

Sounding boards and door-openers

– China’s political priorities in the Nordic countries

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An important priority for the Chinese Communist Party in the coming years will be to absorb “advances in overseas science and technology” in order to improve its capabilities for innovation. In the Nordic context, the region’s five countries offer a platform for learning and technology acquisition. Moreover, China sees a possibility to utilize the Nordic countries as sounding boards and door-openers for politically motivated activities elsewhere, not least in the European Union. It is against this backdrop that the Nordic countries have appeared, and are likely to remain, on the Party’s radar.

Chinese perceptions and priorities regarding the Nordic countries

Chinese foreign policy statements on the Nordic countries almost always mention their early recognition of the People’s Republic of China (PRC) after its establishment on October 1, 1949. From the Chinese perspective, this is a fact that holds important symbolic value, reflecting historic ties between the Nordic states and China.

Chinese diplomats describe China’s bilateral relations with the Nordic countries as being “comparatively smooth.” Bilateral relations are said to have been stable or improving in recent years. This especially holds true in terms of economic ties, which are characterised by a steady growth in trade and, to some extent, increasing investment. That said, the overall level of Chinese investment in the region is modest and remains limited to a small number of acquisitions.

China’s foreign policy focuses on neighbouring countries and global powers. Hence, it is likely that the Nordic countries are of limited importance to China, at least in the context of bilateral relations, i.e. outside of their respective roles as potential EU and NATO member states.

Nevertheless, China’s foreign policy is also to a large extent a tool for coping with domestic challenges and for safeguarding national interests, with the overarching ambition of securing the current political system under the leadership of the Communist Party. In this context, Chinese officials regard the Nordic region as a potential

door opener for activities in the rest of Europe. Not only are they suppliers of technology and know-how to support the sustainability of China’s economic growth, but more importantly, also an arena for the promotion of Chinese *core interests*. Positive perceptions of China internationally are seen as a prerequisite for success in all these areas in the long run.

Moreover, the Nordic countries are seen as being easy to deal with; they are politically stable, pro-free trade and, importantly, described as less suspicious towards China than many other “Western” countries. These perceptions also serve as an important basis for Chinese involvement in the region, regardless of the priorities concerned. In summary, from the Chinese perspective, the Nordic region has a role to play related to the PRC’s overarching foreign policy objectives.

The foreign policy role of Nordic countries: sounding boards and door openers

After being elected Sweden’s Prime Minister in September 2014, Stefan Löfven made his first visit to China in March 2015. In Beijing, he met with Premier Li Keqiang, who among other things urged his Swedish guest to relax restrictions on high-technology exports to China “so as to achieve mutual benefits and win-win results.” There was a deeper meaning to this; either Premier Li was referring to the export of products with potential military applications (dual-use goods) or to the European Union’s arms embargo on China. The embargo was adopted in 1989 in reaction to the violent suppression of peaceful protests on Tiananmen Square.

Li’s appeal was in itself nothing new; China spoke out against the embargo already in the 1990s. In its two policy papers on the EU in 2003 and 2014, China also called for an abolishment of EU sanctions – referring to them as “restrictions on high-tech exports.” Nevertheless, the idea that Sweden would be able and willing to promote a lifting of the arms embargo could seem somewhat far-fetched. One of Sweden’s most important foreign policy objectives is to promote the respect for human rights, i.e. the very

basis for the adoption of the embargo. As such, Sweden is among the EU member states that are least likely to lobby Brussels for a lifting.

Why, then, did China approach Sweden to reiterate its opposition against the embargo? Previously, such statements had been made in high-level meetings with counterparts from Germany, France and the United Kingdom. In fact, Premier Li's proposal to the Swedish Prime Minister reflects one of China's political priorities vis-à-vis the Nordic countries; namely the possibility to utilize them as sounding boards and door-openers for politically motivated activities elsewhere, not least in the European Union. According to a Chinese diplomat, bilateral agreements with the Nordic countries "can have a positive effect on the EU as a whole," meaning that such agreements could influence EU policy on China in ways beneficial to Beijing.

The Swedish example is but one of many. Others include the strategic partnership with Denmark in 2008, the currency swap and free-trade agreements (FTA) with Iceland in 2010 and 2013, respectively, and the FTA negotiations with Norway, which China abandoned shortly after the announcement of the 2010 Nobel Peace Prize (see further below). Iceland and Norway, not being EU member states, are easy for China to deal with for the simple reason that Beijing will never have to involve Brussels in bilateral matters.

