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Spring 2020

Discourse on the ‘Made in China 2025’ Strategy in Germany

How do Chinese Soft Power ambitions and the MIC 2025 strategy in Germany correlate?

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M.Sc.: China and International Relations

Keystrokes: 127,497

Abstract

As soft power as a policy has entered the official Chinese government discourse in the 2000s, the government has put a lot of effort and money into promoting the idea of China's extraordinary economic rise as an opportunity for other countries and countervailing the persistent perception of China as a threat to global order. When the national strategy 'Made in China 2025' was promulgated in 2015, the Chinese government declared its ambitions to turn China into a manufacturing superpower by formulating nine strategic goals targeting ten key sectors that all aim at improving China's innovative capacities. The implementation of the strategy and its outward dimension that explicitly supports Chinese enterprises to acquire key technologies abroad lead to a surge of Chinese outward foreign direct investment in Europe in 2016, especially targeting sectors that are viewed as crucial to the future development of European economy. The acquisition of the German robotics manufacturer KUKA that is one of the global leaders in production and innovation in its field by the Chinese firm Midea depicted a critical case that led to voices calling for protectionist measures in not only Germany, but overall Europe becoming louder.

This thesis seeks to analyse how Chinese soft power ambitions that are aimed at easing the 'China as a threat' perception since decades and the implementation of the Made in China 2025 strategy in Germany correlate. By the application of the theoretical concepts of soft power and techno-nationalism, the implications of the outward dimension of the MIC 2025 in Germany are analysed. Through the analysis of newspaper coverage, think tank policy reports and surveys, it is argued for a possible soft power gain for China by successfully implementing the MIC 2025. This thesis finds that even though the MIC 2025 has constituted an opportunity for a soft power gain, it was perceived as threatening in the Western world and thus led to a discussion about protectionist measures. While Chinese government officials became aware of the MIC 2025 pushing the goal of China becoming a 'manufacturing superpower' promotes an aggressive image of China as a rising power, they dropped the use of the term in its rhetoric without dropping to pursue the strategy's overall goals.

Keywords: China, Germany, Made in China 2025, KUKA, Chinese Outward Foreign Direct Investment, Soft Power, Techno-nationalism

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List of Abbreviations

BDI	Federation of German Industries
BRI	Belt and Road Initiative
COCA	Corpus of Contemporary American English
CPC	Chinese Communist Party
DeReKO	German Reference Corpus
EU	European Union
FGC	Fujian Grand Chip Investment
GDP	Gross domestic product
GVC	Global value chains
M&A	Mergers & Acquisition
MIC 2025	Made in China 2025
NOW	News on the Web
OBOR	One Belt, One Road Initiative
POE	Private-owned enterprise
R&D	Research & Development
SOE	State-owned enterprise
US	United States of America
WTO	World Trade Organisation

1. Introduction

With the implementation of the former Chinese Communist Party leader Deng Xiaoping's reform and opening up policy in 1978, China's economy which has formerly been isolated effectively integrated into the global market and attracted high amounts of Foreign Direct Investment (FDI)¹ leading to an outstanding economic performance with the country experiencing a GDP growth averaging at almost 10% per year up until 2008.² The economic development since the late 1980s helped the country to grow three times faster than the global average, becoming the second largest global economy after the United States (hereinafter US) in 2010³ as well as the world's largest trading nation and largest holder of foreign currency reserves.⁴ While China did not only expand its bilateral ties, it incorporated a more active and responsible role in multinational institutions and transformed itself from obeying to international norms to being part of the global economic community. Nevertheless, as the GDP growth has slowed down in recent years and China is facing several domestic economic challenges, further reforms are needed to ensure broad, sustainable and equitable growth in the future.⁵ Upgrading the country's ways of production could boost productivity and add value to exports to occupy a higher position in global value chains (hereinafter GVC). To enable this development, Chinese policy makers need to improve the framework conditions for innovation.⁶

As a large share in the industrial output of Western developed countries is contributed by high-tech industries⁷ and China's industrial production technology is still at a very low level,⁸ one of China's domestic challenges is constituted by its strong need to upgrade its production with innovation efforts which require improved framework con-

¹ Fang, Yuanyuan; Zeng, Jin (2014). Between poverty and prosperity: China's dependent development and the 'middle income trap'. In: *Third World Quarterly*. Vol. 35, No. 6. p. 1019.

² OECD (2013). The People's Republic of China – Avoiding the middle-income trap: Policies for sustained and inclusive growth. *OECD Better Policies*. p. 2.

³ Fang; Zeng, 2014. Op. cit. p. 1014.

⁴ Huang, Yiping; Vandenberg, Paul; Zhuang, Juzhong (eds.) (2015). The middle-income transition challenge. An introduction. In: *Managing the Middle-Income Transition. Challenges Facing the People's Republic of China*. Cheltenham: Edward Elgar Publishing Ltd. p. 5.

⁵ OECD, 2013. Op. cit. p. 1.

⁶ OECD, 2013. Ibid. p. 5.

⁷ Conrad, Björn; Ives, Jacqueline; Meissner, Mirjam; Wübbecke, Jost; Zenglein, Max J. (2016). *Made in China 2025. The making of a high-tech superpower and consequences for industrial countries. MERICS Papers on China, Vol. 2*. Berlin: Mercator Institute for Chinese Studies. p. 50.

