

## SECTION 2: CHINA'S EXTERNAL PROPAGANDA AND INFLUENCE OPERATIONS, AND THE RESULTING IMPACTS ON THE UNITED STATES

“The Commission shall investigate and report exclusively on—

...

“REGIONAL ECONOMIC AND SECURITY IMPACTS—The triangular economic and security relationship among the United States, Taipei and the People's Republic of China (including the military modernization and force deployments of the People's Republic of China aimed at Taipei), the national budget of the People's Republic of China, and the fiscal strength of the People's Republic of China in relation to internal instability in the People's Republic of China and the likelihood of the externalization of problems arising from such internal instability.

“FREEDOM OF EXPRESSION—The implications of restrictions on speech and access to information in the People's Republic of China for its relations with the United States in the areas of economic and security policy. ...”

### Introduction

The Chinese government makes a considerable effort to shape international perceptions of China through the extensive use of propaganda and the dissemination of selective information. The coordinated messages of the party and the government emphasize China's economic growth and attractiveness as a destination for investment, the government's stated desire for a peaceful international system, and China's “stability” and “harmony” under party leadership. The effort serves two goals: the continued survival and growth in influence of the Communist Party within China and the enhancement of China's reputation and influence abroad.

The Chinese government views foreign propaganda as an essential tool of state power and maintains an extensive bureaucracy dedicated to this purpose. It also seeks to deploy its state-controlled media in the service of China's foreign policy goals. Motivated by a pervasive belief that western governments manipulate the press to unfairly portray China in a negative light, the Chinese government is increasing resources devoted to China's state-sponsored foreign language media outlets. In addition to the expansion of media

directly controlled by the government, China is expanding the creation of façade “independent” news outlets in which the Chinese government or Chinese state-owned firms exercise influence behind the scenes.

In recent years, Beijing has also increasingly sought out the assistance of western public relations and lobbying firms to help improve its international image as well as to advocate for its preferred policies. The advice of these firms has helped to shape the messages that the Chinese government presents to international audiences. Additionally, the Chinese government seeks to shape opinion in elite policy-making circles by influencing the commentary about China and U.S.-China relations that emerges from U.S. academics and think tanks. This effort includes giving rewards to “friendly” scholars, such as preferred access to career-enhancing interviews and documents, as well as taking punitive actions, such as visa denials, for academics who anger the authorities. These rewards and punishments offer the Chinese government leverage over the careers of foreign scholars and thereby encourage a culture of academic self-censorship. By influencing scholars, these actions also shape analysis and public understanding of China.

### **Foreign Propaganda of the People’s Republic of China in the Wake of the Tiananmen Square Massacre**

The events of 1989 proved to be a watershed in the relations between China’s Communist government and the rest of the world. The Tiananmen Square massacre was followed by a lurch back to an authoritarian hard line and a period of diplomatic isolation from much of the rest of the world. While much of this temporary isolation was imposed by foreign governments and foreign public opinion, it was also engendered from within by declarations from senior leaders that blamed the 1989 protests on the instigation of western governments.<sup>160</sup> Chinese propaganda campaigns declared China to be under siege from foreign “hostile forces” intent on overthrowing the government and making China into a weak, vassal state.<sup>161</sup> This official post-Tiananmen narrative has shaped the Chinese Communist Party’s (CCP) outlook on the western world in general and the United States in particular.

Post-June 1989, the CCP leadership also recognized the need to revive China’s image in the rest of the world. A primary focus was placed on emphasizing three broad themes: first, maintaining China’s social and economic stability, under the leadership of the CCP; second, continuing the policies of “reform and opening up;” and, third, promoting foreign trade and investment. Chinese leaders also placed a renewed emphasis on attracting the support of influential foreigners “friendly to China,” with a particular stress on cultivating business leaders and political figures.<sup>162</sup>

### **China’s Institutions for Conducting Foreign Propaganda**

Prior to the June 1989 Tiananmen Square Massacre, the bodies responsible for the CCP’s internal and external propaganda were concentrated in the Central Propaganda Department. Internal and external propaganda contained many of the same messages, and the information relayed to outsiders was not especially refined, fre-

quently taking the form of rhetoric directly translated from domestic Chinese propaganda.

In the wake of Tiananmen and its impact on the People's Republic of China's (PRC) reputation, the government's external propaganda efforts became more controlled, and the CCP tightened media and message management in an effort to better shape China's outwardly projected image. In 1990, the CCP revived the Central Committee Foreign Propaganda Group to function as the most senior bureaucratic entity overseeing the field of foreign propaganda.<sup>163</sup> The group plays the leading role in guiding the messages that are promoted by subordinate and provincial propaganda organs. These themes touch upon foreign trade; tourism; overseas Chinese affairs; radio and television; print media; and cultural, educational, and sporting institutions.<sup>164</sup>

In 1991, primary responsibility for external propaganda work was taken out of the Central Propaganda Department and moved to its own department under the names of both the Office of Foreign Propaganda and the State Council Information Office. Its role is to develop China's foreign publicity activities and to monitor and censor all activities that the CCP sees as belonging to the foreign propaganda domain, including policing the activities of foreign journalists, monitoring foreign social science research on China, and controlling the Internet.<sup>165</sup> The Central Propaganda Department and the dual bureaucracy of the Office of Foreign Propaganda/State Council Information Office remain closely coordinated.<sup>166</sup> Provinces and localities in China also have their own foreign propaganda units that mirror those higher in the state/party apparatus, focusing on more localized issues.

