

Chinese Influence and Networks among Firms and Business Elites in the Netherlands

Summary and Recommendations



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Executive summary

1. Europe and the Netherlands have become major destinations of Chinese investment. Increasingly, foreign investment projects are carefully considered parts of a Chinese company's long-term plans of global expansion. Chinese companies do not (or no longer) seek to "buy up" the European economy. For China's emerging multinationals and smaller companies alike, Europe is just one of the world's many arenas where they seek to take to a global level the competition not just with their main foreign (American, East Asian, European) competitors, but also with each other.
2. The China-US trade war and American sanctions have had an impact on EU-China trade and investment, although not always negatively. The rapid deterioration of the perception of China in the Netherlands and elsewhere in Europe has also affected Chinese-invested companies. Some operating in "critical" or "sensitive" sectors like telecommunications or semi-conductors have responded by moving into other sectors or types of products, or by stepping up their public relations effort.
3. Both state and privately-owned Chinese companies are becoming increasingly transnational (fusing domestic and international capital), hybridized (mixed ownership of private and state capital) and financialized (capital routed via listed entities, offshore and onshore).
4. Chinese state-ownership patterns are complicated due to the different layers of governance, authority, and control within the Chinese party-state; informal routes of control and influence; managerial practices and economic governance; external pressures from host institutions and regulation. The analysis of ownership structures must therefore be complemented by work on other modalities of control.
5. One-third of the selection of the main Chinese-invested companies in the Netherlands analysed for this report have a state-owned ultimate beneficiary owner (UBO) holding a controlling stake. The other two-thirds consist of firms that are either privately controlled or have a mix of state-owned and private minority owners. Moreover, state agents increasingly act as venture capitalists who aim at financial returns rather than strategic control.
6. The Chinese business elites on the boards of Chinese companies and their subsidiaries in the Netherlands are often trained abroad, connecting with western companies through shared management positions and more informal business networks. In addition, their

parent companies often recruit Westerners as independent directors and advisors to their boards who act as interlocutors and bridges between China and the West. Together, this globalized Chinese and foreign business elite has strong connections with politics and government in their country or place of origin. We did not find indications of influence of Chinese administrators on Dutch politics.

7. Chinese firms are aware of the importance of local expertise and knowledge for the success of their overseas companies, branches and subsidiaries. The majority of directors of Chinese-invested firms in the Netherlands registered with the Dutch Chamber of Commerce are Chinese, but we also found a significant share of Dutch or other nationalities. Similarly, the management of Chinese companies in the Netherlands usually consists of a combination of Chinese, Dutch and other, mostly Western, nationalities. These managers usually have considerable autonomy regarding operational matters and the implementation of company strategies. The management of state-owned enterprises tends to consist of more Chinese expats who also occupy the most influential positions.
8. Associations, business clubs and personal connections bind Chinese companies and businesspeople into a loose network of support and information exchange both internationally and in the Netherlands. While the companies compete over markets, customers, innovation, financial support and personnel, they also tend to help each other with advice and tips, and the managers build up social relations of both a professional and private nature.
9. Chinese and Dutch government and semi-government agencies facilitate and promote Chinese investment in the Netherlands (often alongside trade and investment in the opposite direction). They play a crucial – yet often overlooked – role in channelling and promoting communication in both directions. These organizations are useful sources of information, knowledge and access, and strengthen Sino-Dutch collaborations. Dutch government organizations have become more selective in their support for foreign investments and attune their services to Dutch local needs and strategic preferences. Chinese organizations tend to be very knowledgeable about the challenges involved in navigating the differences between Chinese and the Dutch markets and business contexts.
10. Many actions of Chinese firms or other actors may be self-interested and may even be a threat to certain interests in Dutch society, but they may very well benefit others. Choices for or against certain forms of Chinese impact on Dutch society are therefore *also* political choices in favour of or against certain interests in Dutch society. This is an aspect of China

policy making that is often overlooked, especially when “national” or “strategic” interests are invoked.