⁸ Conrad et al., 2016. Op. cit. p. 11.

ditions.⁹ With the national strategy Made in China 2025, in Chinese ‘中国制造2025’, (hereinafter MIC 2025) which has been developed in the context of multiple interconnected policies seeking domestic innovation, including the 13th Five-Year Plan, China’s State Council presented an ambitious plan in 2015 targeting the development and consolidation of China’s manufacturing industry.¹⁰ Through modernisation of the production structure the Chinese government aims at not only becoming a leader in innovation at an international level,¹¹ but turning the country into a ‘manufacturing superpower’ over the coming decades.¹² With the promulgating of the MIC 2025 during the National People’s Congress in March 2015 by the Chinese premier minister Li Keqiang, the government reacted to the domestic and international challenges that China’s manufacturing industry faces which the Chinese president Xi Jinping has acknowledged a year prior to the implementation of MIC 2025 stating that China’s capacity in indigenous innovation is still weak and that the state remains dependent on others in regard to key technologies.¹³

The plan that is laid out until 2049, the country’s 100 year anniversary, focussing overall on the improved quality of Chinese products, the creation of domestic brands, the development of cutting-edge technologies, research on materials and production of key parts¹⁴ for ten prioritised industries: information technology, high-end numerical control machinery and automation, aerospace and aviation equipment, maritime engineering equipment and high-tech vessel manufacturing, rail equipment, energy-saving vehicles, electrical equipment, new materials, bio-medicine and high-performance medical apparatuses as well as agricultural equipment.¹⁵ The strategy specifically formulates nine strategic goals, namely to foment innovation, to promote integrated manufacturing with the use of digital and high technology, to strengthen the general industrial base, to improve product quality and create Chinese global brands, to concentrate efforts on eco-

⁹ OECD, 2013. Op. cit. p. 5.

¹⁰ Institute for Security & Development Policy (2018). *Made in China 2025. Backgrounder*. June 2018. <https://isdip.eu/content/uploads/2018/06/Made-in-China-Backgrounder.pdf> (14.05..2020).

¹¹ Balderrama, Renato; Trejo, Amado (2018). “Made in China 2025”. *Industrial Transformation with a Global Reach*. In: *ReVista. Harvard Review of Latin America*. Vol XVII, No. 1. pp. 63-64.

¹² Conrad et al., 2016. Op. cit. p. 6.

¹³ European Union Chamber of Commerce in China (2017). *China Manufacturing 2025. Putting Industrial Policy Ahead of Market Forces*. http://docs.dpaq.de/12007-european_chamber_cm2025-en.pdf (14.05.2020). pp. 7-8.

¹⁴ Li, Ling (2018). China’s manufacturing locus in 2025: With a comparison of “Made-in-China 2025” and “Industry 4.0”. In: *Technological Forecasting & Social Change*. Vol. 135. p. 67.

¹⁵ Li, 2018. Op. cit. pp. 67-68.

logical means of manufacturing, to restructure industries for greater efficiency and production, to improve service industries, to globalize Chinese manufacturing industries and lastly to carry out technological innovations in the beforementioned ten priority sectors with high value-added.¹⁶ With the will to launch an economic transformation from labour intensive to knowledge intensive manufacturing¹⁷ which becomes evident by the establishment of the MIC 2025 strategy Chinese policy makers acknowledge that a framework for innovation is a necessity to further foster China's economic well-being.

Even though there are several reasons for the global economy to welcome China's will for manufactural upgrading as, for instance, foreign tech suppliers will initially greatly benefit due to the remaining dependency on foreign technology which forces to import in order to innovate, China's newest technology policy is often seen as challenging for international companies and economies.¹⁸ The introduction of MIC 2025 resulted in openly expressed worries about Chinese state-led investments by European and American policy makers¹⁹ which could arguably stand in contrast to the Chinese intention of building up the country's soft power, an ambition that became part of the government's official discourse during Hu Jintao's presidency.²⁰ As quality problems of Chinese products have had a negative impact on the country's international image and therefore its soft power in the 2000s,²¹ the promotion of Chinese brands and the will to defend the country's status as the factory of the world by turning it into a 'manufacturing and Internet superpower' as advertised by MIC 2025 is supposed to not only help avert several economic challenges, but also strengthen the image of China in other parts of the world as the technological innovation and capabilities of a nation are often directly linked to its security, economic prosperity and social stability.²²

As China is still dependent on foreign supply of high-end machine tools, smart sensors and other technologies to fulfil the innovation-driven framework that the MIC

¹⁶ Balderrama; Trejo, 2018. Op. cit. p. 64.

¹⁷ Li, 2018. Op. cit. p. 67.

¹⁸ Conrad et al., 2016. Op. cit. p. 12.

¹⁹ Chatzky, Andrew; McBride, James (2019). Is 'Made in China 2025' a Threat to Global Trade? 13.05.2019. In: *Council on Foreign Relations*. <https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade> (14.05.2020).

²⁰ Li, Xin; Worm, Verner (2011). Building China's Soft Power for a Peaceful Rise. In: *Journal of Chinese Political Science*. Vol. 16. p. 71.

