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Threats to National Security Arising from Economic Cooperation with the People's Republic of China

Introduction

In about the middle of the first decade of the 21st century, Europe has become an object of commercial and investment interest of the People's Republic of China (PRC) within the next stage of the "going global" strategy. For many years, the public discourse in many countries of the continent, including Poland, has been filled with the visions of a thriving and mutually beneficial trade exchange or multi-million-dollar investments of Chinese companies. It should be emphasised that this optimism was by no means unfounded. After all, China is currently the world's second-largest economy – or even the first if we take GDP based on purchasing power parity into account. In 2021, China's GDP at purchasing power parity was 27 trillion dollars, while that of the United States was 23 trillion dollars². In addition, China is one of the leading investor countries. In 2020, the value of outward Foreign Direct Investment (FDI) from China amounted to approximately 153.71 billion U.S. dollars. Chinese outward FDI flows ranked first in the world this year, while global FDI flows have declined due to the COVID-19 pandemic³. Therefore, many policymakers and commentators were repeating Margaret Thatcher's famous words about the absence of an alternative in the context of Chinese economic expansion. In their pro-

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² The World Bank, *DataBank - GDP, PPP (current international \$)*, https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD?most_recent_value_desc=true [access: 06.01.2022]; The World Bank, *DataBank - GDP (current US\$)*, https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD?most_recent_value_desc=true [access: 06.01.2022].

³ Ministry of Commerce of the People's Republic of China, *Foreign Investment Guide of the People's Republic of China*, p. 15, https://fdi.mofcom.gov.cn/resource/pdf/wx/2021_EN.pdf [access: 19.01.2022].

found belief in almost unlimited benefits, many naively ignored the potential dangers of cooperating with a country with a radically different culture and socio-economic system or, above all, with foreign policy goals quite different from those the country itself would like to admit. Official Chinese rhetoric is full of the so-called “keywords” – probably the most popular is the phrase about win-win cooperation, which is meant to mask Beijing’s true intentions⁴. However, according to the realistic perspective on international relations, China is primarily seeking to maximise its own benefits and put its own national interest first. It is worth bearing in mind that China’s political and economic system (which is immanently characterised by strong state-owned enterprises and numerous emerging private companies that are equally dependent on the will and wishes of the Beijing authorities) makes economic engagement one of the leading foreign policy tools of China – alongside political and psychosocial measures. Economic tools of foreign policy are usually divided into positive ones – that is, those by which other countries are supported, such as development aid, investment, trade privileges, etc. and negative ones – everything by which pressure can be exerted or even a kind of punishment of another country such as an embargo, discrimination, etc⁵. At the same time, according to the principles of analysis of state foreign policy adopted in the science of international relations, the reasons for this should be sought at three levels: of an individual, state and international system. Thus, according to the realistic paradigm, the PRC is forced to compete with other states at the third level. It results from the very nature of the anarchic – with no central authority – international system, in which profits should be largely seen in relative terms, dependent on the profits and losses of other states. Inevitably, each state tries primarily to maximise its own benefits, while rarely looking at possible benefits for the international community. Moreover, the competitive nature of China’s policy is affected by the fact that, at the moment, it is undoubtedly the world’s leading superpower behind the United States. And according to the realistic view, the superpowers must pursue a superpower policy whether they want to or not – the structure of the international system forces them to do it⁶. On the

⁴ P. Sokala, *Strategia regionalna Chińskiej Republiki Ludowej*, „Forum Politologiczne” 2008, No. 8, p. 32; M. Przychodniak, *The Decline of the U.S.: The Chinese Discourse on Post-pandemic Relations with the United States*, „PISM Policy Paper” 2020, No. 7 (182), pp. 2–9.

⁵ R. Kuźniar, *Międzynarodowe stosunki polityczne*, [in:] *Stosunki międzynarodowe. Geneza, struktura, dynamika*, eds. E. Haliżak, R. Kuźniar., Warsaw 2006, p. 125.