### **The CCP's Motivations and Ideology in Conducting Foreign Propaganda**

#### ***The Need for a Positive International Image to Build the Economy***

The CCP believes that projecting a positive international image for China is necessary to attract foreign investment and to boost China's economic and technological development. Much of the discourse within CCP circles on foreign-directed propaganda stresses economic goals. The party guidance on these matters emphasizes the need to accentuate positive messages—such as the value of China as a destination for investment—while restricting information that might raise doubts among foreign investors.<sup>167</sup>

One example is seen in the excerpts below, taken from an address delivered at a 2007 conference on foreign propaganda held in Suixi County, Anhui Province. In the speech, a local CCP official lectures on the trends to follow in communicating with a foreign audience:

*At present our country is in the grand development and opening up period . . . development tasks require us to work hard to eliminate noise and interference to ensure the big picture of development without any negative impact . . . The current mission of external propaganda is to effectively promote each region, each sector to the outside world, in order*

*to attract outside investors' attention and build up outside investors' confidence. We can safely say that the purpose of doing external propaganda work is to attract outside investment and undertake commercial projects.*

*The Information Center of the county government must strengthen the Internet news management, and do a good job in selecting, filtering and transmitting information from different work units. It must quickly block, divert and respond to bad public opinion and information online . . . In the meantime, it must strengthen positive online propaganda, using mainstream, positive opinion to influence and guide netizens.*<sup>168</sup>

As revealed in such messages, CCP internal discussions on information control approach it from a strict view of its utilitarian value to the authorities. In this case, whatever message is of value for attracting foreign investment to Suixi County must be promoted; whatever is contrary to this political and economic goal must be suppressed.

### **The Need for a Great Power to Have Great Propaganda**

Nicholas Cull, a professor of communications at the University of Southern California, testified to the Commission that PRC officials emphasize effective “public diplomacy”—which he defined as “the process by which an international actor conducts foreign policy by engaging a foreign public”—as a primary component of national power.<sup>169</sup> Li Changchun—a member of the Standing Committee of the Politburo, the most senior policy-making body in the Chinese government—is the official in overall charge of the government’s ideology and propaganda system.<sup>170</sup> During a November 2008 visit to the state television channel China Central Television, Mr. Li extolled the role of the television channel in “guiding public opinion” and “actively publicizing the ideology, line, principles and policy of the Party.” Mr. Li also addressed the proper role of the media in the “going out” of Chinese culture” as follows:

*Communication capacity determines influence. In the modern age, whichever nation's communication methods are most advanced, whichever nation's communication capacity is strongest, it is that nation whose culture and core values are able to spread far and wide, and that nation that has the most power to influence the world . . . Enhancing our communication capacity domestically and internationally is of direct consequence to our nation's international influence and international position, of direct consequence to the raising of our nation's cultural soft power, and of direct consequence to the function and role of our nation's media within the international public opinion structure.*<sup>171</sup>

These and other comments indicate that the CCP views “communication capacity” as both a critical element of national power and a competition in which China has fallen behind. China intends to catch up by sponsoring media that promote Beijing’s points of view.

### **The Need for Propaganda to “Break the Siege”**

Another striking aspect of the CCP’s discourse on internationally directed propaganda is the frequent use of militaristic language to describe public relations efforts, with language evoking struggle and warfare used to describe the party’s need to promote its messages to the world. CCP leaders have come to see themselves as more and more engaged in a “global war for public opinion.”<sup>172</sup>

One February 2009 article, which appeared in a media outlet managed by a special branch of Xinhua that prepares information and analysis for CCP cadres,<sup>173</sup> is titled “A Careful Analysis of China’s Public Relations Map.” The article stated that “[i]t is obvious that the West still has the upper hand while the East remains weak. . . . Whenever there is an agenda dispute, international public opinion will form a force that involves the West’s besieging the East.” In response, the article called for “national public relations weapons,” defined as “dialogues between nations or between a country and relevant stakeholders against the backdrop of competition over power and interest.”<sup>174</sup>

Language from the article compared international public relations with combat in even starker terms and advocated more active foreign propaganda work:

*China’s public relations drive is . . . a long-running battle [that] involve[s] three stages: defense, confrontation, and counterattack. From the strategic level of national public relations, the defense stage comprises passive defense and active defense. We divide the confrontation period into two parts: confrontation resulting from both sides being well matched in strength, and [then] dialogue brought about by a balance of power. The counterattack stage involves attacking and conquering. . . . While we should not demonstrate toughness characteristic of the confrontation stage and the counterattack stage, we cannot continue making the kind of unprincipled compromises or maintaining the unrestrained modesty that marks the passive defense stage.*<sup>175</sup>

### **Using Foreign Propaganda to Conduct Domestic Propaganda**

Perhaps the most important motivation for the Chinese government’s efforts at foreign propaganda actually relates back to China’s own domestic politics. As the CCP worked to rebuild its tattered legitimacy in the wake of June 1989, a cornerstone of its efforts was the construction of a nationalist narrative of restored Chinese historical greatness. One component of this effort is presenting to China’s own citizens a message that foreigners now greatly admire China due to its recent achievements under CCP leadership. Dr. Cull testified that this is a matter of “conducting domestic propaganda by conducting foreign propaganda.”<sup>176</sup>

This process includes emphasizing to a domestic audience the expanding number of foreigners studying the Chinese language and the similarly expanded level of Chinese-language news media now available within U.S. cities. It also includes spectacles such as the

lavish opening ceremonies surrounding the August 2008 Beijing Olympics. As Dr. Cull stated, this is about “display[ing] the kudos that come to the Communist Party by saying, ‘Look, behold, we give you the gift of the admiration of the world.’”<sup>177</sup>

### China’s International Media Outlets

In January 2009, media reports indicated that the Chinese government plans to expand its current external propaganda efforts by investing 45 billion renminbi (RMB) (approximately \$6.6 billion) to expand its foreign language news coverage. Included in these plans are a 24-hour English-language, news-based television network intended to be modeled after CNN or Al Jazeera.<sup>178</sup> When the plan was announced, Li Changchun, China’s top propaganda official, stated that China needed to take its “key central media and make them into first-rate international media with a global influence.”<sup>179</sup>