²¹ Li; Worm, 2011. Ibid. pp. 84-85.

²² Capri, Alex (2019). Techno-Nationalism: What Is It And How Will It Change Global Commerce? In: *Forbes Media LLC*. 20.12.2019. <https://www.forbes.com/sites/alexcapri/2019/12/20/techno-nationalism-what-is-it-and-how-will-it-change-global-commerce/#4e271b82710f> (14.05.2020).

2025 proposes,²³ Chinese Outward Foreign Direct Investment (COFDI) targeting Europe surged in 2016 reaching 35 billion USD with Chinese firms acquiring assets in strategic sectors of the European Union (hereinafter EU).²⁴ The Chinese Midea group's 4.5 billion Euro acquisition of the German robotics firm KUKA has depicted a critical case as it sparked a highly protectionist discussion about COFDI and China's technological ambitions, in not only Germany, but in Europe²⁵ which is contradictory to the Chinese government's agenda of extending its soft power. Only two years later and four years after its far-reaching announcement, the usage of the term MIC 2025 by Chinese authorities came to a sudden halt. Even though the plan's objectives are continuously pursued with excessive amounts of money from central and local governments directed at the development of new industries, the Chinese government is only underlining the necessity of developing high quality manufacturing instead of referring to the MIC 2025 strategic plan. This has led to the following problem formulation:

1.1 Problem Formulation

How do Chinese Soft Power ambitions and the MIC 2025 strategy in Germany correlate? – exemplified by the acquisition of the German robotics firm KUKA by the Chinese Midea group

2 Methodology

To find an answer to the presented problem formulation, certain methodological considerations have to be taken into regards. The subsequent chapter will present the choice of theories and their applicability to the issue at hand. Furthermore, the choice of data will be outlined and the underlying considerations for its application will be provided. The analytical approach that guides the analysis will be accounted for and the limitations which this thesis is subject to will be described. Furthermore, a chapter on scholarly literature on China and soft power will be included.

²³ Conrad et al., 2016. Op. cit. p. 37.

²⁴ Gippner, Olivia; Rabe, Wiebke (2017). Perception's of China's outward foreign direct investment in European critical infrastructure and strategic industries. In: *International Politics*. Vol. 54. p. 472.

²⁵ Hoojimaaijers, Bas (2019). Blackening Skies for Chinese Investment in the EU? In: *Journal of Chinese Political Science*. Vol. 24. p. 452.

2.1 Choice of Theory

Even though MIC 2025 describes a strategy that is not fully implemented yet, its creation is aiming at turning China into a favourable ecosystem for entrepreneurship and innovation at a global level instead of only being ‘the world’s factory’, how China is often referred to in international media due to its enormous production capacity in low-value added goods.²⁶ In order to analyse if MIC 2025 is possibly changing the perception of China and moreover Chinese goods in Europe, it is required to understand the theoretical concept of soft power as well as techno-nationalism. Therefore, this chapter will succinctly provide an overview of theories chosen to analyse how the strategy is perceived in Europe. First, it will present the theory on soft power which was coined by Joseph S. Nye with a clear demarcation to hard power tools. Further, the theoretical concept of techno-nationalism as understood by David E. H. Edgerton will be introduced who discusses the relations of nations and technology in terms of invention and innovation. Moreover, it will be elaborated on the relevance of this theories in regard to the problem formulation.

Applying Joseph S. Nye

In order to find an answer to the problem formulation, the concept of soft power will provide the theoretical background for a thorough analysis. Soft power in contrast to hard power affects others by the promotion of a country’s foreign policies, political values and cultures in a way that leads to the outcomes the respective governments thrives for. As results of soft power strategies are always fully dependent on the target audience, take a long time to become visible and are never completely in control of governments, soft power strategies come along with these difficulties.²⁷ Due to the gap between government intentions of the MIC 2025 strategy and the foreign reactions, and especially the reactions of German government officials to the acquisition process of KUKA, the difficulties described by Nye’s theory become visible which makes the theory highly applicable.

²⁶ Balderrama; Trejo, 2018. Op. cit. p. 64.

²⁷ Nye, Joseph S. (2012). China and soft power. In: *South African Journal of International Affairs*. Vol. 19, No. 2. pp. 151-153.

Applying David E. H. Edgerton

The concept of techno-nationalism which uses the nation as the key unit to study technologies stands in contrast to techno-globalism describing that technology is binding the world closer together. Edgerton, by following a techno-nationalistic approach, evolves the assumption that the impression of a country's national economic and technological performance is in general determined by the rates of innovation of the said nation.²⁸ As China's export is mostly low-tech, for example textiles, and the country did so far not develop a powerful local technological infrastructure,²⁹ China needs to increase its rates of innovation in order to be seen as economically and technologically superior according to this hypothesis. Due to the MIC 2025 strategy implementing mechanisms to support an environment favourable for innovation, the concept of techno-nationalism is found well applicable to the analysis of the issue at hand.

2.2 Choice of Data

To analyse the presented problem formulation under the application of Nye's soft power concept theory and Edgerton's concept of techno-nationalism a variety of data sets have been determined and found applicable to this thesis. These manifold data sources will be presented in the subsequent chapter and the basic assumptions about their respective value to the analysis of the issue at hand will be presented succinctly.