11. Party members are found in many Chinese state-owned institutions and companies abroad. The Chinese Communist Party’s (CCP) overseas party building work specifically targets such Chinese enclaves abroad in order to tie them back into the system at home and counter the localization of Chinese actors.
12. Party building work abroad concerns party members who in principle go abroad temporarily and not those who have emigrated permanently. The latter are subject to the Party’s overseas Chinese policies run by the United Front Department.
13. In state-owned enterprises abroad, the party organization is subject to the joint leadership of the party committee of the headquarters of the company back in China and the party committee of the Chinese embassy or consulate in the host country.
14. Overt party activities are often not possible abroad. Party building activities abroad take place on the basis of “the five non-disclosures”: the non-disclosure of party organization, internal party positions, party member status, internal party documents, and internal party activities.
15. Chinese businesses abroad face multiple or even conflicted pressures. They should expand, grow and make a profit, but also stay attuned to the interests and goals of the CCP. This is also reflected in overseas party building. Improving corporate efficiency, enhancing corporate competitiveness, and maintaining and increasing the value of state-owned assets are the main point of party work in enterprises abroad.
16. Party building work also ensures that enterprises abroad conform when and where needed to the wishes of the CCP. However, this does not necessarily or even primarily concern ideology or political influencing, but China’s larger economic and political aims in international politics, especially strengthening China’s global economic footprint and its public diplomacy and soft power strategies.
17. Overseas party building has been borne from finding solutions to a range of often contradictory, practical problems arising from China’s globalization. It does not constitute a plan hatched in advance and systematically rolled out across the globe. Instead, the Party is learning by doing. Its overseas work is rife with inconsistencies and varies vastly between countries and contexts, including in its limited presence in the Netherlands.

18. There is only limited direct evidence of CCP party building work among Chinese-invested firms in the Netherlands. Some more evidence exists of the role played by the party committees of parent firms in China, but this tends to be indirect and strategic, without involvement in the normal operations of their subsidiaries in the Netherlands. The limited amount of CCP work in Chinese-invested firms has not generated any deliberate influencing in the Netherlands, let alone potentially malign interference.

19. Nevertheless, there is a deliberate drive to step up party building efforts, particularly in those European countries with a larger number and size of Chinese-invested firms, especially state-owned and controlled ones. Moreover, certain Chinese (semi-)state agencies and many Chinese firms are in general committed to overseas party building work. This may very well foreshadow future developments in the Netherlands as the level of Chinese investments continues to grow.

Summary and conclusions of the report

In this report we describe how Chinese business elites are connected to each other and to Dutch and other international business elites. Subsequently, we look at how Chinese and Dutch business elite networks and interactions influence the management, operations and corporate strategies of Chinese-invested firms in the Netherlands. Finally, we analyse to what extent Chinese businesses in the Netherlands are connected to or influenced by the CCP. We describe what role the CCP's organizational structure plays abroad, as well as what purposes this serves.

In the report we start by sketching the development of Chinese firms and investments in the Netherlands, highlighting their main features, driving forces and support structures. We also investigate the ownership structures of the main Chinese-invested firms in the Netherlands. Subsequently, we analyse the business elite and political networks at the headquarters back in China of the main Chinese firms in the Netherlands, as well as those of the directors and management of the overseas subsidiaries in the Netherlands. We then turn to how Sino-Dutch business relations and interactions influence the management, operations and corporate strategies of Chinese-invested firms in the Netherlands.

The final part of our report focusses more explicitly on the connections and influence of the CCP. We start with an analysis of CCP activities and party building more generally in China and abroad, after which we move to an overview of CCP party work at the level of the parent companies of Chinese-invested firms in the Netherlands. Finally we zoom in on party building in the Netherlands itself.

Below, we present the reasons and background of the project, and the methods and data used. After that we summarize the main findings, and conclude with a reflection on their wider implications in the context of growing geopolitical rivalry between the West and China and the politicization of Sino-European relations in the public debate in the Netherlands.

The research was carried out on behalf of the LeidenAsiaCentre by Frank Pieke and Naná de Graaff together with two research assistants. Responsibility for the investigation and content of the report remains solely with Pieke and De Graaff.

Rationale and background

The aim of this research project is to understand better how Chinese firms and business elites operate and network in the Netherlands. The report will focus in particular on the extent and nature of the influence of Chinese governments and the Chinese Communist Party on Chinese-owned or controlled companies in the Netherlands and their subsidiaries.

