



All That Glitters Is Not Gold

The Chinese Communist Party's Influence on the
Political Elite in Southeast Asia

Alina Reiß

The Chinese Communist Party (CCP) knows how to interweave the economy and politics with each other. In Southeast Asia, Beijing finds fertile ground. The reasons for this are manifold, but the links have concrete consequences for Germany and the EU.

Cooperation with politicians and political parties worldwide is a priority for the Chinese Communist Party, in particular since President Xi Jinping took office in 2012. The intensified effort to connect and build relationships includes political parties with all kinds of different ideological backgrounds and reaches out to governments and opposition parties alike. Why is this particular form of Chinese exertion of influence in Southeast Asia important for Germany and the EU? What is the state of cooperation between the CCP and the political elite in selected Southeast Asian countries? And what should Germany and the EU do to remain politically relevant in Southeast Asia?

Relevance of the Region for Germany and the EU

Because of the geographic distance between Europe and Southeast Asia, the major political (power) shifts and changes in the region are mainly unnoticed in the German society. However, Southeast Asia is in two respects – and especially in the long-term – crucial for the prosperity of a globally interconnected export nation like Germany and for Europe as a whole. This is due to the economic interdependency between the two regions. The Association of Southeast Asian Nations (ASEAN) is the EU's third-largest trading partner, right behind the US and China. Sea routes such as the Malacca straits, through which 40 per cent of the global trade in goods passes annually, and the South China Sea are key transport routes for German and European goods from and to Asia. Equally important is the region's political role in shaping the future of the international order. With the rise of China as a global trading power, the relocation of economic and political strength from West to East has begun. Moving forward, this trend will pick up speed

and continue to incorporate several other Asian countries. The systemic competition between the US and an even more dominant China manifests itself not only but particularly in the Indo-Pacific region.

The Southeast Asian countries find themselves in a complicated triad between the US and China. Economically, they are increasingly dependent on China, whereas some also have longstanding and close connections to the US, including security guarantees. Hence, the Southeast Asian countries are at risk of becoming a strategic buffer zone between the two major powers fighting for hegemony. Because the US under former President Donald Trump partly retracted from the region, for example by suspending the Trans-Pacific Partnership Free Trade Agreement, Beijing “gained ground” in Southeast Asia – literally and figuratively.

China strives to influence the foreign political elite and multipliers through economic and political coercion to oppress critics and shape the narrative about the country. Beijing expects targeted actors to be supportive of Chinese engagement in their own country as well as abroad. This practise hampers German and EU interests since it weakens their potential spheres of influence in the region.

Objectives, Intentions and Approaches of the CCP

One pillar of the CCP's global outreach is the Belt and Road Initiative (BRI), which is a tool to fund large energy and transport infrastructure projects worldwide. Beijing uses the BRI to incorporate other countries into its own “universe”. As a result, the recipients often rely heavily on Chinese capital and state-owned Chinese investors. Because of the economic dependency, the CCP

then pressures these countries to grant political concessions favouring Beijing, for example in polls or statements in international organisations.¹ Repayment terms in loan agreements with Chinese banks prevent rescheduling of debt with other creditors and contain political clauses that can lead to immediate termination of agreements if recipient countries violate political sensitivities (core interests) of the People's Republic (Taiwan, Tibet).² In the past, this practice led to the transfer of ownership of important infrastructure, such as airports and harbours (for example in Sri Lanka/“Loan-to-own-mechanisms”),³ into Chinese hands because countries were unable to fulfil their repayment obligations.

In addition to economic and financial dependencies, such as the abovementioned “Loan-to-own-mechanisms”, Beijing also utilises its political power to secure its influence: the CCP pursues very active diplomacy with the political elite in Southeast Asia, which are frequently visited by distinguished CCP politicians or invited to China. This practice is not limited to the ruling party and politicians in government positions but also incorporates members of the opposition parties and addresses parties with a diverse set of ideological backgrounds. Cooperation with a variety of political parties in addition to the regular government-to-government diplomacy has several advantages for the CCP. It is more flexible since it allows for the establishment of links to countries with poor official bilateral government-to-government relations. Moreover, this allows the CCP to reach out to parties and upcoming politicians, who might hold powerful positions in the future.⁴

This modus operandi is part of the CCP's overarching strategy to globally prevent criticism on China, achieve foreign policy goals, and establish a positive image of the People's Republic's government and development model.⁵ In Southeast Asia – but not only there – Beijing aims to:

1. Gain other countries' support for a global world order upholding the principle of non-interference in the internal affairs of states. In doing so, China prohibits any objection to its claims defined as “core interests”.

