to an end, as a result of the rise of the country to great power status, the key question is increasingly becoming how China will use political influence and military power in support of its national interests overseas.

The authors of this Policy Paper—experts from SIPRI's China and Global Security Project—have used their unique access to Chinese official, commercial and academic circles to survey and analyse the current state of China's debate on non-interference. They show that the protection of Chinese nationals and economic assets overseas is widely perceived as a responsibility of the state, which stretches the boundaries of the non-interference principle. The evacuation from Libya was highly visible internationally, but Chinese government agencies and state-owned enterprises have taken many other steps to protect their interests overseas. These incremental policy adaptations have been tested by conflicts in regions where China has substantial energy interests. At the same time, influential academics are starting to challenge the mainstream view that non-interference serves Chinese interests best.

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Dr Ian Anthony
Director, SIPRI
Stockholm, June 2014

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As with all SIPRI publications, the research was conducted independently and the views expressed in this Policy Paper are those of the authors.

Dr Mathieu Duchâtel, Oliver Bräuner and Zhou Hang
Beijing and Stockholm, June 2014

Summary

Chinese foreign policy is slowly shifting away from a strict interpretation of non-interference, towards a pragmatic and incremental adaptation to new challenges to China's globalizing economic and security interests. Although there has always been a degree of flexibility in Chinese foreign policy regarding non-interference, even during the Maoist period, the principle has by and large remained a key guideline for diplomatic work and a major rhetorical tool.

While non-interference continues to receive strong rhetorical support from China and is believed to be of great significance with respect to the protection of China's 'core interests', particularly on issues related to state sovereignty, territorial integrity and the socialist political system, a policy debate has emerged regarding the principle's sustainability in recent years. Indeed, non-interference was crafted in a different international environment in which China had few economic and security interests to defend beyond its borders. As a result of the globalization of the Chinese economic and human presence, the extent to which non-interference is serving the national interest of China is increasingly being questioned.

The rapid expansion of China's overseas interests has led to an important policy debate in the Chinese strategic community. Many Chinese scholars expect that the globalization of China's interests will result in transformations in China's national defence policy and highlight in particular the importance of naval power. At the same time, normative transformations in the international system in the post-cold war era that have contributed to the erosion of sovereignty, such as the greater emphasis on human security, have also affected Chinese strategic debates regarding non-interference.

However, the mainstream Chinese academic community still maintains that the benefits of further adherence to non-interference outweigh the potential costs of a major policy change. China has engaged in a policy of pragmatic adaptation and has shown growing flexibility in its application of non-interference. The emergence of a number of new concepts, including 'creative involvement' and 'constructive involvement', facilitates this gradual change and equips China with more leeway to pursue an increasingly engaged foreign policy posture. Nevertheless, while Chinese overseas energy interests continue to grow rapidly, Chinese companies often operate in politically unstable countries and face increasing political and security risks, including armed conflict, political instability, terrorism, corruption, organized crime and piracy.

China's non-interference policy, combined with a lack of experience and overseas power-projection capabilities, has imposed serious limits on Chinese attempts to protect its growing overseas energy interests. In order to overcome this handicap, China has diversified its diplomatic outreach and has attempted to mediate between conflict parties—as clearly demonstrated in China's evolving approach to the conflicts between and within Sudan and South Sudan—although so far with limited success. At the same time, China has also strengthened the risk

assessment, crisis response, corporate social responsibility and political insurance capacities of its national oil companies. These adaptations aim to optimize the protection of Chinese energy interests in politically unstable or crisis areas, while maintaining the credibility of China's official non-interference policy. Therefore, more radical approaches, especially the use of the People's Liberation Army (PLA) to protect energy assets abroad, seem unfeasible in the short-to-medium term.

Over the past decade the protection of nationals abroad has also emerged as a diplomatic priority for China. The number of Chinese individuals travelling or residing overseas has grown so rapidly that Chinese Government agencies lack accurate statistics in many countries. The boom in overseas travel and work by Chinese also means that Chinese citizens are more susceptible to risks and attacks abroad, and the globalization of Chinese firms and their investments in unstable countries and regions means that their employees face increasing safety risks.

Protecting increasingly large numbers of nationals overseas could potentially shift Chinese foreign policy away from non-interference but, so far, China has preferred institutional adaption and capacity building. While Chinese Government agencies and state-owned enterprises (SOEs) have integrated the issue as a priority, there is still room for improvements in crisis prevention and management. The Chinese Ministry of Foreign Affairs has sought to reinforce preventive measures, institutionalize its internal consular protection system and establish inter-agency coordination mechanisms to provide better service for Chinese citizens overseas. Additionally, in major emergencies, China has gradually accumulated experience in conducting non-combatant evacuation operations. However, the sustainability of this approach is likely to be called into question by the growing involvement of armed actors, including the PLA, the Ministry of Public Security (MPS) and potentially private security companies, in the protection of nationals abroad.

There is still a degree of uncertainty regarding whether China will continue on the path of pragmatic adaptation within the non-interference framework, and the degree of change on concrete policy outcomes that such an evolution would entail. The possibility of a dramatic policy change cannot be entirely discarded, as unforeseen events could precipitate change. China's foreign policy could also strictly remain within the boundaries of non-interference. Its ultimate strategic choice will certainly have far-reaching effects on global governance and international security. For states seeking greater international security cooperation with China, this ongoing transformation creates new challenges and opportunities.

Abbreviations

AU	African Union
bcm	Billion cubic metres
CASS	Chinese Academy of Social Sciences
CDB	China Development Bank
CNOOC	China National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
CPA	Comprehensive Peace Agreement
CPC	Communist Party of China
CPPCC	Chinese People's Political Consultative Conference
CSR	Corporate social responsibility
JEM	Justice and Equality Movement
MFA	Ministry of Foreign Affairs
MOE	Ministry of Education
MOFCOM	Ministry of Commerce
MND	Ministry of National Defence
MPS	Ministry of Public Security
NDRC	National Development and Reform Commission
NEO	Non-combatant evacuation operation
NGO	Non-governmental organization
NOC	National oil company
PLA	People's Liberation Army
PLAAF	People's Liberation Army Air Force
PLAN	People's Liberation Army Navy
PSC	Private security company
R2P	Responsibility to protect
SASAC	State-owned Assets Supervision and Administration Commission
SOE	State-owned enterprise
SPLM	Sudan People's Liberation Movement
UN	United Nations

1. Introduction

Non-interference is a cornerstone of China's foreign policy. Since its inception by Zhou Enlai, Chinese Prime Minister, in 1953 as part of the Five Principles of Peaceful Coexistence, the notion of non-interference has been closely associated with China's self-image in world politics as a country that had regained sovereignty and independence after a century of foreign aggressions and that intended to conduct foreign relations on a basis 'transcending social systems and ideologies'.¹ It was as much about defending China from foreign interference in the context of the cold war as about ideological projection in the developing world. The adoption of the Five Principles in 1955 at the Bandung Conference of African and Asian states secured diplomatic space for China outside the communist bloc and among non-aligned developing countries.² Non-interference was enshrined in the preamble of the 1982 Chinese Constitution and survived the end of the cold war.³ It continues to embody China's vision of a multipolar world of independent sovereign states that conduct their domestic and foreign policies free from intervention from great powers.

There is some degree of ambiguity in China's 'non-interference principle' (不干涉原则, *bu ganshe yuanze*). It focuses on 'interference' (干涉, *ganshe*) but in certain cases seems to also cover 'intervention' (干预, *ganyu*). Indeed, the two terms are often used interchangeably in foreign policy publications and discussions, even if *ganshe* has more clear imperialist and hegemonic connotations and has a stronger focus on interference in domestic affairs, while *ganyu* can in certain cases also pertain to diplomatic involvement in regional conflicts.

This ambiguity is aided by the absence of a precise definition in Chinese policy statements and international relations literature of which of a government's actions might constitute interference in a state's domestic affairs. China has long sought to engage diplomatically only with governments and to provide no support for opposition groups, so as to not affect the domestic balance of political power, even if this general rule was not respected in the 1950s and 1960s, when China supported revolutionary movements in Africa, South America and South East Asia.⁴ Today the rule applies to all forms of political support, including through arms sales.⁵ China only supports military intervention in another country

¹ Chinese Ministry of Foreign Affairs (MFA), 'China's initiation of the Five Principles of Peaceful Coexistence', 17 Nov. 2000, <<http://www.fmprc.gov.cn/eng/ziliao/3602/3604/t18053.htm>>.

² Chen, J., 'China and the Bandung conference, changing perceptions and representations', eds T. See Seng and A. Acharya, *Bandung Revisited, the Legacy of the 1955 Asian-African Conference for International Order* (National University of Singapore Press: Singapore, 2008), pp. 132–59.

³ The 5 principles are 'mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence in developing diplomatic relations and economic and cultural exchanges with other countries'. Constitution of the People's Republic of China, adopted 4 Dec. 1982, <<http://english.people.com.cn/constitution/constitution.html>>, Preamble.

⁴ Baranabov, M., Kashin, V. and Makienko, K., *Shooting Star, China's Military Machine in the 21st Century* (East View Press: Minneapolis, 2012), section 3.1.

⁵ Bromley, M., Duchâtel, M. and Holtom, P., *China's Exports of Small Arms and Light Weapons*, SIPRI Policy Paper no. 38 (SIPRI: Stockholm, Oct. 2013).

when sanctioned by a United Nations mandate and at the invitation of the country in question.

Apart from these obvious red lines on arms sales, political support and military action, the boundary between interference and legitimate diplomatic practice has never been clearly defined. This ambiguity creates space for diplomatic flexibility. It also explains why, as recently as March 2014, some commentators criticized China's double standards on non-interference when it did not oppose Russia's annexation of Crimea.⁶ China has also been criticized for deploying its diplomatic resources to suppress support for Chinese dissident and pro-independence movements that are active in countries where freedom of speech is guaranteed by constitutional law.⁷

Non-interference serves another key Chinese foreign policy goal. In addition to being a defensive weapon to protect Chinese sovereignty, by differentiating China from the West it helps support the global economic expansion of China in developing countries. This has become especially apparent with the exponential growth in the overseas activities of Chinese firms since the beginning of the 21st century. China's 'no strings attached' approach to foreign aid, trade and investment exchanges has been widely criticized in the West, but non-interference is also a soft-power tool. China is part of a large coalition of like-minded governments that use a strict adherence to non-interference as a defensive tool against intrusive Western liberal values and the risks of regime change.

However, the extent to which non-interference is serving the national interest of China is increasingly being questioned. This is arguably due to the fact that China's national interest is also changing. In 2014 China became the world's largest trading power, and in 2012 it ranked third in terms of outbound direct investments.⁸ China's presence overseas is also a human one. According to the Chinese Ministry of Foreign Affairs (MFA), the number of Chinese nationals travelling abroad each year will reach 100 million in 2015. Non-interference was crafted in a different international environment in which China had few economic and security interests to defend beyond its borders.

This Policy Paper explores the extent to which a change in China's non-interference policy has been and can be further driven by the globalization of Chinese interests. It focuses on three possible drivers of change: policy and academic ideas, energy interests, and the protection of nationals overseas. In the past decade, there have been signs that the seeds of change had been planted. Clearly, in contrast to the debate in the 1990s on China's international responsibilities regarding humanitarian intervention and responding to Western pressures, the expansion of China's 'overseas interests' (海外利益, *haiwai liyi*) is putting non-interference under greater strain. A major turning point occurred in 2004 when President Hu Jintao first mentioned the notion in a public speech. Hu urged

⁶ 'Non-interference on the line', *The Economist*, Banyan Blog, 15 Mar. 2014, <<http://www.economist.com/news/china/21599035-crisis-ukraine-uncovers-hole-heart-chinese-foreign-policy-non-interference>>.

⁷ 'Oregon town angers China with mural on Taiwan, Tibet', Reuters, 10 Sep. 2012.

⁸ 'China overtakes US as world's largest good trader', *Financial Times*, 10 Jan. 2014; and 'China overseas direct investment to exceed FDI by 2017 says study', *South China Morning Post*, 29 Apr. 2013.

China's diplomatic work to 'enhance the capability of protecting interests overseas, improve relevant laws and regulations, strengthen the early-warning and fast-response system, improve the style of work and enthusiastically serve Chinese citizens and legal persons in foreign countries'.⁹

All signs since the leadership transition in 2012 suggest that the defence of 'overseas interests' is gaining strong momentum in China. President Hu's final report to the 18th Party Congress as General Secretary of the Communist Party of China (CPC) mentioned, for the first time, the protection of nationals overseas as a new foreign policy priority.¹⁰ The 2013 Chinese Defence White Paper went further, declaring for the first time that the protection of overseas energy resources and Chinese nationals overseas is a major security concern and a task for the Chinese military.

With the gradual integration of China's economy into the world economic system, overseas interests have become an integral component of China's national interests. Security issues are increasingly prominent, involving overseas energy and resources, strategic sea lines of communication (SLOCs), and Chinese nationals and legal persons overseas. Vessel protection at sea, evacuation of Chinese nationals overseas, and emergency rescue have become important ways and means for the PLA [People's Liberation Army] to safeguard national interests and fulfil China's international obligations.¹¹

Protecting the 'legitimate rights and interests of Chinese nationals residing abroad' also has a basis in the Constitution.¹²

Hesitations in Chinese foreign policy with regard to non-interference have become particularly evident in China's relations with Myanmar. In February 2013 the director of the anti-narcotics bureau of the Chinese Ministry of Public Security (MPS), Liu Yuejin, revealed in a media interview that his unit had considered conducting a drone strike in Myanmar.¹³ If successful, the plan—which was motivated by the murder of 13 Chinese sailors in Thailand in October 2011 by a group of South East Asian criminals led by a Myanmar national—would have resulted in the first targeted overseas assassination by a Chinese drone.¹⁴ The revelation that individuals within China's foreign policy and law enforcement apparatus now consider targeted assassination abroad as a policy option is an unprecedented development. At the same time, as one Chinese risk analyst has observed, 'Myanmar is the best example of China's commitment to non-inter-

⁹ Permanent mission of China to the UN at Geneva, 'The 10th Conference of Chinese diplomatic envoys stationed abroad held in Beijing', <<http://www.china-un.ch/eng/xwdt/t156047.htm>>. See also Men, H. and Zhong, F., '中国海外利益研究的历程, 现状与前瞻' [The history, current situation and prospect of the study on China's overseas interests], *waijiao pinglun*, no. 5 (2009), pp. 56–71.

¹⁰ Full text of Hu Jintao's report at 18th Party Congress', Xinhua, 18 Nov. 2012.

¹¹ Chinese State Council, *The Diversified Employment of China's Armed Forces*, Defence White Paper (Information Office of the State Council: Beijing, Apr. 2013), chapter 3.

¹² Constitution of the People's Republic of China (note 3), Article 50.

¹³ '专案组长披露抓捕糯康经过：曾欲派无人机斩首' [Head of the investigation team reveals process of apprehending Naw Kha: we considered a drone decapitation strike], *Global Times*, 18 Feb. 2013, <<http://china.huanqiu.com/local/2013-02/3651930.html>>.

¹⁴ 'Mekong river murderers executed by lethal injection', Xinhua, 1 Mar. 2013.

ference. We have lost ground as a result of recent political developments in the country. We could have chosen to interfere, but we decided against it.’¹⁵

This Policy Paper is the first study to analyse comprehensively the ongoing change in China’s approach and practice of non-interference in relation to the globalization of its economic interests. It emphasizes Chinese perspectives, drawing on open-source analyses in Chinese and English, and on interviews with Chinese experts.¹⁶ Chapter 2 reviews recent academic and policy debates in China on the sustainability of non-interference in the context of the global expansion of Chinese interests overseas. Chapter 3 addresses the case of energy interests overseas, which epitomize the global growth of Chinese interests in areas of the world affected by political and security risks. Chapter 4 outlines the protection of Chinese nationals overseas, detailing attacks, threat perception, risk assessment and Chinese foreign policy adaptations. Chapter 5 presents conclusions.

¹⁵ Risk analyst, Chinese policy bank, Interview with authors, Beijing, Jan. 2013 (author’s translation).

¹⁶ The authors conducted research interviews with Chinese officials and experts in Beijing, Shanghai and Urumqi from late 2012 to early 2014 on Chinese energy interests and the protection of Chinese nationals overseas, and with Central Asian China specialists and energy analysts in Astana, Almaty and Bishkek in Oct. 2012 to gauge local views on Chinese interests in the region and the 2010 evacuation of Chinese citizens from Kyrgyzstan. In order to respect confidentiality, interviews cited here remain anonymous.

2. Chinese debates on non-interference

Although China has always been consistent in its rhetorical support for non-interference, in recent years a policy debate has emerged regarding the principle's sustainability. Furthermore, normative developments in the international system continue to challenge the traditional primacy of state sovereignty. Meanwhile, China's embrace of economic globalization entails protecting its expanding webs of overseas interests, which often calls for a more engaging and proactive foreign policy than the strict form of non-interference would normally allow. The evacuation operation during the Libyan crisis in 2011 (see chapter 4) is a case in point, illustrating that measures to safeguard overseas interests require substantial diplomatic manoeuvres, and sometimes intensive cooperation from other states in affairs that China has traditionally perceived as strictly internal.

Efforts by the Chinese foreign policy community to adapt non-interference to meet new challenges confirm that China's steadfast commitment has ceded ground to interest-driven pragmatism. The mainstream discourse appears to disagree with abandoning this longstanding principle, but tries to rely on a less dogmatic interpretation of non-interference and explores flexibility in implementing concrete foreign policy. This approach is probably epitomized by China's special envoy to the Middle East, Wu Sike, in his comment that 'non-interference in each other's internal affairs does not mean doing nothing'.¹⁷ A move towards a more active foreign policy posture is also reflected in the fact that since Xi Jinping assumed supreme power, as president and CPC general secretary, in late 2012 he has not publicly reaffirmed Deng Xiaoping's much-repeated adage of 'keeping a low profile' (韬光养晦, *taoguang yanghui*).

China's strict adherence to non-interference

In 2012 President Hu re-affirmed China's adherence to non-interference in his final report to the 18th Party Congress, stating that 'China opposes hegemonism and power politics in all their forms, does not interfere in other countries' internal affairs and will never seek hegemony or engage in expansion'.¹⁸ This was in line with Hu's report to the 17th Congress five years earlier, in which he stated that 'hegemonism and power politics still exist'.¹⁹ However, Hu's 2012 report demonstrated increased prudence against intervention and placed a stronger emphasis on non-interference, characterizing the international environment as showing increasing signs of 'neo-interventionism' (新干涉主义, *xinganshe zhuyi*).²⁰ Hu also claimed for the first time that, in order to meet these challenges,

¹⁷ Wu, S., '不干涉内政不等于无所作为' [Non-interference does not mean doing nothing], *Renmin Ribao*, 31 May 2011, <http://paper.people.com.cn/rmrb/html/2011-05/31/nbs.D110000renmrb_03.htm> (author's translation).

¹⁸ Full text of Hu Jintao's report at 18th Party Congress' (note 10).

¹⁹ Full text of Hu Jintao's report at 17th Party Congress', *Xinhua*, 24 Oct. 2007.

²⁰ Swaine, M. D., 'The 18th Party Congress and foreign policy: the dog that did not bark?', *China Leadership Monitor*, no. 40 (2013), p. 2.

China would 'oppose any foreign attempt to subvert the legitimate government of any other countries'.²¹ These new references, probably based on China's reflection on the current situation in Libya and Syria, hint at growing anxiety over foreign intervention.

The beginning of the new millennium had witnessed the introduction of a new slogan coined by Hu to guide China's diplomacy: 'harmonious world' (和谐世界, *hexie shijie*). While 'harmonious world' is believed to indicate a new level of diplomatic activism in China's approach to regional and international affairs, there is also a remarkable continuity between this concept and the Five Principles.²² In an April 2006 speech to Saudi Arabia's Consultative Council, Hu argued that, in order to build a harmonious world, all countries need to abide by the principle of non-interference and avoid using 'differences [in cultural traditions, political and social systems, values and development] as a pretext to point a finger at other countries' internal affairs'.²³ In March 2007 the Chinese Foreign Minister, Li Zhaoxing, stated that 'mutual respect and non-interference in each other's internal affairs between countries are the necessary conditions for building a harmonious world'.²⁴ Thus, despite its references to multilateralism, the concept of the 'harmonious world' alludes to a world composed of sovereign states in which non-interference holds continued prominence. Another phrase that has been repeatedly emphasized by Chinese leaders since the 2000s, 'democratization of international relations' (国际关系民主化, *guoji guanxi minzhuhua*), also reflects this thinking. This concept stresses the equality and sovereignty of all countries in the international community and therefore enables smaller and developing countries to guard against interventionism, power politics and hegemonism.²⁵

Chinese foreign policy elites' rhetorical support for non-interference is also evident under the new leadership. Wang Yi, in his first public speech as Foreign Minister in June 2013, maintained that China must 'oppose the big, the strong and the rich bullying the small, the weak and the poor, and oppose interference in other countries' internal affairs'.²⁶ Likewise, in January 2013 the new Chinese President, Xi Jinping, reiterated China's unswerving adherence to the Five Principles during the Politburo 'collective study sessions' on the path of peaceful

²¹ 'Full text of Hu Jintao's report at 18th Party Congress' (note 10).

²² Gao, S. and Blanchard, J., *Harmonious World and China's New Foreign Policy* (Lexington Books: Plymouth, 2008), pp. 6–10.

²³ 'Chinese president on world harmony, Middle East', *Xinhua*, 23 Apr. 2006.

²⁴ 'Chinese FM: Non-interference necessary condition for harmonious world', *Xinhua*, 6 Mar. 2007.

²⁵ Ren, J., '新世纪以来中国推动国际关系民主化的理论与实践' [The theory and practice of China's promotion to the democratization of international relations since the new century], *Dangdai Zhongguoshi Yanjiu*, vol. 18, no. 6 (Nov. 2011) (author's translation). See also Scott, D., 'Soft languages, soft imagery and soft power in China's diplomatic lexicon', eds H. Lai and Y. Lu, *China's Soft Power and International Relations* (Routledge: Oxon, 2012), pp. 39–63.

²⁶ Chinese Ministry of Foreign Affairs, 'Exploring the path of major-country diplomacy with Chinese characteristics: remarks by Foreign Minister Wang Yi at the luncheon of the second World Peace Forum', Press Release, 27 Jun. 2013, <http://www.fmprc.gov.cn/mfa_eng/wjzb_663304/wjzbz_663308/2461_663310/t1053908.shtml>.

development.²⁷ Xi's new catchphrase, 'new type of great-power relations' (新型大国关系, *xinxing daguo guanxi*), primarily operationalizes calls for China and the United States to 'have respect for each other', which also connotes the continued relevance of non-interference in China's foreign policy mindset. As Yang Jiechi, Chinese State Councillor in charge of foreign affairs elaborated, the phrase 'have respect for each other' meant that the two countries should 'respect each other's social system and development road, respect each other's core interests and significant concern'.²⁸

Rationales behind China's strict adherence to non-interference

Many Chinese intellectuals share the view that the principle of non-interference serves Chinese foreign policy interests best. This perspective has much to do with the identification of China as a developing and postcolonial country. In their eyes, despite China's gradual integration into the international community and its growing national strength, Western countries will not abandon the idea of obstructing the rise of China. Therefore, non-interference is significant with respect to the protection of China's 'core interests' (核心利益, *hexin liyi*), particularly on issues related to state sovereignty, territorial integrity and the socialist political system.²⁹ As China's former Ambassador to Egypt, An Huihou, argues, to jettison this principle would 'be inviting trouble and undermine [China's] own sovereignty and core interests'.³⁰ Similarly, Ren Weidong, a researcher at the China Institute of Contemporary International Relations (CICIR), argues that there are two fundamental contradictions that are closely related to China's survival, 'between independence and hegemony, and between socialism and capitalism'. The principle of non-interference can therefore still serve as a 'political weapon' to prevent any foreign meddling in China's domestic affairs and as a 'political guarantee against the submersion of socialist countries in the sea of capitalism'.³¹

The outcome of the international intervention in Libya in 2011 heightened these scholars' suspicions. The intervention itself has been interpreted as evi-

²⁷ '习近平在中共中央政治局第三次集体学习时强调：更好统筹国内国际两个大局夯实走和平发展道路的基础' [Xi Jinping emphasized in the third Politburo collective study session: better overall planning of domestic and international situations, solidly taking the path of peaceful development], *Renmin Ribao*, 30 Jan. 2013, <<http://politics.people.com.cn/n/2013/0130/c1001-20367778.html>>.