Witnesses before the Commission this year indicated that these plans for media expansion are motivated by a genuine sense of frustration that news about China is distorted by foreign media outlets. As described by Anne-Marie Brady, professor of political science at the University of Canterbury, Christchurch, New Zealand,

*Those in propaganda work feel, and the population [as well] are in great sympathy with this idea that the West is continually distorting news about China ... [China] feels very hard done by the western media and western media companies. So they think it’s worth putting a lot of money in on all sorts of levels so that people will hear what they have to say and their perspective on world events.*<sup>180</sup>

Judy Polumbaum, a professor of communications at the University of Iowa, testified that other issues could also be in play in China’s plans for expanded support of its foreign language media. Many propaganda officials may hold a genuine but mistaken belief that the market in the United States for Chinese media is greater than it actually is. Dr. Polumbaum also stated that these expansions of media organizations could represent a certain amount of bureaucratic “empire building” by actors within the state media system.<sup>181</sup>

This intent to increase the reach of the Chinese foreign language media has been clearly displayed in the expanded scope of China Central Television, the official television news network of the PRC. In 2002, China Central Television started a 24-hour English-language service called CCTV–9. The channel is available on a number of cable and satellite providers in the United States, in the United Kingdom, and throughout Asia. Since 2004, China Central Television has also broadcast in Spanish and French,<sup>182</sup> and an Arabic language China Central Television channel went on the air in July 2009.<sup>183</sup> There are also reported plans to start a Russian language channel by December 2009.<sup>184</sup>

The example of CCTV–9 provides an insight into some of the problems inherent in China’s efforts to compete in the realm of international media. An inherent tension exists between the need to make stories compelling and convincing to a foreign audience

and the restrictions imposed by Chinese government censors. CCTV-9 is widely viewed as a mouthpiece for the Chinese government's perspective on international affairs,<sup>185</sup> and its reporters may be sanctioned for deviating too far from the preferred script. In one illustrative example presented to the Commission this year, in 2005 CCTV-9 journalists reported factually on a series of coal-mining disasters in China. This was followed by a complaint from the Ministry of Foreign Affairs that such reporting hurt China's image, resulting in disciplinary actions against the editorial staff and reporters.<sup>186</sup>

*China Daily*, the country's most widely published English language newspaper, serves a function similar to that of CCTV-9 as an official mouthpiece of the Chinese government. The Office of Foreign Propaganda/Information Office of the State Council conducts regular meetings with editors and journalists at the newspaper in order to provide "guidance" and updates on what they should and should not print. According to figures from its own Web site, *China Daily* has an average daily circulation of 300,000 in about 150 and regions. The newspaper's Web site claims that it receives more than 12 million daily hits, two-thirds of which are from overseas.<sup>187</sup> The Chinese government sponsors the publication of *China Daily* within the United States and has paid an approximate average of \$726,000 per year between 2003 and 2008 for printing and distribution services.<sup>188</sup>

The Chinese government also operates a radio news service called China Radio International, which is self-identified as one of "three central media organizations in China," alongside China National Radio and China Central Television.<sup>189</sup> According to information from China Radio International itself, the radio network has emerged as "one of the major broadcasting networks in the world," broadcasting in 53 languages to listeners in 161 different "countries and regions" throughout the world.<sup>190</sup>

Dr. Brady testified that another significant model could be emerging for the future operations of Chinese state-affiliated media outlets. Phoenix Television, based in Hong Kong, is nominally independent; however, its founder has close ties to the Chinese state propaganda system, and its largest shareholder (with approximately 20 percent of stock) is the state-owned enterprise, China Mobile. She further argued that its outward image as an independent entity lends Phoenix's news coverage an air of greater objectivity relative to directly state-controlled outlets such as CCTV-9; however, Phoenix Television takes a strongly pro-Chinese government stance in its news coverage and is viewed by CCP propaganda officials as "more loyal than CCTV." The Chinese government reportedly has plans to support the establishment of another television station, possibly operating out of Singapore or Thailand, which would similarly cover world news from a point of view friendly to Beijing.<sup>191</sup>

Most witnesses who testified before the Commission this year shared a view that the expansion of the English language coverage by the Chinese state media is not a cause for alarm. The real issue to be addressed, in Dr. Cull's view, is not that China's efforts in this realm are so active but rather that parallel U.S. efforts in recent years have been comparatively anemic and ineffective. He

warned that the United States risks losing influence in the international realm if it does not increase its own efforts in public diplomacy.<sup>192</sup>

### **Media Directed Toward Overseas Chinese**

Witness testimony and research also indicated to the Commission that the Chinese government has invested considerable attention to shaping the messages received by ethnic Chinese outside of China. In the aftermath of Tiananmen, the CCP found itself concerned about the extent of support for the prodemocracy movement among ethnic Chinese communities abroad. The Chinese government therefore became directly engaged in an effort to perform public relations, lobbying, and mobilization work among overseas Chinese communities in order to “turn them into propaganda bases for China,” in the words of Dr. Brady.<sup>193</sup>

The Chinese government operates multiple media outlets aimed primarily at ethnic Chinese outside the borders of the PRC. The PRC’s China News Service is a state-run international news service aimed at Hong Kong, Macao, Taiwan, and ethnic Chinese living in other countries. While its central office is located in Beijing, the network has offices in nine different countries, including four branches located in the United States: New York, Washington, Los Angeles, and San Francisco.<sup>194</sup> China News Service feeds many of its stories to CCTV-4, China Central Television’s international television broadcast in Mandarin Chinese that is directed at Chinese living outside the country. CCTV-4 tends to take a more political line than CCTV-9 and is meant to compete with Taiwan television stations broadcasting abroad. On the east and west coasts of the United States, the channel is broadcast for free on the Fox and Time Warner networks.<sup>195</sup>