Commenting on the FTA with Iceland, a Chinese diplomat asserted that the country could serve as a potential "role model" for China's interactions with small countries. An FTA with Sweden, Denmark or Finland is inconceivable due to their membership in the EU – but what is substantially higher up on China's agenda is an FTA with the EU. The China-Iceland FTA should be viewed against this backdrop. China's previous Premier Wen Jiabao also stated during his visit to Iceland in 2012 that the agreement would "act as a model for others."

Importantly, the FTA means that Iceland – unlike the EU – has recognised China as a market economy. The EU's refusal to grant China market economy status remains one of the most contentious issues in Beijing's relationship with Brussels. Hence, the FTA with Iceland is a "side-door approach" to further engagement with the European economy.

Acquisition of technology and know-how

The Nordic countries, despite being small in terms of population, have developed unique technologies and become known for their innovation capabilities. The investments and trade deals made by Chinese corporations is a reflection of China's priorities in terms of technology needs, at least in terms of available sectors for overseas investment in the region.

Judging by major completed acquisitions, it is possible to identify three sectors of interest: technology and manufacturing, brands, and services. Due to the 1.8 billion USD acquisition of Volvo Cars by China's Geely in 2010, Sweden was the fourth largest recipient of Chinese investment during 2000-2011 among the EU member states, after France, the UK and Germany. Total Chinese foreign direct investment (FDI) in Sweden during the period was 2.3 billion USD.

The fact that the Volvo acquisition makes up the majority of Chinese investment in Sweden during this period highlights a broader challenge for Nordic countries to attract FDI from China: Chinese enterprises are looking to invest in large-scale operations, rather than small- and mid-sized businesses, but corporations of this size are seldom up for sale in the Nordic countries.

Few areas are given as much focus during Chinese high-level visits and in official statements as the area of renewable energy technologies – regardless of which of the Nordic countries is concerned. This rhetorical emphasis, however, has yet to be reflected in actual business deals.

Moreover, China is eager to gain know-how in the spheres of deep-sea offshore drilling technology (Norway) and geothermal energy technologies (Iceland). There is also an interest in defence technology, both in terms of imports and direct investment (Sweden in particular); however, such deals are hampered by the EU arms embargo. An equally important priority according to Chinese interlocutors is to acquire know-how on Arctic affairs, especially with the prospect of new sea lanes becoming available for commercial shipping due to the melting of the Arctic ice.

Chinese promotion of *core interests*

China's "core interests" are a set of non-negotiable interests that are increasingly forming part of China's rhetoric in bilateral relations and international fora. These interests can

be divided into three areas: 1) Domestic political stability – i.e. safeguarding the current political system and Chinese Communist Party's continued monopoly on power; 2) Territorial integrity and national sovereignty – including national reunification with Taiwan and issues relating to Chinese sovereignty over Tibet and Xinjiang; and 3) Sustainable economic and social development.

On the one hand, China wishes to steer clear of issues that could put political relations in jeopardy, while, on the other hand, it will not accept perceived external interference in its domestic affairs. In fact, in its interactions with the Nordic countries, the issue of core interests mainly relates to challenges in terms of conflicting values. In countries with a tradition of engagement and activism in the sphere of human rights, there is a constant risk that China's defence of its so-called *core interests* will affect bilateral relations. The following examples demonstrate how this may happen.

In late August, 2010, Xi Jinping – China's vice-president at the time – met with Norway's then-foreign minister, Jonas Gahr Støre, in Beijing. During the meeting, Xi stated that bilateral relations would see a healthy development as long as there was mutual respect for each other's "core interests." Only five weeks later, the Norwegian Nobel Committee announced that it would award the imprisoned Chinese regime critic Liu Xiaobo the 2010 Nobel Peace Prize. Beijing concluded that Norway had shown disrespect for China's core interests, and initiated a political boycott of Norway that remains until today. From the Chinese perspective, the Nobel Committee – with tacit support from the Norwegian government – had questioned China's political and judicial system by awarding the Peace Prize to a convicted felon. China's ambassador to Norway later referred to the incident as "an attempt to undermine China's stability and development."

In May, 2009, China put political relations with Denmark on hold after the Danish Prime Minister Lars Løkke Rasmussen and Foreign Minister Per Stig Møller met with the Dalai Lama. Sweden, for its part, has been subject to Chinese criticism related to perceived interference in core interests. Such cases include Swedish statements regarding China's human rights record and the refusal to repatriate Uighur individuals accused by China for having committed acts of terrorism.