²⁸ Chinese MFA, 'Yang Jiechi's remarks on the results of the Presidential meeting between Xi Jinping and Obama at the Annenberg Estate', Press release, 9 Jun. 2013, <<http://www.china-embassy.org/eng/zmgxss/t1049301.htm>>.

²⁹ An, H., 'The principle of non-interference versus neo-interventionism', *Foreign Affairs Journal*, no. 104 (summer 2012); and Liu, W., '不干涉内政原则不容践踏' [The principle of non-interference should not be trampled on], *Guangming Ribao*, 22 May 2012, <http://gmw.cn/gjgc/2012-05/31/content_4255014.htm>. China's 2011 white paper on peaceful development defines China's core interests as 'state sovereignty, national security, territorial integrity and national reunification, China's political system established by the Constitution and overall social stability, and the basic safeguards for ensuring sustainable economic and social development'. Chinese State Council, *China's Peaceful Development*, White Paper (Information Office of the State Council: Beijing, 6 Sep. 2011).

³⁰ An (note 29).

³¹ Ren, W., '小心“干涉别国内政”陷阱' [Be careful of the trap of interfering in other states' internal affairs], *People's Daily* (overseas edn), 14 Jun. 2013, <http://news.xinhuanet.com/world/2013-06/14/c_116138125.htm> (author's translation).

dence that Western neo-interventionism is on the rise and that certain countries are keen to intervene to cause regime changes under the cover of the responsibility to protect (R2P) or 'humanitarianism'.³² Hence, scholars assert that China should be vigilant against attempts by the West to soften China's position on non-interference, such as attacking China's policy on the grounds of it being 'in-humane', or stepping up rhetoric pressing China to assume more 'responsibility'.³³

Additionally, China's Vice Foreign Minister once stated that 'the non-interference principle is not out-dated and it constitutes, especially for developing countries, an important guarantee to defend their rights'.³⁴ Many scholars argue that China's adherence to non-interference helps it maintain political affinity with other developing countries.³⁵ Hence, China should continue to side with them to uphold this principle, especially given the current international system, which remains unjust and unfavourable.³⁶ Other concerns over forsaking non-interference include possible damage to the credibility of China's commitment to 'peaceful development' and 'not seeking hegemony', and unnecessary international responsibilities beyond China's capabilities.³⁷

Normative developments in the international system

China's long-standing commitment to non-interference does not mean that the foreign policy community within China has always reached consensus on its validity and relevance. As Yan Xuetong, Director of the Institute of International Relations at Tsinghua University, wrote in 2011, 'a few years ago, almost no Chinese scholar challenged the principle of nonintervention, of infringing on the sovereignty of other nations. Recently there are more and more debates on this issue.'³⁸ One of the important factors contributing to current domestic critiques of China's strict adherence to non-interference is normative developments in the international system.

China's staunch insistence on non-interference is intimately associated with its normative understanding of sovereignty, which at least partly originates from its historical memory of being semi-colonized. However, significant normative

³² An (note 29); Lin, B., '西方“新干涉主义”危害无穷' [The western neo-interventionism is hazardous], CRI Online, 31 Feb. 2012, <<http://gb.cri.cn/27824/2012/02/21/5951s3566144.htm>>; Wang, Y., '中国外交的变与不变(上)' [The changes and consistencies of China's diplomacy (part 1)], *Jiefang Ribao*, 29 Oct. 2012, <http://newspaper.jfdaily.com/jfrb/html/2012-10/29/content_908567.htm>; and Wu, X., '国际形势动荡多变下中国外交应坚持“三不”原则' [With the turbulence of the international situation, China's diplomacy should insist on the 'three NOs' principles], *Dangdai Shijie*, no. 4 (2012), pp. 52–53.

³³ Wu (note 32); and Zheng, X., '不干涉原则并未过时' [The principle of non-interference is not out-dated], *Dongfang Zaobao*, 29 Mar. 2011, <<http://www.dfdaily.com/html/51/2011/3/29/586020.shtml>>.

³⁴ Chinese Ministry of Foreign Affairs, '外交部副部长翟隽在第七届“蓝厅论坛”上的讲话' [Vice Foreign Minister Zhai Jun's speech at the seventh Blue Room Forum], 12 July 2012, <<http://www.fmprc.gov.cn/ce/cggb/chn/xwdt/t950390.htm>>.

³⁵ Su, C., '“不干涉原则”不能动摇' [China's adherence to non-interference cannot be shaken], *Jiefang Ribao*, 25 Apr. 2011, <http://news.xinhuanet.com/observation/2011-04/25/c_121344390.htm>.

³⁶ Liu (note 29).

³⁷ Su (note 35); and Zheng (note 33).

³⁸ Yan, X., 'How assertive should a great power be?', *The New York Times*, 31 Mar. 2011.

transformations in the international system have contributed to the erosion of sovereignty. The challenges that sovereignty faces include the erosion of state jurisdiction over internal affairs, the evolving interpretation of ‘international peace and security’ with a stronger emphasis on human rights, the emergence of R2P interpreting state sovereignty as responsibility, and the increasing importance given to democratic values and the rule of law.³⁹ In addition, as early as the mid-1990s Chinese scholars started reflecting on the increasing limitations on the exercise of sovereignty in international politics as a result of globalization.⁴⁰

In parallel to normative developments at the international level, Chinese international relations experts also point out that several non-Western regional organizations, mainly composed of developing countries, have gradually softened their rigid understanding of sovereignty and intervention. For instance, the African Union (AU) put forward a ‘non-indifference doctrine’, and the Community of Latin American and Caribbean States asserts that member states should intervene in case of a coup d’état.⁴¹ The League of Arab States also called for international intervention in both Libya and Syria.⁴² Some Chinese researchers suggest that China should take into consideration these new developments within the bloc of developing countries, which used to adhere to non-interference as staunchly as China. Noting these developments, Yan Xuetong states that, in the coming decade, the international norms of intervention and non-interference will be likely to co-exist.⁴³

Partly due to these normative developments, China’s ties with some countries on the basis of non-interference are also under growing criticism. For instance, China has long been criticized for turning a blind eye to human rights abuses in Zimbabwe while developing booming economic and trade relations with that country. The pressure on China to act as a responsible power and leverage with these regimes peaked in 2008—the year in which China hosted the Olympic Games—when the ‘Genocide Olympics’ campaign targeted Chinese policy on the Darfur issue. In recent years, Chinese scholars have noticed that their interlocutors from developing countries, in particular the media and public intellectuals, have also called for Chinese intervention.⁴⁴ They have also noticed a

³⁹ Yang, Z., ‘国际社会的民主和法治价值与保护性干预—不干涉内政原则面临的挑战与应对’ [Democracy and rule by law in international societies and protective intervention—the challenges non-interference faces and China’s response], *Faly Kexue (Xibei zhengfa daxue xuebao)*, no. 5 (2012), pp. 41–47.

⁴⁰ Carlson, A., ‘Moving beyond sovereignty? A brief consideration of recent changes in China’s approach to international order and the emergence of the *tianxia* concept’, *Journal of Contemporary China*, vol. 20, no. 68 (Jan. 2011), pp. 81–102.

⁴¹ Guo, P., ‘不附加任何政治条件原则之思考’ [On the principle of not attaching any political conditions], *Ershi yi Shiji Wangluoban*, vol. 66, no. 9 (2007), <<http://www.cuhk.edu.hk/ics/21c/supplem/essay/0706060g.htm>>; Yan, X., ‘“一超多强” 开始向 “两超多强” 演变’ [From the global order of ‘one superpower, many great powers’ to a bipolar one], *Huanqiu Shibao*, 30 Nov. 2011, <http://news.xinhuanet.com/world/2011-12/30/c_122512319.htm>; and Yan, X., 历史的惯性：未来十年的中国与世界 [Inertia of history: China and the world in the next ten years] (China CITIC Press: Beijing, 2013), pp. 80–84.

⁴² Yan [Inertia of History] (note 41).

⁴³ Yan [Inertia of History] (note 41).

⁴⁴ Chinese international relations academic, Interview with authors, Beijing, Nov. 2013; and Wang, Y., 创造性介入：中国之全球角色的生成 [Creative involvement: the evolution of China’s global role] (Peking University Press: Beijing, 2013).

growing discrepancy between elites and local populations regarding China's position on non-interference.⁴⁵

The evolution of China's attitude to the responsibility to protect

China's changing position on R2P epitomizes both the erosive impact and the limits thereof that normative developments in the international system exert on China's adherence to non-interference.⁴⁶ China has gradually developed a prudent case-by-case approach to R2P (and international intervention more generally) and seeks to condition its support for intervention on maintaining the non-interference principle. In particular, China insists on (a) the consent of the target state; (b) support from regional organizations; (c) prioritization of peaceful over military means; and (d) UN authorization.⁴⁷

China was among the UN member states that embraced R2P in the 2005 World Summit and did not play a spoiling role.⁴⁸ In fact, China actively participated in the deliberations leading to the Summit's outcome document, which confined the scope of application of R2P to four serious crimes and, more importantly, reaffirmed that the UN Security Council had the exclusive determining right for the use of force.⁴⁹ This modification ensures that China, a permanent member of the Security Council, can veto any R2P-based resolution and largely explains China's endorsement of R2P in the outcome document.⁵⁰ In 2006 China also supported UN Security Council Resolution 1674 (on Somalia) which re-affirmed R2P in the context of the protection of civilians in armed conflict against the four serious crimes.⁵¹ China insisted that R2P should conform to the World Summit document, but its support for the resolution suggested that when intervention is called for in a failed state without any legitimate or functioning government, China could accept UN-sponsored solutions.⁵²

The crisis in the Darfur region of Sudan was the first important test of China's position on R2P. In the name of R2P, Western states criticized the Sudanese

⁴⁵ Wang (note 44); and Jiang, L. and Wang, H., '现行对外援助中附加政治条件差异分析——基于中国与西方国家外援实践的比较研究' [An analysis on the variance of attached political condition in the current foreign aid—based on the comparative study on the practice of foreign aid of China and Western countries] *Taipingyang Xuebao*, vol. 19, no. 7 (July 2011), pp. 53–62.

⁴⁶ On R2P see International Commission on Intervention and State Sovereignty (ICISS), *The Responsibility to Protect: Report of the International Commission on Intervention and State Sovereignty* (International Development Research Centre: Ottawa, 2001).

⁴⁷ Foot, R., 'China, humanitarian intervention and the Responsibility to Protect (R2P)', Paper presented at China's Foreign Policy and its Non-interference Principle: Farewell or Renewal?, Asia Centre, Paris, 8 June 2012, <http://www.centreasia.eu/sites/default/files/publications_pdf/papers_seminar_20120608_0.pdf>; and Liu, T., 'China and responsibility to protect: maintenance and change of its policy for intervention', *Pacific Review*, vol. 25, no. 1 (Mar. 2012), pp. 153–73.

⁴⁸ Evans, G., 'Responding to atrocities: the new geopolitics of intervention', *SIPRI Yearbook 2012: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2012), p. 30.

⁴⁹ Foot (note 47); Li, B., '《保护的责任》对“不干涉原则”的影响' [The influence of the ICISS report 'Responsibility to Protect' on 'the principle of non-interference'], *Falv Kexue (Xibei Zhengfa Daxue Xuebao)*, no. 3 (2007), pp. 131–39; Li, S., '“保护的责任”与现代国际法律秩序' ['Responsibility to Protect' and the international legal order], *Zhengfa Luntan*, vol. 24, no. 3 (May 2006), pp. 99–107; and Liu (note 47).

⁵⁰ Garwood-Gowers, A., 'China and the "Responsibility to Protect": the implications of the Libyan intervention', *Asian Journal of International Law*, vol. 2, no. 2 (Jul. 2012), pp. 375–93.

⁵¹ Foot (note 47).

⁵² The authors are grateful to the referee for highlighting this point.

Government for not fulfilling its responsibility to protect citizens, and China for its strict adherence to non-interference. China's initially inactive policy only started to shift when it suffered significant image loss due to a worldwide organized campaign to boycott the 2008 Olympics, and in the end China played a key role in persuading Sudan to accept UN-led peace operations. Reputational considerations appear to have contributed to a more flexible interpretation of sovereignty, which could enable a softening of China's position on R2P.⁵³

In 2011 China supported UN Security Council Resolution 1970, which imposed an arms embargo on Libya and referred the situation to the International Criminal Court. One month later, China abstained on UN Security Council Resolution 1973, which imposed a no-fly zone over Libya.⁵⁴ Both resolutions invoked the responsibility to protect civilians and were adopted without the consent of the Libyan Government. However, China's voting behaviour might be attributed more to the particular circumstances of the situation in Libya, rather than to China's increased receptiveness towards R2P.⁵⁵ China's representative to the UN, Li Baodong, explained China's abstention by stating that China had 'serious difficulty with parts of the resolution', preferred resolving 'the current crisis in Libya through peaceful means' and attached 'great importance to the position by the 22-member Arab League [and] to the position of African countries and the African Union'.⁵⁶ The evolution of the intervention into a military campaign backed by the North Atlantic Treaty Organization (NATO) and targeting the regime of Muammar Gaddafi was perceived by China as exceeding the mandate. In a Security Council meeting on the Libya situation Li stated that China opposed 'any arbitrary interpretation of the Council's resolutions or of any actions going beyond those mandated by the Council'.⁵⁷ The fallout from the Libya case has hardened China's resistance to R2P and has also had crucial implications for Syria-related resolutions, with China so far having joined Russia to cast four vetoes against any direct and coercive action against the regime of Syrian President Bashar al-Assad.⁵⁸

Academic debates on R2P largely reflect the evolution of China's official position. The limited number of Chinese scholars who followed the release of the 2001 R2P report by the Canada-sponsored International Commission on Intervention and State Sovereignty (ICISS) were antagonistic, mainly because of their memories of NATO bombings in Yugoslavia and military intervention in Kosovo.⁵⁹ They saw the report as being imbued with 'Western old colonialism' and as

⁵³ Garwood-Gowers (note 50); and Prantl, J., and Nakano, R., 'Global norm diffusion in East Asia: how China and Japan implement the Responsibility to Protect', *International Relations*, vol. 25, no. 2 (Mar. 2007), pp. 301–319.

⁵⁴ UN Security Council Resolution 1973, 17 Mar. 2011.

⁵⁵ Fullilove, M., 'China and the United Nations: the stakeholder spectrum', *Washington Quarterly*, vol. 34, no. 3 (summer 2011), pp. 71–72; and Garwood-Gowers (note 50).

⁵⁶ United Nations, Security Council, 6498th meeting, S/PV.6498, 17 Mar. 2011.

⁵⁷ United Nations, S/PV.6498 (note 56).

⁵⁸ 'Russia, China veto UN move to refer Syria to ICC', Associated Press, 22 May 2014.

⁵⁹ ICISS (note 46).

another attempt to justify future US-led Western interventions.⁶⁰ When Kofi Annan, the UN Secretary-General, reported on UN reform in early 2005, criticism from Chinese experts asserted that Annan's suggestion would facilitate Western countries' external interference under the cover of humanitarian considerations and help achieve their strategic goals at the expense of third world countries' sovereignty.⁶¹ However, some opponents admitted that basic international consensus had been reached in the R2P debate that 'sovereignty is limited and human rights protection affects international peace and security'.⁶² Nevertheless, concerns that R2P could easily be manipulated by 'hegemonic states' to infringe on the sovereignty of other countries have yet to be overcome.

Regarding China's position on the Darfur crisis, Chinese scholars assert that China's insistence on a political solution, mediation with Sudan and support for the roles of the UN and the AU were all in agreement with R2P.⁶³ According to Yuan Wu of the Chinese Academy of Social Sciences (CASS), 'R2P provides more space for peaceful conflict resolution, puts limitations on military intervention, and is therefore relatively speaking in line with China's interests and diplomatic strategy'.⁶⁴ However, some Chinese realist intellectuals still strongly opposed R2P-guided humanitarian interventions and saw Western states' reaction to the Darfur crisis as 'a step forward to subvert the current international order'.⁶⁵

The result of the intervention in Libya marked the end of cautious receptiveness towards R2P within the Chinese academic community. Most Chinese scholars, while concurring with the applicability of R2P to the situation in Libya, strongly criticize NATO for abusing the resolution.⁶⁶ According to them, R2P was misused in Libya to drive regime change and this sent a dangerous signal to opposition groups in other countries.⁶⁷ R2P could raise opposition groups'

⁶⁰ Chen, X., '干涉与“国际干预”国际法的变与不变' [Interference vs. international intervention: changes and consistencies of international law], *Faxue Jia*, no. 5 (2002), pp. 59–62.

⁶¹ Chen, X., '联合国改革与 21 世纪国际秩序' [UN reform and international order in the 21st century], *Xiandai Guoji Guanxi*, no. 9 (2005), pp. 48–52; and Qian, W., '安南联合国改革报告评析' [Analysis of Kofi Annan's report on UN reform], *Waijiao Pinglun*, vol. 82 (June 2005), pp. 24–33.

⁶² Luo, G., '“人道主义干涉”的国际法理论及其新发展' [The international legal theory of 'humanitarian intervention' and its new developments], *Faxue*, no. 11 (2006), pp. 86–91.

⁶³ He, W., '达尔富尔问题：中国非洲政策的新考验' [The Darfur issue: a new test for China's African policy], *Guoji Zhanwang*, no. 2 (2010), pp. 78–92; and Yuan, W., '试论中国在非洲内部冲突处理中的作用——从“保护的责任”谈起' [On China's role in dealing with Africa's internal conflicts—assessment of the theory of 'responsibility to protect'], *Xiya Feizhou*, no. 10 (2008), pp. 58–62.

⁶⁴ Yuan (note 63) (author's translation).

⁶⁵ Zhang, R., '警惕西方以“人道主义干预”为名颠覆现行国际秩序' [On guard against the toppling of the current international order by the Western powers under the pretext of 'humanitarian intervention'], *Xiandai Guoji Guanxi*, no. 9 (2008).

⁶⁶ Certain Chinese scholars also argue that R2P is not applicable to the Libyan crisis. See e.g. Cheng, W., '对利比亚使用武力的合法性分析' [Analysis of the legitimacy of the use of force against Libya], *Ouzhou Yanjiu*, no. 3 (2011), pp. 24–26.

⁶⁷ Liu, B. and Dai, W., '中东剧变与人道主义干预的新发展' [Drastic changes in Middle East and new development of humanitarian intervention], *Xiandai Guoji Guanxi*, vol. 270, no. 4 (2012), pp. 38–45; Wang, L., '利比亚战争与“利比亚”模式——西方新干预主义剖析' [The Libyan war and the 'Libyan Model'—analysis of Western neo-interventionism], ed. Y. Zhang, 西方新国际干预的理论与现实 [Theory and reality of new Western international intervention] (Social Sciences Academic Press: Beijing, 2012); Wang, S., '保护的责任与美国对外干预的新变化——以利比亚危机为个案' [Responsibility to protect and the new features of American international intervention: Libya crisis as a case study], *Guoji guanxi*, vol. 21, no. 6 (2012), pp. 64–77; Yang, Y., '从利比亚到叙利亚——保护责任走到尽头了?' [From Libya to Syria—the end of R2P?], *Shijie Jingji yu*

expectations of international intervention, leading them to resist compromising. Some opportunistic groups might even deliberately intensify situations or provoke governments so that R2P can be invoked.⁶⁸ Concerns have also been expressed over the lack of monitoring mechanisms and exit strategies once missions are undertaken under R2P.⁶⁹ Whereas Western governments generally see the intervention in Libya as a successful practice of R2P, Chinese academics regard China's abstention as a diplomatic mistake.⁷⁰ Within Chinese academia, a new concept—'responsible protection' (负责任的保护, *fuzeren de baohu*)—has been proposed to make civilian protection interventions more accountable and proportionate.⁷¹ It is highly likely that China will continue to shape the discursive environment to make R2P more compatible with its preferences.

The expansion of China's overseas interests

Another factor that leads many Chinese experts to re-evaluate non-interference is the rapid expansion of China's overseas interests. Hu's report to the 18th Party Congress for the first time stated that China would take solid steps to 'protect China's legitimate rights and interests overseas'.⁷² Apart from the security, property and legitimate rights of Chinese citizens and enterprises abroad, the scope of overseas interests is broadly defined by Chinese scholars to cover the state's political, economic and military interests abroad, for instance, energy security, the security of sea lines of communication, and its legitimate rights in 'high seas, polar regions and outer-space' (高边疆, *gaobianjiang*).⁷³

China's increasing economic engagement with the outside world, including in some of the world's most conflict-ridden regions, has resulted in China's overseas interests straining its position on non-interference. While being committed not to interfere in other state's internal affairs, China puts itself in a passive position when its interests are affected by changes in other states' domestic politics. Pang Zhongying, Professor of International Relations at Renmin University, identifies this as one of China's major foreign policy dilemmas.⁷⁴ Furthermore, he argues

Zhengzhi Luntan, no. 3 (May 2012), pp. 69–81; and Yang, Y., '论保护责任对利比亚之适用' [On the applicability of R2P on Libya], *Faxu Pinglun*, vol. 172, no. 2 (2012), pp. 120–26.

⁶⁸ Yang [From Libya to Syria] (note 67); Liu and Dai (note 67), p. 44; and Wang (note 67).

⁶⁹ Chinese international relations academic, Interview with authors, Beijing, Nov. 2013.

⁷⁰ Chinese international relations academic, Interview with authors, Beijing, Nov. 2013.

⁷¹ Ruan, Z., '负责任的保护：建立更安全的世界' [Responsible protection: building a safer world], *Guoji Wenti Yanjiu*, vol. 32, no. 3 (2012), pp. 19–41; Li, Y. and Chen, Z., '从“保护的责任”到“负责任的保护”——以现代国际法发展为视角' [From the 'responsibility to protect' to 'responsible protection'], *Shanxi Shifan Daxue Bao: Shehui Kexueban*, no. 3 (2013); and China Institute of International Relations, 'International symposium: "Building a safer world through Responsible Protection"', 17–18 Oct. 2013, <http://www.cis.org.cn/chinese/2013-11/12/content_6454176.htm>.

⁷² 'Full text of Hu Jintao's report at 18th Party Congress' (note 10).

⁷³ Bi, Y., '中国海外利益的维护与实现' [The protection and realization of China's overseas interests], *Guofang*, no. 3 (2007), pp. 7–8; Tang, H., '关于中国海外利益保护的思考' [Some thoughts on the protection of Chinese interests abroad], *Xiandai Guoji Guanxi*, vol. 30, no. 6 (2011), pp. 1–8; and Wang (note 44).