2. Ensure a stable external environment defined by (mainly asymmetric) foreign economic relations to safeguard geostrategic interests and the preservation of the country's internal order.
3. Establish and expand the network of economic and (security) partners to reduce the US's and the Western influence on the (regional) security architecture and the control of trade routes.

The International Liaison Department of the Central Committee of the Chinese Communist Party (ILD) is in charge of the CCP's party-to-party relations. The department reports directly to the CCP's Central Committee, which elects the party's highest decision-making and leadership bodies, namely the Politburo and its Standing Committee.

Another pillar in establishing direct links with foreign politicians is the Chinese People's Association for Friendship with Foreign Countries (CPAFFC), which is overseen by the Chinese People's Institute of Foreign Affairs (CPIFA) and part of the United Front Work.⁶ The institution is responsible for making and maintaining contact with subnational governments, parliamentary friendship groups, partner cities, and so-called friendship associations. The United Front Work includes several party agencies and affiliated organisations that operate in a wide variety of fields but all share the common goal of protecting party interests abroad.⁷ One example are the well-known Confucius Institutes.

Building ties and “friendships” are critical tools for the CCP in founding a global network that influences foreign institutions and elites in politics, business, and culture locally, regionally, nationally, and internationally. With the United Front Work and the instruments of economic and political (party) cooperation the CCP developed a systemic approach, which so far is successful in protecting Chinese interests.

Characteristics of Party Systems in Southeast Asia

When assessing the CCP's approach in Southeast Asia the peculiarities of the party systems in these countries must be taken into account. They are characterised by a lack of programmatic policies, patronage, a dependency on "strong men" leaders, fluid party systems, including frequent formations of new parties, split-offs, dissolutions and mergers, as well as party-hopping by politicians. Parties are in many cases only instruments to mobilise voters and to gain access to state resources. Furthermore, there is no clear distinction between the economic and political elite. Hence, by establishing relationships with politicians through party-to-party cooperation the CCP automatically secures access to the economic elite and respective opportunities, too. These countries lack sufficient state funding for political parties and membership fees hardly cover the costs. Therefore, parties are dependent on donations: economic elites run for leading party positions by funding their election campaigns or they secure their influence through donations.

Nevertheless, the role of political parties in constitutional structures differs in Southeast Asia. In Indonesia, political parties are well institutionalised and widely rooted in society. The party system is fragmented, but parties develop programmes and policies in accordance with social lines of separation. This is very different from Cambodia, which is a de-facto one-party system.⁸

Mechanisms of Cooperation between the CCP and the Political Elite in Selected Southeast Asian Countries

How is the CCP's cooperation with the political elite in Southeast Asia designed and how are the countries, parties, and societies reacting to this exertion of influence?

In countries with multiparty systems, the CCP is dedicated to initiate and nurture relationships with opposition parties and young politicians in addition to their cooperation with the ruling party. Given the fluid party systems in many Southeast Asian countries, this may be an attempt by the