There are also a number of Chinese language newspapers that are printed and distributed in the United States.<sup>196</sup> In the past, Chinese language newspapers and other media outlets in the United States relied heavily on news services in Hong Kong and Taiwan. However, in more recent years, the PRC has worked actively to supplant these outlets by providing overseas Chinese media with free material derived from mainland sources. From 2003 to 2008, the Chinese government paid an average of more than \$2 million per year for the printing and distribution of Chinese-language newspapers within the United States, although the actual figure is likely higher.<sup>197</sup> PRC embassy and consular officials are also directly engaged in the Chinese language broadcast media, seeking to ensure that pro-Chinese government views are the predominant message received by ethnic Chinese citizens of other countries.<sup>198</sup>

The most important form of media for the Chinese government in its recent efforts to influence overseas Chinese perceptions has been the Internet. Web sites based in mainland China have emerged as the leading source of Chinese language news for ethnic Chinese audiences overseas, providing the Chinese government with a highly effective means of “guiding” opinion within this target audience and a means of organizing and mobilizing these communities to act on its behalf.<sup>199</sup> (For examples of the Chinese gov-

ernment's effort to mobilize some Chinese-American civic groups to act on its behalf, see chap. 2, sec. 3, of this report, "China's Human Espionage Activities that Target the United States, and the Resulting Impacts on U.S. National Security.")

### **Is the PRC Deceptive in its Foreign Propaganda?**

While all governments seek to present their policies in the best possible light, the Chinese government frequently conceals negative information about itself or Chinese society and sometimes actively propagates false information. This is practiced when the CCP is in a reactive mode responding to an unexpected crisis or criticism; during "sensitive" periods such as the anniversaries of major political events; or when the CCP is otherwise seeking to suppress, in the name of "social stability," information deemed damaging to the party's image and authority.

An example of deceptive messages during a "sensitive" time period occurred in the lead-up to the August 2008 Olympics, when the Chinese government announced to both the domestic and foreign press that three parks would be designated as legal "protest zones" for citizens to air their grievances. However, those actually seeking to demonstrate were either warned away by police or arrested, leading to suspicions that the "protest parks" were either an empty public relations gesture or a ruse designed to draw out potential troublemakers.<sup>200</sup>

A recent example of suppressing information deemed harmful to "social stability" was seen in the San Lu tainted milk scandal of 2008, in which a variety of dairy products produced by the San Lu company were revealed to be contaminated with the toxic industrial chemical melamine. PRC government officials were aware of the contamination problem for months before the story became public but suppressed information about the affair in part to comply with central government directives to suppress bad news stories and maintain "social stability" in the lead-up to the Beijing Olympics. (For a fuller account of the San Lu scandal, see chap. 4, sec. 1, of this Report, "Freedom of Expression in China.")

Explanations for such behavior may be found within the institutional culture and accustomed practices of the Chinese Communist Party. The CCP has a deeply ingrained tendency toward secretiveness and a long history of proactively using information to promote the party's objectives while suppressing information deemed harmful to its interests.<sup>201</sup> Concentric circles of truth and partial truth surround the leadership of the CCP: While information in the public domain remains subject to control, party leaders receive classified reporting on both domestic and international news prepared by the security services and the Xinhua state news agency.<sup>202</sup> These restricted reports are made available in multiple versions to CCP officials, with classification levels and distribution both growing more restricted at higher levels of authority. These documents include information on events such as outbreaks of social unrest that party leaders may wish to know about but do not want discussed in public.<sup>203</sup>

The dual practices of secrecy and the manipulation of information are so ingrained in CCP institutional culture and discourse

that the propaganda system will promote whatever message is deemed to be most advantageous to the authorities, without regard to whether or not it is objectively “true.” The leadership of the CCP is unlikely to regard such actions as being in any way unusual, as it assumes that governments in other countries naturally control information in the same way.<sup>204</sup>

### **China’s Efforts to Influence U.S. Institutions and Public Opinion**

This year, the Commission also examined alleged efforts by the Chinese government to influence both public and elite opinion as it relates to China policy. The CCP employs a range of both carrots and sticks to ensure that those able to shape U.S. public opinion and government policies advance positions that are in alignment with Beijing’s interests. This has included efforts to influence commentary emerging from the U.S. academic and think tank community, encouraging U.S.-based corporations to advocate policies that are in Beijing’s interests, and sponsoring lobbying and public relations activities by U.S. firms.

#### ***Efforts to Influence U.S. Academics and Think Tanks***

Testimony received and interviews conducted by the Commission this year demonstrated that the Chinese government employs both positive inducements and coercive pressure to draw favorable commentary from scholars in U.S. universities and think tanks. This influence can take the form of giving career rewards for favored authors, such as providing greater access to officials and documents for research, as well as the harsher hand of meting out penalties for scholars who publish materials critical of the Chinese government. As stated by one academic economist, “Academics who study China ... habitually please the Chinese Communist Party, sometimes consciously, and often unconsciously ... the incentives for academics all go one way: one does not upset the Party.”<sup>205</sup>

One of the punitive tools that the Chinese government may employ to intimidate foreign academics is the denial of visas to enter China to conduct research. Although the PRC will not officially acknowledge doing so, elements within the Chinese government have clearly placed a number of foreign academics on a visa denial “blacklist” due to their publishing on topics that hit a nerve with Beijing. One example may be seen in the case of several authors who contributed to a 2004 collection of articles about Xinjiang and subsequently found themselves denied visas to enter China. As described by one of the affected authors, no official explanation was given, other than, “You are not welcome in China. You should know why.”<sup>206</sup>

To be denied access to China for research purposes can seriously damage scholarly careers, particularly for younger academics still seeking tenure or hoping to become established in their fields.<sup>207</sup> The resulting fear of visa denial throws a shadow of self-censorship over sociological and political science research on China, but this phenomenon has not been widely discussed in public—most likely because those not blacklisted fear bringing attention to the issue, and many of those who have been blacklisted may hope to be “for-

given” if they keep silent. Out of six allegedly blacklisted academics contacted by Commission staff this year, only two were willing and available to speak publicly on the record about the issue.<sup>208</sup>