⁷⁴ Pang, Z., '中国外交经济影响力有限' [China's diplomatic and economic influence is limited], *Caogen*, 25 Aug. 2013, <http://www.caogen.com/blog/infor_detail/52241.html/>.

that 'China should declare clearly that China intervenes globally, regionally, and multilaterally, but conditionally', and 'a global China . . . has to intervene'.⁷⁵

Concerns are increasingly voiced over whether China's strict adherence to non-interference may hinder it from protecting the safety of its growing overseas investments and the large number of Chinese citizens abroad. It is likely that China may fail to protect its overseas interests if non-interference is often narrowly understood as 'non-involvement' or 'not exerting influence'.⁷⁶ Cui Hongjian, a researcher at the China Institute of International Studies (CIIS), argues that China needs to update its security concept, as well as the mechanisms and actions that are predicated on the principle of non-interference, because they are currently confined to China's territorial limits and cannot provide a sufficient security guarantee for China's ever-growing interests abroad.⁷⁷ As long as its economy continues to become more interdependent on the global market and trade, China's overseas interests are only likely to be more exposed to global risks. This will probably continue to complicate China's stance on non-interference.

The discourse in favour of a 'Mahanian' navy

The expansion of overseas interests has stimulated academic discussion on the role of the People's Liberation Army (PLA) in protecting these interests, with many scholars highlighting the particular importance of naval power.⁷⁸ The proponents of Chinese 'sea power' (海权, *haiquan*) often consider China's growing overseas interests as one of the main motivations for a 'Mahanian' (i.e. blue-water) navy able to protect China's commercial interests worldwide.⁷⁹ For instance, Zhang Wenmu, a researcher affiliated with Beihang University, notes that China is in urgent need of sea power to protect the security of Chinese citizens overseas and its interests in sea communications crucial to China's energy access and foreign trade—on both of which China's economy increasingly relies.⁸⁰ In Zhang's analysis, as a result of economic globalization China's 'security

⁷⁵ 'Through Chinese eyes: Pang Zhongying (part 1)', Lowy Interpreter, 22 Dec. 2011, <[http://www.lowyinterpreter.org/post/2011/12/22/Through-Chinese-eyes-Pang-Zhongying-\(part-1\).aspx](http://www.lowyinterpreter.org/post/2011/12/22/Through-Chinese-eyes-Pang-Zhongying-(part-1).aspx)>. Other commentators criticize the principle of non-interference. See e.g. Zhou, H., '中国应超越“不干涉内政”外交' [China should move beyond the diplomacy of non-intervention], *Lianhe Zaobao* Wang, 24 June 2010.

⁷⁶ Chen, Q. and Huang, Y., '国际干涉的规范纬度' [Reconstructing norms of international interventions], *Shijie Jingji yu Zhengzhi*, no. 4 (2009), pp. 6–15.

⁷⁷ Cui, H., '“不干涉”的安全观该更新了' [It is time to update the security concept based on non-interference], *Huanqiu Shibao*, 28 Jul. 2012, <<http://opinion.huanqiu.com/1152/2012-07/2961005.html>>.

⁷⁸ Bi (note 73); Cao, L. and Li, G., '试论中国国家海外利益保护的网路构建' [On building networks to protect China's overseas interests], *Lilun Jie*, vol. 465, no. 5 (2012), pp. 59–62; Liu, X., '论中国的海外利益' [On China's overseas interests], *Dangdai Shijie*, no. 8 (2012); and Liu, Z., '印度海外利益保及其对中国的启示' [India's protection of overseas interests and its implications for China], *Xiandai Guoji Guanxi*, no. 3 (2012), pp. 16–23.

⁷⁹ Alfred Thayer Mahan, a US naval officer with the Naval War College, argued that sea power is one of the bases of international power and national greatness, as only a blue-water navy can protect commercial interests and the expansion of national interests globally. Chinese strategists' reading of Mahan's work suggests a redefinition of the doctrine of 'coastal defence' to include the pursuit of an ambitious naval power-projection capability. See Mahan, A. T., *The Influence of Sea Power Upon History (1660–1783)* (Little, Brown and Co.: Boston, 1890); and Holmes, J. and Yoshihara, T., *China's Naval Strategy in the 21st Century: the Turn to Mahan* (Routledge: Oxen, 2008).

⁸⁰ Zhang, W., '经济全球化与中国海权' [Economic globalization and China's sea power], *Zhanglue Guanli*, no. 1 (2003), pp. 86–93.

borders' extend globally to where its interests extend. Therefore, China's navy, the PLA Navy (PLAN) should not only safeguard 'border security' but also go where China's 'security borders' end.⁸¹ Similarly, Professor Ni Lexiong at Shanghai University of Political Science and Law argues that, as China's economy becomes increasingly dependent on maritime trade, so comes the call for 'sea power'.⁸² He goes further to assert that, in order to meet challenges to the safety of China's 'maritime lifelines' and 'overseas areas of vital interest', China would also need to shift the focus of its naval strategy to 'far-seas defence'.⁸³

A number of military officers have publicly supported the argument that the Chinese military should further strengthen its power projection capabilities.⁸⁴ Mei Wen, political commissar of China's first aircraft carrier, the Liaoning, once stated that 'in distant seas, [the PLAN] should have capacities to firmly safeguard China's overseas economic interests and the safety of strategic sea lines of communication'.⁸⁵ However, the Mahanian school of thought is opposed by Chinese scholars who advocate China's continental orientation. Professor Ye Zicheng of Peking University is probably the most vocal representative of China's 'continentalist' faction. He argues that China is essentially a continental country in which the development of land power is fundamental and should be prioritized over sea power.⁸⁶ Nonetheless, it should be highlighted that Ye does not oppose developing sea power outright, favouring the PLAN's development of a much more limited level of power-projection capabilities. He has suggested that China should postpone the plan to build aircraft carriers and should develop its naval capabilities to maintain a certain degree of control over only 'four seas and one strait' namely the Bohai, Yellow, East China and South China seas and the Taiwan Strait.⁸⁷ Regarding the security of other important sea lines of communication and seas, China should enhance cooperation with countries neighbouring those areas and with international organizations.⁸⁸

⁸¹ Zhang (note 80).

⁸² Ni, L., '中国海权战略的当代转型与威慑作用' [The contemporary transformation and deterrence of Chinese sea power strategy], *Guoji Guancha*, no. 4 (2012), pp. 23–28; and Ni, L., 'Shifting seas leave Chinese interests awash', *Global Times*, 19 Jul. 2010, <<http://www.globaltimes.cn/content/553549.shtml>>.

⁸³ Ni [The contemporary transformation and deterrence of Chinese sea power strategy] (note 82).

⁸⁴ 'Sea change in thinking about China's navy', *China Daily*, 23 Apr. 2009, <http://www.chinadaily.com.cn/cndy/2009-04/23/content_7706100.htm>; Dai, X., '保卫海外利益, 要建一流海军' [To safeguard overseas interests, we need to build a first-rate navy], *Huanqiu Shibao*, 8 Dec. 2008, <<http://www.globalview.cn/readnews.asp?newsid=17361>>; and '尹卓: 我国未来可能派航母或大型两栖舰护航' [Yin Zhuo: in the future it will be possible for China to send aircraft carriers or large amphibious ships to conduct escort tasks], *Zhongguo Junwang*, 20 Mar. 2012, <http://chn.chinamil.com.cn/jwj/2012-03/20/content_4815798.htm>.

⁸⁵ Mei, W., '岛链不是发展的“锁链”' [China's development should not be tied to the island chains], *Jiefangjun Bao*, 16 Jan. 2013, <http://www.chinamil.com.cn/jfjbmap/content/2013-01/16/content_25138.htm> (author's translation).

⁸⁶ Ye, Z. and Mu, X., '对于中国海权发展战略的几点思考' [Some reflections on China's sea power development strategy], *Guoji Zhengzhi Yanjiu*, vol. 97, no. 3 (2005), pp. 5–17; and Ye, Z., '中国的和平发展: 陆权的回归与发展' [China's peaceful development: the return and development of the continental powers], *Shijie Jingji yu Zhengzhi*, no. 2 (2007), pp. 23–31.

⁸⁷ Ye and Mu (note 86); and Ye, Z., '中国海权必须从属于陆权' [China's sea power must be subordinate to its land power], *Guoji Xianqu Daobao*, 2 Mar. 2007, <http://news.xinhuanet.com/herald/2007-03/02/content_5790944.htm>.

⁸⁸ Ye and Mu (note 86), pp. 16–17.

The 2013 Defence White Paper discusses the PLA's task of protecting overseas interests, making references to China's anti-piracy operations in the Gulf of Aden and the evacuation of Chinese nationals from Libya. These two cases illustrate the capabilities of the PLAN and the People's Liberation Army Air Force (PLAAF) in terms of long-distance operations, which could be perceived as a step towards a more active approach to protecting overseas interests. Furthermore, they appear to corroborate the fact that the PLAN is developing power-projection capabilities that are stronger than Ye's suggestion. However, these two operations are also regarded by China as being in line with non-interference, because of the prior consent from the UN and Libya's neighbouring countries, respectively.

Another relevant issue is the need to establish military bases overseas, arguably a logical implication of China's ambition to pursue a Mahanian navy.⁸⁹ Considering the continued expansion of China's overseas interests, some Chinese experts view this development as inevitable, as it is difficult to carry out long-distance mission without permanent overseas bases.⁹⁰ For instance, the first Chinese Escort Task Force to the Gulf of Aden encountered supply difficulties during its non-stop four-month mission and the following escort fleets therefore decided to rely on visiting foreign ports for replenishment.⁹¹ Most recently, during the ongoing search for the missing Malaysian Airlines aircraft, flight MH370, China's lack of overseas bases has been described as an impediment to its ability to conduct efficient and timely rescue missions.⁹²

Although the Chinese Ministry of National Defence (MND) has repeatedly denied intending to set up such bases, there has been occasional speculation as well as increasingly heated domestic debate on this issue. The most well-known episode was the 2011 invitation by the Seychelles to China to establish a military anti-piracy base there, which China did not pursue.⁹³ The port of Gwadar in Pakistan, built and operated by China, is also—probably prematurely—cited as a potential naval base for China, despite the fact that the surrounding region is plagued by an armed insurgency. Furthermore, the port needs further development and is geographically 'an ideal target for air or missile strikes'.⁹⁴

While setting up military bases overseas could help protect China's overseas interests, several important factors continue to obstruct its fulfilment, including China's lack of technological expertise and reliable host countries, repeated commitment to a national defence policy that is purely defensive and concern over the resurgence of the 'China threat' discourse.⁹⁵ Some Chinese analysts

⁸⁹ The authors are grateful to the referee for highlighting this point.

⁹⁰ Bu, Y., '中国的海外基地建设：在需求和现实之间寻求平衡' [The establishment of China's overseas bases: striking a balance between needs and realities], *Xiandai Jinchuan*, vol. 499 (Feb. 2013), pp. 17–19.

⁹¹ Bu (note 90).

⁹² Xu, C., '写在马航 MH370 航班失联之后：中国急需建立海外驻点' [Reflecting on the Malaysia Airlines aircraft rescue: China urgently needs to establish overseas base], Huanqiu Wang, 25 Mar. 2014, <<http://mil.huanqiu.com/observation/2014-03/4928772.html>>.

⁹³ Zhou, B., 'The String of Pearls and the Maritime Silk Road', *China-US Focus*, 11 Feb. 2014, <<http://www.chinausfocus.com/print/?id=35512>>.

⁹⁴ Holmes, J., 'Gwadar and the "String of Pearls"', *The Diplomat*, 9 Feb. 2013, <<http://thediplomat.com/2013/02/gwadar-and-the-string-of-pearls/>>.

⁹⁵ Bu (note 90).

therefore argue that China will not build 'Western-style' military bases overseas but could take a gradual approach to first set up a relatively long-term and stable logistical support and maintenance base.⁹⁶ However, uneasiness over China's more active posture seems to be unavoidable, and many Indian strategists continue to believe that their country is being encircled by a 'string of pearls'.⁹⁷

Towards a pragmatic and flexible interpretation of non-interference

In the light of the above analysis, it appears that moving away from non-interference is not an option for China in the foreseeable future. The mainstream still maintains that the benefits of further adherence outweigh the potential costs of a major policy change. However, several policy scholars argue that China's practice of non-interference can be adapted. Their starting point is an historical analysis of Chinese foreign policy that shows pragmatism and flexibility regarding non-interference.⁹⁸ Professor Su Changhe of Fudan University argues that, while non-interference should be maintained, China should be creative in practice. According to him, non-interference does not mean not studying other countries' domestic conditions, and providing no-strings-attached aid does not preclude proper audit process and supervision mechanisms.⁹⁹ Other scholars also agree with drawing distinctions between principle and policy practice and between strategies and tactics.¹⁰⁰ According to Liu Zhongmin, Director of the Middle East Studies Institute at Shanghai International Studies University, the lesson that China learned from its diplomacy during the events of the Arab Spring is that it needs flexibility in its foreign policy while adhering to non-interference.¹⁰¹

Guo Peiqing, Professor at the Ocean University of China, in his study on China's role in Sudan, comes to the conclusion that China should insist on non-interference and a no-strings-attached approach to aid on a strategic level and for the sake of propaganda, whereas on a tactical level, China needs to 'meet changes by adapting to changes' and actively study and participate in local affairs in other countries—for instance, by increasing contacts with civil society rather than only interacting with government agencies and by coordinating with Western countries to promote political stability.¹⁰² Pragmatism seems to prevail in these

⁹⁶ Bu (note 90); Hai, T., '海军建首批海外战略支撑点?' [Will the PLAN establish its first overseas strategic support points?], *Guoji Xianqu Daobao*, 10 Jan. 2013, <<http://ihl.cankaoxiaoxi.com/2013/0110/148665.shtml>>; and Wang (note 44), pp. 99–100.

⁹⁷ Holmes (note 94).

⁹⁸ Chinese international relations academic, Interview with authors, Beijing, Nov. 2013; and Pan, Y., '从捍卫式倡导到参与式倡导——中国不干涉原则外交的新发展' [China's non-interference diplomacy: from defensive advocacy to participatory advocacy], *Shijie Jingji yu Zhengzhi*, no. 9 (2012), pp. 45–57.

⁹⁹ Su (note 35); and Su, C., '中国海外利益管理的新视角' [New perspectives on the management of China's overseas interests], *Tansuo yu Zhengming*, no. 8 (2011), pp. 37–42.

¹⁰⁰ See e.g. Gao, Z., 'Constructive involvement and harmonious world: China's evolving outlook on sovereignty in the 21st century', Friedrich-Ebert-Stiftung Briefing Paper no. 13 (Dec. 2008), <<http://library.fes.de/pdf-files/iez/05923.pdf>>.

¹⁰¹ Liu, Z., '中国中东外交的得与失' [The gains and losses of China's diplomacy in the Middle East], *Dongfang Zaobao*, 5 Jan. 2012, <<http://www.dfddaily.com/html/51/2012/1/5/726198.shtml>>.

¹⁰² Guo (note 41).

scholars' reflections, for which the point of departure is that upholding non-interference should not amount to a foreign policy straitjacket that is detrimental to China's interests.

New concepts: constructive involvement and creative involvement

This pragmatic approach to non-interference has led to the emergence of several new concepts. 'Constructive involvement' (建设性介入, *jianshexing jieru*) and 'creative involvement' (创造性介入, *chuangzaoxing jieru*) are the two that have stimulated most academic and policy discussions. Zhao Huasheng of Fudan University, a well-known specialist on Central Asia, has crafted the notion of 'constructive involvement'. His analysis of the 2010 security crisis in Kyrgyzstan concludes that China benefited from the improvement of the situation, which can be attributed partly to external involvement, but not to China's policy of non-involvement.¹⁰³ In his opinion, China's hands-off approach may damage its credibility as a reliable regional partner and reinforce the regional impression of China as a self-interested outsider. China's adherence to non-interference should not preclude the option of involvement as a 'tactic' (策略, *celue*) in its diplomatic toolkit.¹⁰⁴ The policies of non-involvement and constructive involvement are both important diplomatic 'means' (手段, *shouduan*) and 'available options' (可能的选择, *keneng de xuanze*) for China, and the question of which policy is preferred depends on China's interests and capabilities.¹⁰⁵

A series of concrete recommendations have been put forward to describe how China could put this concept into practice. For instance, China could act as an active peacemaker during regional crises; provide concrete policy advice in lieu of vague and neutral declarations; establish high-level diplomatic contacts with different political forces in order to reinforce communication channels and influence; and step up cooperation with regional organizations and possibly other major powers to address the root causes of instability.¹⁰⁶

Some Chinese diplomats have also endorsed this concept. Lu Shaye, the Director General of the MFA's Department of African Affairs, has argued that China needs to adopt the tactic of 'constructive involvement' on the basis of non-interference.¹⁰⁷ According to Lu, in practice, China has already been constructively involved in Africa through three main channels: sending special envoys to undertake direct mediation, supporting UN or regional-led mediation initiatives and buttressing regional peace operations. These efforts characterize China's

¹⁰³ Zhao, H., '不干涉内政与建设性介入—吉尔吉斯斯坦动荡后对中国政策的思考' [Non-interference in internal affairs and constructive involvement—reflection on Chinese policy after the unrest in Kyrgyzstan], *Xinjiang Shifan Daxue Xuebao (Zhaxue Shehui Kexueban)*, vol. 32, no. 1 (Jan. 2011), pp. 23–29; and Zhao, H., 上海合作组织：评析与展望 [Shanghai Cooperation Organization: analysis and outlook] (Current Affairs Press: Beijing, 2012).

¹⁰⁴ Zhao (note 103); and Zhao (note 103).

¹⁰⁵ Zhao (note 103); and Zhao (note 103).

¹⁰⁶ Zhao (note 103); and Zhao (note 103).

¹⁰⁷ Lu, S., '中非新型战略伙伴关系的几点思考' [Some thoughts on the new strategic partnership between China and Africa], Speech given at the Institute of International Strategy at Party School of the Central Committee of the CPC, 19 Sep. 2012, <<http://ias.zjnu.cn/show.php?id=2627>>.

understanding of constructive involvement, namely respecting sovereignty, consulting on an equal footing, and promoting peace and impartial dialogues.¹⁰⁸

In a similar vein, Wang Yizhou, inspired by some of China's recent diplomatic initiatives, such as its mediation efforts in the Six-Party Talks on North Korea's nuclear programme and in Sudan, coined the concept of 'creative involvement'. A major liberal thinker in China on international relations, Wang regards this concept as a 'new and positive attitude' (新的积极态度, *xinde jiji taidu*) and a 'new direction' (新的取向, *xinde quxiang*) that China should pursue in the current domestic and international circumstances.¹⁰⁹ According to Wang, this concept does not contradict non-interference, because the core meaning of non-interference is that a state's significant internal affairs—such as the political system, security arrangements, mode of governance and choice of leaders—should be decided by a government and its people. As long as other states play an active role in helping contribute to this end, their involvement should be considered neither as a breach nor denial of non-interference, but rather as enrichment and development of the concept.¹¹⁰ Creative involvement is also different from the US style of 'interventionism', because China's approach is characterized by the consent of the parties concerned, support from the UN and regional organizations, full exploration of all possible diplomatic means (e.g. mediation, good offices and dialogues with conflicting parties), and prudent attitudes towards the use of force.¹¹¹

Developed as a 'guiding thread' for China's diplomacy, creative involvement requires proactive measures to take part in international affairs, a greater willingness to provide public goods, and stronger support for global governance on the part of all the government agencies involving in foreign affairs and the Chinese public.¹¹² Areas that have been identified as appropriate for China's creative involvement include global governance in the high seas, polar regions and outer space; multilateral peacekeeping; and the protection of sea lines of communication against non-traditional threats.¹¹³

When it comes to what this concept entails in terms of concrete policy and how deep China's involvement could be, much depends on individual circumstances. In his analysis of China–Africa relations, Wang Yizhou proposes concrete policy recommendations, including fine-tuning China's non-alliance policy; establishing civilian–military dual-use ports in friendly countries for fleet replenishment and maintenance; studying and responding to the latest theoretical trends (e.g. in the

¹⁰⁸ Lu (note 107).

¹⁰⁹ Wang, Y., '创造性介入—中国外交的新取向' [Creative involvement: a new direction in China's diplomacy] (Peking University Press: Beijing, 2011).

¹¹⁰ Wang (note 44), pp. 82–83.

¹¹¹ Ma, X. and Zhang, W., '专访北京大学国际关系学院副院长王逸舟 中国外交“创造性介入”', [Interview with Wang Yizhou, vice dean of the School of International Relations, Peking University, on 'creative involvement' in China's diplomacy], *Diyi Caijing Ribao*, 30 Dec. 2011, <<http://www.yicai.com/news/2011/12/1312961.html>>.

¹¹² Wang (note 109), pp. 20–21.

¹¹³ Wang (note 44); Wang, Y., '中国需要大力拓展“高边疆”和提供国际公共产品' [China should vigorously strengthen its participation in issues related to the 'high frontier' and provide public goods], *Dangdai Shijie*, no. 5 (2012), pp. 16–18; and Wang, Y., '中国维和应“创造性介入”', [China should be creatively involved in peacekeeping operations], *Zhongguo Baodao*, no. 2 (2010), p. 59.

fields of democracy, human rights and good governance) in Africa without being fettered by ideological dogmatism; and reforming the foreign aid system with a greater emphasis on efficiency, transparency, implementation supervision and societal participation.¹¹⁴

However, discussion of these new concepts remain nascent, and while they could set a proactive tone and provide more leeway for China's diplomacy, more clarification is needed on what exactly they mean.¹¹⁵ Several questions remain unanswered, including under what conditions China should (or should not) be involved, how to assess the results of China's involvement, and how to withdraw should China judge its involvement to have been ineffective or even counter-productive.¹¹⁶ There is also concern about possible responses by Western states if China's involvement conflicts with their interests.¹¹⁷

Conflicting self-identities

Discussions on the relevance and validity of non-interference in China's foreign policy reveal that Chinese world views continue to be characterized by conflicting self-identities, and by the tension created by China's self image as both a major power and as a postcolonial developing country.

On the one hand, the mainstream domestic discourse recognizes that China is a major power, or is at least well on its way to becoming one.¹¹⁸ This explains China's continuous exposure to international norms, its growing sensitivity to reputational cost, and its increasingly outward-looking posture designed to protect its expanding overseas interests. Hence, the compatibility between this identity and a commitment to non-interference is tenuous, and the balance between them requires a less dogmatic approach to non-interference.

On the other hand, China remains deeply attached to its collective memory of victimization, and its self-identity as a developing country struggling to reclaim its national grandeur continues to influence Chinese intellectuals' mindsets. This self-identity in turn generates anxieties that any compromise on non-interference could backfire, as well as a self-image of China as a moral force defending non-interference on behalf of other developing countries. As these identities are likely to continue to co-exist, China's adherence to non-interference will continue to be plagued by competing considerations.

¹¹⁴ Wang (note 44), pp. 96–121.

¹¹⁵ Pang, Z., 'The non-interference dilemma: adapting China's approach to the new context of Africa and international realities', eds M. Berhe and H. Liu, *China-Africa Relations: Governance, Peace and Security* (Addis Ababa University and Zhejiang Normal University: Addis Ababa, 2013).

¹¹⁶ Yin, J., '中国外交创造性介入理念的知识谱系和研究议程' [The genealogy and research agenda of creative involvement in China's diplomacy], *Guoji Guanxi Xueyuan Xuebao*, vol. 128, no. 5 (2012), pp. 4–18.

¹¹⁷ Chinese international relations academic, Interview with author, Beijing, Nov. 2013.