⁶ A. Dudek, *Użyteczność analitycznego eklektyzmu w badaniu stosunków Polski z Rosją*, „Stosunki Międzynarodowe” 2016, No. 2 (52), pp. 47–50; M. Adamczyk, P. Rutkowska, *Krytyczna analiza postzimnowojennych relacji chińsko-indyjskich w perspektywie realizmu strukturalnego*, „Studia Orientalne” 2019, No. 2 (16), pp. 9–12.

other hand, at the level of the state, there are two most important reasons why Beijing's foreign policy is becoming increasingly selfish and aimed at increasing primarily Chinese power, although their catalogue is much broader. The first one is the Chinese Communist Party's (CCP) desire to maintain power at all costs for which it needs a strong state capable of ensuring the well-being of its citizens, and the second one is the growing nationalism of Chinese society, which is increasingly demanding a superpower position for itself⁷. On the other hand, at the individual level, we must pay attention to the Chinese leader – Xi Jinping – who, since taking the helm of power in November 2012, has been increasingly tightening the course of Chinese domestic and external policy, thus moving away from the principle informally established by Deng Xiaoping of “keeping a low profile” in international relations to “striving for achievement”⁸.

The catalogue of threats to national security resulting from economic cooperation with China is quite broad and includes its key areas: political, information, and economic. The world has been reminded of their significance and the scale of potential problems through intensifying rivalry between China and the United States or the COVID-19 pandemic. In both cases, we are dealing with the growing assertiveness of Chinese foreign policy, which is in ever more visible contradiction with an official narrative of the authorities in Beijing. On the other hand, Western politicians realise that in the context of economic cooperation with China, Thatcher's famous TINA (“There is no alternative”) is still valid. At least until the PRC decides to conduct a comprehensive decoupling and create its own alternative international economic circulation system. Before that happens, however, it is worth keeping in mind threats signalled earlier, as well as key motivations behind Chinese efforts to tighten economic relations with other countries all over the world.

This research article aims to present those aspects of cooperation with China that are usually overlooked in public discourse and may negatively impact the security of many countries. Before the study, a fundamental research question was formulated – why, by establishing a strong economic relationship with China, do countries risk a decline in security level? For obvious reasons, this is a largely theoretical and cross-sectional article, which simultaneously approaches the subject on a very general level. However, it is intended to introduce the issue and present theses that can be developed in detail in advanced research. The second goal was to arouse the reader's interest in the

⁷ R. Kagan, *Powrót historii i koniec marzeń*, Poznań 2009, p. 36.

⁸ Y. Xuetong, *From Keeping a Low Profile to Striving for Achievement*, „The Chinese Journal of International Politics” 2014, No. 2 (7), pp. 153–184.

subject and signal certain security threats-related issues. This article is largely descriptive and based on scientific studies and analyses of Polish and foreign researchers. The author has used historical, comparative, and monographic methods in his research. The research hypothesis formulated for the article indicates that an increase in economic cooperation with China is directly proportional to a decrease in the level of state security.

Selected Threats to State Security from a Theoretical Perspective⁹

For this discussion, the state's security will be defined as its activity aimed at minimising threats and maximising potential developmental opportunities. Whereas threats to national security will be defined as the phenomena or processes that may negatively affect the ability of the state to perform its basic functions or, in extreme situations, to continue its existence. In turn, political security in science is sometimes defined very broadly – from the very ability of the state to perform its functions, through maintaining constitutional order or fidelity to democratic principles, to not resorting to politically motivated violence¹⁰. The concept of political threats may seem somewhat unclear. Indeed, in the literature, they are most often defined as phenomena that limit or even prevent the state from performing its rudimentary internal and external functions due to the actions of organised political and social groups¹¹. As a result, their catalogue is very broad and, of course, includes both internal and external threats, for example, discrimination against minorities, secessionism or autonomous aspirations, violation of democratic principles and non-observance of civil rights and freedoms, the inefficiency of public administration or intentional actions to the detriment of the state and citizens (e.g. through cooperation with the representatives of foreign states), subjection to the influence of other states, as well as non-observance of international law, destabilisation of the international environment, conflicts of powers and formation of the spheres of influence, support for international terrorism or aggressive ideologies.

It is worth noting that *sine qua non* condition of a rational decision-making process, which should be an immanent part of every political decision made by state decision-makers, is access to high-quality information. It concerns

⁹ For the purposes of this article, national security and state security will be treated as synonymous-which seems to be the normal practice in the era of nation-states.