With the analysis of a selection of national-level newspaper articles from major German media sources against the theoretical backdrop, it will be seen if Chinese soft power ambitions can be realised. By analysing how the Chinese policy MIC 2025 aimed at increasing domestic innovations is depicted in European newspapers, a better understanding of the connotations of this strategy will be accomplished. A focus will be laid on economic newspapers or magazines, like the German *Handelsblatt*, to investigate recommendations for European entrepreneurs given by the media. Furthermore, Chinese newspapers will be taken into regard when appropriate.

To further understand the way German stakeholders view the strategy, it is helpful to look at publications of think tanks, such as the German Mercator Institute of Chinese Studies,^{30,31} which not only analyse MIC 2025 from a European point of view but fur-

²⁸ Edgerton, David E. H. (2007). The Contradictions of Techno-Nationalism and Techno-Globalism: A Historical Perspective. In: *New Global Studies*. Vol. 1, Iss. p. 5.

²⁹ Edgerton, 2007. Ibid. p. 31.

³⁰ Conrad et al., 2016. Op. cit.

ther feature recommendations for policy makers and entrepreneurs. This may be especially helpful to fully grasp the connotations attributed to this new strategy.

As Nye argues in his theory that even though the attraction generated by soft power resources is hard to define, it could be measurable by asking people's opinion through polls and focus groups,³² this thesis will also take soft power surveys, such as the Pew Research Center's Global Attitudes Survey,³³ into consideration to underline the argumentation. With the investigation focussing on the effects of the MIC 2025 in Europe, it is required to limit these surveys to a place, Germany, and a time, after the establishment of the strategy in 2015.

Moreover, to gain a comprehensive perspective on the economic and technological reasons for the acquisition of KUKA in 2016, different scholarly literature that focuses on the strategic reason for COFDI will be applied throughout the thesis.

2.3 Analytical Approach

In order to analyse how the implementation of the Chinese MIC 2025 strategy in Germany, especially looking at the acquisition of the German robotics firm KUKA by the Chinese Midea group, is correlating with Chinese soft power ambitions, this thesis makes use of Nye's theory of soft power as well as Edgerton's concept of technonationalism.

Firstly, the examination of the correlations of Chinese soft power ambitions and the MIC 2025 strategy requires to understand the development of Chinese soft power since it became an official part of governmental policies in the early 2000s to provide a comprehensible background.

The analysis will follow a chronological timeline of actions during the process of implementation of the MIC 2025 strategy, as this provides a comprehensive overview of the developments that lead to the drop of the strategy in the official Chinese government discours. Therefore, the possible soft power implications for China by promulgating the MIC 2025 strategy and by the Chinese company Midea acquiring KUKA will be ana-

³¹ Zenglein, Max J.; Holzmann, Anna (2019). *Evolving Made in China 2025. China's industrial policy in the quest for global leadership. MERICS Papers on China, Vol. 2*. Berlin: Mercator Institute for Chinese Studies.

³² Nye, Joseph S. (2004). *Soft Power. The Means to Success in World Politics*. New York: Public Affairs. p. 6.

³³ Devlin, Kat; Fetterolf, Janell; Silver, Laura; Stokes, Bruce; Poushter, Jacob; Wike, Richard (2018). Trump's International Ratings Remain Low, Especially Among Key Allies. In: *Pew Research Center's Spring 2018 Global Attitudes Survey*.

lysed theoretically with the use of both theoretical concepts. The actual reactions these two events provoked in Germany will be analysed right after these two events that stand in the centre of the first part of the analysis.

As Nye argues that one drawback of soft power theory is constituted by results taking a long time to become visible, the analysis requires to furthermore examine reactions of media, policymakers and enterprises in Germany in more recent years with the background of both theoretical frameworks.

The findings of the analysis will be put into a broader context which takes other events happening during the time of implementation of the MIC 2025 into regard and discussed in order to underline the correlations of the strategy and China's soft power ambitions, not only in Germany, but worldwide.

2.4 Limitations

During the analysis of this thesis, a detailed examination of a single example will be used³⁴ in order to research the problem of how the framework of the MIC 2025 strategy correlates with Chinese soft power in Germany. Therefore, one example of how the MIC 2025 implementation is targeting the German economy will be used to closely look at the broad picture of the strategy's impact. Germany as a direction for COFDI is especially crucial to the research on MIC 2025, as a German government's industrial strategy, called Industry 4.0 (in German 'Industrie 4.0'), has seemingly been an inspiration for the overall outlay of the MIC 2025³⁵ which has been heavily discussed. Moreover, Germany has been the main target for COFDI in Europe and the 8th largest worldwide in 2016.³⁶

When the Midea group, a Chinese home appliance supplier, started showing interest in acquiring larger shares of KUKA, a German world leading robotics manufacturer, this depicted a critical case of COFDI in Europe as it, firstly, turned out to be a very high bid that nobody else was willing to counter and secondly, it started a controversy in Germany about crucial technologies falling into foreign hands and a possible lack of reciprocity in the Sino-German bilateral investment relations,³⁷ hence constituted a

³⁴ Flyvbjerg, Bent (2006). Five Misunderstandings About Case-Study Research. In: *Qualitative Inquiry*. Vol. 12, No. 2. p. 220.