¹¹⁸ Shambaugh, D., 'Coping with a conflicted China', *Washington Quarterly*, vol. 34, no. 1 (winter 2011), pp. 7–27.

3. Protecting China's energy interests overseas

Over just two decades, China has evolved from being a net exporter of oil to challenge the USA as the world's top oil importer in 2014.¹¹⁹ Chinese overseas energy interests continue to grow rapidly, often in politically unstable countries in Africa, Central Asia and the Middle East. As a result, Chinese companies operating in these regions face increasing political and security risks (although these are not necessarily targeted at China), including armed conflict, political instability, terrorism, corruption, organized crime and piracy. Chinese analysts usually blame this situation on China's latecomer status (后来者, *houlaizhe*) on the global energy scene, which has forced Chinese oil companies to move into politically risky areas that have not yet been exploited or have been abandoned by international competitors. Chinese national oil companies (NOCs) see this as both an opportunity and a challenge. For example, from the point of view of an NOC such as Sinopec, 'although this provides a good opportunity for Chinese oil companies to "go into Africa", they also face great risks for their investments and development'.¹²⁰

Despite these growing risks, attacks on Chinese energy assets abroad, both upstream (i.e. exploration and production) and midstream (i.e. transportation by pipeline, rail, ship or truck), have so far been rare. Unlike the protection of nationals overseas (see chapter 4), ensuring energy security by protecting energy interests abroad lacks a human security angle, unless it involves threats to individual workers. This, combined with the culture of corporate secrecy on the part of China's large, state-owned NOCs—which operate in an industry that attaches great importance to confidentiality—explains why the issue attracts far less public debate than the security of Chinese citizens abroad.

Chinese leaders and the NOCs perceive the problem of securing Chinese energy assets abroad as primarily economic in nature, and as one that can be solved by managing risks and insuring losses. Although there has been no radical change in China's policy on this issue—for example, by starting to use the PLA to protect energy assets abroad—China continues to adapt to the rapidly changing risk environment resulting from the globalization of its energy interests. Changes, when they do occur, mostly take place within individual companies, especially through strengthened capabilities in risk assessment, crisis management and insurance. In contrast, the Chinese Government remains reluctant to adopt a proactive approach that might be seen as breaking with the non-interference principle, and instead maintains a cautious approach, despite the symbiotic relationship between the CPC, the government and the NOCs. Nevertheless, the government is increasingly diversifying its diplomatic outreach beyond official

¹¹⁹ US Energy Information Administration, 'China', Country Report, 4 Feb. 2014, <<http://www.eia.gov/countries/analysisbriefs/China/china.pdf>>.

¹²⁰ Li, B., '中非能源合作前景广阔' [Promising prospects for China-Africa energy cooperation], *Sinopec Monthly*, no. 1 (2011), p. 59 (author's translation).

contacts with governments and local elites, and moving towards mediation between conflict parties.

The central question is how China can protect its energy interests abroad by protecting the stability of energy source countries—or, in the words of one expert from the China University of Petroleum in Beijing, how China can be a ‘responsible energy importing country’ (负责任的能源进口国家, *fuzeren de nengyuan jinkou guojia*) without getting too deeply involved in regional or local conflicts.¹²¹ This chapter examines China’s efforts to adapt its diplomatic approach to new realities, and the limits imposed by the traditional non-interference principle. So far, serious challenges to Chinese energy interests (and other economic interests) have not proven strong enough to force a radical change in China’s foreign policy. In fact, China still lacks both a coherent diplomatic strategy and the institutional framework required to actively protect its energy interests abroad.

Security and political risks for Chinese overseas energy interests

The vast majority of Chinese oil and gas imports originate in politically unstable regions in Africa, Central Asia and the Middle East. Chinese NOCs and their international competitors all face political and security risks in these regions. These risks are becoming increasingly prominent, both in the official rhetoric of Chinese leaders and in academic debates on energy security. However, attacks on Chinese energy interests abroad have so far been rare and discussions about the link between protecting these interests and the principle of non-interference are mostly hypothetical.

Chinese energy security is inextricably linked to the continued stable development of China’s economy, and thus to the legitimacy of the CPC. As the Party leadership presses ahead with urbanization and rebalancing the economy, the pressure to secure energy resources abroad will rise accordingly. BP projects that China will replace Europe as the world’s leading energy importer by 2030.¹²² China’s energy mix in 2011 was dominated by coal (69 per cent of the total energy mix), while hydrocarbons made up a less than one-quarter of the total (18 per cent oil and 4 per cent natural gas).¹²³ Mostly because of this reliance on coal, China surpassed the USA as the world’s largest emitter of greenhouse gases in 2006–2007.¹²⁴ As Chinese leaders pursue strategies to cut coal-related emissions of carbon dioxide and other pollutants, the percentage of hydrocarbons in China’s energy mix will most likely rise in the future. In 2013 China accounted for nearly one-third of global growth in demand for oil and is likely to surpass the USA in net oil imports on an annual basis in 2014.¹²⁵ China’s National Development and Reform Commission (NDRC) wants natural gas to make up 10 per cent of China’s

¹²¹ Chinese energy policy expert, Interview with authors, Beijing, Jan. 2013 (author’s translation).

¹²² British Petroleum, ‘BP energy outlook 2030’, Jan. 2013, <http://www.bp.com/content/dam/bp/pdf/statistical-review/BP_World_Energy_Outlook_booklet_2013.pdf>, p. 75.

¹²³ US Energy Information Administration (note 119).

¹²⁴ Buckley, C., ‘China says [it] is world’s top greenhouse gas emitter’, Reuters, 23 Nov. 2010.

¹²⁵ US Energy Information Administration (note 119).

overall energy consumption mix by 2020, up from 4 per cent in 2011.¹²⁶ BP estimates that China will account for around one-quarter of global growth in demand for gas between 2013 and 2030, despite having the second-largest domestic shale gas production potential (after the USA).¹²⁷

Chinese NOCs will therefore continue to be in the vanguard of China's 'go global' (走出去, *zou chuqu*) strategy, especially in the context of energy security.¹²⁸ In terms of foreign direct investment, 7 of China's top 10 companies outside the finance sector in 2012 (all of which are state-owned) are involved in the overseas oil and gas sectors, including both upstream and midstream activities. The list is headed by China's three large NOCs (the so-called 'three oil barrels' (三桶油, *san tong you*): Sinopec, China National Petroleum Corporation (CNPC) and China National Offshore Oil Corporation (CNOOC).¹²⁹ All three companies are closely tied to the Chinese Government and to the CPC—both CNPC and Sinopec have ministerial rank status, while CNOOC is a lower-ranking general bureau in the Chinese State Council.¹³⁰ A large percentage of the crude oil produced by Chinese NOCs overseas is not shipped directly to China but sold instead on the international market. According to one estimate, in 2007 Chinese NOCs sold at least 40 per cent of their overseas oil production (approximately 300 000 barrels per day) on the global market, including all of the oil extracted by Chinese NOCs in Syria and Tunisia.¹³¹ Nevertheless, the majority of China's oil imports originate from politically unstable regions (see table 3.1).

Despite the fact that China sources much of its energy supply from unstable parts of the world, direct attacks on overseas facilities run by Chinese NOCs or on transportation routes are rare, with only 10 mostly small-scale direct attacks on Chinese overseas oil and gas interests in the period 2004–14.¹³² However, Chinese analysts are becoming increasingly aware of the potential threat of attack and have identified a number of risks for Chinese energy interests abroad. For example, Li Zhongmin of the CASS Institute of World Economics and Politics identifies six categories of risks faced by Chinese companies operating abroad,

¹²⁶ Poorsafar, H., 'China's energy rebalancing: a new gazpolitik?', *The Diplomat*, 18 Nov. 2013, <<http://thediplomat.com/2013/11/chinas-energy-rebalancing-a-new-gazpolitik/>>.

¹²⁷ British Petroleum (note 122), p. 49.

¹²⁸ According to one recent definition, China's 'go global' strategy 'entails active participation in international competition and cooperation through foreign direct investment, foreign project contracting, foreign labour cooperation and other related activities, in order to achieve China's modernization strategy through sustainable economic development'. Yu, L. and Xiao J., '“走出去” 战略概述' [Outline of the 'go global' strategy], *Qiaowu Gongzuo Yanjiu*, no. 2 (2011), <<http://qwgzyj.gqb.gov.cn/yjyzt/159/1743.shtml>>.

¹²⁹ Chinese Ministry of Commerce (MOFCOM), '2012 年中国非金融类跨国公司 100 强' [Top 100 Chinese transnational corporations in 2012 outside the banking sector], [n.d.], <<http://images.mofcom.gov.cn/hzs/201309/20130913152843102.pdf>>. The 4 other top-10 companies involved in the overseas oil and gas sectors are China Ocean Shipping Group Company (COSCO), Sinochem Exploration, China Merchants Group Ltd and China State Construction Engineering Corporation (CSCEC).

¹³⁰ Downs, E., 'Who's afraid of China's oil companies?', eds C. Pascual and J. Elkind, *Energy Security: Economics, Politics, Strategy and Implications* (Brookings Institution Press: Washington, DC, 2009), pp. 74–75.

¹³¹ Downs (note 130), pp. 88–89.

¹³² Attacks on Chinese energy interests overseas have occurred in Nigeria (2006), Myanmar (2007), Ethiopia (2007), Sudan (2007 and 2012), Iraq (2010), Libya (2011), Yemen (2011), Colombia (2012) and South Sudan (2013).

Table 3.1. Top 10 sources of Chinese oil imports, 2013

Rank	Country	Volume (m. tonnes)	Change, 2012–13 (%)
1	Saudi Arabia	53.90	–0.03
2	Angola	40.01	–0.38
3	Oman	25.47	+30.18
4	Russia	24.35	+0.07
5	Iraq	23.51	+49.92
6	Iran	21.44	–2.21
7	Venezuela	15.75	+2.98
8	Kazakhstan	11.95	+11.93
9	United Arab Emirates	10.26	+17.52
10	Kuwait	9.34	–10.92

Source: Sina, ‘2013 年我国石油进口增速放缓 进口来源多样化显现’ [China’s oil import growth slows down in 2013, shows diversification of import sources], Xinhua, 2 Feb. 2014.

including political, economic, policy, social and operational risks, as well as natural disasters.¹³³

Similarly, in December 2012 CASS hosted a forum on overseas risk management for Chinese companies that brought together representatives from academia, Chinese Government agencies (including the MFA, MOFCOM and the NDRC), policy banks and insurance companies, and major state-owned enterprises (SOEs), including CNPC.¹³⁴ The participants identified four major threats to Chinese economic interests abroad, including energy interests: (a) ‘creeping’ expropriation (蚕食性征用风险, *canshixing zhengyong fengxian*), especially in Latin America; (b) terrorism and politically motivated kidnappings and extortion; (c) social disturbances, unrest and civil war; and (d) ‘negative changes’ in host governments’ policies.¹³⁵

In the light of these typologies, the following subsections analyse five broad themes in the Chinese debate on political and security risks to energy interests abroad: political instability and regime change; resource nationalism; terrorism; conflict between states; and geopolitical risk. Only two of these themes—conflict between states and geopolitical risk—are linked to traditional external security threats, while the other three represent domestic or non-traditional threats. The growing number of intrastate conflicts seems to have been reflected by Chinese experiences during the Arab Spring, especially in Libya and Syria. In the context

¹³³ Li, Z., ‘中国海外经济利益保护战略刍论’ [China’s protection of its overseas economic interests: a strategic analysis], *World Economics and Politics*, no. 8 (2012), p. 95. Western analysts have developed similar typologies. See e.g. Bremmer, I. and Keat, P., *The Fat Tail: The Power of Political Knowledge in an Uncertain World* (Oxford University Press: Oxford, 2009), pp. 8, 10, 84.

¹³⁴ The term ‘policy bank’ usually refers to 2 major government-controlled financial institutions: China Exim Bank and China Development Bank (CDB). See Jakobson, L. and Knox, D., *New Foreign Policy Actors in China*, SIPRI Policy Paper no. 26 (SIPRI: Stockholm, Oct. 2010), pp. 28–29.

¹³⁵ Ding, Y., ‘首届中国企业海外风险管理论坛在中国社科院举行’ [First Forum on overseas risk management for Chinese companies held at the Chinese Academy of Social Sciences], Guangming Wang, 21 Dec. 2012, <http://politics.gmw.cn/2012-12/21/content_6104607.htm>.

of China's traditional non-interference policy, the focus on perceived intrastate risks to Chinese energy interests abroad poses a significant challenge for Chinese foreign policy.

Political instability and regime change

Chinese analysts repeatedly mention the potential for Arab Spring-style uprisings in Central Asia as a threat to Chinese interests, including energy interests.¹³⁶ However, most experts interviewed for this Policy Paper doubt that Central Asia will witness social upheavals similar to those in the Middle East during the Arab Spring.

Mainstream Chinese analysts view Kazakhstan and Turkmenistan—the two countries hosting China's largest energy interests in the region—as politically stable. A majority of Chinese analysts are optimistic that the potential political risks to Chinese energy interests in Kazakhstan are minimal. They point to the absence of ethnic conflict in the country and to the 'wise policies' of the current Kazakh President, Nursultan Nazarbayev.¹³⁷ However, some question whether his eventual successor will be equally apt at managing domestic forces in Kazakhstan, and whether China would be in a position to protect its energy interests in the country should the political situation deteriorate.¹³⁸ Turkmenistan has had one peaceful transition of power, following the death of long-time President Saparmurat Niyazov, to Gurbanguly Berdimuhamedov. Some Chinese analysts even contend that the closed nature of Turkmenistan's political and social system shields it from foreign influences that might threaten the stability of the country.¹³⁹

Political instability or regime change in Central Asia would endanger one of China's most ambitious energy projects in the region, the Central Asia–China gas pipeline, the first branch of which was completed in 2009. The pipeline connects the Turkmen reserves in Samandepa with Uzbekistan, Kazakhstan and finally Khorgos in Xinjiang, western China. The pipeline, which delivered 27.8 billion cubic metres (bcm) of natural gas to China in 2013, is expected to deliver 30 bcm of natural gas annually, with a potential increase to 50 bcm (although this would require substantial upgrades).¹⁴⁰ Turkmenistan is now by far China's largest supplier of natural gas, having provided more than one-half of China's imports by 2012.¹⁴¹

¹³⁶ Chinese Central Asia academic, Interview with authors, Shanghai, Jan. 2013.

¹³⁷ Chinese Central Asia expert, Interview with authors, Beijing, Jan. 2013.

¹³⁸ Chinese Central Asia experts, Interviews with authors, Urumqi, Sep. 2013.

¹³⁹ Chinese Central Asia expert (note 137).

¹⁴⁰ '中亚天然气管道累计向中国内地输气 681 亿立方米' [Central Asia gas pipeline delivered 68.1 billion cubic meters of gas to mainland China], China News Service, 22 Jan. 2014, <<http://finance.chinanews.com/ny/2014/01-22/5769168.shtml>>; and Laruelle, M. and Peyrouse, S., *The Chinese Question in Central Asia: Domestic Order, Social Change and the Chinese Factor* (Columbia University Press: New York, 2012), pp. 74–79.

¹⁴¹ '2012 年中国天然气进口来源国及进口量' [Countries of origin and volume of Chinese natural gas imports in 2012], China Gas Association, 27 June 2013, <<http://www.chinagas.org.cn/hangye/zixun/china/2013-06-27/9401.html>>.

Although the Central Asia–China pipeline has not yet been able to meet its full potential, Turkmenistan plans to increase its annual gas exports to China to 65 bcm by 2020, which would dwarf the 10 bcm Turkmenistan exported to Russia—formerly Turkmenistan's largest importer and (re-exporter) of natural gas—in 2012. In September 2013, during his first official trip to Turkmenistan since the leadership change, Chinese President Xi Jinping met with President Berdymukhamedov to inaugurate the world's second-largest gas field, the Galkynysh field, which is estimated to hold up to 21.2 trillion cubic metres of gas reserves and will supply an additional 25 bcm a year to China by 2020, on top of existing contracts to increase shipments by 20 bcm in coming years. The field will be operated by CNPC and will be connected to the Central Asia–China pipeline through a new branch ('Line D'), which will be built in 2016 and run via Uzbekistan, Tajikistan and Kyrgyzstan to Xinjiang.¹⁴²

Resource nationalism

Another concern is rising anti-Chinese sentiments among populations in host countries and the emergence of opposition parties that pursue populist policies aimed at reducing Chinese influence in their countries by demanding the nationalization of Chinese-run energy projects or by limiting the influx of Chinese businesses and traders.

The problem of resource nationalism seems to have become increasingly severe in Kazakhstan. Although some tensions may stem from historical territorial conflicts along the China–Kazakhstan border, much of the anger is directed at the perceived Chinese 'takeover' of Kazakh resources. Tensions have been exacerbated by reports that the Kazakh Government had permitted Chinese oil companies to operate according to Chinese labour laws, thereby circumventing Kazakh labour laws and union activities.¹⁴³ In 2007 hundreds of workers from the China-Petroleum Everbright Energy Technology Company (CPEEC), a branch of CNPC, organized protests over wages and working conditions, with local newspapers denouncing the Chinese as 'exploiters of the Kazakh people'.¹⁴⁴

In May 2011 Azat, Kazakhstan's leading opposition party, called for street demonstrations to protest against growing business ties with China, describing Chinese activities in the oilfields as a 'threat to the independence of the country and national security'.¹⁴⁵ In the same month, workers at an oil field jointly owned by China International Trust and Investment Corporation (CITIC) and the Kazakh state-owned oil company, KazMunayGas, staged a partial hunger strike and were later joined by union members. Although a court found the strike to be illegal, the action continued until the end of the year.¹⁴⁶ Kazakh politicians and

¹⁴² Gurt, M., 'China asserts clout in Central Asia with huge Turkmen gas project', Reuters, 4 Sep. 2013.

¹⁴³ Laruelle and Peyrouse (note 140), p. 106.

¹⁴⁴ Laruelle and Peyrouse (note 140), p. 106.

¹⁴⁵ Gorst, I., 'Kazakh party calls for China protest', *Financial Times*, 11 May 2011.

¹⁴⁶ Øverland, I. and Fjæstad, K., 'Labour relations in Kazakhstan's petroleum sector: implications for foreign companies', Presentation at PETROSAM Final Conference, Research Council of Norway, Oslo, 11 July 2012, <http://www.forskningssradet.no/prognett-petrosam/Arrangement/PETROSAMs_avslutnings_konferanse/1253976996643>.

media have condemned what they see as China's aggressive expansion and lack of transparency in the oil sector, and expressed concerns regarding 'Chinese competition and the deterioration of the labour market'.¹⁴⁷

However, few Chinese analysts see these complaints as being a result of China's increasing economic activity in the region. Instead, they blame (a) opportunistic local politicians using what Chinese leaders have termed 'China threat theories' (中国威胁论, *zhongguo weixie lun*) to make China look like a threat to other countries and to damage incumbent leaders; (b) the Russian-language media's continued use of anti-Chinese cold war-era propaganda themes (which explains why these sentiments are strongest in Russia and Central Asian countries such as Kazakhstan and Kyrgyzstan, where Russian continues to be the most commonly used language); and (c) outside (e.g. Western) forces 'jealous of China's successful Central Asia policies'. Analysts insist that increasing economic and social exchanges will eventually lead to a better understanding of China's benign intentions in the region.¹⁴⁸

Resource nationalism has also affected the China–Myanmar Pipeline Project, which consists of crude oil and natural gas pipelines and is jointly invested and built by CNPC, Myanmar Oil and Gas Enterprise (MOGE), two South Korean companies (Daewoo International and Korea Gas Corporation, KOGAS) and two Indian companies (Indian Oil Corporation and GAIL Ltd). Construction of the pipelines' Myanmar section began in June 2010 and the gas pipeline became operational in July 2013. It is expected to send 12 bcm of natural gas annually to Myanmar and to south-west China.¹⁴⁹ The oil pipeline is expected to send up to 440 000 barrels of oil per day from Myanmar's port of Kyaukpyu overland to China and should have been operational by June 2014. The project is intended to decrease Chinese reliance on sea-based transport of hydrocarbons through the Malacca Strait. Since the official end of direct military rule in 2011, Myanmar has seen a rise in anti-Chinese sentiment that is also increasingly affecting the pipeline project. In January 2014 the construction site for the oil pipeline was hit by quarrels between Chinese and local workers and by an arson attack.¹⁵⁰

In extreme cases, resource nationalism and economic protectionism can lead to the nationalization of foreign energy projects. For example, despite excellent relations with the Venezuelan Government, the local operations of two Chinese NOCs—CNPC and Sinopec—were still subjected to nationalization in 2006 when Venezuelan President Hugo Chávez decided to more strictly enforce 2001 legislation governing foreign companies' involvement in the hydrocarbon sector in Venezuela. All *Petróleos de Venezuela SA* (PDVSA) contracts signed with foreign oil companies were reviewed and re-signed, under the threat of asset expropriation if companies refused to comply, with PDVSA taking 80 per cent

¹⁴⁷ Laruelle and Peyrouse (note 140), p. 106.

¹⁴⁸ Chinese Central Asia experts, Interviews with authors, Beijing, Jan. 2013.

¹⁴⁹ 'China–Myanmar gas pipeline in full operation', Xinhua, 20 Oct. 2013.

¹⁵⁰ Larson, C., 'China oil pipeline through Myanmar brings both energy and resentment', *Bloomberg Businessweek*, 4 Feb. 2014.

control of CNPC's Intercampo and Caracoles fields and forcing Sinopec to hand over a majority stake in its Venezuelan operations.¹⁵¹

Terrorism

Chinese energy assets overseas have also been the target of terrorist attacks, especially in Africa and the Middle East. The most brutal attacks occurred in Ethiopia's Somali region in April 2007, when 65 Ethiopians and 9 Chinese Sinopec oil workers were killed, and 7 Chinese were taken captive in an attack on the Abole oil field by the separatist Ogaden National Liberation Front.¹⁵² In March 2011 Sinopec was forced to halt crude oil production in Yemen, partially in response to the rise of al-Qaeda-related violence. Armed clashes caused the destruction of a pipeline and 30 Sinopec employees were evacuated soon after.¹⁵³ Production was finally resumed in July 2012.¹⁵⁴

Despite these incidents, political instability and the risk of terrorism in the Middle East and North Africa have so far failed to discourage Chinese NOCs from intensifying their operations in the region (e.g. in Iraq). According to one leading Chinese energy analyst, there are at least four reasons for this persistence. First, China will continue to rely on oil imports from the region. Second, China has already invested a considerable amount of money in the Middle Eastern energy sector and it cannot abandon these investments. Third, China is interested in attracting more capital from Arab investors, which would be facilitated through continued business contacts in the energy sector. Fourth, Chinese companies benefit from Arab markets by trading Chinese products and by carrying out infrastructure projects.¹⁵⁵ Another Chinese expert states that, despite the security risks, China will have no option but to increase its investments in the Middle East over the next 15 years.¹⁵⁶

Conflict between states

With regard to energy shipments from Central Asia, domestic instability does not appear to be the biggest concern for Chinese analysts, most of whom are more concerned about tensions between states in the region. The scenario that some analysts seem to fear the most is a situation similar to the disputes between Russia and Ukraine in the 2000s, when disagreements over gas prices led to shortages of supply in Western Europe.¹⁵⁷ One Urumqi-based Chinese analyst was critical of the inclusion of Uzbekistan, Tajikistan and Kyrgyzstan as transit countries for the China–Central Asia gas pipeline. In his view, this would lead to

¹⁵¹ Moreira, S., 'Learning from failure: China's overseas oil investments', *Journal of Current Chinese Affairs*, vol. 42, no. 1 (2013), pp. 150–51.