¹⁰ O. Wasiuta, R. Klepka, R. Kopeć, *Vademecum bezpieczeństwa*, Kraków 2018, p. 133.

¹¹ Ł. Roman, *Istota współczesnych wyzwań i zagrożeń bezpieczeństwa*, „Journal of Modern Science” 2016, No. 4 (27), pp. 216, 219; D. Kompała, *Istota zagrożeń*, „Obronność – Zeszyty Naukowe Wydziału Zarządzania i Dowodzenia Akademii Sztuki Wojennej” 2014, No. 3 (11), p. 30.

both the decision-makers themselves and the society as a whole, which has an indirect impact through appointing its political representatives and a direct impact through referenda, pressure, petitions, etc., on the decisions concerning the direction of state policy – at least in democratic states. Consequently, political security is inextricably linked with information security – *sensu stricto* and *sensu largo*. In the narrow perspective, still the most common in science, it means the security of information itself – its protection against unlawful disclosure, modification or deletion. The wide approach¹² is more interesting, treating information security as free access to reliable and valuable information. As a result, we can consider threats to the state's information security, including censorship and unjustified restriction of citizens' access to information, as well as its unauthorised disclosure as a result of the so-called "leak", media manipulation or information war, cybercrime, cyber espionage or, finally, cyber attacks of various provenance or uncontrolled development of technology¹³.

At this point, it should be clearly emphasised that political security cannot be considered in isolation from economic security. Effective domestic and foreign policy implementation requires a strong economic base from the state. Its provision is tantamount to achieving a state of economic security by the state – stable economic development ensuring its ability to perform tasks effectively and sovereignly, independent of external pressures. Potential threats to its maintenance will therefore be phenomena or processes of internal and external provenience leading to a decline in the state's economic development level. Such a situation may occur as a result of, for example, an inappropriate economic policy pursued by the government (resulting in increased inflation or public debt), restrictions in access to foreign markets, technology or scarce raw materials, the occurrence of a long-term and deep imbalance in foreign trade or social disorder caused by the unequal distribution of wealth or development of organised crime¹⁴.

State Security and Economic Relations with the People's Republic of China – Selected Aspects

Regarding the previous enunciations, it is worth recalling that the PRC's economic engagement in the world should be seen largely as one of the key in-

¹² Nevertheless, both of these approaches will be applicable in this study.

¹³ See more: L. Więcaszek-Kuczyńska, *Zagrożenia bezpieczeństwa informacyjnego*, „Obronność – Zeszyty Naukowe Wydziału Zarządzania i Dowodzenia Akademii Sztuki Wojennej” 2014, No. 2 (10), pp. 210–233.

¹⁴ Ł. Roman, *op. cit.*, p. 220 and next; O. Wasiuta, R. Klepka, R. Kopeć, *op.cit.*, pp. 88–96.

struments of Chinese foreign policy to increase its overall power. Obviously, this does not apply to every case, but it is nevertheless a fully justified generalisation. One should start with the reservation that the sine qua non of any political, economic, or social relationship with China is the state's failure to recognise, rebellious from Beijing's perspective, the Republic of China in Taiwan¹⁵. Of course, *de jure* recognition is important in this context – many states around the world, including Poland, maintain some sort of quasi-diplomatic relationship with Taiwan. At the same time, in contact with the People's Republic of China, further issues arise that require an attitude in line with Beijing's point of view – such as the question of Tibet's being a part of China or human and civil rights in this country¹⁶. Failure to comply with the wishes of the Chinese partner may bring many negative consequences for the state – from criticism in the media subordinated to the CCP (i.e., *de facto* all those operating in the Middle Kingdom) to various economic retaliations in the form of restrictions on the access to the Chinese market for individual companies or entire industries. It should be emphasised that during the COVID-19 pandemic, Beijing actively used the so-called “mask or vaccine diplomacy”, somehow rewarding countries supporting it with the supply of scarce protective measures or vaccines – which often means to be or not to be for people living in developing countries and deprived of effective methods of protection against the virus¹⁷. What is particularly interesting, this kind of taboo also applies to the activity of private entities, for example, the media or publicists in the public sphere and extreme cases can result in a ban on entry into the PRC¹⁸. The decision-makers in many countries are subject to internal pressure, for example, from the representatives of the industrial sector¹⁹ and external pressure in order to please their partners from behind the Great Wall – for example, by not recognising the Republic of China or silencing internal criticism of the Chinese authorities on, for example, the situation of the inhabitants of Tibet or Xinjiang. In this