Such control over access—along with the positive rewards granted to academics deemed “friendly”<sup>209</sup>—can give the Chinese government real influence over the ways in which academic opinionmakers address issues related to China. Perry Link, professor of comparative literature at the University of California–Riverside—and himself denied visas to enter China since 1996<sup>210</sup>—has described this phenomenon as an “anaconda in the chandelier” that hangs silently over scholars who deal with China. He has stated that “[t]he problem is most salient . . . for political scientists who study the Chinese government and need to nurture their contacts among Chinese officials. The effects are hard to measure, because people are reluctant to speak about them [and] no scholar likes to acknowledge self-censorship.”<sup>211</sup>

Another prominent sinologist, Orville Schell, has described the process of self-censorship as follows:

*I try to say, ‘Okay, here is what I think, what I understand, what I think I see, have learned and read.’ Then, I try and think through what the Chinese government’s reaction will be. . . . And then I try to be as truthful as I can in a way that is respectful and unprovocative but that is not pandering. China has a tremendously highly evolved capacity to create panderers both among its own people and foreigners who become involved with them.<sup>212</sup>*

One academic who was willing to speak in public about this issue was Ross Terrill, a professor of modern Chinese history and currently a fellow in research at Harvard University’s John K. Fairbank Center for Chinese Studies. Dr. Terrill put the matter this way:

*Self-censorship, which is a daily necessity for journalists in China, also occurs in diluted form among American editors, academics, and others dealing with China. Folk worry about their next visa, their access to a sensitive area like Xinjiang for research, or take a Beijing point of view because of the largesse available for their projects from the Chinese side.<sup>213</sup>*

Dr. Link, who testified before the Commission this year, stated that both academics and government officials are also encouraged to self-censor by the opportunities available for profitable consulting work outside of the channels of academia and government. He expressed concern that the U.S. government might not always receive the best or most objective advice on U.S.-China policy as a result of the “subterranean economic interests that are at play.”<sup>214</sup> Dr. Victor Shih, professor of political science at Northwestern University, echoed some of these concerns. He testified to the Commission that

*[a] problem is [that] Western academics and government officials . . . are self-censoring themselves . . . For example . . . People who do research in Xinjiang in a very serious way*

*are barred from going to China. So many of us avoid that topic ... and then there [are] the economic interests which face both academics and government officials. They don't want to offend the Chinese government and ... close the doors to future opportunities to make money.*<sup>215</sup>

Others among the handful of academics willing to discuss this issue in public have further described a “radiation effect,” in which the negative example of those penalized by the Chinese government deters other scholars from researching or writing on “sensitive” issues that might offend the CCP.<sup>216</sup> As summed up by another academic sinologist, “There is a tendency not to do anything that will threaten your ability to get access.”<sup>217</sup>

The resulting power either to foster or to hobble academic careers has given the Chinese government significant authority to shape the formation of public knowledge and opinion regarding China. In response, Dr. Terrill recommended to the Commission that the government of the United States should “resist China’s picking of winners and losers among Americans dealing with cultural and intellectual exchanges with the PRC.”<sup>218</sup>

***Exchanges between U.S. and Chinese Think Tanks and Academic Institutions***

In recent years, exchanges have continued to expand between academic and think tank institutions in the United States and their counterparts in China. However, despite the many potential benefits of academic dialogue, these are not exchanges between groups of objective scholars: Chinese academics working in the social sciences at prominent institutions are selected in part based on their loyalty to the CCP.<sup>219</sup> Chinese think tanks do have limited leeway to engage in debates on public policy; however, they operate as adjunct institutions of the party-state, with no independent status.<sup>220</sup> Chinese think tanks are also actively engaged in the process of formulating government policy, a role that has been increasing in importance in recent years.<sup>221</sup> Notwithstanding a tendency by many foreign academics to treat Chinese institutions as if they operate in a parallel fashion to their western counterparts,<sup>222</sup> the status of Chinese think tanks as government institutions inherently means that they serve as a channel for propagating the preferred messages of the Chinese Communist Party.

***Exchanges between U.S. and Chinese Think Tanks and Academic Institutions—Continued***

One of China's most prominent think tanks is the China Institutes for Contemporary International Relations (CICIR) in Beijing, which also functions as a bureau of one of China's leading foreign intelligence agencies, the Ministry of State Security. (For further information on the ministry and other Chinese intelligence services, see chap. 2, sec. 3, of this Report, "China's Human Espionage Activities that Target the United States, and the Resulting Impacts on U.S. National Security.") CICIR is one of the largest foreign policy think tanks in China, employing approximately 150 research analysts and 220 support staff.<sup>223</sup> According to information from the institute's Web site, CICIR participated in 119 different visits or exchanges with scholars from U.S. think tanks and universities from January 2007 through June 2009.<sup>224</sup> Members of this Commission have also held discussions with representatives of CICIR in the course of fact-finding trips to China, including meetings in March 2008 and May 2009.<sup>225</sup> While such visits offer a genuine opportunity for exchanges of scholarly views—as well as a potentially productive pathway for "Track Two" dialogue—they also offer the PRC a channel for controlled and coordinated efforts at perception management. CICIR's expanding international contacts allow it greater opportunities to shape international perceptions of China: As one such example, a workshop held at CICIR contributed to the deliberations of the U.S. National Intelligence Council in producing its 2008 report, *Global Trends 2025: A Transformed World*.<sup>226</sup>

**The Employment of Public Relations and Lobbying Firms**

***Public Relations Firms***

In addition to revamping its foreign propaganda messages, in recent years the Chinese government also has sought out the assistance of western public relations firms in an effort to improve its image abroad. Hill & Knowlton is one of the largest international firms in the field of "communications consultancy," with 80 offices in 43 different countries.<sup>227</sup> The New York-based firm has operated in China since 1984<sup>228</sup> and became one of the first companies involved in public relations work on behalf of the Chinese government in the aftermath of the Tiananmen Square massacre.<sup>229</sup> Such support dates to June 1991, when Hill & Knowlton signed a contract with the PRC embassy in Washington, DC, to offer services including