Chinese business elites, the central and local governments in China and the Chinese Communist Party (CCP) interact with Dutch business networks. In this report we will investigate the extent to which strategies of the Chinese party-state shape or direct the activities of Chinese businesses in the Netherlands, and whether and how this spills over into Dutch-Chinese business relations. The project is primarily about the Netherlands but neighbouring countries are included where Chinese business ties transcend the Dutch national border.

There has been much debate about the influence and possible interference of Chinese interests on Dutch businesses and commercial relations, but so far empirical research into this has been limited. Chinese impact on the Dutch economy and society is inextricably linked to the emergence of China as the largest economy in the world. What is often unclear, however, is the nature of this impact, and to what extent this may harm, or alternatively, serve Dutch public interests.

Much of the public debate builds on *assumptions* about the motives, interests and connections of Chinese business elites and the firms that they lead. Usually, these assumptions focus on the fact that a company is state-owned or has another connection with the Chinese party-state. However, what this state-ownership or state connection implies in terms of corporate governance, management, influence or interference, is rarely analysed. This ignorance is often amplified by assumptions or speculations about “what might happen”, Rumsfeldian known-unknowns about for example software “backdoors” or data leaks that nobody has yet been able to find.

This report builds on the expertise of De Graaff and Pieke in the investigation of Chinese business elites, investments and firms in the Netherlands from two complementary angles: their ties with international business elite networks on the one hand and with the Chinese party-state on the other.

The specific research questions that this project investigates are the following:

1. How are Chinese business elites connected to each other and to Dutch business elites? To what extent and how do Chinese and Dutch business elite networks and exchange influence the management, operations and corporate strategies of Chinese invested firms in the Netherlands?
2. To what extent are Chinese businesses in the Netherlands connected to or influenced by the CCP? What role does the CCP’s organizational structure play abroad and what purposes does it serve?

We approach these two questions from the following, complementary angles:

1. The nature, development and strategies of Chinese investments in the Netherlands (chapter 2). This includes a discussion of business strategies, the institutional and wider (geo)political context, and an overview of the Chinese and Dutch private, government and CCP organizations and businesses involved in Dutch-Chinese business cooperation and networking.
2. Ownership structures of Chinese-invested companies in the Netherlands (chapter 3). Ownership of Chinese companies in the Netherlands varies greatly and is often difficult to capture in a simple private-public binary. We present a typology and examples of ownership structures to illustrate this diversity. We reflect on possible implications for Chinese government and party impact.
3. Networks of Chinese firms and Chinese elites present in the Netherlands (chapter 4). What happens when Chinese subsidiaries of large globalizing firms – as well as smaller enterprises and entrepreneurs – are established abroad? This analysis looks at the business (elite) networks of both the parent firms and the overseas subsidiaries and the interaction between them. It also includes a discussion of the internal organization, management and human resources of Chinese-invested firms in the Netherlands and networking between Chinese and Dutch business elites.
4. The role of the activities and organization of the CCP within Chinese companies active in the Netherlands. This starts with an analysis of CCP activities and party building more generally both in China itself and abroad (chapter 5). We then give an overview of CCP party work within the parent companies of Chinese firms and business organizations that are active in the Netherlands and discuss the (limited) evidence that exists of such party work in the Netherlands itself (chapter 6).

Methods and data

Understanding Chinese investments and business conduct in the Netherlands posed significant challenges to our research. Apart from the highly charged perceptions of China in the Netherlands and the lack of transparency of the CCP's work and methods, it required an approach that would cover the multiplicity of aspects involved, ranging from CCP party building and party work to informal gatherings and networks that include a wide range of Chinese and Dutch organizations and individuals. We therefore used several complementary methods and data, while being aware of the gaps that we would not be able to cover. These include the following:

- Interviews with 40 managers or directors of Chinese-invested firms, intermediaries and key informants in the Netherlands, both Chinese and non-Chinese (see topic list in Appendix 2)
- Information from Chinese, English, and Dutch public sources (media outlets, the Internet, and social media) about Chinese investments and business in the Netherlands and the involvement of Chinese governments or the CCP
- Chinese-language academic literature in the field of Communist Party organization and party building abroad
- Company data from the Dutch Chamber of Commerce (Kamer van Koophandel), the Netherlands Foreign Investment Agency (NFIA), and the Chinese Ministry of Commerce public registry of Chinese companies invested abroad
- (Personal) corporate affiliation data from the Dutch Chamber of Commerce
- Corporate and career data used in earlier studies (De Graaff 2020; Valeeva & De Graaff 2021)

Main findings

Chinese investments in the Netherlands go all the way back to very modest beginnings in the 1980s. In the 1990s and 2000s, Chinese investments entered a new phase, mostly on the initiative of Dutch intermediaries, banks, investors and local governments. Caught up in the hype about China's rise, they initiated plans for Chinese investment projects that often failed to deliver on their expectations.