CCP to diversify and strategically design relationships with the (future) political elite. In the case of Indonesia, long-standing and close relations exist with the current ruling Indonesian Democratic Party of Struggle (PDI-P), led by the country's President Joko Widodo. The party was in government from 1999 to 2004 and is again since 2014. Additionally, the CCP annually invites young political leaders from Indonesia's second-largest political party Golkar to visiting programmes in China. The CCP's calculated approach is also evident in Myanmar. Until 2010, a military junta was in charge, which was economically and militarily dependent on China. Once the democratic transformation and the success of the de-facto head of government Aung San Su Kyi and her party National League for Democracy (NLD) was foreseen, the CCP strived for good relations with the NLD.⁹ The CCP also invited other political parties of Myanmar to China. After the military coup in February 2021, Beijing initially prevented joint action by the UN Security Council.¹⁰ Later, they agreed on an attenuated resolution version condemning violence against civilians.¹¹ In the Philippines – a multiparty system – the CCP organises cross-party meetings to advocate for the BRI and the adoption of declarations and expressions of support for Chinese initiatives. The situation is very different in Cambodia. Here, party-to-party relations are equal to government-to-government relations. The CCP actively supports Prime Minister Hun Sen and his Cambodian People's Party (CPP) in consolidating the one-party system in the country: just in time before elections, Beijing announces large investment and development projects, which the CPP declares as its achievements in providing jobs and improving infrastructure during election campaigns.

The CCP uses decentralised and federal political structures, especially to place investments at the state and provincial levels. This highlights the economic and political interconnectedness in those countries. In federal Malaysia, governments and sultans of several provinces have direct relations with the CCP, detached from political party affiliation. Delegations of the different provincial parties in government regularly travel to China to advertise for

Chinese investments in their provinces. Such visits resulted in the Chinese funding of the underwater tunnel connecting Penang and mainland Malaysia, which is under construction since 2016. Moving from the federal states of Malaysia to the centrally organised state of Cambodia, the same pattern is exposed. Even here, municipalities and local authorities are in close contact with CCP organisations at the working level.

The CCP is accelerating cooperation with institutions and representatives from parliaments in Southeast Asian countries. For example, Xi Jinping himself met with the Speaker of the House of Representatives of the Philippines as well as the President of the Senate of the Philippines to advocate for stronger ties with the legislative bodies. Similar announcements have been made in Cambodia: the Cambodian National Congress and the Chinese National People's Congress are in conversations about cooperating more closely. In Myanmar, the Upper House of Myanmar and the Chinese National People's Congress established an interparliamentary friendship group in February 2016.

The political elite in Southeast Asia is aware of the dependencies attached to offers of and engagement with the CCP and their potentially negative consequences. However, they often accept them deliberately and consciously in favour of (short-term) domestic success, for political legitimacy or personal enrichment. The preservation of power is favoured over the ability to make independent and country-centred (foreign) policy decisions. In Cambodia, the domestic dependency on the CCP affects decisions made on foreign and regional policy, which are often taken following Chinese interests, for example in ASEAN. In the past, the country repeatedly hampered a clear positioning of ASEAN against the Chinese claims and occupation of large parts of the South China Sea. As a result, the CCP's influence in Cambodia weakened the ability of ASEAN to find solutions to this territorial conflict. The Chinese behaviour affects several ASEAN member countries and was ruled unlawful by the Permanent Court of Arbitration in Den Haag. Despite its own conflicts with China over waters

around the Natuna Islands, Indonesia is also hesitant to seek joint positions within ASEAN due to economic dependencies on China. The country is Indonesia's main trade partner and President Joko Widodo counts on China as the third-largest investor in infrastructure development, such as the planned high-speed rail line between Jakarta and Bandung.¹²

The abovementioned economic dependency on China by many Southeast Asian countries makes significant behavioural shifts on China policy nearly impossible, even after a change of government. One example is Malaysia: after the surprise change of government in 2018, the new government was unable to act due to contracts signed between the previous government on Chinese investments as well as the general economic reliance on China. Consequently, Malaysian politicians sparingly criticise Beijing and strive for good relations with the CCP. In the same way as in Indonesia, these circumstances also influence the Malaysian stand towards Chinese behaviour in the South China Sea. Almost weekly, Chinese coast guard operations take place off the Malaysian coast north of Borneo. But the Malaysian coast guard remains passive and the government reacts with conciliatory statements.¹³ It is further worth noting that during the term of the previous Malaysian Prime Minister, Najib Razak, he and Xi Jinping directly negotiated cooperation agreements under the BRI. They are funded by state-owned Chinese investors and built by state-owned Chinese construction companies, such as the China Communications Construction Company.¹⁴ However, due to the enormous scale of the projects, which were riddled with corruption and patronage, Malaysia thus became even more dependent on the flow of money and investments from China. Caution to act against the CCP's influence was also evident in Myanmar when the NLD, under the de facto head of government Aung San Suu Kyi, took office in 2016. The economic dependency on China (the People's Republic of China is the country's main lender and investor) as its largest trading partner may have persuaded the new head of government to consider the resumption of a controversial dam project with China.¹⁵