*[a]dvis[ing the] Client on public relations/public affairs aspects of China's policies and problems ... Build[ing] public relations support to avoid negative effects on China-U.S. relations by all means permitted by laws of the United States ... Respond[ing] to urgent criticism about [the] situation in China ... [and] Identify[ing], recruit[ing] and organiz[ing]*

*third party allies on bilateral issues between China and the United States.*<sup>230</sup>

Among the more recent public relations support provided by Hill & Knowlton was sponsorship of a 2007 study titled *Brand China*, which laid out recommendations as to how the Chinese government might seek to improve its image in western countries.<sup>231</sup> The author of the study, Joshua Cooper Ramo, a partner and managing director with the consulting firm Kissinger & Associates,<sup>232</sup> was the same person appointed to act as the English-language commentator for the National Broadcasting Corporation's coverage of the 2008 Olympics opening ceremonies.<sup>233</sup> Hill & Knowlton was also under contract with the Beijing Olympic Organizing Committee throughout 2007 and 2008 to provide public relations support for the 2008 Beijing Summer Olympic Games.<sup>234</sup>

Other firms also have been involved in providing public relations advice to the Chinese government. After the 1993 failure of China's bid for the 2000 Olympics—led by Chen Xitong, the hard-line mayor of Beijing in 1989 and a leading figure in the Tiananmen massacre—the much smoother bid for the 2008 Olympics was advised by the U.S. firm Weber Shandwick Worldwide and the United Kingdom (UK) firm Bell Pottinger. The firms both provided public relations advice and lobbied the International Olympic Committee on China's behalf. A central message promoted in the course of the bid was that hosting the Olympics would improve human rights conditions in China—a theme promoted to foreign audiences but not widely disseminated within China itself.<sup>235</sup> The firm Saatchi & Saatchi also provided recommendations to the Chinese government in the late 1990s that it should promote “brand values” emphasizing China's ancient cultural achievements, its “mystery” and “harmony,” and its social and economic dynamism. Many of these ideas emerged as central themes symbolically displayed in the ceremonies of the 2008 Olympics.<sup>236</sup>

### ***Lobbying by U.S. Corporate Interests***

In past years, the Chinese government had only limited involvement with directly hiring lobbying firms in Washington, DC, to advocate for their preferred policies. Chinese officials preferred instead to cultivate close personal relationships with influential U.S. political figures.<sup>237</sup> Where lobbying was involved, the Chinese government preferred to encourage U.S. corporations and U.S. business associations with a common interest in trade issues to act on its behalf. As one U.S. business executive said, “We used to get calls from the [Chinese] embassy almost every time there was some kind of anti-China measure on Capitol Hill. . . . It was like we had to put out fires for them.”<sup>238</sup> However, whatever China's preferred policies may be, it is worth noting that U.S. corporations and trade associations engaged in such lobbying activity are acting in the pursuit of their own interests, which on many trade issues run parallel to the interests of China.

***Pressure on U.S. Businessmen and  
China's Bid for the Olympics***

One of the clearest public examples of lobbying activity on behalf of the PRC by U.S. businessmen was revealed in the course of court proceedings in 2008, in which billionaire Las Vegas gaming executive Sheldon Adelson described meetings in Beijing in early July 2001 with Qian Qichen, the PRC vice premier, and Liu Qi, the mayor of Beijing. These meetings took place in the context of Mr. Adelson's "not leaving any friendship stone unturned" in hopes of ultimately obtaining licenses from the Chinese government to open casinos in Macao,<sup>239</sup> and also took place immediately prior to the International Olympics Committee's selection of the host city for the 2008 Olympics Games.

According to the account provided by Mr. Adelson, these PRC officials asked him to exercise his influence with Members of Congress to help defeat a draft House resolution sponsored by the late Representative Tom Lantos (D-CA). This draft resolution, H.Con.Res.73, would have "[e]xpress[ed] the sense of Congress that the 2008 Olympic Games should not be held in Beijing unless the Government of the People's Republic of China releases all political prisoners, ratifies the International Covenant on Civil and Political Rights, and observes internationally recognized human rights."<sup>240</sup> Mr. Adelson stated that in response to these requests from PRC officials, he called "four or five" Members of Congress and requested information from them regarding the status of the resolution.<sup>241</sup> The draft resolution had been reported (amended) by the House Committee on International Relations and placed on the House calendar in April 2001 but was never brought to the floor for a vote.<sup>242</sup>

Washington-based business associations, such as the Business Roundtable and the U.S.-China Business Council, have in the past generally taken the lead in opposing legislation before Congress intended to force the Chinese government to change its policies on trade and currency valuations.<sup>243</sup> Other U.S. trade associations, such as the National Association of Manufacturers, have found themselves divided: Smaller member firms of the association have advocated tougher trade stances vis-à-vis China, while larger member firms with interests in China have tended to support more conciliatory positions.<sup>244</sup>

However, some U.S. corporate leaders and trade associations have recently displayed a greater willingness to voice measured complaints about the trade policies of the Chinese government. For example, in testimony presented in early October 2009 to the U.S. government's interagency Trade Policy Staff Committee, the president of the U.S.-China Business Council presented a generally upbeat picture of U.S.-China trade ties but did express concerns regarding the state of China's compliance with trade commitments in areas such as intellectual property rights pertaining to pharmaceuticals; restrictions on market access for many U.S. goods, such as agricultural products; and barriers to foreign providers of serv-

ices such as insurance, transportation, and financial services.<sup>245</sup> (For a fuller discussion of the status of the U.S.-China trade relationship, see chap. 1, sec. 1, of this Report, “The U.S.-China Trade and Economic Relationship’s Current Status and Significant Changes During 2009.”)