From about 2010, Chinese investments started to come to the Netherlands in greater numbers, but this time at the initiative of Chinese companies themselves. Some sought to expand their market overseas and chose the Netherlands as convenient trading and distribution hub for the European market. Other companies acquired stakes in Dutch companies for their market access, technologies, products or brands. Yet other acquisitions were those made by private investors or asset management companies.

After the Chinese government restricted capital outflow from China in 2017, Chinese investments dropped suddenly, only to rebound again in 2020 despite the Covid-19 crisis and mounting geopolitical tensions. Currently, Chinese investments in the Netherlands include projects by some of China's largest privately-owned firms that are part of the rapid internationalization of Chinese companies driven by the often fierce competition in China itself.

Based on the data sets compiled for this project, 595 companies in the Netherlands are ultimately owned by mainland Chinese entities or individuals operating in the Netherlands. This includes their manifold regional branches, holdings and subsidiaries registered in the

Netherlands. Chinese-invested companies in the Netherlands tend to be relatively small subsidiaries of often very large state-owned or privately-owned companies. They focus on distribution, marketing, sales, servicing and research & development. Their products are imported either from China or from production or assemblage facilities in Eastern Europe or Asia.

China is home to some of the largest companies and financial institutions in the world that take on each other and their foreign counterparts as competitors across the globe. Their investments in the Netherlands are a modest but significant part of their global strategies. These subsidiaries operate relatively independently from the parent firms. They are staffed by a mix of Chinese expats and locally hired Dutch, Chinese or foreign managers and employees. Geographically they are primarily located in (and around) the three large municipalities in the West of the country, Amsterdam, Rotterdam, and The Hague. Eindhoven is the fourth largest hub of Chinese companies.

Chinese-invested companies are supported by an elaborate infrastructure of Dutch and Chinese firms that provide legal, taxation, IT, marketing, public relations and other services that help tailor their operations to the Netherlands. Associations, business clubs and personal connections tie Chinese companies together into a loose network of support and information exchange. While limited Sino-Dutch interaction and exchange takes place within these networks, there are still clear boundaries between the Dutch and Chinese business communities. This gap seems to widen due to the politicization of the relationship with China and the polarization of the public debate.

Dutch and Chinese government agencies support and facilitate Chinese investments. The degree of strategizing and steering by government agencies varies a great deal and also changes over time. Dutch foreign investment agencies have recently become more selective, supporting only companies that fit the Dutch “eco-systems.” Regarding privately-owned companies, Chinese government agencies tend to focus on the general rhetoric of the Belt and Road Initiative, technological development and innovation (the no longer mentioned but still underlying *Made in China 2025*), and the promotion of general goodwill for China. The guiding and directing hand of the Chinese party and state behind certain state-owned banks and enterprises is much more tangible and explicit. However, this is certainly not true for all state-owned entities, and in all cases profit, expansion, and innovation remain the overriding driving force of their foreign investments. We also found evidence of the explicit intention to learn from the West via foreign directors who are expected to act as independent and critical advisors and interlocutors on the boards of Chinese firms and banks.

Among the main Chinese firms in the Netherlands, half is owned by a private ultimate beneficial owner (UBO); the other half has a state-owned entity as UBO. In a third of these

companies the state has a controlling stake of 50 per cent or more. The other two-thirds consists of firms that are either privately controlled, or firms whose ownership consists of a mix of state-owned and private minority owners. We also found indications of state portfolio ownership. Here the state primarily behaves as a venture capitalist seeking a financial return.