³⁵ Balderrama; Trejo, 2018. Op. cit. p. 64.

³⁶ Jungbluth, Cora (2018). Is China Systematically Buying Up Key Technologies? Chinese M&A Transaction in the Context of "Made in China 2025". In: *Global Economic Dynamics Study*. p. 12.

³⁷ Hooijmaaijers, 2019. Op. cit. p. 458.

starting point of changing policy approaches towards Chinese investments in Germany and Europe.³⁸

Even if Midea is by no means a Chinese state-owned enterprise (hereinafter SOE), therefore one might argue that this cannot be analysed as part of a governmental strategy, it is misleading to draw a strict distinction between Chinese SOEs and privately owned enterprises (hereinafter POEs), as this would misperceive the reality of great variation on how close Chinese companies are to the government. Even if Li Keqiang as well as the Vice President of the Midea company Andy Gu both emphasised that Midea is a private company³⁹ and that therefore the interest in KUKA is not political, but economically motivated,⁴⁰ the Chinese state still sets the overall agenda for the economy and outward investments, by regulations and incentives,⁴¹ thus, the formal type of a company's ownership does not show the full picture of potential state influence due to the complex interplay between the state and companies in China.⁴² Therefore, this thesis may treat the acquisition of KUKA as an example of practical implementation of the Chinese MIC 2025 policy.

Moreover, the official strategy includes direct investments abroad in order to achieve the goals outlined by MIC 2025 in the near future.⁴³ With the policy supporting Chinese FDI and the KUKA acquisition dominating the MIC 2025 discourse in German media in 2016, this example is especially useful in order to investigate how the MIC 2025 strategy correlated with a possible soft power gain for China. This thesis analyses the implications of MIC 2025 in Germany, therefore reactions to the said strategy from other parts of the world, even if coming from global players such as the US or the EU, will not further be analysed in detail, but, nonetheless, considered to discuss the findings of the analysis.

Furthermore, the research of this thesis is limited to a timely frame of the official introduction of the MIC 2025 strategy by Li Keqiang in 2015 to the end of 2019. Stopping the data collection before the begin of 2020 is decided upon due to the outbreak of

³⁸ Gippner; Rabe, 2017. Op. cit. p. 469.

³⁹ Hoojimaaijers, 2019. Op cit. p. 460.

⁴⁰ Frankfurter Allgemeine Zeitung (2016). Chinesen glauben an Kuka-Übernahme. [Chinese believe in Kuka acquisition.] In: *Frankfurter Allgemeine Zeitung*. 13.06.2016. <https://www.faz.net/aktuell/wirtschaft/wirtschaftspolitik/zu-merkel-besuch-in-china-glaubt-midea-an-kuka-uebernahme-14283962.html> (14.05.2020).

⁴¹ Hoojimaaijers, 2019. Op. cit. p. 454

⁴² Jungbluth, 2018. Op. cit. p. 22.

⁴³ Jungbluth, 2018. Ibid. p. 16.

the CoVid-19 disease in China in early January which has soon spread over the world turning into a pandemic dominating the news and especially the global news coverage about China-related topics ever since. While much of the disruption may be only temporary, this crisis caused businesses to realise the risks of relying on complex global supply chains and fostered worldwide racism, US politicians labelling the disease as “Chinese coronavirus” only being one example, thereby is likely to have a lasting impact as it is providing input for nationalists who favour greater protectionism.⁴⁴ The current crisis therefore does not only influence the perception of China in the Western world, but also could possibly hinder a smooth continued implementation of the strategies pursuing the goals of the MIC 2025 policy. With Western media accusing Chinese authorities of trying to change the perception of the role of China in the current pandemic by manipulating statistics, silencing health, social and economic truths, allegations are made which account for the negative sentiment towards China currently arising.⁴⁵ With China providing 120 countries and four international organisations with urgently needed medical supply by the March of 2020, China proves that it is ready to tackle the problem with foreign aid, including humanitarian assistance, which has been a core element of the country’s foreign policy before.⁴⁶ The current situation caused by the virus outbreak and China’s reactions as well as official governmental discourse will not further be elaborated upon throughout this thesis, but proposes an interesting starting point for a further research on China’s soft power ambitions during and in the aftermath of the crisis.

2.5 Literature Review

As the implementation of MIC 2025 is still in its early stages with plans until 2049, the research on this specific topic remains comparatively limited in its extent at the current time. When researching the strategy, different scholars have taken different analytical approaches while mostly focussing on its economic implications and leaving social im-

⁴⁴ Legrain, Philippe (2020). The Coronavirus is Killing Globalization as We Know It. In: *Foreign Policy*. 12.03.2020. <https://foreignpolicy.com/2020/03/12/coronavirus-killing-globalization-nationalism-protectionism-trump/> (14.05.2020).

⁴⁵ Witchalls, Clint (2020). Debate: How Beijing is trying to save face in the global fight against Covid-19. In: *The Conversation*. 02.04.2020. <https://theconversation.com/debate-how-beijing-is-trying-to-save-face-in-the-global-fight-against-covid-19-134996> (14.05.2020).