The political elite in Southeast Asian countries is aware of potential anti-Chinese sentiments within society, for example in the area of Chinese labour migration and concerns about job losses. Hence, the Indonesian government avoids publishing its contacts and interactions with the CCP in detail in the media because of fear to appear too receptive to the CCP's outreach. Opposition parties use anti-Chinese attitudes among the population to criticise the government for its approach to China: the main opposition party, the Islamist Prosperous Justice Party (PKS), denounced that Chinese labour was allowed into the country for infrastructure projects carried out by Chinese companies instead of awarding the contracts to local companies and their workers.¹⁶ The founder of the Indonesian opposition party National Mandate Party (PAN) accused the ruling party PDI-P of attempting to reintroduce communism in Indonesia due to its delegation visits to China.¹⁷ Voices of dissent are also growing in Cambodia. The lower and middle class criticise the close relations between their country and China. This may be one reason why working-level negotiations and meetings between Cambodian government officials and CCP representatives are not made public.

Challenges for German and EU Politics: Proposing Freedom and Pluralism

In principle, the majority of Southeast Asian countries are highly interested in closer cooperation with Germany and the EU. After all, they are concerned about becoming solely dependent on China. One indicator, among other things, is the elevation of the ASEAN-EU relations towards a strategic partnership in 2020.¹⁸ Germany and the EU add value by broadening the foreign policy space of these countries, which do not want to be "crushed" between the hegemonic aspirations of the US and China. Yet, the Southeast Asian countries responded cautiously to the German government's Indo-Pacific Guidelines released last year – presumably, to some extent, because the implementation of the German commitment for a more active engagement in the region remains to be seen.¹⁹ In the respective guidelines, ASEAN was identified as a key

partner for closer cooperation. Hence, the recognition of ASEAN should translate into action. This includes the demonstration of appreciation on the highest political level, which sets the foundation for common future projects. While the relevance of the region has been recognised at the government level, there could be even greater political interest and activity in this key region among political parties and members of the German Bundestag.

In this endeavour, Germany and the EU face the following challenge: unlike the CCP's cooperation with political elites and parties, the party-to-party cooperation of democratic parties is not embedded in an overarching strategy that permeates all areas of society. Furthermore, a certain set of shared values is a prerequisite. Additionally, party politicians in Germany and the EU are constantly in competition with other parties and politicians. They are only one voice among many and are not solely accountable to their party committee or the nation state but first and foremost to their constituency voters. Hence, they represent the current public interests instead of only long-term national objectives. The very different legal framework in democracies, which includes disclosure and accountability requirements, and the possible loss in elections limit the scope of influence compared to the CCP's. Certainly, German politics also attempts to create a positive atmosphere and a stable environment for its own political and economic interests. However, this is conducted through open and equal dialogue, which differs significantly from the CCP's approach.

Nevertheless, the analysis of the CCP's influence in Southeast Asia illustrates the strategic value of cooperation with political elites, political parties, and parliaments in Southeast Asia. Admittedly, cooperation in the region with its predominantly non-democratic parties and institutions will always be subject to the conflicting priorities of democratic values and political interests. In light of the 21st century's problems, a close exchange at the parliamentary and party-political level is necessary for a rules-based approach to global challenges in an interconnected world – despite different perspectives and worldviews.

Otherwise, isolation and a stronger orientation towards Beijing is the result.

It is beyond dispute that strong, democratically organised parties are an integral element of successful democracies, especially during times of transformation. This speaks in favour of working together with political parties from the perspective of democracy promotion and development policy. For this reason, opportunities for collaboration should be explored also with parties that are not necessarily close to Western democratic parties and with which direct party-to-party cooperation is impossible in absence of shared values. In this way, potential democratic efforts are strengthened from within.