¹⁵ Ł. Antonowicz, *Status prawnomiędzynarodowy Republiki Chińskiej na Tajwanie*, [in:] *Tajwan w stosunkach międzynarodowych*, ed. E. Haliżak, Warsaw 1997, pp. 38–42.

¹⁶ D.H. Shinn, *China – Africa Ties in Historical Context*, [In:] *China-Africa and an Economic Transformation*, eds. A. Oqubay, J.Y. Lin, Oxford 2019, p. 74.

¹⁷ See more: M. Bogusz, *Chińska dyplomacja szczepionkowa*, „Komentarze OSW” 2021, No. 376, pp. 1–7.

¹⁸ The author knows the cases of self-censorship among people with business or academic connections to China, who in their statements or publications have avoided sensitive topics from Beijing's point of view in order to be able to travel freely behind the Great Wall.

¹⁹ See more: K. Frymark, *Niemcy chcieliby większej asertywności wobec Chin, ale kluczowa jest gospodarka*, <https://www.forbes.pl/opinie/niemcy-i-chiny-tworza-dzis-strategiczne-partnerstwo/rh88lwe> [access: 26.10.2021].

way, they often face a serious predicament: can they, in exchange for lowering the level of political security by giving in to direct and indirect pressure, maintain or even improve the state of their economic security through investment and trade? Of course, every state, by its very nature, has the right to shape its own diplomatic or economic relations with other external entities, and in no way can the People's Republic of China be denied the right to maintain relations with the states sharing a common vision of the world. Nevertheless, it is worth bearing in mind that in democratic countries, the usual criticism/polemics usually do not cause any serious repercussions – vide Polish disputes with Germany about their difficult common history, which do not affect the flourishing trade exchange or investments to any major extent. At the same time, the issues of similar importance in the relations with China may have far-reaching consequences, which constitute a significant restriction on the state's decision-making sovereignty – limiting, for example, the usual scope of public debate.

It is worth bearing in mind that the Chinese government seeks to reinforce domestic pressures by using psychosocial foreign policy instruments. Through its controlled media and cultural institutions, China seeks to create a positive image of the country among the public and decision-makers around the world, to exploit its previous efforts and obtain desired results in the form of favourable political or economic agreements. In addition to its long-term impact, the media also play an *ad hoc* role in PRC foreign policy. It had become particularly evident during the pandemic in 2019 when they tried at all costs to shed the odium of the country where the SARS-CoV-2 virus first emerged²⁰. Beijing undoubtedly pays a lot of attention to the psychosocial foreign policy instruments at its disposal – and despite some difficulties, new outposts of the Confucius Institute continue to be established around the world, while Chinese media oriented towards foreign audiences include many newspapers for example, Global Times or People's Daily or Xinhua news agency and CCTV television broadcasting in several languages other than Mandarin or China Radio International having its editorial offices and broadcasting in local languages in the dozens of countries around the world²¹. It should be noted that Chinese media are very active in social media – incidentally in those not fully

²⁰ M. Conley-Tyler, *Biden's new Wuhan lab leak investigation ramps up US-China blame game*, <https://the-conversation.com/bidens-new-wuhan-lab-leak-investigation-ramps-up-us-china-blame-game-161885> [access: 01.06.2021]; G. Rachman, *China's wolf warriors bristle at Covid blame*, <https://www.ft.com/content/b8042e0a-5e57-4340-8664-9702b9f3640f> [access: 31.05.2021].