Inferring influence and control from levels of state ownership is complicated by the opaque and complex patterns of dispersed ownership that characterize contemporary Chinese corporations, which have become more transnational, hybridized and financialized over the past decades. In addition, Chinese state ownership patterns are characterized by different layers of governance, authority and control within the Chinese party-state; informal routes of control and influence; westernized managerial practices and economic governance; and external pressures from host institutions and regulations. Conversely, Chinese private ownership is often not devoid of party-state influence and control. This illustrates the need to analyse other modalities of control and influence in Chinese corporations in addition to ownership structures and to treat the latter with care and nuance.

The boards of the parent companies of Chinese firms and subsidiaries in the Netherlands are populated by a globalized Chinese business elite. They are often educated abroad, adopt Western corporate directors as advisors in their midst, and connect to Western businesses through shared board positions and more informal business networks (associations, conferences, economic forums, business clubs). These Sino-Western encounters tend to foster trust, adaptation and consensus around business operations, financial and corporate management and strategy. The integration of this elite contrasts starkly – and is also negatively affected by – the growing geopolitical rift and antagonism between the West and China.

Similar patterns pertain to the management teams and strategies at the level of the Chinese firms in the Netherlands. Although the majority of registered directors of member firms in the Dutch Chamber of Commerce are Chinese, we found a significant share of Dutch nationals and mixed boards. Moreover, the management teams of the majority of Chinese firms in the Netherlands are often mixed, a result of the recognition on the part of the company headquarters of the need to possess local knowledge – an awareness that has only grown over the years.

For most Chinese managers and professionals – as well as CEOs and other influential people in the companies – education and business experience abroad are the standard. This shapes and westernizes their approach to management and business. Their work and exchanges as part of mixed management teams fosters trust building, adaptation and learning, and consensus-shaping around shared principles.

Whilst the CCP most certainly is not a friend of multi-party democracy and vigilance to preserve our system and values is at all times required, the Party first and foremost simply is the organization that shapes, leads and coordinates politics, society and economy in China. With Chinese firms, capital, products and expertise having gone global, the CCP finds it necessary to assume a coordinating and controlling role over China's presence outside its borders. This does not imply that the CCP also wants to have control or coordination over the politics and societies of other countries.

The CCP builds its own organization abroad to reintegrate back into its system the foreign extension of Chinese society and economy: Chinese projects, Chinese enterprises, and Chinese students. The Party treats these as being "inside the system": Chinese enclaves organized along Chinese principles, serving Chinese interests and dealing with their foreign environment on (hybridized) Chinese terms. Party building ensures that Chinese actors abroad do not stray too far from the interests, plans and objectives of the CCP and its vision for the Chinese nation. The need for this is evidently so great that it in countries where CCP party work is discouraged or even forbidden, the Party is happy to operate covertly or under the guise of team building and corporate culture.

Overseas party work caters to three quite different agendas. First, party building work principally helps Chinese businesses in their local operations and strengthens the brand of Chinese business. Second, party building ties Chinese actors abroad to the system back home and the interests of the CCP. Third, party building work also contributes to China's foreign policy strategy in promoting the "Chinese story," the "Chinese way", the "Belt and Road" and the "shared community of mankind."

Direct party building in the Netherlands is still limited, especially when compared to other countries, including some in Europe. Subsidiaries or offices in the Netherlands of all Chinese-invested companies we have interviewed for this research have a great deal of autonomy in their operations and business strategy. All subsidiary companies that we have had the opportunity to speak to have come to the Netherlands as part of the parent company's global expansion. Their aim is to grow and turn a profit rather than serve China's foreign policy objectives or exert influence over Dutch society.

With a few exceptions, private companies or joint ventures in the Netherlands operate largely free from the organizational and political influence of the Party. Subsidiaries of larger companies, particularly those partially or wholly owned by the state and former state enterprises, nevertheless experience the influence of the party organization of the parent company, but this does only have a limited impact on the conduct of their business in the Netherlands. Only strategically placed state-owned enterprises, organizations and banks are

involved in party building activities and serve the strategic aims of the CCP in addition to their own business interests.

The spectre of Chinese interference

A wave of mainly think tank reports has recently been published on Chinese influence, influencing and interference in Western countries. This started around 2017 when the honeymoon between China and the US and other western countries was well and truly over. Concerns began to mount about Chinese unfair trade practices, government support for Chinese companies, technology theft, and more generally a CCP strategy to use China's mounting global economic footprint to challenge Western hegemony.