Examples include capacity building and networking opportunities for and with (democratic) young politicians on the ground. Flagship projects, such as the Konrad Adenauer School for Young Politicians (KASYP) in Asia promote young and democratic politicians from a wide range of Asian parties through tailor-made training programmes. In various modules, the participants can further develop democratic skills needed for their professional life as a government official or party politician. Moreover, the regional approach serves as a bridge-builder between different parties within countries and across the region. The lively interest of applicants, the high reputation as well as the careers of the graduates testify to the success of this innovative (indirect) cooperation with political parties and the need for such offers. In addition to the promotion of reform and democracy-oriented individuals, this approach is also conceivable at the institutional level with national, provincial, and local parliaments and the parliamentary administration. One potential focus area is strengthening the legal and financial framework for political parties, in particular party financing.

Initiatives such as KASYP contribute to create alternatives to the CCP's influence on political parties in Asia. However, they need to be accompanied by additional measures:

1. There is a need for closer coordination between the international work of political parties, parliamentary groups, and party-related institutions, such as the political foundations. The EU's democracy promotion instruments²⁰ should recognise the cooperation with political parties as a crucial pillar of its foreign and development policy.
2. There is also room for improvement in the external communication and presentation of such programmes. The CCP frames its relationships with political parties in self-designed narratives, such as South-South cooperation. The EU and Germany should confidently and continuously point out advantages of their offers, including reliability, diversification, and the opportunity for policy development.²¹

Furthermore, together with the US and its democratic partners in the Indo-Pacific, the EU needs to consider how it can assist the Southeast Asian states in their attempt to modernise their infrastructure, such as energy and transport. This is vital because the decisions made in favour of China within the framework of the BRI are partly the consequence of a lack of attractive alternatives. For Southeast Asia's political elite, it appears tempting to engage with a seemingly strong and effective "partner". Having said that, Germany and Europe do not have to hide behind the Chinese model. However, they need to offer effective and comparable alternatives. Since Germany is the main trade partner of Southeast Asia within the EU, Germany should take the lead together with its European partners – not only in trade relations.

This article has been written with the kind support of colleagues from the Asia and Pacific Division, the Democracy, Law and Political Parties Division, and the heads of the respective country offices.

Alina Reiß is Trainee at the Regional Programme Political Dialogue Asia based in Singapore.