²¹ M. Adamczyk, K. Baraniuk, *Media i organizacje kulturalne jako wybrane sposoby chińskiego oddziaływania międzynarodowego*, „Wschodnioznawstwo” 2017, p. 272 and next.

available in China itself, such as, for example, Facebook²². That in itself could pose a significant threat to the information. Thus, the political security of many countries around the world, were it not for the fact that the modus operandi of the Chinese media is closer to the Russian model than to that of the British or French media, which have similar institutions such as BBC television and the network of British Council centres, but at the same time have much more experience in using them. Many journalists or teachers from across the Great Wall often lose their enthusiasm for serving the PRC, which is reflected in the growing number of negative opinions in the world about China and necessarily makes this instrument in the arsenal of Chinese foreign policy much less useful than it might seem at first glance²³.

As mentioned, economic cooperation with China was perceived worldwide as a great opportunity to improve the economic security of involved countries. The decision-makers in Western countries have often sacrificed political security for lucrative trade or investments that are expected to bring colossal profits. In many of these countries, public debate has often been limited by silencing the voices critical of the PRC within the country, or politics has been bent to Beijing's vision – not recognising the Republic of China or not addressing the protection of human rights and freedoms in mainland China. On the other hand, we must remember that this economic cooperation poses significant threats to the sphere of national security that it was theoretically supposed to ensure. Their specificity depends on the level of development of a given country – from Beijing's perspective, this is the most important (though not the only) determinant of the nature of bilateral relations. Developed countries which include, among others, basically all members of the European Union, the United States, Canada, Australia, New Zealand, Japan and South Korea are seen as a potential source of modern civilian and military technologies and investment capital to fuel the growth of the Chinese economy, as well as a market for manufactured goods from across the Great Wall. Moreover, since the middle of the first decade of the 21st century, as a part of the “going global” strategy, also as an investment destination²⁴. For many decades, foreign investments in China provided a source of modern technology for the Chinese economy. The companies from

²² See more: S.W. Harold, N. Beauchamp-Mustafaga, J.W. Hornung, *Chinese Disinformation Efforts on Social Media*, Santa Monica 2021, passim.

²³ L. Silver, K. Devlin, Ch. Huang, *China's Economic Growth Mostly Welcomed in Emerging Markets, but Neighbors Wary of Its Influence*, <https://www.pewresearch.org/global/2019/12/05/chinas-economic-growth-mostly-welcomed-in-emerging-markets-but-neighbors-wary-of-its-influence/> [access: 05.12.2022].

²⁴ M. Adamczyk, *Smok nad Dnieprem. Chiny w relacjach z Białorusią i Ukrainą po 2010 roku*, Sobótka 2018, p. 5 and next.

behind the Great Wall that wanted to operate in China had to agree to establish joint ventures in which the majority capital was held by a local partner – usually indicated by the local CCP authorities. Once a given technology was in Chinese hands, it was usually too late for foreign companies – potential disputes over intellectual property rights were resolved in favour of local entities. Over time, Sino-foreign partnerships as a source of new technologies were increasingly replaced by direct technology transfers – in exchange for a favourable trade or investment agreement, the partner from across the Great Wall undertook to transfer complete know-how to the Chinese side²⁵. Bizarre situations take place, particularly in the military sector – Beijing freely bought small batches of foreign (mainly Russian) equipment and weaponry, sometimes together with a production licence, in order to copy them on a mass scale and sell them abroad at a much lower price than the original one²⁶.

At the same time, as the economic power of the Middle Kingdom was growing and Chinese investments in developed countries became more widespread, the methods of acquiring advanced technologies were evolving – the corporations from behind the Great Wall started purchasing Western companies such as Volvo, Jaguar or KUKA (manufacturer of advanced industrial robots) gaining not only access to technologies but also to the engineers and scientists working on them. Some Chinese technology companies have established their R&D centres in the EU or the US to achieve the same goal. In this smart way, Chinese companies can practice the well-known phenomenon of “brain drain” without the hassle and controversy that comes with bringing high-class specialists directly to the PRC. It should be noted here that Chinese technology acquisition is not only based on legal and “semi-legal” methods (when intellectual property is stolen with no objections from a foreign partner) – Beijing also puts a lot of effort into illegal methods such as industrial espionage and cyber espionage. The distinction between these two categories is important because cyber espionage of Chinese provenance, while extremely dangerous to the security of many developed countries – mainly the United States, where losses from it amount to tens of billions of dollars each year – can essentially take place without any bilateral relations by its very nature²⁷.