An escalation is taking place in the presentation of the multitude of ties between China and other countries, particularly countries that are part of the global West. Think tank reports, briefings, policy documents and especially media reporting on China are involved in a race to the bottom, seeking to unearth ever more pernicious facts about the threats that China poses.

This threw another, more sinister light on the plethora of government and non-government ties with China. Local government friendship ties, public diplomacy, research cooperation and exchange, talent recruitment programmes, overseas Chinese policies and more were seen as part of a deliberate strategy on the part of the Chinese Communist Party to gain influence in foreign countries, or even to interfere in democratic politics and undermine democratic political systems. Business ties or investments were also assumed to be included as part of this strategy, particularly where investments in "critical infrastructure" were involved.

Much of this is important to bring to light, but quite a bit is also a matter of framing whatever ties with China that politicians, civil servants, academics, businesspeople and other elites might have as dangerous or ill-intended by default. Such politicization of China ties is already beginning to make victims in Australia, America and Europe, and is alarmingly limiting the range of acceptable opinions in public debate.

Chinese influencing and on occasion even interference certainly exist, as well as espionage, IP theft and strategic acquisition of critical infrastructure. China most certainly is already a major military power, challenging other great powers in many domains, especially at or near its borders and at sea and in cyberspace. In other words, China is beginning to behave like a superpower that seeks to project its power across the world.

Some of what the Chinese government or other Chinese actors do does indeed constitute a challenge or even a threat to the interests of other countries. It is, however, vital to parse illicit or damaging behaviour from fair play. Governmental officials or agencies trying to gain influence abroad in order to promote China's interests or garner support for its point of view;

companies trading, investing and competing as part of their plans for global expansion; or universities cooperating with foreign counterparts are all doing what foreign actors from any country would do. Moreover, there is a risk that the Netherlands with the rest of Europe gets caught up in a powerplay between the US and China. The EU and the Dutch government are best advised to chart an independent course with regard to China based on critical engagement rather than alienation.

In our view it is not in the interest of the Netherlands to treat China as a unified, hostile entity that comprehensively has to be kept at bay, contained, or even fought. This is true even though the Chinese Communist Party clearly has a tighter grip on Chinese society than we often find comfortable or in line with our own values. In line with the Dutch government China strategy of 2019, we propose to distinguish the benefits of collaborating with China from the actual or potential risks. We have to engage critically, carefully and selectively. We have to build adaptive relations based on the identification of mutual dependencies, needs and complementarities, as we have found already to be the case in the vast majority of Sino-Dutch business relations.

China policy is not a matter of a choice between crass material interests and lofty values and ideals, or as it is often put in Dutch, choosing the “merchant” or the “preacher.” It is also not a matter of choosing between security and wealth. To have a shimmer of hope to have any influence on the repression of the Uighurs, the imposition of national security legislation in Hong Kong, or the threats against Taiwan at all, we need to identify who our potential partners in China might be and what their interests and perspectives are. This will help us strengthen those relations – be they in business, academia, commerce, non-profit or politics – rather than alienate them from us, due to ignorance or self-aggrandizement.

In navigating the balance between openness and protection, between opportunity and risk, we should take to heart the words of a prominent Chinese scholar of international relations who recently criticized the Chinese government for being too much preoccupied with national security and the conflict with the US:

If a country wants to pursue absolute security, it must cut off economic and trade relations and practice independence and self-reliance (...) However, this is not only unrealistic, but also brings greater security risks to the country. The country will not be able to use the global market to expand its production, improve the efficiency of its own production, and will not be able to learn from other countries. This can only lead

to inefficiency and backwardness, and as a result, the country will only be more insecure in the end. Therefore, although the pursuit of national security is in the national interest, the pursuit of absolute national security is neither realistic nor desirable, and the result will only be counterproductive.¹

¹¹ Jia Qingguo 贾庆国. “对国家安全的特点和治理原则之思考” (Thoughts on hallmarks of national security and principles of governance), 爱思想, 29 December 2021.

Recommendations

Chinese businesses in the Netherlands make important contributions to the Dutch economy. But they also present a formidable competition. Chinese businesses have incorporated international business and management practices and have adapted to the requirements of the economies and political systems in other parts of the world, including Europe. However, they remain rooted in a distinctive political economy controlled by an immensely powerful one-party state.