¹⁵² 'Scores die in Ethiopia oil attack', BBC News, 24 Apr. 2007.

¹⁵³ Zhou, F. and Fu, Y. Z., '飞度关山责任重' [The great responsibility of crossing mountains], *Sinopec Magazine*, no. 1 (2013).

¹⁵⁴ Zhou and Fu (note 153).

¹⁵⁵ Chinese Middle East experts, Interview with authors, Beijing, Jan. 2013.

¹⁵⁶ Chinese Middle East experts, Interview with authors, Beijing, Jan. 2013.

¹⁵⁷ Chinese Central Asia experts, Interviews with authors, Beijing, Jan. 2013.

'coordination problems' (协调问题, *xietiao wenti*), as even minor interstate disputes over maintenance costs could lead to disruption of supplies.¹⁵⁸

Geopolitical risk

Chinese experts are also debating the question of the USA's so-called 'rebalancing to Asia' and US energy independence and its impact on the security of Chinese energy interests.¹⁵⁹ Dong Xiucheng, a Professor at China Petroleum University, warns that the USA's long-term decreased reliance on oil and gas from the Middle East may leave it with insufficient motivation to safeguard local oil and gas production sites and maritime transportation routes that also lead to East Asia. This might affect Chinese energy interests by leading to long-term chaos in the Middle East and by prolonging the currently high oil and gas prices in East Asia.¹⁶⁰ Other Chinese analysts disagree. One think tank expert believes that the USA will continue providing security in the Middle East, although to a lesser degree than in the past. In his opinion, the USA will continue to import a significant amount of oil from the region and will remain interested in Middle East security through the 'global war on terrorism'.¹⁶¹ Another analyst suggested that a lack of US energy interests in the Middle East might make it even easier for the USA to 'cause trouble' in the region.¹⁶² Still others detect a risk of 'Western obstruction' (西方阻碍风险, *xifang zu'ai fengxian*). For example, one industry analyst claims that, in order to contain China's growing influence and cooperation in Africa, Western countries have politicized the energy issue by promulgating the 'China threat theory', and by claiming that China is pursuing neocolonial policies in Africa, thus endangering Chinese energy interests in the region.¹⁶³

China's diplomatic mediation and outreach

Many Chinese experts express doubts as to whether China's near-total reliance on high-level leadership contacts is sufficient to protect Chinese interests abroad, arguing that it can even be counterproductive if a regime loses the support of its people. Chinese analysts therefore support intensifying contacts with actors other than governments, including opposition groups, local non-governmental organizations (NGOs) and religious organizations.¹⁶⁴

¹⁵⁸ Chinese Central Asia experts, Interviews with authors, Urumqi, Sep. 2013.

¹⁵⁹ The concept of the US 'rebalancing' or 'pivot' of diplomatic and military resources to the Asia-Pacific region was introduced by the US administration in late 2011–early 2012. See e.g. Clinton, H., 'America's Pacific century', *Foreign Policy*, 11 Oct. 2011; and US Department of Defense (DOD), *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense* (DOD: Washington, DC, Jan. 2012), p. 2.

¹⁶⁰ Dong, X., '美国能源独立将影响中国利益' [US energy independence will affect China's interests], *Caijing Wang*, 12 Dec. 2013, <http://blog.caijing.com.cn/expert_article-151291-62616.shtml>.

¹⁶¹ Chinese Middle East expert, Interview with authors, Beijing, Jan. 2013.

¹⁶² Chinese Middle East academic, Interview with authors, Beijing, Jan. 2013 (author's translation).

¹⁶³ Li, B., '中非能源合作前景广阔' [Promising prospects for China–Africa energy cooperation], *Sinopec Monthly*, no. 1 (2011), p. 59.

¹⁶⁴ Chinese Middle East analyst, Interview with authors, Beijing, Jan. 2013.

The Chinese Government has met with some opposition groups. For example, Syrian opposition representatives visited China on four occasions in 2012 and 2013. However, although these delegations met with high-ranking officials from the MFA (including the Foreign Minister, Yang Jiechi) and the International Department of the CPC's Central Committee, they were not officially invited by the MFA, but rather by the quasi-official Chinese People's Institute of Foreign Affairs (CPIFA).¹⁶⁵ One Chinese expert on the Middle East, who advises the MFA and attended three of the meetings, described how the Syrian delegates' initial 'anti-Chinese' approach became a friendly one. In his view, such contacts do not constitute interference, since the Syrian Government also calls for dialogue with the opposition. In addition, in contrast to the West, China does not threaten or force other countries to act against their will, but instead 'encourages them to act in their own best interest'.¹⁶⁶ Another example is Afghanistan, where China has long maintained contacts with both the Afghan Government and local clans and religious groups (including the Taliban) in order to protect Chinese interests in the country.¹⁶⁷

For the NOCs, the active support of the Chinese authorities can be both a blessing and a curse. On the one hand, diplomatic means can be used to establish good relations between host governments and the NOCs, and China's growing political, economic and military clout might deter governments or NGOs from damaging Chinese energy interests. On the other hand, this association can be costly, especially in societies that are critical of China's political regime or its domestic and global policies.¹⁶⁸

The most prominent example of China's approach—and the mixed outcomes that it can produce—is the case of Chinese energy companies in South Sudan and Sudan. Despite the Chinese Government's attempts at mediation, several serious incidents have caused major damage to both Chinese investments and workers in the oil sectors of South Sudan and Sudan, thus illustrating the limits of China's traditional policy of non-interference.

In 2011 Sudan was China's second largest provider of crude oil in Africa after Angola, supplying 5 per cent of China's total crude oil imports.¹⁶⁹ After the shutdown of South Sudan's oil sector in early 2012, combined imports from South Sudan and Sudan dropped to less than 1 per cent.¹⁷⁰ Political instability and

¹⁶⁵ Chinese People's Institute of Foreign Affairs (CPIFA), 'A Syrian delegation visits China', 17 Feb. 2012, <<http://www.cpifa.org/en/n/toRMNews.do?id=379&channelId=26>>; CPIFA, 'The Syrian National Council delegation visits China', 11 May 2012, <<http://www.cpifa.org/en/n/toRMNews.do?id=409&channelId=26>>; CPIFA, '叙利亚反对派组织“全国民主变革力量民族协调机构”在外交学会举行座谈会' [Syrian opposition organization 'National Coordination Body for Democratic Change' holds conference at CPFIA], 20 Sep. 2012, <<http://www.cpifa.org/n/toRMNews.do?id=764&channelId=26>>; and Xinhua, 'Syrian opposition delegation begins China visit', *People's Daily*, 10 Sep. 2013, <<http://english.peopledaily.com.cn/90883/8395903.html>>.

¹⁶⁶ Chinese Middle East expert, Interview with authors, Beijing, Jan. 2013.

¹⁶⁷ Chinese Central Asia expert, Interview with authors, Shanghai, Jan. 2013.

¹⁶⁸ Moreira, S., 'Learning from failure: China's overseas oil investments', *Journal of Current Chinese Affairs*, vol. 42, no. 1 (2013), p. 147.

¹⁶⁹ Zhao, S., 'The geopolitics of China-African oil', China Briefing, <<http://www.china-briefing.com/news/2011/04/13/the-geopolitics-of-china-african-oil.html>>.

¹⁷⁰ US Energy Information Administration, 'Sudan and South Sudan', 5 Sep. 2013, <<http://www.eia.gov/countries/cab.cfm?fips=SU>>.

security threats in the region have also had a negative effect on the operations of Chinese NOCs. Both South Sudan and Sudan host CNPC's largest foreign operation. According to some Chinese sources, CNPC had invested around \$7 billion by 2012 and holds plurality or majority stakes in three of the five largest oil consortia operating in the two countries.¹⁷¹ While the majority of oil reserves are located in South Sudan, most of the refineries, pipelines and export terminals in which Chinese companies have invested are located in Sudan.¹⁷²

China as a mediator: the conflict in Darfur

Citing the non-interference principle, China initially backed the regime of Sudanese President Omar al-Bashir in the conflict in Sudan's Darfur region. In a 2005 interview, the Chinese Deputy Foreign Minister, Zhou Wenzhong, remarked: 'Business is business. We try to separate politics from business ... I think the internal situation in the Sudan is an internal affair, and we are not in a position to impose upon them.'¹⁷³ This attitude was also illustrated by China's actions in the UN Security Council. For example, between 2004 and 2006 China abstained from voting on six UN Security Council resolutions that would have imposed financial and travel sanctions on Sudanese leaders, including Resolution 1564, which would have targeted Sudan's oil sector and thus affected China's oil interests in Sudan.¹⁷⁴ China faced a barrage of international criticism for its stand, which threatened to tarnish its image in the lead-up to the 2008 Beijing Olympics.

In addition, there were increasing threats to Chinese operations and workers in Sudan. Although the vast majority of the Chinese-run oil facilities are not located in Darfur, the violence also affected neighbouring areas, primarily South Kordofan province. In October 2007 the Defra oil field—which is run by a Chinese-led consortium, Greater Nile Petroleum Operating Company (GNPOC)—was attacked by the Darfur-based rebel group Justice and Equality Movement (JEM). A JEM commander, Mohamed Bahr Hamdeen, justified the attack by pointing to Chinese support for the Sudanese Government: 'The latest attack is a message to the Chinese companies in particular. [They] are the biggest investors in the Sudanese oil industry.' Hamdeen gave the oil companies in South Kordofan a week to leave Sudan, stating that the rebels 'consider [all foreign oil companies] killers because they help the government buy the weapons which they use to kill women and children'.¹⁷⁵

¹⁷¹ Cheng, J., 'Six Chinese mega projects across the globe', *Time*, 16 July 2013; '南北苏丹对峙 中石油守望 70 亿美元投资' [Confrontation between South and North Sudan—CNPC is on guard for its \$7bn investments], *Takungpao*, 25 Apr. 2012, <http://www.takungpao.com/finance/content/2012-04/25/content_47289.htm>; and EIA (note 170).

¹⁷² EIA (note 170); and International Crisis Group, 'China's new courtship in South Sudan', Africa Report no. 186, 4 Apr. 2012, <<http://www.crisisgroup.org/en/regions/africa/horn-of-africa/south-sudan/186-chinas-new-courtship-in-south-sudan.aspx>>, p. ii.

¹⁷³ French, H. W., 'China in Africa: all trade, with no political baggage', *The New York Times*, 8 Aug. 2004.

¹⁷⁴ UN Security Council Resolution 1564, 18 Sep. 2004; and United Nations, Security Council, 'Security Council declares intention to consider sanctions to obtain Sudan's full compliance with security, disarmament obligations on Darfur', Press Release SC/8191, 18 Sep. 2004.

¹⁷⁵ Ward, O., 'Foreign oil companies target of kidnappings by Darfur rebels', *The Star* (Toronto), 26 Oct. 2007.

In December 2007 JEM attacked another Chinese-run oil field in South Kordofan. The Darfur-based JEM leader Khalil Ibrahim justified the attack on Heglig oilfield—which is operated by Great Wall Drilling Company, a subsidiary of CNPC—by stating that ‘China is trading petroleum for our blood’.¹⁷⁶ Finally, in October 2008 a group of militants with alleged links to JEM kidnapped nine CNPC employees from an oil field in South Kordofan, and five of the hostages were killed during the ordeal.¹⁷⁷

Consequently, China began to take on a more active role as a mediator in Darfur, encouraging dialogue and economic development, and appointing a special envoy, Liu Guijin, to enhance ‘mutual understanding through communications and talks’.¹⁷⁸ At the 2008 handover ceremony for a 20 million yuan (\$2.9 million) aid package to Sudan, Liu expressed China’s commitment ‘to working closely with the Sudanese unity government and the transitional authorities in Darfur for the benefit of the people, for the end of people’s suffering and for a long-lasting settlement of the Darfur issue’. During Liu’s visit, he also explained China’s position in meetings with representatives of opposition parties in Darfur.¹⁷⁹ However, Liu stated that China did not have formal direct contact with rebel forces in the Darfur region.¹⁸⁰

In addition, China supported the deployment of a UN peacekeeping mission to Darfur, which was followed by the establishment of the AU/UN Hybrid Operation in Darfur (UNAMID). The issue was reportedly raised in the course of President Hu’s state visit to Sudan in February 2007, during which he also visited a Chinese-built oil refinery.¹⁸¹ In November 2007 and July 2008 China sent a total of 315 engineering corps personnel to Sudan to serve with UNAMID.¹⁸²

China as a mediator: the conflict between South Sudan and Sudan

China began building relations with the Sudan People’s Liberation Movement (SPLM) after the signing of the Comprehensive Peace Agreement (CPA) by the SPLM and the Sudanese Government in January 2005, which paved the way for the eventual independence of South Sudan in 2011.¹⁸³ Salva Kiir, Deputy Chairman of the SPLM, visited China in March 2005 after becoming Sudan’s First Vice-President and again in 2007 when he became President of autonomous

¹⁷⁶ De Montesquiou, A., ‘Darfur rebels claim attack in oil field’, *Washington Post*, 11 Dec. 2007.

¹⁷⁷ ‘China hostages killed in Sudan’, BBC News, 27 Oct 2008.

¹⁷⁸ Jian, J., ‘China in the international conflict-management: Darfur as a case’, *Global Review*, vol. 1, no. 4 (winter 2012), pp. 7–8; and Permanent Mission of China to the UN, ‘China’s SR on Darfur holds a briefing in Beijing’, 7 Mar. 2008, <<http://www.china-un.org/eng/chinaandun/securitycouncil/regionalhotspots/africa/darfur/t468259.htm>>.

¹⁷⁹ Xinhua, ‘Chinese envoy: China to provide more humanitarian aid to Darfur’, *People’s Daily*, 26 Feb. 2008, <<http://english.people.com.cn/90001/90776/90883/6360475.html>>.

¹⁸⁰ Permanent Mission of China to the UN (note 178).

¹⁸¹ ‘China’s leader visits Sudan and focuses on growing economic ties’, *The New York Times*, 3 Feb. 2007.

¹⁸² Xinhua, ‘1st batch of Chinese peacekeepers to Darfur return home’, *People’s Daily*, 13 Jan. 2009, <<http://english.people.com.cn/90001/90776/90883/6572548.html>>.

¹⁸³ Comprehensive Peace Agreement between the Government of the Republic of the Sudan and the Sudan People’s Liberation Movement/Sudan People’s Liberation Army, Nairobi, 9 Jan. 2005, annex to United Nations, Security Council, S/2005/78, 10 Feb. 2005.

Southern Sudan.¹⁸⁴ During his 2007 visit, Kiir met with President Hu and presented Chinese officials with a map indicating that most of Sudan's oil reserves were located in Southern Sudan.¹⁸⁵ China opened a consulate in the South Sudanese capital of Juba in September 2008 and was among the first states to recognize the newly independent state of South Sudan in July 2011.¹⁸⁶

The relationship between South Sudan and Sudan was tense from the start. The flow of oil through pipelines from oil fields in South Sudan to export terminals on Sudan's Red Sea coast was halted between January 2012 and March 2013 in a dispute over transit fees and border demarcation issues, which had a severe impact on Chinese energy interests.¹⁸⁷ Liu Yingcai, the head of the CNPC-led Petrodar consortium, was accused of collaborating with the Sudanese Government to confiscate and divert South Sudanese crude oil, and in February 2012 he was expelled from South Sudan.¹⁸⁸ The Chinese MFA refused to openly support CNPC or intervene.¹⁸⁹ CNPC has since intensified its corporate social responsibility (CSR) activities in South Sudan, financing social projects in Juba and training for petroleum specialists and scholarships in China for talented local students.¹⁹⁰

China as a mediator: the conflict in South Sudan

In December 2013 fighting broke out between forces loyal to South Sudanese President Salva Kiir and a breakaway SPLM faction led by former Vice-President Riek Machar. South Sudan's oil production fell by 45 000 barrels per day to 200 000 barrels per day as a result of the violence, and Chinese NOCs were forced to evacuate approximately 400 Chinese oil workers.¹⁹¹ Despite the fact that it was a domestic conflict, the Chinese MFA immediately took a proactive role. China's Foreign Minister, Wang Yi, called for a ceasefire and a political dialogue between the two sides. He also called on the South Sudanese Government to protect Chinese citizens and their property in the country.¹⁹² Wang

¹⁸⁴ International Crisis Group (note 172); 'South Sudan President Salva Kiir in profile', BBC News, 23 Dec. 2013; and Chinese Embassy in South Sudan, 'Sino-South Sudan political exchanges', 23 Nov. 2012, <<http://ss.chineseembassy.org/eng/sbgx/zjjw/>>.

¹⁸⁵ International Crisis Group (note 172), p. 3; Dziadosz, A., 'Special report: South Sudan's Chinese oil puzzle', Reuters, 14 Nov. 2012; and Chinese Embassy in South Sudan (note 184).

¹⁸⁶ Chinese Consulate in Juba, '开馆仪式' [Opening ceremony], 15 Jun. 2010, <http://juba.chineseconsulate.org/chn/lgxx_1/tpk/t708926.htm>; and Xin, J., '南苏丹驻华使馆代办：互信合作开创中南美好未来' [South Sudan Embassy charge d'affaires: Mutual trust and cooperation to create a better future between China and South Sudan], Xinhua, 31 May. 2012, <http://www.gov.cn/jrzq/2012-05/31/content_2149776.htm>.

¹⁸⁷ 'Sudan rivals "to resume pumping oil"', BBC News, 21 Mar. 2013.

¹⁸⁸ Ferrie, J., 'Petrodar names new acting head after South Sudan expulsion', Bloomberg, 24 Feb. 2012, <<http://www.businessweek.com/news/2012-02-24/petrodar-names-new-acting-head-after-south-sudan-expulsion.html>>.

¹⁸⁹ Li, G., '中石油苏丹困局' [CNPC's Sudan Dilemma], *Phoenix News*, 16 Apr. 2012, <http://news.ifeng.com/shendu/fhzk/detail_2012_05/16/14567828_0.shtml>.

¹⁹⁰ China National Petroleum Corporation (CNPC), *2012 Corporate Social Responsibility Report* (CNPC: Beijing, 2013), <<http://lhyt.cnpc.com.cn/en/press/publications/social/2012/>>, p. 44.

¹⁹¹ He, W., '“建设性干预” 南苏丹彰显大国责任' ['Constructive intervention' manifests great power responsibility in South Sudan], 9 Jan. 2014, <http://www.81.cn/lkj/2014-01/09/content_5726943.htm>.

¹⁹² Chinese Consulate in Brisbane, 'Wang Yi gave an interview to Al Jazeera', 9 Jan. 2014, <<http://brisbane.chineseconsulate.org/eng/zgxw/t1116509.htm>>.

announced that he was 'ready to directly engage' with the parties to the conflict and met with their representatives during ceasefire negotiations in early January 2014 in Addis Ababa, Ethiopia, conducting an active shuttle diplomacy between the two sides.¹⁹³ By May 2014 China had contributed 341 troops and 13 police officers to the UN Mission in South Sudan (UNMISS).¹⁹⁴ By March 2014 oil output had already fallen by about one-third since the start of the conflict.¹⁹⁵ Despite a ceasefire agreement on 23 January 2014 and a peace deal on 9 May 2014, the fighting has continued.

China's mixed track record on the Sudanese conflicts shows the limits of its non-interference approach with regard to protecting its energy interests abroad. Even China's diplomacy on South Sudan has been reactive and aimed mostly at limiting the damage to Chinese energy and other interests after the conflict had escalated into a civil war. It remains to be seen whether an adaptation of Chinese policies will lead to a more proactive conflict-prevention approach in the future.

Chinese national oil companies' risk-assessment and crisis-response activities

Despite a significant increase in diplomatic activity in relation to its overseas energy interests, the Chinese Government's support for NOCs in crisis regions overseas remains limited. China has been reluctant to throw its full weight behind the NOCs, fearing that this could be interpreted as interference in the domestic affairs of their host countries. Therefore, the NOCs themselves have begun to develop strategies and mechanisms—including risk-assessment capabilities, increased CSR activities and investments in political risk insurance—to assess and manage political and security risks when operating abroad. However, as the example of Sudan shows, outsiders often see NOCs as representatives of the Chinese state.

The influence of SOEs on Chinese foreign policy is growing. One Chinese expert has called this phenomenon the 'corporatization of the country' (国家的公司化, *guojia de gongsihua*).¹⁹⁶ The symbiotic relationship between the CPC, the Chinese Government and the NOCs raises the question of how much responsibility the state should shoulder when it comes to risks to overseas investments. This issue is hotly debated within China. Some analysts point out that a mix of commercial and political interests continues to drive the overseas activities of the NOCs. In many cases, this leads to investments that are not economically sound and which can lead to losses for the companies and the state, such as investments in politically unstable countries. Increasing investment by private companies could be a solution to this problem, since these companies do not have the backing of the state and are thus more prudent when it comes to risk

¹⁹³ 'China offers to act as peace broker as it calls for ceasefire in South Sudan', *South China Morning Post*, 8 Jan. 2014.

¹⁹⁴ UN Department of Peacekeeping Operations, 'UN missions contributions by country', 30 Apr. 2014, <http://www.un.org/en/peacekeeping/contributors/2014/apr14_5.pdf>.

¹⁹⁵ Odera, C., 'South Sudan says in control of main oil fields, output steady', Reuters, 3 Mar. 2014.

¹⁹⁶ Chinese Central Asia expert, Interview with authors, Shanghai, Jan. 2013 (author's translation).

assessment. Analysts therefore advocate a dual strategy to minimize risks and losses for the state. First, China should enact laws and regulations that would prohibit SOEs from investing in high-risk areas. Second, it should set up an insurance system requiring SOEs to cover their own losses through regular contributions.¹⁹⁷

In addition, the Chinese Government wants to avoid being drawn into conflicts or to attract unwanted attention through the activities of NOCs in conflict zones, either through threats to Chinese employees or attacks on Chinese-run facilities. As one high-ranking policy researcher working within a Chinese NOC put it, Chinese companies are responsible for choosing their own investment destinations and thus are expected 'to avoid causing any embarrassment to the country' (不要给国家什么丢脸, *bu yao gei guojia shenme diulian*).¹⁹⁸ Since the heads of Chinese NOCs are political leaders appointed by the CPC's Central Committee, their careers can also be negatively affected by security-related losses abroad.¹⁹⁹

Improving risk assessment capabilities

Since official support remains limited, Chinese NOCs and other companies have been encouraged to expand their risk-assessment and crisis-management toolkits in order to independently deal with political and security risks. These assessments are becoming an integral part of the official approval procedure for investments in high-risk areas overseas.

Central SOEs, including the NOCs, need to apply to the State-owned Assets Supervision and Administration Commission (SASAC), the NDRC, the State Administration of Foreign Exchange (SAFE) and MOFCOM to receive an investment permit. In 2005 the State Council forwarded a notice regarding the strengthening of security for overseas Chinese enterprises and personnel to MOFCOM and other relevant departments.²⁰⁰ In 2010 the State Council issued a revised notice including regulations to help Chinese companies deal with both traditional and non-traditional security issues, especially terrorism-related threats. Article 21 of the regulations reads:

Before Chinese enterprises invest in high-risk countries or regions, they must commission a professional security organization to conduct a security risk assessment. In order to minimize security risks abroad as much as possible, Chinese enterprises investing overseas must refine their overseas security plan based on the security risk assessment report.²⁰¹

¹⁹⁷ Chinese energy experts, Interviews with authors, Beijing, Jan. 2013.

¹⁹⁸ NOC representative, Interview with authors, Beijing, Oct. 2013 (author's translation).