²⁵ A. Brunet, J.P. Guichard, *Chiny światowym hegemonem?*, Warsaw 2021, pp. 157–159.

²⁶ In extreme cases, equipment or weapons produced in this way in China can be used against its original designers – vide Chinese handheld anti-aircraft systems (so-called MANPADS) supplied to the fighters battling the Russian-backed Syrian regime (probably via Qatar and Iran). Their significant accumulation in the hands of Syrian rebels has forced the Russian Air Force to operate at higher altitudes, which usually reflects on the effectiveness and cost of operations (through greater use of expensive precision weapons).

²⁷ See more: M. Adamczyk, *Cyberszpiegostwo w relacjach chińsko-amerykańskich w kontekście poten-*

Intelligence based on human intelligence sources operates vigorously in China and is based not only on, known from movies and novels, spy recruitment of employees of a given company, usually dissatisfied with low wages or sending their own agents for internships and more, but also the so-called mosaic intelligence. In the event of industrial espionage, this could be information gathered from the trainees, combined with legally obtained information from, for example, scientific publications or specialist press, supplemented with, for example, detailed plans from Chinese sub-suppliers who, due to the peculiarity of the Chinese system, are not averse to cooperating with various intelligence agencies in the PRC. Of course, all countries spy on one another and this is by no means a Chinese speciality, but it is nevertheless worth keeping in mind this area of potential threats to state security as well – if only because of the increased interest in students and interns from China coming to Poland and other European countries²⁸.

The difference in China's approach to developing countries emphasised above largely comes down to treating them almost as if they were its own colonies. Obviously, in the declarative sphere, it is quite the opposite – in relations with the countries that were previously European colonies, Beijing emphatically emphasises that it was itself a victim of Western greed. In practice, however, from the Chinese perspective, developing countries are supposed to be primarily a source of scarce raw materials and selected processed goods such as fertilisers and, at the same time, a market for cheap products from China. Of course, their importance as a destination for Chinese investment capital can't be overlooked – after all, Africa was the first continent where the Chinese tried their hand in the 21st century. Chinese foreign direct investment annual flows to Africa have increased steadily since 2003. The flows increased from 75 million U.S. dollars in 2003 to 4.2 billion U.S. dollars in 2020. They peaked in 2008 at 5.5 billion U.S. dollars because of the purchase of 20% of the shares in Standard Bank of South Africa by the Industrial and Commercial Bank of China (ICBC). The top 5 African destinations of Chinese FDI in 2020 included Kenya, the Democratic Republic of Congo, South Africa, Ethiopia and Nigeria²⁹. In developing countries, the priority for Chinese investors is given to heavy industry, mines and agriculture, whose production is often intended

cjalnej zmiany światowego hegemonu, [in:] *Cyberbezpieczeństwo wyzwaniem XXI wieku*, ed. T.R. Dębowski, Łódź–Wrocław 2018, p. 91 and next.

²⁸ M. Adamczyk, K. Baraniuk, *Wywiad Chińskiej Republiki Ludowej – zarys struktur i metod działalności*, „*Studia Orientalne*” 2017, No. 2 (12), p. 35 and next.

²⁹ SAIS-CARI, *Data: Chinese investment in Africa*, <http://www.sais-cari.org/chinese-investment-in-africa> [access: 25.11.2022].

only for export to the PRC. The same applies to infrastructure investments – many Chinese projects are ports, railroads, or roads designed to facilitate trade between developing countries and China. We should also pay attention to the specific debt investment model designed mainly for the investments in heavy industry, infrastructure or agriculture offered by Beijing to developing countries, which is based on two pillars: financing and execution.

The investments are financed using low-interest loans (between 2% and 6%) provided by the Beijing government through leading Chinese banks. The loan period is often even over 20 years and includes a grace period of several years. The loan is secured by government guarantees provided by the country's authorities taking out a loan. Undoubtedly, the fact that the Chinese proposal is not burdened with any requirements for political and economic reforms makes it an attractive offer for countries without access to other sources of international financing, such as, for example, EU funds³⁰.