Evidence suggests that China is also working proactively to safeguard external interference in its core interests by

other than strictly diplomatic means. For example, an official at China's embassy in Sweden was involved in espionage on Uighur exiles, according to a verdict by the Stockholm District Court in March 2010. China's Ministry of Foreign Affairs denied Chinese state involvement in the affair.

Improving perceptions of China

Media reporting in the Nordic countries on China's domestic policies and its role in international affairs is portrayed by Chinese interlocutors as having a negative bias. Chinese officials are concerned with what they see as a predominantly stereotypical image of China, in line with other "mainstream Western media".

In general, Chinese officials express a wish that Western media would report more on positive aspects, rather than focusing on "negative matters", e.g. issues involving political dissidents. Faced with these challenges, Chinese diplomats have an ambition to promote an "objective" image of China and to correct what they see as misconceptions.

While Beijing has yet to launch a *soft power* push in the Nordic countries, it is clear that the Chinese government is increasingly concerned with how it is depicted in western media. This is not least due to its interest in creating an environment for continued investment activities by Chinese corporations and to facilitate technology transfer to China. Chinese officials are concerned that negative perceptions of China in the Nordic countries could put such ambitions at risk.

Several of China's ambassadors have published opinion pieces in local newspapers on various issues such as bilateral relations with Nordic countries, but also to criticize Japanese politics. The embassies have, moreover, arranged seminars to promote the Chinese government's narratives on the situation for ethnic minorities in China, mainly the Tibetans and the Uighurs.

The Chinese government's establishment of Confucius Institutes and cultural centres should also be regarded as part of budding soft power efforts. While attempts to influence the image of China in the Nordic countries have so far been rather limited in scope, Chinese officials expect that perceptions of China may improve in coming years due to an "increasing interest in China."

China's priorities in the Nordic countries going forward

An important priority for the Chinese Communist Party in the coming years will be to absorb “advances in overseas science and technology” in order to improve its capabilities for innovation. In the Nordic context, the region's five countries offer a platform for learning and technology acquisition, but also potential access to larger markets and cooperation with a wider range of international actors.

The Party has also pledged to “never yield to any outside pressure” and to “protect China's legitimate rights and interests overseas” when working to promote public diplomacy. In regard to China's relations with the Nordic countries, this primarily relates to its insistence on countries not to challenge Chinese political norms. Importantly, when Beijing notes interference in its core interests, they trump all other priorities.

The diplomatic boycott of Norway is a case in point. More than five years after the announcement of the 2010 Nobel Peace Prize there seems to be no politically viable approach for Oslo to take in order to normalise relations.

China has so far managed its relations with the Nordic countries on bilateral terms, i.e. on a country-by-country basis rather than as a group. China could, however, begin to promote its interests in the Nordic countries by establishing a region-wide approach. Just as with China's economic and trade cooperation with Central and Eastern European (CEE) countries, such an approach would involve EU member states (Sweden, Denmark and Finland) as well as non-EU members (Norway and Iceland).

While a Sino-Nordic platform potentially could increase the ability for the Nordic countries to promote any common interests vis-à-vis China, it could be problematic for two reasons: 1) The Nordic countries have yet to create mechanisms for policy coordination and would therefore be in an inferior political position to Beijing; and 2) Such

a framework could be perceived in Brussels as a move to divide the EU, thereby weakening its influence on China.

Given that China's domestic challenges remain in the foreseeable future, it is unlikely that Beijing's political priorities in the Nordic region will change. That said, one cannot rule out that the Chinese government could modify its efforts to safeguard these priorities. In regard to core interests, for instance, China has so far mainly defended its concerns by diplomatic means. Attempts to influence public opinion – which have been rare – could be expanded further, especially if Beijing were to improve its capabilities to project soft power in line with its growing economic weight. Such public diplomacy efforts could be limited to specific issues, but would likely be aimed at improving the image of China in the long run.

Lower economic growth rates in China since 2013 have not led to any decrease in Chinese overseas investment, neither globally, nor in the EU. In fact, China invested a record 23 billion USD in Europe in 2015. There is currently nothing to suggest that investment flows from China to the Nordic region will drop amid the downturn. However, in the event of a hard landing for the Chinese economy in the years ahead, it is safe to say that the Nordic countries will be affected – just as the rest of the world.

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