- 1 Merkle, David 2020: Multilateralismus und Chinas Globale Rolle, *Analysen & Argumente* 419, Konrad-Adenauer-Stiftung, Nov 2020, in: <https://bit.ly/3uNmJGF> [24 Mar 2021].
- 2 Gelpert, Anna / Horn, Sebastian / Morris, Scott, Parks, Brad / Trebesch, Christoph 2021: How China Lends. A Rare Look into 100 Debt Contracts with Foreign Governments, *Institute for the World Economy (IfW Kiel)*, Mar 2021, in: <https://bit.ly/3icqfTu> [12 Apr 2021].
- 3 Beech, Hannah 2018: 'We Cannot Afford This': Malaysia Pushes Back Against China's Vision, *The New York Times*, 20 Aug 2018, in: <https://nyti.ms/3zNDqRp> [23 Jun 2021].
- 4 Bader, Julia / Hackenesch, Christine 2020: The Struggle for Minds and Influence: The Chinese Communist Party's Global Outreach, *International Studies Quarterly* 64: 3, *German Development Institute (DIE)*, Sep 2020, p. 728, in: <https://bit.ly/3vWpMxX> [7 Jun 2021].
- 5 *Ibid.*, pp. 729 f.
- 6 Hamilton, Clive / Ohlberg, Mareike 2020: Die lautlose Eroberung. Wie China westliche Demokratien unterwandert und die Welt neu ordnet, 4th edition, Munich, book cover and p. 88.
- 7 *Ibid.*, p. 65.
- 8 Croissant, Aurel 2016: Die politischen Systeme Südasiens. Eine Einführung, Wiesbaden, pp. 126–128, 178–180, 267–270, 312–315, 413–415.
- 9 International Crisis Group 2020: Commerce and Conflict: Navigating Myanmar's China Relations, 30 Mar 2020, in: <https://bit.ly/3yTZKIX> [24 Mar 2021].
- 10 Al Jazeera 2021: UN Security Council fails to condemn Myanmar coup, 3 Feb 2021, in: <https://aje.io/zvpwn> [7 Jun 2021].
- 11 France24 2021: UN Security Council condemns Myanmar junta's use of violence against peaceful protesters, 2 Apr 2021, in: <https://f24.my/7Wqm> [15 Apr 2021].
- 12 Allard, Tom / Widiyanto, Stanley 2020: Indonesia to US, China: Don't trap us in your rivalry, *The Jakarta Post*, 9 Sep 2020, in: <https://bit.ly/3ccFYyi> [24 Mar 2021].
- 13 Jennings, Ralph 2020: China and Malaysia, Usually Friends, Land in Another Maritime Standoff, *VOA News on Asia*, 30 Nov 2020, in: <https://bit.ly/34IEIyN> [24 Mar 2021].
- 14 Yuan, Dang 2018: Malaysia's Mahathir dumps Chinese projects amid 'new colonialism' fear, *Deutsche Welle*, 21 Aug 2018, in: <https://p.dw.com/p/33UKg> [7 Jun 2021].
- 15 Fawthrop, Tom 2019: Myanmar's Myitsone Dam Dilemma, *The Diplomat*, 11 Mar 2019, in: <https://bit.ly/3gOFP71> [23 Jun 2021].
- 16 Permadi, Guruh 2020: Sindiran Keras PKS ke Luhut: Ngotot Datangkan TKA China itu Penjajahan Baru, *pojoksatu.id*, 13. May 2020, in: <https://bit.ly/3pb0tRg> [24 Mar 2021].
- 17 DetikNews 2020: Singgung Dajjal, Amien Rais Kritik PDIP dkk Kunjungi Partai Komunis China, 23 Jun 2020, in: <https://bit.ly/3yULi2Y> [24 Mar 2021].
- 18 European External Action Service (EEAS) 2021: ASEAN-EU: 28th Joint Cooperation Committee joint press release, 26 Mar 2021, in: <https://bit.ly/2TDhvM7> [15 Apr 2021].
- 19 Paul, Lewe / Reiß, Alina / Völkl, Barbara / Weiniger, Isabel 2020: A German Pivot to Indo-Pacific? Opinions from the region on the Indo-Pacific Guidelines of the German Government, *Konrad-Adenauer-Stiftung*, 1 Nov 2020, in: <https://bit.ly/3BObLAQ> [21 Apr 2021].
- 20 For example the new programme Neighbourhood, Development and International Cooperation Instrument: Council of the EU 2020: Neighbourhood, Development and International Cooperation Instrument: Coreper endorses provisional agreement with the European Parliament, 18 Dec 2020, in: <https://bit.ly/3l5XdXd> [7 May 2021].
- 21 For Latin America see Grundberger, Sebastian 2020: Strategic Partners under Pressure. Seven Theses on the State of Party-Based Democracy in Latin America, *International Reports* 36: 4, *Konrad-Adenauer-Stiftung*, 1 Dec 2020, pp. 37–48, in: <https://bit.ly/3l5XXeX> [1 Jun 2021]; Blomeier, Hans-Hartwig / Beck, Ann-Kathrin 2020: Mexico's PAN. An Opposition Party with the Potential to Govern?, *op. cit.*, 1 Dec 2020, pp. 49–58, in: <https://bit.ly/2VbE4lw> [1 Jun 2021]; Cardenal, Juan Pablo / Grundberger, Sebastian 2021: The Art of Making Friends. How the Chinese Communist Party Seduces Political Parties in Latin America, *International Reports* 37: 1, *Konrad-Adenauer-Stiftung*, 9 Apr 2021, pp. 70–80, in: <https://bit.ly/3l39tHR> [10 May 2021].