Particularly under Xi Jinping, the CCP has increased its grip on society, including its (private) companies and business elites. With the international expansion of these businesses this grip of CCP has also expanded and internationalized. To optimize the benefits of Sino-Dutch exchanges while limiting the negative impacts, we should refrain from cutting off or restricting exchanges and relations with Chinese firms and businesspeople. Dutch businesses, society and government should stay critically engaged with their further integration in the global economy, including here at home in the Netherlands. Below we give a few suggestions for how this could be done.

As long as Chinese businesses in the Netherlands have important contributions to make to the Dutch economy or society their growth and further integration should not be restricted or rolled back. This should be done in the full awareness of their roots and continued connections with an economic and political system that in some (but by no means all) ways is very different from the Dutch.

1. In order to facilitate the integration of Chinese-invested firms and monitor their activities, existing mechanisms and organizations that act as supporters of Sino-Dutch collaborations, such as the Netherlands Foreign Investment Agency (NFIA) and the Association of Chinese Enterprises in the Netherlands (ACIEN), should be strengthened. In addition, it may be worthwhile to set up an independent platform as a meeting place to share expertise, knowledge, best practices and advice for Dutch national and local government agencies, Chinese businesses and business organizations, as well as for Dutch businesses. This platform could also be used to liaise with similar organizations elsewhere in Europe.
2. Dutch government policy making regarding Chinese investments should build on existing best practices of adaptation, reciprocal cooperation and facilitation like some of those that we identified in this report. These include the past cooperation with the Chinese embassy in the Association of Chinese Enterprises in the Netherlands (ACIEN); the NFIA policy of selective and strategic facilitation of greenfield investments; working actively

together with the existing elaborate infrastructure of firms, service providers and organizations in disseminating and promoting Dutch (and European) business practices, rules and regulations.

3. Mixed boards and Sino-Dutch business exchanges should be encouraged to strengthen mutual trust and adaptation and disseminate European corporate governance practices, rules, values and standards regarding. Such boards also generate inter-cultural sensitivity, learning and understanding, and facilitates for Dutch firms access and adaptation to the Chinese market and society. Discouraging Dutch membership on Chinese boards and Chinese membership on Dutch boards will increase decoupling between China and the West and add fuel to the systemic rivalry that is currently unfolding.
4. Policy making regarding Chinese-invested firms and Sino-Dutch business relations should identify clear “red flags.” These red flags should not be limited to investment screening before an investment occurs, but should also include activities of already invested Chinese firms that run counter to the interests, system, or values of the Netherlands. These red flags should be public, clearly communicated and monitored. If transgressions occur, an enforcement mechanism should trigger warnings, demands for compulsory rectification, and, if needed, proportional sanctions imposed on the transgressing party in accordance with the appropriate Dutch, European or international rules and regulations.
5. Monitoring is also required of the degree and especially the nature and aims of Chinese Communist Party building in the Netherlands. However, this ought not be premised on the assumption that all types and aspects of such party building must run counter to Dutch interests. Party building chiefly targets party members abroad with the aim to tie them firmer into the system back in China. As long as this stays within the confines of Dutch law and does not facilitate unwanted influencing or interference in Dutch affairs, this is from a Dutch perspective neither particularly good nor particularly bad, but should be considered a normal aspect of the Chinese presence in the Netherlands.
6. The quality and accessibility of data and information on Chinese investments and Chinese firms present in the Netherlands should be improved and better coordinated. This data should be made publicly available and be regularly updated. In order to facilitate well-informed policy making and (public) debate, policy makers, journalists, researchers, and practitioners need access to reliable, valid, complete and current information and data on Chinese investments and Chinese firms in the Netherlands.

7. Further research is needed to expand and firm up the scope of this project. First, the impact of Chinese-invested firms in the Netherlands should be investigated for specific, critical sectors of the Dutch economy (for instance semi-conductors and electronics, logistics and transport, biotechnology, agriculture and food). Second, the role of Chinese executives and directors in global business elite networks and in Western multinationals is not yet sufficiently understood. This includes the role and influence of Chinese directors on Dutch corporate boards. Third, we do not know enough about how Dutch-invested companies in China adapt to and integrate in the Chinese economy and society, and the impact of these adaptations on their business strategies and behaviour elsewhere and especially in the Netherlands.