***Direct Lobbying on Behalf of the Chinese Government and Chinese State-owned Firms***

In recent years, the Chinese central government—as well as provincial governments and large Chinese corporations and state-owned enterprises—have become more directly involved in retaining U.S. lobbying firms to act on their behalf. Part of this change may be due to a relative weakening in the determination of some U.S. corporations and trade groups to press issues on behalf of China—spurred in part by splits between larger and smaller firms regarding the outsourcing of production to China and by a continuing lack of adequate intellectual property protection.<sup>246</sup> However, some Chinese actors and investors also may feel an increasing need for lobbying and public relations assistance to overcome U.S. concerns regarding the security implications of certain Chinese state-backed investments.

A watershed event appears to have been the controversy surrounding the abortive 2005 attempt by the state-owned China National Off-Shore Oil Corporation (CNOOC) to purchase the California-based energy conglomerate Unocal. Officials of CNOOC and the Chinese government were surprised by the negative reaction to the deal within the United States, and CNOOC hired several lobbying and public relations firms—Akin Gump Strauss Hauer & Feld, BKSH & Associates, the Brunswick Group, and Public Strategies—in pursuit of the deal.<sup>247</sup> As part of a full-court press on the deal, employees of Akin Gump Strauss Hauer & Feld made contacts with federal and state officials 250 times in a single one-month period as the sale was under consideration.<sup>248</sup> Chevron Corporation, CNOOC’s rival bidder in the purchase of Unocal, hired its own lobbyists and public relations companies to oppose the CNOOC purchase before Congress. Citing political pressures, CNOOC eventually dropped out of the bidding, and Chevron purchased Unocal for about \$18 billion.<sup>249</sup>

In terms of U.S. lobbying activity directly funded by the Chinese central government—to exclude lobbying activities performed by Chinese state-owned firms—there has been a significant increase in such activity from 2006 to 2008. (Full data for 2009 were not yet available as of the writing of this Report.) According to data from the U.S. Department of Justice’s database for disclosure filings under the Foreign Agents Registration Act, U.S.-based lobbying and public relations firms performing work on contracts directly for the government of the PRC earned at least \$432,000 in 2006; \$587,920 in 2007; and \$1,230,932 in 2008.<sup>250</sup> The full, actual figures will be higher, as not all payments to these firms are required to be reported. These activities included media and public relations work to improve China’s image in the United States, lobbying with Members of Congress and staff regarding trade issues of interest to the PRC, and providing counsel to the Chinese government re-

garding the U.S. government's policy-making process (see box below).

**Selected Examples of Lobbying Activity Performed on Behalf of the Chinese Government, 2005–2008**

**2005**

The PRC Ministry of Commerce hires McDermott Will & Emery for legal services and to lobby against proposed restrictions on the imports of textile products from China. The firm is paid \$514,940 for the six-month period ending November 30, 2005.<sup>251</sup>

The Chinese government hires the firm Patton Boggs to perform undisclosed lobbying services, primarily directed at Members of the Senate Foreign Relations and the Senate Armed Services committees. The firm has 116 reported contacts with lawmakers or aides from July to December 2005 and is paid \$22,000 per month for this period.<sup>252</sup>

**2006**

The Beijing Organizing Committee for the Games of the XXIX Olympiad contracts with Hill & Knowlton throughout 2006 for “public relations communications and public relations counsel” related to the 2008 Olympics. (Amount of remuneration not disclosed.)<sup>253</sup>

Patton Boggs continues lobbying work on behalf of the PRC embassy, earning \$264,000 for the year.<sup>254</sup>

Hogan & Hartson provides counsel related to World Trade Organization (WTO) issues and performs lobbying services on behalf of the Chinese government. The firm also represents the Liaoning provincial government in litigation. (Amount of remuneration not fully disclosed.)<sup>255</sup>

The firm Jones Day performs lobbying work on behalf of the Chinese embassy and advises the client on the status of draft legislation (related to tariff and intellectual property issues, human rights, Tibet, and Taiwan) that might affect U.S.-China relations. The firm earns \$168,000 for the year.<sup>256</sup>

**2007**

Hill & Knowlton continues work with the Beijing Olympics Committee for public relations work related to the 2008 Olympics. (Amount of remuneration not disclosed.)<sup>257</sup>

Patton Boggs performs lobbying work on behalf of the PRC embassy. The firm lobbies with the legislative branch, including holding discussions of “U.S.-China bilateral issues” and “trade and currency legislation.” The firm earns \$198,000 in the first half of the year and \$66,000 in the second half.<sup>258</sup>

**Selected Examples of Lobbying Activity Performed on  
Behalf of the Chinese Government, 2005-2008—Continued**

**2007**

Hogan & Hartson performs lobbying work on behalf of the central government of the PRC, providing “strategic advice and counsel” related to “the World Trade Organization’s negotiations and related matters.” The firm earns \$143,920 for the first half of the year and an additional \$273,947 for a six-month period ending in February 2008.<sup>259</sup>

**2008**

Patton Boggs continues lobbying work on behalf of the PRC embassy, contacting U.S. government officials and Congressional staffers on issues affecting U.S.-China relations. The firm earns a reported total of \$418,000 for the year.<sup>260</sup>

Hogan & Hartson continues lobbying work on behalf of the PRC central government on trade and other issues. The firm reports earnings of \$389,985 for the six-month period ending in August 2008.<sup>261</sup>

**Selected Examples of Lobbying Activity Performed on  
Behalf of Chinese State-owned and State-affiliated Firms,  
2005-2008**

**2005**

The state-owned enterprise CNOOC hires several firms (Akin Gump Strauss Hauer & Feld; BKSH & Associates; the Brunswick Group; and Public Strategies) in an unsuccessful attempt to purchase Unocal.<sup>262</sup> Two of the most active are Public Strategies and Akin Gump Strauss Hauer & Feld, paid \$669,909 and \$3,159,166, respectively, for the six-month period ending December 31, 2005.<sup>263</sup>