¹⁹⁹ Chinese Middle East and North Africa expert, Interview with authors, Beijing, Oct. 2013.

²⁰⁰ MOFCOM, '商务部, 外交部, 国家发展和改革委员会, 公安部, 国务院国有资产监督管理委员会, 国家安全生产监督管理总局, 中华全国工商业联合会关于印发《境外中资企业机构和人员安全管理规定》的通知' [MOFCOM and seven other ministries joint notice on issuing 'foreign-funded enterprises institutions and personnel safety regulations'], 13 Oct. 2010, <<http://shtb.mofcom.gov.cn/article/zhengcfc/xuexyd/201010/20101007184054.shtml>>.

²⁰¹ Chinese State Council, '境外中资企业机构和人员安全管理规定' [Regulations for Chinese Enterprises and Personnel Security Management Abroad], 13 Aug. 2010, <http://fec.mofcom.gov.cn/article/zcfg/zcfb/dwtz/201303/1741680_1.html> (author's translation).

In addition, the NDRC issues a *Catalogue of Investment Projects Subject to Governmental Verifications*. The 2013 version of the catalogue requires NDRC verification for outbound investments by centrally-administered state-owned enterprises (CASOEs) or investments involving sensitive countries and regions. It defines 'sensitive countries' as 'countries and regions which China does not have diplomatic relationship with, or are under international sanction, or embroiled in ongoing war or riots'.²⁰²

However, according to one Beijing-based analyst working for a major Western risk consultancy, these requests do not follow a standardized procedure and in many cases the applying SOEs treat them purely as a formality.²⁰³ In any case, the responsibility to assess security risks is shared among a number of institutions without a clear division of labour, which exacerbates the current problems with Chinese risk assessment capabilities.

The Chinese MFA plays only a marginal role, and holds no veto power over the foreign investment decisions of NOCs. Despite NOCs' lack of experience and understanding of the situation overseas, most Chinese observers consider them to be much more influential players that only turn to the MFA once they encounter serious problems abroad.²⁰⁴ One Chinese expert called the MFA an 'implementer' (执行者, *zhixingzhe*) of state policies that does not have the power to assert itself with regards the NOCs.²⁰⁵ In theory, the two Chinese policy banks—China Development Bank (CDB) and China Exim Bank—can also influence the investment behaviours of Chinese NOCs. These banks provide loans for major investments both at home and abroad and, since they are becoming increasingly commercialized, should be interested in avoiding losses from investments in unstable environments. In addition, as one Chinese scholar remarked, foreign investors are gaining increased influence over policy banks (e.g. through seats on their advisory boards). This might make the banks less willing to support risky investments of questionable commercial value.²⁰⁶

Some SOEs have improved their internal structures and processes for assessing risks, both before an operation is initiated abroad and while it is running. However, according to the vice-director of the Chinese MFA's Consular Protection Centre, the 'lack of security risk awareness of firms' continues to be a major problem.²⁰⁷ Although there is a general trend towards greater institutionalization of security risks management, most firms lack standard operating procedures to prevent incidents and handle crises. Only a few SOEs have offices and researchers in charge of risk assessment, and even fewer have chief security officers, either at headquarters or in overseas offices. Firms that

²⁰² Stibbe, 'China eases restrictions on outbound investments', China Newsletter, 30 Apr. 2014, <<http://stibbe.com/news/2014/april/hk-china-newsletter-china-eases-restrictions-on-outbound-investments>>.

²⁰³ Western private security analyst, Interview with authors, Beijing, Oct. 2013; and Chinese Middle East expert, interview with authors, Beijing, Jan. 2013.

²⁰⁴ Chinese energy expert, Interview with authors, Beijing, Jan. 2013.

²⁰⁵ Chinese energy expert, Interview with authors, Beijing, Jan. 2013 (author's translation).

²⁰⁶ Chinese energy expert, Interview with authors, Beijing, Jan. 2013.

²⁰⁷ '我国领事保护案件频发, 部分企业缺乏安全意识' [Chinese consular protection cases a frequent occurrence—some companies lack security awareness], *Guoji Xianqu Daobao*, 21 Sep. 2010 (author's translation).

have established overseas risk-assessment units focus on financial risks, such as exchange or commodities rates or minimum revenue requirements, rather than on political risks, and mostly recruit individuals with a background in finance or economics.²⁰⁸

Chinese NOCs have started to build up their own risk-assessment capabilities. For example, CNPC has established an information network linking Chinese Government departments, the host government, international security organizations, and local staff in order to strengthen the assessment of terrorism and security risks. Other information measures introduced by CNPC include (a) timely early security warnings in accordance with changes in the local security situation and daily security reports in high-risk countries, (b) weekly reports on overseas projects and community situations, (c) monthly reports on security developments, and (d) quarterly announcements on society and community risks.²⁰⁹ CNPC has also established its own security risk-assessment database and intensified security risk assessment and geopolitical research on high-risk countries such as Chad, Iraq, Niger, Sudan and Turkmenistan.²¹⁰ The security risk-assessment department of CNOOC provides both country analyses and country-specific travel guides for employees travelling to high-risk areas.²¹¹

In addition, NOCs are intensifying their exchanges with external actors and, in some cases, have even outsourced some country- or region-specific tasks to academics and analysts at universities and state-run think tanks. These experts can provide authoritative analyses from an 'independent' (i.e. external to the company) perspective. For example, Sinopec has commissioned a Middle East specialist from the CASS Institute of West Asian and African Studies to inspect and provide advice on its natural gas projects in Yemen.²¹² The Xinjiang Academy of Social Sciences and Xinjiang University of Finance and Economics provide similar consultancy services to CNPC regarding security risks to Chinese energy investments in Central Asia.²¹³

Chinese NOCs also employ Western multinational risk consultancies. However, analysts are still undecided as to whether China will be the next big market for Western providers of security risk assessment and security services. While one analyst at a major Western risk consultancy thought that their work was regarded as more authoritative and independent than that of Chinese experts, a political risk analyst from a Chinese SOE disagreed, stating that Western firms were unable to provide services that cater to the specific needs of Chinese companies.²¹⁴

²⁰⁸ NOC representative, Interview with authors, Beijing, Nov. 2013.

²⁰⁹ Han, S. et al., '中国石油天然气集团公司海外项目反恐安全管理探索与实践' [CNPC exploration and practices in anti-terrorism security management for overseas projects], *Journal of Safety Science and Technology*, no. 1 (2009), p. 5.

²¹⁰ Han et al. (note 209), p. 5.

²¹¹ NOC representative, Interview with authors, Beijing, Nov. 2013.

²¹² Chinese Middle East expert, Interview with authors, Beijing, Jan. 2013.

²¹³ Chinese Central Asia experts, Interviews with authors, Urumqi, Sep. 2013.

²¹⁴ Western private security analyst, Interview with authors, Beijing, Oct. 2013; and Chinese policy bank risk analyst, Interview with authors, Beijing, Jan. 2013.

Corporate social responsibility

Once an overseas energy project has been approved and is operational, a Chinese NOC will usually apply a number of additional measures to minimize risks and avoid security incidents. Of these, most Chinese analysts see CSR measures as a vital and effective tool to improve relations between NOCs and local communities and to mitigate the political and security risks that NOCs face overseas. Chinese NOCs are engaged in a number of CSR activities in host countries, including supporting local communities by building schools, hospitals and roads and by providing vocational training and education for locals, as well as environmental protection. However, compared to their Western counterparts, Chinese NOCs are relative latecomers. For example, CNPC only established its CSR reporting mechanism in 2006 and issued its first annual CSR report in 2007.²¹⁵

CSR activities also play a central role in CNPC's strategy in Myanmar. As of July 2013, the CNPC-led consortium funding the China–Myanmar Pipeline Project had already donated more than \$20 million to the Myanmar Government and local communities for public welfare programmes, including infrastructure, health care, education and disaster relief.²¹⁶ Critics say that because the funding was transferred to the Myanmar authorities, it was largely spent in areas far away from the pipeline route, and thus did not benefit the people directly affected by the project.²¹⁷

Most Chinese analysts also criticize Chinese NOCs' overseas CSR measures as inefficient, especially compared to Japanese efforts, which are more moderate but receive more attention, both locally and internationally. Chinese NOCs have a 'propaganda problem' because they continue to rely almost exclusively on their contacts with national and local governments and fail to develop relationships with local populations and the media.²¹⁸ Other analysts explain the low profile of Chinese NOCs as an effort to avoid stoking economic nationalism and accusations of neocolonialism.²¹⁹ While CSR is important, it fails to address underlying causes of discontent in communities where Chinese NOCs operate: unemployment and a lack of opportunities. In order to address these issues, Chinese NOCs would need to make changes in their human resources policies by hiring more unskilled local workers and significantly increasing training for these workers.

Political risk insurance

Insufficient risk-assessment capabilities and a lack of diplomatic support have in the past lead to significant financial losses for Chinese NOCs. For example, prior to the overthrow of the Gaddafi regime in 2011, CNOOC had net assets of about \$300 million in Libya. CNOOC's estimated losses due to devaluation in the first

²¹⁵ CNPC (note 190). A full list of CNPC's CSR reports can be accessed at <<http://classic.cnpc.com.cn/en/press/publications/social>>.

²¹⁶ Xinhua, 'Myanmar–China gas pipeline starts to deliver gas to China', *China Daily*, 28 July 2013, <http://usa.chinadaily.com.cn/business/2013-07/28/content_16844673.htm>.

²¹⁷ Western corporate social responsibility analyst, Interview with authors, Beijing, Oct. 2013.

²¹⁸ Chinese energy experts, Interviews with authors, Beijing, Jan. 2013.

²¹⁹ Chinese Middle East and North Africa expert, Interview with authors, Beijing, Jan. 2013.

half of 2011 were 65.7 million yuan (\$10.1 million).²²⁰ Furthermore, CNPC's potential maximum losses in Libya were estimated at 1.2 billion yuan (\$198 million), as attacks on its operations forced it to halt a number of projects.²²¹

In order to better cope with such losses, Chinese NOCs have increasingly made use of political risk insurance. In 2001 China's first and only policy-oriented insurance company was established, the China Export and Credit Insurance Corporation (Sinosure). A central SOE directly under SASAC, Sinosure has both plentiful resources and the political support of the Chinese Government required to provide tailor-made services for China's NOCs. Of these, CNPC is Sinosure's most active client, and it was the first NOC to sign a strategic partnership with Sinosure to expand cooperation on capital security and political risk assessment and management, in 2008.²²² As of November 2011 Sinosure had received claims from 29 companies for losses in Libya and had paid out a total of approximately 500 million yuan (\$78.6 million), mostly to Chinese construction companies, to settle those claims.²²³

In addition, Chinese NOCs benefit from the involvement of the two Chinese policy banks. In many cases, Chinese investments in the resources sector are connected to the contracting of infrastructure projects in the host country to Chinese construction companies, financed through loans from Chinese policy banks.²²⁴ This means that the risk of financial loss is spread across the institutions lending the funds—the policy banks, the Chinese Government as the owner of these financial institutions, and the Chinese NOCs. Besides benefitting from the spread of economic risk, Chinese NOCs are further insulated from political risks because the borrower (i.e. the host government) supplies oil to them.²²⁵

Thus, while not driving a rapid major policy change, the globalization of Chinese energy interests has led to an incremental adaptation of a number of policies at the state and company levels. These changes aim to optimize the protection of Chinese energy interests in politically unstable or crisis areas, whilst maintaining the credibility of China's official non-interference policy through the outsourcing of risk analysis and crisis-management measures to (mostly state-owned) companies.

²²⁰ China Chemical Industry News, '利比亚战乱致我国石油投资受损' [Libyan war chaos causes damage to Chinese oil investments], 26 Aug. 2011, <<http://www.ccin.com.cn/ccin/news/2011/08/26/196084.shtml>>.

²²¹ '中国石油利比亚项目潜在最大损失约 12 亿元人民币' [CNPC oil projects in Libya face potential maximum losses estimated at 1.2 billion yuan], Ifeng, 4 Mar. 2011, <<http://finance.ifeng.com/stock/special/zdbfctjrsc/20110304/3569262.shtml>>; 'CNPC halts production in Libya, withdraws staff', Reuters, 28 Feb. 2011; and 'CNPC terminates 6 overseas projects, estimates losses of 1.2 bln yuan', Xinhua, 22 Aug. 2011.

²²² Moreira, S., 'Learning from failure: China's overseas oil investments', *Journal of Current Chinese Affairs*, vol. 42, no.1 (2013), p. 148.

²²³ Hu, Y., 'Sinosure sees rising EU risk as debt crisis persists', *China Daily*, 16 Dec. 2011, <http://usa.chinadaily.com.cn/business/2011-12/16/content_14276965.htm>.

²²⁴ See Corkin, L., 'Uneasy allies: China's evolving relations with Angola', *Journal of Contemporary African Studies*, vol. 29, no. 2 (Apr. 2011), pp. 169–80.

²²⁵ Moreira (note 222), p. 156.

4. Protecting Chinese nationals overseas

Over the past decade the protection of nationals abroad has emerged as a diplomatic priority for China. The high-profile evacuation of over 35 000 Chinese citizens from Libya in March 2011 is only one of a number of evacuations from crisis zones, while the Chinese MFA is struggling to provide adequate consular protection to a rapidly growing number of individuals travelling or residing overseas. At the same time, Chinese firms' investments in unstable countries and regions mean that their employees face safety risks, such as kidnappings and terrorist actions. The number of incidents has grown exponentially since the 'go global' strategy was launched in 1999, and by November 2012 the protection of nationals overseas was one of only three new issues designated as diplomatic priorities in President Hu's work report to the 18th Party Congress.²²⁶

Providing protection to increasing numbers of nationals overseas could potentially shift Chinese foreign policy away from non-interference but, so far, China has addressed the challenge through institutional adaptation. Chinese SOEs and government agencies have integrated the issue as a priority and there is still room for improvements in crisis prevention and management within the non-interference framework. In most crises, China will be able to rely on bilateral cooperation with host governments, although the possibility of military action can no longer be excluded. China has used military assets in two operations to protect nationals abroad, albeit in non-combat roles: the evacuation from Libya and the naval escorts in the Gulf of Aden. Importantly, evacuations and consular protection enjoy strong public support.

The Chinese MFA has faced strong online criticism in cases when it has failed to take action to protect the safety and the rights of Chinese overseas.²²⁷ The Chinese Government's policy is typical of a recent trend in Chinese diplomacy in which it must be seen to be responsive to public opinion when the views expressed are nationalistic, while at the same time building legitimacy through its foreign policy.²²⁸ In an era of greater public scrutiny, consular protection is important because it provides the Chinese public with a direct understanding of 'what China's great power diplomacy means'.²²⁹

²²⁶ 'Full text of Hu Jintao's report at 18th Party Congress' (note 10).

²²⁷ Online criticism focuses on Chinese consular inaction in cases of petty crime, including passport theft. There are many examples on Weibo, the Chinese equivalent of Twitter. The Chinese press has also allowed constructive criticism and open debate. See also Tao, D., '海外领事 保护可以做得更好' [Consular protection can be done better], *Guoji Xianqu Daobao*, 21 Sep. 2010, <<http://news.xinhuanet.com/herald/2010-09/21/c-13522926.htm>>.

²²⁸ Sun, Y., 'Chinese public opinion, shaping foreign policy or shaped by it?', *Brookings East Asia Commentary* no. 55, 13 Dec. 2011, <<http://www.brookings.edu/research/opinions/2011/12/13-china-public-opinion-sun>>.

²²⁹ Zhou, Q., '领事保护是国家形象最直接载体' [Consular protection is the most direct incarnation of national image], *Fenghuang*, 19 Dec. 2011, <http://news.ifeng.com/mainland/detail_2011_12/19/11426752_0.shtml>.

China's growing challenge of protecting nationals overseas

Chinese nationals overseas have been victims of numerous attacks in the 21st century. CNPC alone has suffered 41 employee fatalities overseas.²³⁰ In 2004 separate attacks in Kunduz, Afghanistan, and Gwadar, Pakistan, claimed the lives of a total of 14 Chinese nationals. The attacks sent shockwaves through the Chinese media and provoked an immediate reassessment of the importance of protecting nationals abroad.²³¹ The year 2004 was therefore pivotal because it was the first year in which the Chinese Government realized that its nationals abroad could also be targets of terrorist attacks.²³² Incidents reported in the media are thought to represent only a fraction of the total number of attacks, although the true percentage is impossible to determine. This under-reporting may also reflect attempts to avoid exposure on the part of companies employing Chinese workers illegally.

The Chinese Government does not provide data on the number of its nationals abroad, and the Chinese MFA does not publicize consular registration statistics. However, most Chinese sources estimate that 5 million Chinese passport holders currently reside outside China.²³³ A 2012 resolution presented at the Chinese People's Political Consultative Conference (CPPCC) referred to 5.5 million Chinese citizens residing overseas but did not provide a source for this figure.²³⁴ The Xinhua news agency has reported similar numbers.²³⁵ While Chinese SOEs are not the main direct source of employment overseas, they employ approximately 800 000 Chinese in overseas positions, with CNPC alone counting 14 000 expatriate employees in early 2013.²³⁶ These numbers underestimate the reality on the ground, as SOEs employ Chinese workers for short-term contracts, on a project basis, through intermediaries. Furthermore, in many countries, Chinese nationals facing safety risks are individual businessmen or employees of small- and medium-sized enterprises.

Three official sets of statistics are made available by government agencies. Based on customs data, the Chinese MFA estimates that in 1982 a total of 280 000 Chinese citizens travelled abroad. By 2012 this figure had passed 83 million and in 2013 over 98 million Chinese citizens travelled overseas. It has been estimated that these numbers will continue to grow at an annual rate of over 10 million per

²³⁰ Energy sector SOE employee, Interview with authors, Beijing, Oct. 2013.

²³¹ See e.g. the special website set up by the Xinhua news agency, '关注中国公民海外安全和权益' [Special issue on safety and rights of Chinese nationals overseas], June 2004, <http://news.xinhuanet.com/world/2004-06/23/content_1541296.htm>.

²³² '涉外安全司, 中国海外利益保护伞' [The Department of External Security Affairs—a protection umbrella for Chinese interests overseas?], *Zhongguo Xinwen Zhoukan*, no. 5 (July 2004), pp. 16–17.

²³³ See e.g. Niu, X., '中国在中东的利益与影响力分析' [An analysis of China's interests and influence in the Middle East], *Xiandai Guoji Guanxi*, no. 10 (Oct. 2013), pp. 44–52.

²³⁴ Su, R., '关于进一步完善海外中国公民保护机制的提案' [Proposition no. 624 to enhance the protection mechanisms for Chinese nationals overseas, submitted at the 5th Plenary Session of the 11th Chinese People Consultative Political Conference], Mar. 2012, <<http://www.cppcc.gov.cn/zxww/2012/03/07/ART11331094211040141.shtml>>.

²³⁵ '中国启动“宣传月”提升中国公民海外文明与安全' [China launches 'month of publicity' to increase awareness of security risks overseas], Xinhua, 9 July 2009.

²³⁶ Senior academic, Interview with authors, Beijing, Jan. 2013.

year over the next decade.²³⁷ In addition, the Chinese Ministry of Education (MOE) estimated that in 2012 there were 400 000 Chinese students overseas.²³⁸ Furthermore, MOFCOM provides data on the number of Chinese who have carried out 'tasks of labour cooperation and engineering contract overseas' by 2012 a total of 6.4 million individuals had been employed in such schemes.²³⁹ The figures supplied by the Chinese MFA are the most accurate indicator, although it does not record the categories of travellers or the lengths of their trips abroad. Similarly, the statistics published by MOFCOM and the MOE are incomplete, as students and workers do not systematically register themselves with these departments before travelling overseas.

The Chinese MFA often lacks an accurate picture of the number of Chinese residents and travellers in specific countries. The Libyan crisis exposed the gap between consular registration numbers and the reality on the ground. Among the 35 860 nationals evacuated, only 6000 were on the MFA's records.²⁴⁰ In several African countries, including Angola and South Africa, the gap between official numbers and official estimates is enormous. In Angola approximately 100 000 Chinese have registered with MOFCOM for 'labour cooperation' but the MFA estimates that 200 000–300 000 Chinese citizens reside in the country for professional reasons.²⁴¹ South Africa, the country with the largest Chinese population in Africa, ostensibly hosts 300 000 Chinese residents but the Chinese Embassy's estimate is 600 000.²⁴² Illegal immigration and Chinese nationals overstaying their visas constitute major statistical challenges in this respect. During the Libyan evacuation, some European states forbade transit of evacuees through their territory because a number of Chinese nationals did not possess valid passports, and the MFA was obliged to issue 5000 emergency travel documents.²⁴³ The MFA also successfully negotiated visa-free transit via Malta for a number of Chinese citizens evacuated from Libya.²⁴⁴

In recent years, the Chinese MFA and MOFCOM have intensified efforts to obtain a more accurate picture of the number of Chinese nationals overseas. In

²³⁷ '外交部：2012年中国内地居民出境人次达8318万' [MFA: In 2012, the number of Chinese nationals going abroad reached 83.18 million], Zhongguo Wang, 21 Feb. 2013, <http://www.china.com.cn/inter-national/txt/2013-02/21/content_28020944.htm>; and '外交部领事司司长：国人海外过度维权令人尴尬' [Director of the MFA's Consular Protection Department: It's embarrassing when Chinese nationals overseas seek exaggerated protection for their rights], *Beijing Qingnianbao*, 15 Jan. 2014, <<http://www.chinanews.com/gn/2014/01-15/5736731.shtml>>.

²³⁸ '去年中国留学人数近40万 超2成留学生未归国' [Last year China had almost 400 000 students abroad—approximately 20% of students abroad do not come back], *Fazhi wanbao*, 28 Feb. 2013, <<http://news.sohu.com/20130228/n367406321.shtml>>.

²³⁹ MOFCOM, '2012年我国对外劳务合作业务简明统计' [2012 Statistics on China's international labour cooperation], Jan. 2013, <<http://hzs.mofcom.gov.cn/article/date/201301/20130100006031.shtml>>.

²⁴⁰ Government official, Interview with authors, Beijing, Jan. 2013.

²⁴¹ Senior government official, Interview with authors, Beijing, Oct. 2013.

²⁴² Chinese businessman based in Johannesburg, Interview with authors, Washington, DC, Nov. 2013; and 'South African police vow to curb crimes for Chinese nationals' safety', *Xinhua*, 21 Mar. 2012.

²⁴³ EU official, Interview with authors, Brussels, Dec. 2012; and Zhao H. and Zhang S., '我撤侨行动获好评 专家建议加强当事国危机评估' [Chinese evacuation operations receive compliments, expert suggests improving regional crisis assessment capabilities], *Nanfang Ribao*, 22 Mar. 2011, <<http://news.sina.com.cn/c/2011-03-22/120622159852.shtml>>.

²⁴⁴ Senior government official (note 241).

countries considered risky, consular authorities gather information on Chinese communities through exchanges with SOEs, chambers of commerce, overseas Chinese associations and local authorities. For example, Chinese officials are confident that approximately 10 000 Chinese nationals reside in Pakistan, the country in which the greatest number of Chinese nationals have been attacked since 2000.²⁴⁵ However, the information challenge cannot be wholly addressed through consular efforts. In general, tourists rarely register with consular authorities, which can complicate rescue efforts in cases of natural disaster or major incidents, a risk tragically illustrated by the December 2004 tsunami in South East Asia, which took the lives of hundreds of European tourists.²⁴⁶ In order to respond to similar large-scale natural disasters, the Chinese MFA would have to obtain information from travel agencies, airline companies and customs authorities in the country in which the disaster took place.