⁴⁶ Mulakala, Anthea; Ji, Hongbo (2020). Covid-19 and China’s Soft Power Ambitions. In: *The Asia Foundation*. 29.04.2020. <https://asiafoundation.org/2020/04/29/covid-19-and-chinas-soft-power-ambitions/> (14.05.2020).

plications out of regard. As it therefore seems unlikely to compose a literature review with scholars examining how the MIC 2025 correlates with Chinese soft power ambitions, this chapter will account for the research on Chinese soft power efforts.

In their 2006 paper *Sources and limits of Chinese 'soft power'*⁴⁷ Bates Gill and Yanzhong Huang examine China's soft power resources in the areas of culture, such as academic exchange, domestic political values, such as the global recognition of the term 'Beijing Consensus' and, lastly, diplomacy, noticeably the increase in China's membership in international institutions and organisations, and show that while China's soft power is increasing, the Chinese government still faces serious constraints in translating these resources into desired foreign policy outcomes. As major limits to Chinese soft power are seen in the imbalance of soft power resources with cultural resources being high but brand recognition being very low, the lack of political reform resulting in a legitimacy problem and a foreign-policy incoherence, the authors conclude that China did not yet develop an ideal mix of soft power resources, but these are expected to continuously grow.

In 2008, Yiwei Wang published the paper *Public Diplomacy and the Rise of Chinese Soft Power*⁴⁸ analysing how the Chinese government has used soft power which has been just recently incorporated in the government discourse trying to transform China's economic and political rise in the global community from a 'hard rise' to a 'soft rise'. While pointing out that the understanding of public diplomacy may differ in China, as traditional Chinese diplomacy emphasises high politics and rejects grassroot politics, the author names major advantages for China to expand its soft power resources: the rapid development of China, economically as well as politically, invites the interest and attention of the world, the country has a strong government and abundant political, economic and cultural resources. Looking at the challenges, namely the decentralisation of the diplomatic power, the inability to control how China is depicted in Western media and the need for improving the quality and ideas of Chinese diplomats, the author concludes that China's public diplomacy is in need for further improvement, but has the ability to promote China's national image and its soft power successfully in the future.

⁴⁷ Gill, Bates; Huang, Yanzhong (2006). Sources and limits of Chinese 'soft power'. In: *Survival*. Vol. 48, Iss. 2. pp. 17-36.

⁴⁸ Wang, Yiwei (2008). Public Diplomacy and the Rise of Chinese Soft Power. In: *The Annals of the American Academy*. Vol. 616. pp. 257-273.

With editing the book *Soft Power: China's Emerging Strategy in International Politics*⁴⁹ in 2009, Mingjiang Li puts the conference proceeding of a conference on Chinese soft power that has been held in October 2007 on record. The authors of this book focus on China using its soft power to increase its global power, especially in comparison with the US pointing out that while the American hard power is declining, Chinese soft power is rising. With giving examples of China investing heavily to promote its power through large-scale cultural activities, such as the implementation of Confucius Institutes which promote the Chinese culture and language at a global scale, the authors provide a very, one might say even too, optimistic perspective on the effectiveness of Chinese soft power as a tool to influence other countries in Africa, Asia and Latin America by attraction.

Xin Li and Verner Worm examine how to build China's soft power in six different areas in their paper *Building China's Soft Power for a Peaceful Rise* published in 2011. While noticing the surging popularity of the term 'soft power' among Chinese politicians and scholars, they accuse Chinese officials to lack a thorough understanding of the concept by narrowing it down to entailing an exclusively cultural aspect. By proposing new ways to promote China's soft power capacities in the areas of culture, political values, development model, international institutions, international image and economic temptation, the authors want to redefine China's ability to influence others by attraction.

In a speech about *China and soft power*⁵⁰ held in 2012, Joseph S. Nye who coined the term of soft power points out that there is nothing uniquely American about the concept of soft power and that a number of observers have seen China's soft power increasing especially in Asia after the 2008 global financial crisis. With pointing out that China had an attractive traditional culture since ancient times and continuously seeks to improve it by the use of Confucian Institutes or the global news network Xinhua for example, the country's is complementation of its diplomacy efforts with accession to the WTO and supply of troops for peace keeping missions, Nye summarises the Chinese soft power resources while emphasising that these are far from being equal to American or European. He points out that China's rapid hard power increase could possibly

⁴⁹ Li, Mingjiang (ed.) (2009). *Soft Power: China's Emerging Strategy in International Politics*. Lanham: Lexington Books.

⁵⁰ Nye, 2012. Op. cit.

frighten neighbouring states and that a simultaneous soft power rise could help preventing neighbours to form coalition against it out of fear.

Claire Seungeun Lee analyses in her book *Soft Power Made in China. The Dilemmas of Offline and Online Media and Transnational Audiences*⁵¹, published in 2018, the use of Chinese media products in the last decades in relation to China's ambitions to promote its soft power globally. While China attracted significant global attention since its rise in the world economy, the government is taking its national image domestically and abroad into growing consideration. Using China's cultural industry as a source for soft power is entailing several paradoxes pointed out by Lee. The production of Chinese media is correlated with narrow observations by the government which leads to institutionalized paradoxes as the consumption is not the only factor influencing the production. Furthermore, the production of Chinese-language entertainment overseas, exemplifiable with Singaporean productions, may lead to the paradox of Chinese soft power that is not generated by China itself.

