



## China Reform Monitor No. 1367

April 22, 2019 **Joshua Eisenman**

**Related Categories:** Democracy and Governance; International Economics and Trade; China; Europe

### **PENTAGON JITTERS OVER GOOGLE-CHINA COLLABORATION**

Tech giant Google has requested a meeting with General Joseph Dunford, chairman of the joint Chiefs of Staff amid growing political tension over the company's artificial intelligence (AI) work in China. "In my judgment, us assisting the Chinese military in advancing technology is not in U.S. national interests," Dunford said. At a Senate hearing last month, Dunford said Google was indirectly helping China's military, comments that President Donald Trump later tweeted. Google AI lab in Beijing, which opened in 2017, is the key cause of concern. The lab is developing TensorFlow, a critical part of Google's expansion strategy that uses "research on natural language understanding and market algorithms." (*Bloomberg*, March 21, 2019)

### **A STERNER EUROPEAN LINE ON CHINA**

"The era of European naivety is over. I have called from the beginning for a European sovereignty, against powers like China and the U.S. For years we have gone up against China each on our own, and they played off it," French President Emmanuel Macron said after a summit with EU leaders in Brussels. "China today for us is a competitor, a partner, a rival. We can't construct something stable on the basis of persistent imbalances," noted Jean-Claude Juncker, head of the European Commission. At the summit, EU leaders backed an update of the competition framework that recognizes China as an economic threat. The EU Commission is seeking to set rules for foreign state-owned firms in the EU market, and is considering penalties against countries whose procurement markets remain closed to European companies. (*Bloomberg*, March 22, 2019)

### **CHINA, ITALY DRAW CLOSER**

U.S. officials are sounding off on the growing economic collaboration between Rome and Beijing. "Italy is a major global economy and great investment destination. No need for [the] Italian government to lend legitimacy to China's infrastructure vanity project," Garrett Marquis, a spokesman for the White House's group of national security advisers, has said.

Italian policymakers, however, are heading in the opposite direction. Chinese President Xi Jinping and Italy's Prime Minister, Giuseppe Conte, have just inked a MoU on the BRI, along with 29 other agreements. The package is worth an estimated \$22.64 billion, and makes Italy the first G7 nation to formally join China's "Belt and Road." It encompasses two port management deals, which were signed between China Communications Construction and the ports of Trieste and Genoa. The latter serves as Italy's largest port, while Trieste offers China access to landlocked markets in Austria, Hungary, the Czech Republic, Slovakia and Serbia. Other deals cover satellites, e-commerce, agriculture, beef and pork, media, culture, banking, natural gas, steel, innovation and science, and trade. A bilateral finance ministers' dialogue mechanism was also established. President Xi was greeted at the presidential Quirinale Palace in Rome by guards on horseback – an honor last bestowed on then-Pope Benedict XVI in 2010 – and attended a gala dinner and concert. "China and Italy are partners on a strategic level, they have mutual respect and trust for each other," Xi said in his speech. (*Reuters*, March 9, 2019; *South China Morning Post*, March 23, 2019)

### **ANOTHER BILLION FOR SRI LANKA**

China will loan Sri Lanka another \$989 million to build an expressway connecting the island nation's tea-growing central region to the China-run Hambantota seaport. China's Ex-Im Bank will provide a loan covering 85 percent of the contract price for the Central Expressway Project, the total cost of which is \$1.16 billion. Ambassador Cheng Xueyuan and finance ministry Secretary R H S Samararatunga signed the loan agreement in Colombo. The expressway will provide "uninterrupted connectivity" from district towns to the port, an airport near Colombo, and the Kandy region where Ceylon tea grows. The loan comes even as Sri Lanka struggles to repay \$5.9 billion in foreign, largely Chinese, infrastructure loans. (*Washington Post*, March 22, 2019)