Recent efforts by the Chinese Government have focused on facilitating access to information by creating legal reporting obligations for employers overseas. In June 2012 the State Council adopted a MOFCOM text which defines ‘foreign labour service cooperation’ as ‘business activities such as arranging for labour service personnel to go to other countries or regions and work for foreign enterprises or organizations’.²⁴⁷ Private enterprises involved in foreign labour service cooperation are key actors in the expatriation of Chinese nationals. For example, in many engineering contracts such enterprises act as intermediaries for SOEs that seek to hire labour. The regulations oblige these enterprises to inform consular authorities of their activities in foreign countries. In addition, the regulations tackle the problem of hidden employment by specifying that ‘neither unit nor individual shall organize service personnel to work abroad in the name of commerce, tourism or study abroad’.²⁴⁸ In 2013 MOFCOM established an online database for individuals working overseas in investment and cooperation projects, and invited enterprises operating abroad to register their employees and provide information about their contracts.²⁴⁹

Enhancing protection of citizens within the non-interference framework

China’s main response to the challenge of managing its protection of citizens overseas has been to adapt its institutions to emerging risks and crises. In the words of one 2004 newspaper editorial:

²⁴⁵ Senior Chinese government official formerly posted in Pakistan, Interview with authors, Beijing, Dec. 2012.

²⁴⁶ Senior diplomats from Sweden, Denmark and Norway involved in evacuations from Lebanon in 2006 and from South East Asia after the tsunami in 2004, Interviews with authors, Beijing and Stockholm, Jan. 2013.

²⁴⁷ MOFCOM, ‘对外劳务合作管理条例’ [Regulations on management of foreign labour service cooperation], 13 June 2012, <http://www.china.com.cn/policy/txt/2012-06/11/content_25617861.htm>, Article 2 (author’s translation).

²⁴⁸ MOFCOM (note 247), Article 8 (author’s translation).

²⁴⁹ MOFCOM, ‘商务部办公厅关于启用对外投资合作在外人员信息管理系统的通知’ [Announcement from MOFCOM on management system for individuals working overseas in investment and cooperation projects], 4 June 2013, <<http://www.china-liaoning.gov.cn/templet/jwtz/ShowArticle.jsp?id=41136>>.

How to respond to terrorist attacks overseas is a problem we had never experienced in the past. In reaction, the work of the MFA needs to be partly reorganized. It needs to establish a specialized unit to handle security affairs overseas, which would be in charge of coordinating the work of all government agencies involved in protecting citizens abroad.²⁵⁰

While the Chinese MFA and MOFCOM are at the forefront of protecting citizen overseas, other government agencies play a significant role. In the past three years, the MPS and the PLA have both emerged as important actors, which raises questions about the use of military means overseas and its consistency with non-interference. Other foreign policy actors include the NDRC and SASAC, which play a role in guiding and approving investments overseas (see chapter 3). Finally, SOEs and private firms are on the frontline when it comes to prevention, protection and evacuation. Nevertheless, government agencies have not profoundly modified or transformed the way they work. Rather, they have diverted existing resources to prevention and crisis management. In the words of one senior Chinese diplomat, 'the main difference with our work in the past is the number of cases we have to handle'.²⁵¹

Consular protection

Since the mid-2000s, consular protection has become a higher priority for the Chinese MFA. This reflects the attention paid to the issue by Chinese Government leaders. The ideological basis of China's policy on consular protection is Hu Jintao's 2004 guideline to conduct 'diplomacy serving the people' (外交为民, *waijiao weimin*), a slogan that official sources connect to the protection of nationals abroad in the context of the dramatic rise of overseas trips and expatriation.²⁵² Under President Xi Jinping, Foreign Minister Wang Yi has confirmed this orientation by arguing that consular protection is the overseas extension of the government's plan to build a domestic welfare system (民生工程, *minsheng gongcheng*).²⁵³ Consular protection does not represent a challenge to the non-interference principle. Rather, it focuses on direct assistance to individuals and close cooperation with local law-enforcement agencies. Questions regarding the future consistency of Chinese foreign policy with non-interference only arise when consular protection provides inadequate security to Chinese citizens abroad.

Within the Chinese MFA, the Department of Consular Affairs leads consular protection work. The keyword to describe recent changes within the MFA to improve consular protection is 'institutionalization' (制度化, *zhiduhua*).²⁵⁴ The

²⁵⁰ '热点聚焦：中国公民在海外不再安全了' [In the spotlight: Chinese citizens overseas are no longer safe], *Zhongguo Qingnian Bao*, 23 June 2004, <http://news.xinhuanet.com/world/2004-06/23/content_1541062.htm>.

²⁵¹ Chinese government official, Interview with authors, Beijing, Oct. 2013 (author's translation).

²⁵² Zhang, L., '外交为民—中国外交理念的新发展' [Diplomacy for the people, a new development in China's diplomatic thought] *Cankao Xiaoxi*, 3 June 2004, <http://news.xinhuanet.com/world/2004-06/03/content_1505385.htm>.

²⁵³ Chinese MFA, '王毅：外交要接地气，懂民情，惠民生' [Wang Yi: foreign policy needs to be down-to-earth, respond to the feelings of the people, benefit the welfare of the people], 22 Mar. 2013, <http://www.fmprc.gov.cn/mfa_chn/zyxw_602251/t1023775.shtml>.

²⁵⁴ Zhou (note 229).

first important institutional creation occurred in 2004, when the MFA established the Department of External Security Affairs to coordinate analysis and policy response in terrorist cases involving Chinese citizens overseas.²⁵⁵ In 2006 it established a consular protection division which in August 2007 was elevated in rank and renamed the Centre for Consular Protection, directed by a deputy department head. This symbolic upgrade shows the relative importance of consular protection work compared to other consular tasks. Even so, the number of staff in the department has remained stable over the past decade. The Centre for Consular Protection has fewer than 15 permanent staff, while the Department of Consular Affairs has around 100 Beijing-based staff and 600 staff posted abroad in embassies and consulates.²⁵⁶ Given the number of cases it handles—more than 35 000 in 2013 alone, according to the MFA—and the fact that its staff numbers have not increased since 2006, it appears that the department is understaffed.²⁵⁷ According to Wang, each Chinese consular official provides services to 180 000 citizens, 30 times more than each US consular official.²⁵⁸

In November 2011 the Chinese MFA launched its China Consular Services Network website in order to centralize security information on travel destinations and provide advice to Chinese citizens intending to travel overseas.²⁵⁹ Also in 2011, the MFA published an updated version of its *Consular Protection and Assistance Guide*, which details overseas risks and informs travellers of the assistance they can expect from consular authorities.²⁶⁰ At the same time, the MFA concluded an agreement with Chinese mobile phone operators under which Chinese nationals receive a text message with basic security information (e.g. the contact details of the nearest Chinese consulate and local law-enforcement agencies) on their arrival in a foreign country.²⁶¹

A major challenge for the Chinese MFA is communication with other entities to prevent and manage crises. In 2004 the MFA established an informal coordination mechanism to prearrange communication channels with relevant government agencies and the PLA in times of consular crisis.²⁶² Through its network of embassies, the MFA also raises awareness among Chinese companies so that they improve safety measures and educate their staff on local laws and customs.²⁶³ The current head of the Department of Consular Affairs, Huang Ping,

²⁵⁵ ‘中国外交新挑战—保护海外华人安全’ [China’s new diplomatic challenge: protecting nationals overseas], *Zhongguo Qingnian Bao*, 23 June 2004, <<http://www.china.com.cn/chinese/2004/Jun/592572.htm>>.

²⁵⁶ Chinese government official, Interview with authors, Beijing, Oct. 2013.

²⁵⁷ ‘外交部领事司副司长介绍中国领事保护工作’ [The Vice-Director of the Consular Department of the MFA introduces China’s consular protection work], *Xinhua*, 28 Apr. 2006; Chinese MFA, 中国外交（2011 年版） [China’s Foreign Affairs, 2011] (Shijie Zhishi Press: Beijing, 2011), p. 340; and Chinese MFA, 中国外交（2013 年版） [China’s Foreign Affairs, 2013] (Shijie Zhishi Press: Beijing, 2013), p. 325.

²⁵⁸ Chinese MFA (note 253).

²⁵⁹ Chinese MFA, ‘中国领事服务网’ [China Consular Services Network], <<http://cs.mfa.gov.cn>>.

²⁶⁰ Chinese MFA, ‘中国领事保护和协助指南’ [Consular Protection and Assistance Guide], 2011, <<http://cs.mfa.gov.cn/zlbq/bgzl/lshh/P020111123364725169308.pdf>>.

²⁶¹ Chinese MFA, ‘外交部领事司司长黄屏谈中国领事保护工作’ [Director of the Consular Department of the MFA discusses China’s consular protection], 21 Feb. 2013, <http://www.fmprc.gov.cn/mfa_chn/wjbxw_602253/t1015469.shtml>.

²⁶² Huang, B., ‘我国领事保护案件频发, 部分企业缺乏安全意识’ [The number of consular protection cases increases, a number of firms lacks security risks awareness], *Guoji Xianqu Daobao*, 21 Sep. 2010.

²⁶³ Senior Chinese government official, Interview with authors, Beijing, Nov. 2013.

Table 4.1. Chinese non-combatant evacuations, 2006–14

Country	Date	Event	No. of evacuees	Method
Solomon Islands	Apr. 2006	Anti-Chinese riots	310	Charter flights
Timor-Leste	Apr. 2006	Violent riots	243	Charter flights
Lebanon	July 2006	War with Israel	167	Road
Tonga	Nov. 2006	Riots in the capital, Nuku'Alofa	193	Charter flights
Chad	Jan. 2008	Civil war	411	Road
Thailand	Nov. 2008	Closure of airport, riots in Bangkok	3 346	Charter flights
Haiti	Jan. 2010	Earthquake	48	Charter flights
Kyrgyzstan	June 2010	Ethnic fighting in the Osh region	1 321	Charter flights
Egypt	Jan. 2011	Arab Spring	1 800	Charter flights
Libya	Mar. 2011	Riots and civil war	35 860	Air, land and sea
Japan	Mar. 2011	Great East Japan Earthquake	9 300	Flights
CAR	Dec. 2012	Civil war	>300	Flights
Syria	Sep. 2011/ Sep. 2013	Civil war	2 000	Road, flights
Vietnam	May 2014	Anti-Chinese riots	3 553	Flights, ferries

CAR = Central African Republic.

Sources: '近年来中国政府实施的重大海外中国公民撤离行动' [Major evacuation operations of Chinese nationals in recent years], *Xinhua*, 24 Feb. 2011; Yin, Y., 'Chinese nationals evacuated from Central African Republic', *Global Times*, 31 Dec. 2012, <<http://www.globaltimes.cn/content/753118.shtml>>; 'China completes evacuation of citizens from Japan', *Xinhua*, Mar. 20, 2011; '近 2 千中國公民已從敘利亞撤離' [Almost 2000 Chinese nationals evacuated from Syria], *Wenweibo*, 9 Sep. 2013, <<http://news.wenweipo.com/2013/09/09/IN1309090063.htm>>; and Chinese MFA, 'MFA spokesperson Hong Lei, regular press briefing', 20 May 2014, <http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1157859.shtml>.

argues that 'incidents are caused by two major factors, security conditions that are objectively difficult, and more subjectively, the lack of risk awareness of Chinese citizens'. As a result, 'relying on the state is not sufficient—we need the joint efforts of our citizens, our firms and society'.²⁶⁴

The need to disseminate information and educate travellers is particularly important. According to one MFA official, half of the Chinese Government's consular protection actions in 2008 resulted from 'misbehaviour' by Chinese nationals overseas.²⁶⁵ Cooperation with provincial and local governments is also important due to their role as intermediaries between companies and the MFA. For example, in cases where Chinese nationals encounter problems when working overseas for a Chinese local- or provincial-level SOE, the local government to which the SOE responsible contacts the consular authorities in Beijing on their behalf. In provinces such as Zhejiang, Guangdong and Fujian that

²⁶⁴ '外交部官员：露富成中国人海外被抢第一大诱因' [Diplomat: exterior signs of wealth are an important cause of robberies against Chinese nationals overseas], *Zhongguo Xinwen Wang*, 21 Nov. 2013, <http://news.xinhuanet.com/world/2013-11/22/c_118244320.htm> (author's translation).

²⁶⁵ '论坛：企业和个人，海外遇事怎么办' [Debate: firms and individuals, what to do when facing trouble overseas?], *Shijie Zhishi*, 31 Aug. 2008.

have extensive international connections, institutions have been established to facilitate protection overseas.²⁶⁶

Non-combatant evacuation operations

The most visible sign of China's evolving approach to protecting Chinese nationals abroad is the frequency of non-combatant evacuation operations (NEOs) from foreign countries (see table 4.1). Such operations are not new, but have dramatically increased in scale during the past decade.

China conducted its first NEO in 1960, when it organized the repatriation by sea of nearly 60 000 overseas Chinese (who are not Chinese nationals) from Indonesia at a cost of \$40 million after anti-Chinese riots.²⁶⁷ Similarly, between 1965 and 1967 China attempted to repatriate overseas Chinese who were victims of anti-communist violence in Indonesia. China's ambition to evacuate more than 300 000 individuals by sea at this time encountered capacity problems and difficulties in setting up reinsertion programmes for refugees. In the end, only 4251 people were evacuated.²⁶⁸ In a more recent example, following Iraq's 1990 invasion of Kuwait, 5000 Chinese personnel were evacuated from Kuwait with Iraqi authorization.²⁶⁹ In recent years, NEOs have become the standard Chinese response to crises overseas. To a large degree, NEOs reflect adherence to non-interference: rather than trying to influence outcomes in a crisis overseas, China prefers withdrawal. However, in the future, NEOs could also become a vector for a more interventionist foreign policy if the use of force is needed in order to ensure a safe evacuation and avoid casualties among Chinese nationals.

The Chinese military has never been involved in setting up a security perimeter or corridor in a war zone prior to conducting an NEO. Rather, evacuations have been conducted in strict adherence with non-interference, minimum military involvement and bilateral cooperation with states from which evacuations are carried out. At the same time, Chinese NEOs have evolved from purely civilian operations spearheaded by the Department of Consular Affairs to complex inter-agency operations with direct PLA participation. In the past decade China has relied on charter flights, with national airlines sending aircraft to crisis zones. Between 2006 and 2010 a total of 6000 Chinese citizens were flown back to China from countries including Chad, Haiti, Kyrgyzstan (see box 4.1), Lebanon, Solomon Islands, Thailand, Timor-Leste and Tonga. The year 2011 was a turning point, with China evacuating a total of 48 000 citizens from Egypt, Japan and

²⁶⁶ Xia, L., 领事保护机制改革研究—主要发达国家的视角 [A study of consular protection mechanism reform—perspectives of major developed countries] (Beijing Publishing Group: Beijing, 2011), pp. 304, 323.

²⁶⁷ Zhou, T., *Ambivalent Alliance: China's Policy Towards Indonesia, 1960–65*, Cold War International History Project Working Paper no. 67 (Woodrow Wilson International Center for Scholars, Washington, DC, Aug. 2013).

²⁶⁸ Suryadinata, L., *Overseas Chinese in Southeast Asia and China's Foreign Policy: An Interpretative Essay* (Institute of Southeast Asian Studies: Singapore, 1978), p. 17.

²⁶⁹ Qin, F., '冲出战火科威特 5000 同胞的沙漠撤离' [Out of the war fire, the desert evacuation of 5000 compatriots from Kuwait], eds B. Zhang and B. Liang, 紧急护侨—中国外交官领事保护纪实 [Protection in times of emergency, consular protection memoirs of Chinese diplomats] (Xinhua Press: Beijing, 2010), pp. 152–71.

Box 4.1. The 2010 evacuation from southern Kyrgyzstan^a

The evacuation of Chinese citizens from southern Kyrgyzstan in June 2010, following violent clashes between ethnic Kyrgyz and Uzbek groups, was a milestone in the development of Chinese non-combatant evacuation operations (NEOs). For the first time, a Chinese Embassy—in this case, the Embassy in Bishkek—coordinated the evacuation of a large number of Chinese nationals from a hostile environment with risks of casualties. The Embassy itself recommended the evacuation, and received a positive answer from the Chinese Government with details of logistical support five days after submitting its request.^b

The Embassy faced three major difficulties once the operation was authorized: the lack of consular presence in Osh, the potential difficulty in securing a military escort from Kyrgyz authorities to protect buses on their way to the airport, and the lack of reliable information regarding the number of Chinese in the area. Individual traders and small-sized enterprises, rather than major state-owned enterprises (SOEs), form the bulk of the Chinese economic presence in southern Kyrgyzstan. In the absence of SOEs, the Embassy had to rely on contacts with the United Chamber of Commerce of Chinese Nationals in Kyrgyzstan and local overseas Chinese associations, such as the Southern China section of the Association of Chinese Enterprises. Despite their support, the Embassy acknowledges that it was impossible to locate all Chinese citizens (most of them Uyghurs) in the Osh area. The Embassy estimates that, at the time of the evacuation, 30 000 Chinese nationals were present in the country, including 7000 in the south.^c It was able to organize the repatriation to Urumqi of 1321 citizens who benefited from a Kyrgyz military escort to Osh airport.

The crisis demonstrated the importance of consular services in potentially risky areas with large numbers of Chinese nationals. As a result, a Chinese consulate was opened in Osh in 2012.^d

^a For a detailed description of the 2010 evacuation see Bräuner, O., '保护在吉尔吉斯的中国公民, 2010年的撤离行动' [Protecting Chinese nationals in Kyrgyzstan, the 2010 evacuation operation], *Guoji Zhengzhi Yanjiu* [International Politics Quarterly], no. 2 (2013), pp. 30–35.

^b Author's interview with senior Chinese diplomat, Bishkek, Oct. 2012.

^c 'Two flights take Chinese back home from Kyrgyzstan', *China Daily*, 15 June 2010, <http://www.chinadaily.com.cn/china/2010-06/15/content_9977811.htm>.

^d Chinese diplomat, Interviews with authors, Bishkek, Oct. 2012.

Libya—five times more than the total number of people evacuated in the period 1980–2010.

The 2011 evacuation from Libya

The 2011 evacuation of Chinese nationals from Libya marked the first involvement of the PLA in an NEO. The Libyan operation was also a landmark because of its complexity. It required close inter-agency coordination and intense diplomatic cooperation with a number of key countries in Europe, the Middle East and North Africa. The PLA was closely involved in decision making and inter-agency coordination in Beijing, and executed four distinct missions: surveillance, deterrence, escort and actual evacuation (by air). The PLAN dispatched the *Xuzhou*, a Jiangkai-II class frigate that had been patrolling the Gulf of Aden, to the Libyan coast to monitor the security environment and deter potential threats to the ferries carrying civilians. The frigate escorted at least one ferry into the high seas off Libya, en route to Cyprus and Greece.²⁷⁰

²⁷⁰ Li, F., *The Chinese Navy's Maritime Escort Operations* (China Intercontinental Press: Beijing, 2013), pp. 54–58.

The PLAAF dispatched four IL-76 transport aircraft to Sabha, in southern Libya. The Chinese evacuation task force decided to order military aircraft rather than civilian planes because of their capacity to land on short runways in potentially complex security environments. The Chinese MND did not issue a statement as to whether it had sought prior approval from the Libyan authorities to enter Libya's airspace. However, approval was almost certainly granted, as the evacuation had already come to an end on 17 March when the UN Security Council finally voted on the no-fly zone.²⁷¹ Zhang Dejiang, a Vice-Prime Minister and Politburo member who coordinated the operation due to his experience as head of the State Council's Commission for Production Security (which manages the security of workers inside China), only declared that the Libyan Government and opposition had not opposed China's sending aircraft.²⁷² The PLA also mobilized a number of Chinese defence attachés posted in Europe, the Middle East and North Africa, who were positioned at key geographical points along the Libyan border and on ferries in order to ensure coordination on the ground and guarantee an orderly evacuation.²⁷³

The Libya operation highlighted the crucial importance of Chinese firms in the protection of nationals overseas. It also forced these firms to reflect on their responsibilities with regards to staff safety. Information on the numbers and location of Chinese nationals in the country was scarce, and the Chinese Embassy had to send requests to major SOEs (see box 4.2).²⁷⁴ Other SOEs, such as Norinco, evacuated their employees before the operation.²⁷⁵ In the same year, in Syria, CNPC and Sinopec started to evacuate staff without direct government support.²⁷⁶

As discussed in chapter 3, China's policy towards Libya was criticized domestically for its high cost tolerance. Some of the criticism was directed at firms, including foreign labour service cooperation enterprises, and pointed to how they took advantage of the Chinese Government's generosity without bearing the costs of the evacuation. As a result, under the 2012 MOFCOM regulations, these enterprises are now legally obliged to deposit a 'risk deposit' in a Chinese bank of no less than 3 million yuan (\$482 000), for compensation and 'expenses required due to occurrence of emergency, repatriation of service personnel or acceptance of first aid service'.²⁷⁷ The regulations also make clear that, in cases of 'emergencies such as war, riot and natural disaster', 'foreign

²⁷¹ UN Security Council Resolution 1973 (note 54).

²⁷² Zhao and Zhang (note 243).

²⁷³ Gao, J., '中国武官的战地笔记—驻外武官眼中的利比亚大撤离行动' [Battle memories of Chinese defence attachés: the great Libyan evacuation operation seen by defence attachés], *Jiefangjunbao*, 7 Mar. 2011.

²⁷⁴ Xia, L., '从利比亚事件透视中国领事保护体制建设' [China's consular protection mechanism: a case study of the Libya evacuation], *Xiya Feizhou*, no. 9 (2011), pp. 104–119. For a list of SOEs that have evacuated personnel from Libya see Ji, G., '战火之下的中国资产' [National assets under fire] *Jinri Gongcheng Jixie* [Construction Machinery Today], no. 17 (2011), pp. 72–76.

²⁷⁵ Senior SOE manager, Interview with authors, Beijing, Nov. 2012.

²⁷⁶ '商务部：中国石油企业已撤离叙利亚' [MOFCOM: Sinopec has already evacuated from Syria], *Xinhua*, 30 Aug. 2013; and '叙利亚危机应对实践' [How we handled the crisis in Syria], *Zhongguo Shengchan Anquan Kexue Jishu* [Journal of Safety Science and Technology], vol. 8, Supplement (Dec. 2012), pp. 146–47.

²⁷⁷ MOFCOM (note 247), Articles 9, 10 (author's translation).