3 Theoretical Concepts

As previously presented in 2.1, this thesis will make use of the theoretical concepts of soft power coined by Joseph S. Nye as well as the theoretical concept of technonationalism in its interpretation by David E. H. Edgerton. This chapter will therefore first outline the core understandings of the soft power concept by Nye and present his theory in-depth. Secondly, the concept of techno-nationalism will be presented and further elaborated on to provide comprehensive understanding of the ground laying theories that constitute the basis for this thesis.

3.1 Soft Power

Joseph S. Nye, Jr. who first developed the concept of 'soft power' in 1990 in his book *Bound to Lead: The Changing Nature of American Power*⁵² further elaborates and sets clear definitions on this term in his work *Soft Power. The Means to Success in World Politics*⁵³ published in 2004. While defining soft power as "the ability to get what you

⁵¹ Lee, Claire Seungeun (2018). *Soft Power Made in China. The Dilemmas of Offline and Online Media and Transnational Audiences*. Cham: Springer Nature.

⁵² Nye, Joseph S. (1990). *Bound to Lead: The Changing Natur of American Power*. New York: Basic Books, Inc.

⁵³ Nye, 2004. Op. cit.

want through attraction rather than coercion or consent”⁵⁴, he states that such power by attraction could arise from the attractiveness of a country’s culture, political ideas and foreign policies.

Whereas so-called ‘hard power’ of a country depends on military and economic means being used either as inducements or threats, soft power may lead to desired outcomes because other countries admire a nation’s values, emulate its example or aspire its level of prosperity and openness. As soft power rests on the ability to shape preferences of others, it works by co-opting people rather than coercing them. Both forms of power, hard and soft, have the ability to achieve a purpose by affecting the behaviour of others, the first one by coercion or inducement and the latter one by attractiveness.⁵⁵ While hard power depends on soft power as a country’s economic and military decline entails a lesser ability to shape the international agenda, soft power does not depend on the existence of hard power which can be exemplified at the example of the Vatican, a state which generates a lot of soft power without having great military power.⁵⁶ Therefore, Nye argues, it is important for a state to set the agenda and attract others in world politics, instead of forcing change through military force or economic sanctions.⁵⁷

Soft power may derive from three different resources, namely a country’s culture, when it is attractive to others, its political values, when the country complies with them domestically and internationally, as well as foreign policy, when it is recognised as legitimate by others.⁵⁸ Cultures that promote universal values are generally more likely to produce soft power than cultures adapting narrow values. This values imbedded in a culture may be transmitted through commerce, personal contacts, visits, exchanges and even popular culture.⁵⁹ The fact that American companies are globally recognised and through this touch more lives than government representatives, is Nye’s example for brands playing an important role in the generation of soft power which is not influenced by policies.⁶⁰ Even though government policies at home and abroad are a potential

⁵⁴ Nye, 2004. Ibid. p. x.

⁵⁵ Nye, 2004. Ibid. pp. 5-7.

⁵⁶ Nye, 2004. Ibid. pp. 8-9.

⁵⁷ Nye, 2004. Ibid. p. 5.

⁵⁸ Nye, 2012. Op. cit. p. 153.

⁵⁹ Nye, 2004. Op. cit. pp. 11-13.

⁶⁰ Nye, 2004. Ibid. p. 114.

source of soft power, it is necessary to underline that soft power does not solely belong to the government, but also the society of a country.⁶¹

Even if these resources which may generate soft power for a country are exhausted, the actual soft power effects remain complex to concretely measure. As attraction rather results in general influence than in easily observable specific actions, the effects may be diverse. Nevertheless, soft power may be particularly relevant to what Nye refers to as ‘milieu goals’ of a country, the broader goals like promoting democracy or the rule of law instead of focussing on one specific outcome.⁶² Nye further elaborated on the difficulty of incorporating soft power into a governmental strategy by highlighting not only that the results of soft power often take a long time to get obvious and the instruments of soft power are not fully under control of the governments, but rather the civil society being the origin of much soft power, also adding that the success in terms of outcomes is more in the control of the subject than it is often in the case with hard power strategies.⁶³ Due to this described contradictions, the limits of Nye’s concept become obvious.

Nye further states that with the international will for peace during the last decades, a shared value about what constitutes acceptable behaviour among states arose that underlines the importance of soft power in the global community significantly.⁶⁴

3.2 Techno-nationalism

David. E. H. Edgerton examines in his 2007 article *The Contradictions of Techno-Nationalism and Techno-Globalism: A Historical Perspective*⁶⁵ how a country’s economic and technological performance is measured due to its national rates of innovation.

By opposing techno-nationalism which is seeing a single nation as the key unit of analysis for the study of technology to techno-globalism which is assuming that technology is forging an new global world economy and order, he points out diverse key assumptions about the theoretical concept of techno-nationalism.⁶⁶ The fact that intellectuals from various countries have been nationalistic about science and technology throughout history shows that overestimation of the significance of inventors of com-

⁶¹ Nye, 2004. Ibid. pp. 11-13.

⁶² Nye, 2004. Ibid. pp. 15-17.