However, money from behind the Great Wall also comes to construction companies, which often use their own suppliers and workforce. Therefore, even complex infrastructure projects are put into operation relatively quickly. However, it should be emphasised at this point that by its very nature, the Chinese debt investment model contributes to lowering the level of economic and political security of the country benefiting from it. Most or even all of the profits from the works carried out are transferred to China via companies and their employees – which often contributes to the collapse of local businesses³¹. At the same time, Beijing is a very good lender – unlike Western countries, it does not ask for anything in return and does not hesitate to provide more loans, which are, after all, secured by government guarantees. However, the excessive burden of credit can lead to a situation in which countries unable to service their foreign debt are forced in one way or another to make political or economic concessions to the PRC. At this point, it is worth referring to the case of Sri Lanka, which, in exchange for the cancellation of at least part of its debt, gave China a 99-year lease, with an option to extend for another 99 years on the port of Hambantota³². For obvious reasons, the above investment model has not found wider application in developed countries – even among

³⁰ D. Brautigam, *Chinese Loans and African Structural Transformation*, [in:] *China-Africa and an Economic Transformation*, eds. A. Oqubay, J.Y. Lin, Oxford 2019, pp. 130–133.

³¹ J. Gu, R. Carey, *China's Development Finance and African Infrastructure Development*, [In:] *China-Africa and an Economic Transformation*, eds. A. Oqubay, J.Y. Lin, Oxford 2019, pp. 148–155.

³² M. Abi-Habib, *How China Got Sri Lanka to Cough Up a Port*, <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html> [access: 25.11.2022]; C. Wong, *China can extend Hambantota port lease to 198 years. Sri Lankan minister says*, <https://www.scmp.com/news/china/diplomacy/article/3122975/mistake-china-can-extend-hambantota-port-lease-198-years-sri> [access: 05.12.2022].

the new and also less wealthy EU members (except for Hungary) for whom low-interest loans are an unattractive solution compared to even EU funds, and the EU law forces competition between potential contractors³³.

Another often overlooked threat to the economic security of the countries involved in economic cooperation with China is, of course, the previously mentioned issue of trade imbalance – both in qualitative and quantitative terms. PRC has for decades maintained a quantitative surplus in trade with the rest of the world, which at one time allowed it to accumulate the largest foreign exchange reserves in the world and at the same time build economic growth at the expense of other countries. According to 2021 data, China's exports amounted to 3 trillion 363 billion U.S. dollars and imports 2 trillion 687 billion U.S. dollars. As a result, China had the highest trade surplus of any country in the world at 676 billion U.S. dollars. By comparison, second-ranked Germany had a surplus of 211 billion U.S. dollars³⁴. In the event of developing countries, import surplus often exceeds export several times – which is responsible for the aforementioned qualitative imbalance in trade. It is because Beijing perceives them as a source of raw materials and agricultural produce and, simultaneously, as an outlet for industrial goods “made in China”. The threat posed by quantitative and qualitative imbalances in trade with the Middle Kingdom is twofold. Trade deficit every time affects economic growth and in the long run can contribute to a chronic and deep economic crisis vide the Sri Lanka debt crisis. At the same time, qualitative imbalances often aggravate the economic problems of a country. Inefficient governments become dependent on exporting raw materials and eat up the profits instead of investing them in developing their own industry. For example, Africa is flooded by cheap clothing, furniture and other simple industrial products from China. Local producers are usually unable to compete with the mass production from behind the Great Wall, which leads to rising unemployment and deepening the economic weakness of their countries. On the other hand, there is no denying that in the short term, the standard of living of the consumers is rising, as thanks to cheap products from the PRC, they can buy many things they could not afford before³⁵.

³³ J. Jakóbcowski, M. Kaczmarek, *Nietrafiona oferta Pekinu: „16+1” a chińska polityka wobec Unii Europejskiej*, „Komentarze OSW” 2017, No. 250, p. 2 and next; M. Adamczyk, P. Rutkowska, *The Chinese People's Republic Investment Engagement in Belarus and Ukraine after 2010*, „Nowa Polityka Wschodnia” 2018, No. 1 (16), p. 70 and next.