**2006**

The Bank of China pays the firm Public Strategies \$285,000 for public relations work on its behalf, including “implementing a media plan . . . in conjunction with an initial public offering.” The firm is paid \$255,687 for the second half of the year; remuneration for the first half of the year not disclosed.<sup>264</sup>

Lenovo Group, Ltd., spends \$429,000 in the first half of 2006 for lobbying efforts on its own behalf. A company lobbyist contacts Members of Congress and multiple agencies of the executive branch in regards to multiple legislative initiatives involving U.S.-China trade issues.<sup>265</sup>

**Selected Examples of Lobbying Activity Performed on  
Behalf of Chinese State-owned and State-affiliated Firms,  
2005–2008—Continued**

**2007**

Hogan & Hartson registers as a lobbyist performing work on behalf of the Hangzhou Zhongce Rubber Company, a tire and rubber company in which the largest shareholder is the Hangzhou Provincial Government. Specific services provided, and the amount of remuneration, are not publicly disclosed.<sup>266</sup>

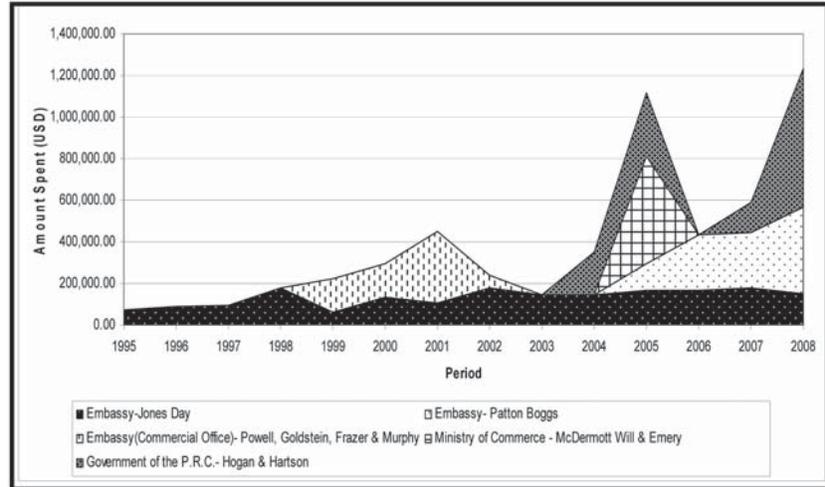
Vinson & Elkins LLP provides legal advice and briefing materials, and makes contacts with U.S. government officials on behalf of the China Chamber of Commerce of Metals, Minerals and Chemicals Importers and Exporters, earning \$40,000 for the year.<sup>267</sup>

**2008**

International Government Relations Group registers as a lobbyist for Huawei Technologies Company, Ltd., to perform lobbying on trade and tax issues. (Amount of remuneration not disclosed.)<sup>268</sup>

However, despite such a significant increase in recent years, the Chinese government's direct sponsorship of lobbying activities remains relatively modest in contrast with the efforts of many other foreign governments. By way of comparison, Barbour Griffiths & Rogers, one of 12 U.S. firms retained by Taiwan, received payments of \$1.5 million for services on behalf of Taiwan's government in 2006.<sup>269</sup> In all, Taiwan's government paid U.S. firms \$2,993,230 for lobbying services in 2007 and \$2,550,457 in 2008.<sup>270</sup> In 2008, some of the biggest lobbying sponsors spent amounts that significantly eclipsed those of either the PRC or Taiwan: The United Arab Emirates spent \$11 million, the United Kingdom spent \$6 million, and Japan and Turkey each spent \$4 million.<sup>271</sup>

**Figure 1: Lobbying Efforts on Behalf of the PRC Government by U.S. Firms, 1995–2008**



Note: Significant spike in lobbying activity in 2005 assessed to be related primarily to the abortive effort by the PRC state-owned firm China National Offshore Oil Company to purchase the U.S. energy firm Unocal 76.

Source: Data compiled by Commission staff from *Reports of the Attorney General to the Congress of the United States on the Administration of the Foreign Agents Registration Act of 1938* (Washington, DC: 1995–2008).

## Conclusions

- The Chinese government is directly engaged in promoting its preferred propaganda narratives to foreign audiences and has an extensive bureaucracy dedicated to work in this area. The international propaganda messages of the government are similar in most respects to those for a Chinese audience—emphasizing China’s economic growth, China’s desire for a peaceful international system, and China’s “stability” under CCP leadership.
- To its domestic audience, the Chinese government promotes the message that China is under attack from hostile forces abroad. Many figures within both the Chinese government and the public express a sense of frustration that the western media presents unfair portrayals of China and state that China therefore needs more effective international communication tools to counter such “attacks.”
- The Chinese government views effective foreign propaganda as an essential tool of state power and is significantly increasing the level of effort and resources devoted to China’s state-sponsored foreign language media outlets. Some of these efforts may also assume the form of nominally “independent” news outlets in which the Chinese government or Chinese state-owned firms exercise considerable influence behind the scenes.
- The Chinese government actively seeks to influence the commentary about China and U.S.-China relations that comes from U.S. academics and think tanks. This takes the form of providing

both positive rewards to “friendly” scholars—such as preferred access to interviews and documents—as well as taking punitive actions such as denying visas for academics who anger Beijing. These rewards and punishments offer the Chinese government leverage over the careers of foreign scholars and thereby encourage a culture of academic self-censorship.

- In recent years, U.S. public relations and lobbying firms have played a more prominent role in Beijing’s efforts to improve its image and advocate for its preferred policies. The advice of western public relations firms has helped to shape the messages that the Chinese government presents to international audiences. However, China’s use of direct lobbying in the United States is still limited in scale compared to the efforts of many other countries.