Box 4.2. Chinese institutions involved in the Libyan evacuation operation*Government agencies*

Ministry of Foreign Affairs (MFA), State-owned Assets Supervision and Administration Commission (SASAC), Ministry of Commerce (MOFCOM), Ministry of Public Security (MPS), Ministry of Transportation, Civil Aviation Administration of China, All-China Federation of Returned Overseas, China Meteorological Administration, China Classification Society, China Maritime Search and Rescue Centre, National Administration of Surveying, Mapping and Geoinformation

Military units

People's Liberation Army Air Force, People's Liberation Army Navy

Embassies

Chinese embassies in Libya, Greece, Turkey, Egypt, Sudan, Tunisia, Yemen, Malta and Bulgaria

Central level state-owned enterprises (SOEs) involved in evacuations

Air China, China Eastern Airlines, China Southern Airlines, China Ocean Shipping Group Company (COSCO)

Central level state-owned enterprises (SOEs) with staff evacuated

China Shipping Group Company, China State Construction Engineering Corporation (CSEC), China Communication Construction Company (CCCC), China National Building Material Company (CNBM), China National Petroleum Corporation (CNPC), China Railway Construction Corporation (CRCC), China National Machinery Industry Corporation (CNMIC), Sinohydro, Gezhouba Group, Metallurgical Group of China Corporation (MCC), China Civil Engineering Construction Corporation (CCECC)

Private companies and local-level SOEs involved in evacuations

Hainan Airlines

Private companies and local-level SOEs with staff evacuated

Huawei (private), Changjiang Geotechnical Engineering Corporation (Hubei), Beijing Hongfu Group, Huafeng Construction Corporation (Ningbo, private)

Source: '国家行动—利比亚的撤离' [National operation, the evacuation from Libya] (People's Press of China: Beijing, 2011), pp. 199–201.

labour service cooperation enterprises and service personnel shall submit' to the arrangements made by the government to manage the crisis.²⁷⁸

Since the Libyan evacuation, the principle guiding the Chinese approach to evacuations is 'whoever sends personnel overseas is responsible' (谁派出, 谁负责, *shei paichu, shei fuze*).²⁷⁹ Although this principle was first advanced in 2009, it was only after the Libyan evacuation that it materialized into concrete policy guidelines. Another important foreign policy adaptation highlighted by the Libyan operation is the area of inter-agency coordination. China does not have an institutionalized commission to manage crises or organize large-scale evacuations involving different ministries, the PLA and SOEs. The response was to create an ad hoc task force, headed by Zhang Dejiang.²⁸⁰ The coordination task force was headed at the level of the CCP Politburo to give it the necessary

²⁷⁸ MOFCOM (note 247), Article 18 (author's translation).

²⁷⁹ Chinese government official, Interview with authors, Beijing, Oct. 2013; and Xia (note 266), p. 334.

²⁸⁰ Chinese government official, Interview with authors, Beijing, Feb. 2012.

political clout to give orders to the military, which would have been impossible had the MFA's Consular Department been in charge. Similarly, the evacuation from Egypt was reportedly coordinated directly at the level of Dai Bingguo, Central Committee member and State Counsellor in charge of foreign affairs.²⁸¹ Large-scale evacuations need political involvement at the highest level. The task force model proved satisfactory and might be replicated in the future, although the establishment of a National Security Commission at the third plenum of the 18th Central Committee in November 2013 provided China with a new option to coordinate foreign and security policy.

State-owned enterprises and risk prevention

SOEs and major private corporations such as Huawei are in the frontline when it comes to preventing security incidents for their staff. To prevent attacks and kidnappings, SOEs have taken a number of measures, including cooperation with local law-enforcement agencies, providing better risk awareness through education, buying security packages from private firms, and image improvement strategies (essentially CSR programmes).

On the ground, companies have typically been reactive rather than proactive, introducing risk-prevention policies in specific countries rather than adopting a global security strategy. As a result, there are numerous examples of reactive measures taken by companies in the areas of education, armed protection and CSR. For example, in Pakistan, ZTE Corporation has hired local security guards and invited experts to dispense security knowledge to workers, in addition to the protection offered by local law-enforcement agencies.²⁸² In Iraq, Chinese energy companies have contracted Western private security companies (PSCs).²⁸³ Chinese employees also benefit from the support of the Iraqi military, with armoured vehicles involved in staff rotation. In Kazakhstan, where anti-Chinese sentiment is strong, CNPC funds transport and education infrastructure to improve its image in the eyes of local stakeholders. CNPC estimates that these activities, which it describes as 'public goods for overseas activities' (海外业务公益, *haiwai yewu gongyi*) have directly benefited 2 million individuals.²⁸⁴

Some experts have advocated government regulation to compel SOEs to adopt security budgets proportionate to risks, but no legal document on this subject had been drafted by mid-2014.²⁸⁵ The question of greater burden sharing between government agencies and the SOEs is highly political, because it involves costs. Currently, security risks for workers and employees are only loosely integrated in the investment-approval procedure, which involves several government agencies (see chapter 3).

²⁸¹ Chinese government official (note 280).

²⁸² Senior Chinese academic, Interview with authors, Beijing, Nov. 2012.

²⁸³ Western analyst, Interview with authors, Beijing, Jan. 2014.

²⁸⁴ CNPC, '中国石油海外业务积极参与社会公益事业' [CNPC's overseas operations and proactive approach to social public goods] 26 Feb. 2013, <<http://www.sasac.gov.cn/n1180/n1226/n2410/n314349/15159820.html>>.

²⁸⁵ Li, W., '海外中国人安全问题日益突出, 立法保护势在必行' [The safety of Chinese nationals abroad is an increasingly salient problem, we need a law to address it], *Guoji Xianqu Daobao*, 21 May 2007.

Questioning the sustainability of protection without interference

The role of the People's Liberation Army

The Libyan operation was a milestone in the development of the PLA's 'military operations other than war' and its actions in support of foreign policy goals.²⁸⁶ However, the Chinese military does not perceive the operation as having set a standard regarding the *modus operandi* of future NEOs.²⁸⁷ On the one hand, the missions performed by the PLAAF and the PLAN in Libya were routine and did not require particular training. On the other hand, there is no evidence of specific training in the PLA to carry out NEOs, although there is clearly an effort to learn from the standard operation procedures of the British, French and US armed forces.²⁸⁸

In numerous evacuation operations during the past decade, China has relied on the assistance of a supportive government with the capacity to provide military support at key logistical points of the evacuation, as exemplified in Kyrgyzstan in 2010. Similarly, in Libya the security environment was risky but not overtly hostile. However, the worst-case scenario of a crisis erupting in a country with which China has hostile relations, or in a failed state whose government is unable to provide any support to a Chinese evacuation operation, could create the conditions for greater Chinese military involvement. The use of special forces to extract individuals from dangerous zones and secure an evacuation perimeter, or joint operations with Western militaries, cannot be ruled out simply because they have not yet occurred. A scenario in which China needs to evacuate tens of thousands of its citizens from a country whose forces are openly hostile to it, or from a failed state, would clearly call for creative policy solutions. The use of special forces to carry out dangerous extraction missions is discussed openly by hobbyists on specialized military websites but there is no available open source data showing that special forces units are training to perform these kinds of mission. When direct involvement and negotiations by Chinese embassies and firms have not succeeded, third parties have helped reach a resolution, as in the cases of kidnapped Chinese nationals in Sudan and Colombia who were released through the intermediation of the International Committee of the Red Cross.²⁸⁹

Although Chinese rules of engagement in the Gulf of Aden have never been made public, they are clearly restrictive. Unlike the navies of Western countries or India, the PLAN task force has never inflicted casualties on pirates when retaking hijacked vessels or protecting a commercial ship under attack. The task force strictly restricts itself to escort missions and avoids combat situations. According to the Chinese MND, in most protection operations in the Gulf of

²⁸⁶ See Gill, B. and Huang, C., *China's Expanding Role in Peacekeeping: Prospects and Policy Implications*, SIPRI Policy Paper no. 25 (SIPRI: Stockholm, Nov. 2009).

²⁸⁷ Chinese military officer, Interviews with authors, in Beijing, 2012.

²⁸⁸ Western defence attachés, Interviews with authors, Beijing, 2012 and 2013.

²⁸⁹ 'Kidnapped Chinese workers freed in Sudan oil state', Reuters, 7 Feb. 2012; and '4 Chinese kidnap victims freed in Colombia', Fox News Latino, 22 Nov. 2012, <<http://latino.foxnews.com/latino/news/2012/11/22/4-chinese-kidnap-victims-freed-in-colombia>>.

Aden, PLAN ships were able to scare away pirate ships by using helicopters to fire warning shots.²⁹⁰ Furthermore, Chinese escorts of World Food Programme shipments stop before entering the territorial waters of Somalia in order to avoid exchanges of fire with pirates and adhere strictly to non-interference. Once in Somali waters, European naval ships take over the escort.²⁹¹

The role of the Ministry of Public Security

The MPS is also a newcomer to the protection of Chinese citizens overseas, reflecting the growing power of domestic security services during the 17th Central Committee of the CPC (2007–12), under the leadership of Zhou Yongkang, a Politburo Standing Committee (PBSC) member and the head of the CPC's Central Political and Legislative Committee. There is evidence that Zhou took a personal interest in the issue. For example, in 2004, after the attacks on Chinese citizens in Afghanistan and Pakistan, he initiated the first 'work conference on the protection of nationals and entities overseas', which raised the question of intergovernmental coordination to manage crises.²⁹² The protection of nationals was integrated in MPS diplomacy in Afghanistan, South East Asia and a number of African countries. It is likely that the MPS focused on obtaining guarantees from counterparts in these countries that they would prioritize the safety of Chinese nationals. Whether the role of the MPS will continue growing now that it is no longer directly represented in the PBSC remains an open question.

In 2011, after the killing of 13 Chinese sailors on the Mekong River in Thailand, the MPS took the lead in negotiating and drafting a joint statement signed by China, Myanmar, Thailand and Laos on cooperation in patrols and law enforcement along the Mekong.²⁹³ Although the MFA was involved in the negotiations, the agreement can be considered a major foreign policy achievement for the MPS, which subsequently negotiated the extradition from Laos of Naw Kham, a drug lord and principal suspect in the murder of the Chinese sailors. Some of Naw Kham's associates were arrested in Myanmar and also extradited. They were tried in Yunnan, China, and Naw Kham was sentenced to death in November 2012.²⁹⁴ The idea of a drone strike on Myanmar was also mentioned in the press by a senior MPS official.

The MPS is also the leading Chinese agency with respect to joint patrols with Myanmar, Laos and Thailand. By September 2013 a total of 14 joint patrols had been conducted, including escort, inspections and interception.²⁹⁵ The ministry engages patrol boats from the China Border Police Force including heavily armed

²⁹⁰ Li (note 270), pp. 21–30.

²⁹¹ European naval officer, Interview with authors, Beijing, July 2012.

²⁹² Zhang, W., '试析近年来中国的领事保护' [An analysis of China's consular protection in recent years], *Qiaowu Gongzuo Yanjiu*, no. 2 (2006), <<http://qwgzyj.gqb.gov.cn/yjyt/129/58.shtml>>.

²⁹³ 'Full text: joint statement of ministerial meeting on cooperation in patrol, law enforcement along Mekong River', *People's Daily*, 29 Nov. 2011, <<http://english.peopledaily.com.cn/90883/7660464.html>>.

²⁹⁴ 'Naw Kham sentenced to death but may appeal', *The Irrawaddy*, 6 Nov. 2012, <<http://www.irrawaddy.org/shan/naw-kham-sentenced-to-death-but-may-appeal.html>>.

²⁹⁵ '中老缅泰圆满完成第十四次湄公河联合巡逻执法' [China, Myanmar, Laos and Thailand complete 14th law-enforcement patrol joint mission on Mekong River], *Xinhua*, 25 Sep. 2013.

special troops.²⁹⁶ The fact that these units are integrated into joint patrols under an international agreement rather than conducting unilateral patrols shows that the MPS exercises extreme caution when engaging overseas, and exemplifies its tactical flexibility in the context of the non-interference principle.

The role of the MPS in protecting Chinese nationals overseas has also grown through the dispatch of police liaison officers to foreign countries. The system was originally designed to increase cooperation with foreign countries on the issue of trafficking, especially of narcotics. By the end of 2012, the MPS had stationed 38 police liaison officers in 23 countries.²⁹⁷ Their responsibilities have gradually expanded to cover other non-traditional threats such as terrorism, but also close bilateral cooperation with local law-enforcement agencies to investigate crimes against Chinese nationals, including those perpetuated by Chinese criminal gangs. For example, Angola extradited 37 Chinese nationals after an investigation conducted with the local MPS branch, for crimes committed against other Chinese people.²⁹⁸

The role of private security companies

Actions by private security companies contracted by government agencies or public companies can have foreign policy implications. A scenario in which a Chinese PSC opened fire in order to protect employees or a facility overseas would change the perception of Chinese foreign policy. Given the domination of the public sector in many Chinese investments abroad, the use of force could be interpreted as Chinese interference in a state's domestic affairs. The Deputy Director of the Foreign Affairs Committee of the CPPCC, Han Fangming, has urged the development of a Chinese version of the US PSC Blackwater and advocates international expansion for Chinese security firms, in order to 'provided armed protection for Chinese firms operating in dangerous regions'.²⁹⁹ However, this position was criticized by the MFA.³⁰⁰ Furthermore, such a scenario is unrealistic in the present circumstances. While the Chinese private security industry is growing at an annual rate of 20 per cent per year, most Chinese PSCs operate on Chinese soil.³⁰¹

Private security companies with activities overseas are only now beginning to emerge. For example, Shandong Huawei Security Group established an 'overseas security centre' in Beijing in 2010 and hires former special forces troops.³⁰² The company is a former SOE under the Qufu branch of the MPS that was privatized in 2009, and which has identified the internationalization of Chinese firms as a

²⁹⁶ '中国巡逻湄公河边防部队火力配备比较强大' [Strong weapons equipment of the patrol units in the Mekong River], Sina.com, <http://slide.mil.news.sina.com.cn/slide_8_211_22998.html>.

²⁹⁷ '我国已对外派驻 38 名警务联络员' [China already has 38 police liaison offices overseas], *Renmin Ribao*, 27 Dec. 2012.

²⁹⁸ 'Angola deports Chinese gangsters', BBC News, 25 Aug. 2012.

²⁹⁹ '韩方明：探讨建立中国的黑水' [Han Fangming: reflection on establishing a Chinese Blackwater], 21 *Shiji Jingji Daobao*, 15 Mar. 2012 (author's translation).

³⁰⁰ Hought, D., 'Assessing China's response options to kidnappings abroad', *China Brief*, vol. 12, no. 10 (11 May 2012).

³⁰¹ 'China has 4.5 million security guards', Xinhua, 20 Nov. 2013.

³⁰² 'Stranger danger', *Global Times*, 18 June 2012; and Shandong Huawei, <<http://www.hwbaon.com/>>.

major potential market. The security packages it offers to companies operating overseas include risk-assessment expertise, support for communication with local authorities in the country of investment and the Chinese Government, education and training of employees, improvement of internal organization, and surveillance equipment for industrial facilities. However, these packages do not include armed guards.³⁰³ While Shandong Huawei occasionally dispatches bodyguards to protect senior executives of Chinese companies during their trips overseas, this is not a priority in its international development strategy. When the contract requires armed personnel, Shandong Huawei subcontracts their recruitment to a foreign firm.³⁰⁴

Another pioneer in this area is the Beijing-registered Huaxin Zhong'an, which sent its first batch of armed personnel on Chinese commercial ships in the Gulf of Aden in March 2012, including retired PLA Navy personnel who participated in the anti-piracy flotillas. However, it faces fierce competition from Western PSCs in this market.³⁰⁵ Genghis Security Academy, founded in 2012, is one of the few Chinese PSCs with a stated ambition to develop internationally. It offers bodyguards for the Chinese domestic market and self-defence combat training. While Genghis has dispatched bodyguards abroad to accompany Chinese individuals on overseas trips, this remained a minor activity in 2013.³⁰⁶

Western companies dominate the private security market for operations overseas. Companies operating in China and offering services to SOEs or private Chinese multinationals (and not only to Western customers operating in China) include world leaders such as Control Risks and G4S, and a number of other firms. Most Western PSCs are seeking to expand their activities with new Chinese customers.³⁰⁷ For example, Erik Prince, the founder of Blackwater, has established Frontiers Resource Group, a new company registered in Abu Dhabi, United Arab Emirates, with the specific aim of offering security packages to Chinese enterprises investing in Africa.³⁰⁸ The mother company, Frontier Services Group, is publicly listed on the Hong Kong stock market. In an interview, Prince stated that the use of weapons by Frontiers Services Group would be 'the exception, not the rule'.³⁰⁹

Two main factors explain Chinese security companies' caution when considering international expansion. First, most Chinese security firms are run by active duty MPS officials. In essence, the security business in China is public. These companies focus on the domestic market and refrain from offering services overseas because, as public entities, their activities abroad would engage the foreign policy of China. Second, Chinese law on the control of firearms (中华人民共和国枪支管理法, *zhonghua renmin gongheguo qiangzhi guanli fa*) is extremely

³⁰³ Senior Chinese private security company manager, Interview with authors, Beijing, Feb. 2013.

³⁰⁴ Senior Chinese private security company manager (note 303).

³⁰⁵ '中国民营武装安保海外寻路' [Chinese armed private security companies seek a path abroad], *Huanqiu Shibao*, 25 Oct. 2013.

³⁰⁶ Senior Chinese private security company manager, Interview with authors, Beijing, Jan. 2013.

³⁰⁷ Senior European private security company manager, Interview with authors, Beijing, June 2013.

³⁰⁸ 'Into Africa: ex-Navy SEAL sets trail for investors', *South China Morning Post*, 19 Nov. 2012.

³⁰⁹ 'Erik Prince: out of Blackwater and into China', *Wall Street Journal*, 24 Jan. 2014.

restrictive, and does not allow individuals or private entities to purchase or carry firearms.³¹⁰ This legal restriction prevents private firms from conducting gun training in China before sending staff overseas, and represents a major obstacle to the overseas expansion of the private Chinese security sector.

Looking ahead, it appears inevitable that Chinese private security companies will increasingly contemplate overseas markets. Although the political constraints on their international expansion remain strong, these companies will be able to acquire foreign assets or strike partnerships with Western firms. However, it is likely that extreme caution and restraint will prevail regarding private security company personnel's ability to carry weapons and rules of engagement in order not to jeopardize China's international image.

³¹⁰ Law of the People's Republic of China on Control of Firearms, promulgated 5 July 1996, <http://www.npc.gov.cn/englishnpc/Law/2007-12/11/content_1383600.htm>.

5. Conclusions

The continued globalization of China's interests has been highly challenging for China's non-interference principle. The expansion of Chinese energy interests overseas and the need to protect a growing number of Chinese nationals in international conflict zones have repeatedly underlined the limits of China's traditional approach and generated new thinking regarding non-interference. As long as China continues to deepen its engagement with the global economy, tensions are bound to grow between a traditional interpretation of non-interference, China's increasing economic role and the diplomatic leverage of that role in other countries. Chinese policymakers have chosen a cautious approach of pragmatic adaptation to respond to these challenges. This means that a more dramatic shift towards an interventionist policy is highly unlikely, at least in the short-to-medium term.

The ongoing domestic debate on non-interference in China indicates that the understanding of non-interference in China's foreign policy community is not static but in flux, and this reflects the diverse and sometimes conflicting self-identities that underlie China's world views and mindsets. Since non-interference remains crucial for Chinese 'core interests'—and especially for regime survival and territorial integrity—China will not easily relax its vigilance and drop this principle in the foreseeable future. In addition, China's analysis of the tumultuous events of the Arab Spring underlined the practical value of non-interference and the need to adhere to it. However, normative developments in the international system, particularly the greater emphasis on human security, as well as the urgent need to protect China's rapidly expanding overseas interests, have contributed to the domestic recalibration of the relevance and validity of this longstanding principle and a growing expectation that the Chinese military should play a more active role. China has engaged in a policy of pragmatic adaptation and shown growing flexibilities in its practice of non-interference. The emergence of new concepts facilitates this gradual change and equips China with more leeway to pursue an increasingly engaged foreign policy posture.

China's growing demand for natural resources has meant that Chinese NOCs are increasingly active in conflict zones around the world, linking domestic energy security to global security issues. China's non-interference policy, combined with a lack of experience and overseas power-projection capabilities, has imposed serious limits on Chinese attempts to protect its overseas energy interests. The Chinese Government remains reluctant to intervene diplomatically or militarily in support of its NOCs, which has resulted in substantial losses, for example in Libya, South Sudan and Sudan. In order to overcome this handicap, China has increasingly engaged in a diversification of its diplomatic outreach beyond contacts with 'legitimate governments' and local elites, and has attempted mediation between conflict parties. China has also strengthened the risk assessment, crisis response and political insurance capacities of its NOCs. More radical approaches, especially the use of the PLA to protect energy assets abroad,

seem unfeasible—at least in the short-to-medium term. In both the Libyan and the Sudanese cases, serious challenges to Chinese energy (and other economic) interests did not prove strong enough to force a radical change in China's foreign policy. As a result, China still lacks a coherent diplomatic strategy and institutional framework to actively protect its energy interests abroad.

Since the introduction in 2004 of the 'diplomacy serving the people' guideline, the protection of nationals abroad has clearly become a diplomatic priority for Beijing. The boom in overseas travel and work by Chinese people means that Chinese citizens are more susceptible to risks and attacks abroad. So far, institutional adaption and capacity building within the non-interference framework have been China's main responses. The MFA has sought to reinforce preventive measures, institutionalize its internal consular protection system and establish inter-agency coordination mechanism to provide better service for Chinese overseas citizens. Additionally, in major emergencies, China has gradually accumulated experience in conducting NEOs. Even in its largest and most complex evacuation operation, in Libya in 2011, China acted in accordance with non-interference with minimum military involvement and approval from relevant states. However, the sustainability of this approach is likely to be called into question by the growing involvement of armed actors, including the PLA, the MPS and private security companies in the protection of nationals abroad.

The Chinese policy response to the increasing need to protect its overseas interests is characterized by three major developments. First, gradual institutionalization constitutes the preferred response to a rapidly evolving external environment. In the field of energy security, the NOCs are leading this process by improving their risk-assessment and crisis-response capabilities. In terms of protecting Chinese citizens overseas, the MFA has expanded its consular protection services and institutionalized coordination and cooperation with other branches of the government, SOEs and the PLA. The MPS played a growing role under Hu Jintao but it remains to be seen whether this growth will continue under Xi Jinping, although the Mekong river patrols are likely to be permanent. Second, the evolution of Chinese policy is driven by interests rather than by ideas, ideologies or institutional considerations. Third, the protection of nationals abroad is much more likely to lead Chinese foreign policy towards greater interventionism than the protection of energy interests abroad, mainly because of the enormous public and government attention to the former in recent years. In fact, attacks against Chinese energy assets abroad remain rare. Ensuring energy security is also often seen through a geopolitical lens and lacks a human security angle, unless it involves threats to individual workers. Coupled with the continued culture of corporate secrecy on the part of China's NOCs, these factors lead to relative public disinterest in the protection of energy interests abroad.

Unexpected events—including murders in South East Asia and civil war in Libya—have forced China to innovate and explore policy options that stretch the previously known limits of its foreign policy under the non-interference principle. As a result, it can be argued that unexpected events in the future will also generate new changes and further weaken non-interference. A dramatic policy

change, such as the use of special forces in overseas extraction operations, arrests or even targeted assassinations (as was considered in the case of Naw Kham), cannot be entirely discounted. In addition, in case of a major NEO further away from Chinese coasts than Syria—for example, on the west coast of Africa—China would have to rely on PLA assets. However, for the time being, such a dramatic shift towards an interventionist policy that includes the unilateral deployment of Chinese troops in hostile overseas environments remains highly unlikely.

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Protecting China's Overseas Interests: The Slow Shift away from Non-interference

Non-interference is one of the Five Principles of Peaceful Coexistence that is core to China's foreign policy and to its self-image. But in a pragmatic and incremental adaptation to its globalizing economic and security interests, Chinese foreign policy is slowly shifting away from a strict interpretation of this principle. However, the debate on China's overseas interests and non-interference is far from over. There is still a degree of uncertainty regarding whether China will continue on the path of pragmatic adaptation within the non-interference framework, and the degree of change in concrete policy outcomes that such an evolution would entail.

The authors show that the possibility of a dramatic policy change cannot be ruled out, as dramatic and unforeseen events could precipitate change. China's foreign policy could also strictly remain within the boundaries of non-interference. Its ultimate strategic choice will certainly have far-reaching effects on global governance and international security.

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