³⁴ UNCTAD, *STAT. Merchandise: Trade balance, annual*, <https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx> [access: 25.11.2022]; UNCTAD, *STAT. Volume growth rates of merchandise exports and imports*, <https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx> [access: 25.11.2022].

³⁵ D. Kopiński, *Ekspansja gospodarcza Chin w Afryce – szansa na rozwój czy początek neokolonizacji?*.

Summary

Although, there is no escape from economic cooperation with the People's Republic of China from the point of view of most of the countries around the world (or at least there will not be any for at least the next few decades), it should by no means stop their leaders from caring about the security of their own countries. However, they should be aware that specific requirements follow the money from Beijing, or sometimes demands. On the one hand, trade and investment engagement are the ways to increase China's economic power, but on the other hand, they are useful foreign policy tools. Chinese leaders tend to use potential benefits of cooperation with them as a bargaining card/ means of pressure in relations with other countries – both developing and developed. As demonstrated, the specificity of the economic relations with both these groups is sometimes different; nevertheless, threats are largely similar. They include the political and information sector, where Beijing seeks to gain direct and indirect influence over its partners' policies. While the PRC's successes in this area are sometimes quite questionable (usually due to the clumsy nature of Chinese actions), China has been quite successful in threatening the economic security of many countries around the world – although this was not its direct goal, but rather a side effect of its desire to maximise its own profits. Many developing countries have become deeply dependent on Chinese investment or loans and increasingly make concessions or even territorial concessions to China. They and developed countries are also heavily exposed to the negative effects of unbalanced trade with the Middle Kingdom. In the event of developed countries, the problem of industrial espionage, little or no respect for intellectual property rights or brain drain also comes into play. The examples presented in the article confirmed the research hypothesis formulated in the introduction indicating a decline in internal security due to increasing economic ties with China. In the author's opinion, awareness of the threats is essential while making private and public decisions on establishing economic cooperation with the People's Republic of China. Nevertheless, one should not forget that these threats appear, to varying degrees, in relations with most countries worldwide, especially those with revisionist leanings.

[In:] *Afryka na progu XXI wieku. Polityka, kwestie społeczne i gospodarcze*, eds. D. Kopiński, A. Żukowski, Warsaw 2009, p. 222 and next; Ł. Firmanty, *Afryka we współczesnej polityce Chińskiej Republiki Ludowej*, Toruń 2013, passim.

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Threats to National Security Arising from Economic Cooperation with the People's Republic of China

Summary

In the last thirty years, China became one of the most important elements of the global economy. China is one of the leading investor countries. In 2020, the value of outward Foreign Direct Investment from China amounted to approximately 153.71 billion U.S. dollars. Therefore, the threat of making other countries dependent on Chinese pressure is growing. Chinese leaders tend to use the potential benefits of cooperation with them as a bargaining card in relations with other countries – both developing and developed. This research article aims to present aspects of economic cooperation with China that are usually overlooked in public discourse and to arouse the reader's interest in the subject. This article is largely descriptive, based on scientific studies and analyses of Polish and foreign researchers. The author has used historical, comparative, and monographic methods in his research.

Keywords: China, economic cooperation, national security, security threat, political pressure, investment

Угрозы национальной безопасности, возникающие в результате экономического сотрудничества с Китайской Народной Республикой

Резюме

Китай за последние тридцать лет стал одним из важнейших элементов мировой экономики. Китай является одной из ведущих стран-инвесторов. В 2020 году стоимость исходящих прямых иностранных инвестиций из Китая составила около 153,71 миллиарда долларов США. Поэтому угроза попадания других стран в зависимость от давления Китая растет. Китайские лидеры склонны использовать потенциальные выгоды от сотрудничества с ними в качестве разменной карты в отношениях с другими странами – как развивающимися, так и развитыми. Цель данной научной статьи – представить те аспекты экономического сотрудничества с Китаем, которые обычно упускаются из виду в публичном дискурсе, и пробудить интерес читателя к этой теме. Данная статья носит в значительной степени описательный характер и основана на научных исследованиях и анализе польских и зарубежных ученых. В своем исследовании автор использовал исторический, сравнительный и монографический методы.

Ключевые слова: Китай, экономическое сотрудничество, национальная безопасность, угроза безопасности, политическое давление, инвестиции