



## China Reform Monitor No. 1510

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**Related Categories:** Intelligence and Counterintelligence; Science and Technology; China; Europe

### CONGRESS TARGETS UNIVERSITY INVESTMENTS IN HOSTILE CHINESE FIRMS

Congress is going after investments in problematic Chinese companies by America's top universities. Representative Greg Murphy (R-NC) is drafting the Protecting Endowments from Our Adversaries Act to cut U.S. university endowment investments in abusive or hostile Chinese entities. The legislation would "disincentivize" university endowments from investments in firms engaged in any "activities sanctioned by the State Department and activities contrary to U.S. national security and or foreign policy interests." It calls for a 50 percent excise tax on the principal and a 100 percent excise tax on any profits. Murphy, who expects "a lot of interest from a lot of folks in both houses," has sent letters to the 15 private universities with the largest endowments (a combined value of \$331 billion), including Harvard, Yale, Duke and MIT, asking them to purge their portfolios of "entities that are supporting the imprisonment of Uyghur Muslims or aiding the Russian Federation's horrific invasion of Ukraine" or any "adversarial entities" on U.S. government sanctions lists. Last month, Senator Marco Rubio (R-FL) introduced a bill that would prohibit universities from collaborating with Chinese institutions "in areas of cutting-edge technology that could improve the PLA's ability to wage war against the U.S. and its allies." Rubio and Senator Mark Warner (D-VA) convened a meeting in April that included the FBI, the Office of the National Director of Intelligence, and several dozen college presidents to voice their concerns. (Politico, June 9, 2022)

### UK UNIVERSITIES FACE SANCTIONS FOR CPC MONEY, CURBS ON FREE SPEECH

The British government is amending its Higher Education (Freedom of Speech) bill to require that universities share details of financial arrangements with China. Any funding from "foreign actors" exceeding £75,000 must be declared by universities and student unions, or they risk being sanctioned. The proposals also ensure that security costs for events on campuses are not passed on by universities, colleges and student unions to prevent "no-platforming by the back door." "We are taking new action to protect our universities from undue foreign influences that work against British values," said Universities Minister Michelle Donelan, who added that it was important to "ensure we remain one of the most academically free countries in the world." (Telegraph, June 13, 2022)

### GERMANY TURNS AWAY FROM CHINA

Statements by top German officials indicate a major policy shift on China is currently underway in Berlin. Foreign Minister Annalena Baerbock has called for a transparent investigation of China's human rights abuses in Xinjiang. Finance Minister Christian Lindner has called to reduce Germany's economic dependence on China as quickly as possible. Vice-Chancellor and Economy Minister Robert Habeck is advocating that Germany distance itself from China: "We are diversifying more actively and reducing our dependency on China. Upholding human rights weighs heavier." And speaking at the World Economic Forum in Davos, German Chancellor Olaf Scholz expressed concern over China's growing power. China cannot be isolated, he noted, but "neither can we look the other way when human rights are violated the way they are now in Xinjiang." In May Scholz broke with tradition and chose Japan, not China, as the destination for his first trip to Asia. In their coalition agreement, the center-left Social Democrats, the neoliberal Free Democrats, and the Greens wrote: "To uphold our values and interests in the systemic rivalry with China, we need a comprehensive China strategy in Germany within the framework of joint EU-China policy." (Deutsche Welle, May 27, 2022)

### ITALIAN PM VETOES ANOTHER TECH TRANSFER TO CHINA

Italy's Prime Minister, Mario Draghi, has vetoed another transfer of technology and software to China in a deal involving industrial robot maker EFORT Intelligent Equipment. Earlier this year, Chinese investors announced they would to raise their stake to 49% from 40% in Italian firm ROBOX, which designs and manufactures electronic components for robotics and motion control systems. In addition to the increased ownership stake, which is worth 2 million euros (\$2.14 million), the deal envisaged that ROBOX would authorize EFORT to use its source codes. But now Draghi's government has prevented ROBOX from transferring this technology. This is the sixth time Rome has stepped in to beat away tech transfers to China, and the fifth time under Draghi's government. In March, he annulled a 2018 sale of a military drone company to Chinese investors. (Reuters, June 7, 2022)

## **ESTONIAN WOMAN CONVICTED OF SPYING FOR CHINA**

Gerli Mutso was sentenced to eight and a half years in prison for participating in and supporting intelligence activities against Estonia on behalf of the People's Republic of China. During the trial, the court said there was evidence that Mutso had knowingly and deliberately engaged in activities that would benefit the intelligence services of China and harm the interests of her home country. Mutso collaborated with another Estonian citizen, who was sentenced last year to three years in prison on similar charges. (Politico, June 4, 2022)