⁶³ Nye, 2012. Op. cit. p. 152.

⁶⁴ Nye, 2004. Op. cit. p. 20.

⁶⁵ Edgerton, 2007. Op. cit. pp. 1-32.

⁶⁶ Edgerton, 2007. Ibid. pp. 1-2.

mon nationality is a characteristic of techno-nationalistic behaviour. Museums that are exhibiting solely the inventions of the country it is established in, like the Deutsches Museum (German Museum) in Munich, Germany, are another form of techno-nationalism.⁶⁷

Praising its own nation's technological innovations and achievements as the typical association of techno-nationalistic pride is not the only form in which it can occur as the assumption of another nations having extra-ordinary technological powers can exclude one's own.⁶⁸ Particular world-changing technologies being associated with particular nations is what Edgerton refers to as 'implicit techno-nationalism'.⁶⁹

Even though this common view is bringing along several contradictions, for example the car being attributed as German invention even though during the first years of car production the highest numbers have not been assembled in Germany itself, and the fact that throughout the 1960s the countries that innovated a lot, did not grow a lot economically, this innovation-centric techno-nationalist understanding remained powerful and serves as justification for funding of R&D. This serves the idea that to overtake a successful country, a nation needs to innovate more.⁷⁰

Edgerton places his assumptions into the context of general rules which he acknowledges have important exceptions. In general, the fastest growing nations are rarely the richest. Moreover, the techno-nationalist view implies that what a nation uses to thrive economically derives from its own innovation which is barely the case, exemplifiable with referring back to Germany not being the dominant early producer of cars. The national use of technology is hardly dependent on national innovation as these are often acquired from abroad and most technologies are shared globally. With the increased significance of shared technologies, global innovation has become a main determinant of global economic growth even though it is not necessarily the same for particular nation-states. China which has been successfully imitating foreign technologies and with this fostering the nation's rapid growth may be an exception.⁷¹

Edgerton furthermore states that the development of national technologies by directing funding to solely national innovation programs and thereby insulating the na-

⁶⁷ Edgerton, 2007. Ibid. pp. 2-3.

⁶⁸ Edgerton, 2007. Ibid. p. 4.

⁶⁹ Edgerton, 2007. Ibid. p. 5.

⁷⁰ Edgerton, 2007. Ibid. pp. 5-7.

⁷¹ Edgerton. 2007. Ibid. pp. 8-10.

tion's technology programs from the rest of the world, has actually encouraged the movement of technologies across boundaries⁷² which he backs with several examples of cross-national technology projects throughout history, such as aircraft programmes of the Soviet Union in alliance with Germany.⁷³

While looking at Asian countries and referring these to techno-nationalism, Edgerton states that Japanese firms did not only import technology, but generated technologies on their own in the 20th century and therefore have been an exception to Western dominance of technology. Regarding China, he points out that the development of powerful local technological infrastructure has been missing which has led to much of the country's export being low-tech in the 20th century.⁷⁴

4 Analysis

While Chinese soft power ambitions have been included in the country's policies for decades, the MIC 2025 strategy constitutes a rather new policy. Even though the policy may be widely perceived as industrial upgrading and innovation pursuant, it incorporates manifold soft power implications that could support the overall soft power ambitions the country pursues. To examine the correlation between these two fields, focusing in specific on the realisation of MIC 2025 in Germany exemplified by the acquisition of the German robotics company KUKA by a Chinese firm, the subsequent analysis will follow a chronological examination of the events and the implication these hold for Chinese soft power ambitions to evidently investigate the developments. One aspect deemed as specifically important hereby is the perception of Chinese economic policy in Germany, a country highly targeted by COFDI.

One way of assessing China's progress towards achieving its goal of increasing its soft power is to look at polling data measuring China's popularity, as Nye states that popularity is "a good first approximation of both how attractive a country appears and the costs that are incurred by unpopular policies."⁷⁵ The American-based Pew Research Center, which frequently conducts cross-national studies using public opinion polling, demographic research, content analysis and other social science research in order to gather data about various topics that are of contemporary public interest with sample

⁷² Edgerton, 2007. Ibid. p. 15.

⁷³ Edgerton, 2007. Ibid. pp. 19-20.

⁷⁴ Edgerton, 2007. Ibid. pp. 31-32.

⁷⁵ Nye, 2004. Op. cit. p. 18.

sizes of around 1,000 participants per country,^{76,77} conducted a survey with 25 nations polled on global attitudes towards several world leading countries and its leadership in 2018. The survey gives evidence on a widespread sense in the countries surveyed that China plays a more important role in the world today than it did 10 years ago, an opinion shared by 73% of Germans questioned.⁷⁸ According to this representative survey, the international public remains divided on China with a median of 45% of all nations having a favourable view of China. Remarkably, Germany's numbers depict a more negative attitude with 54% declaring to have an unfavourable view in 2018.⁷⁹ Since the implementation of the MIC 2025 strategy in 2015, the attitude of Germans concerning China has improved according to the PEW Research on Global Attitudes, as 34% considered themselves to have a favourable view towards China in 2015 compared to 39% in 2018.⁸⁰ These numbers show a slight alteration of the perception the questioned Germans have of China since the implementation of the new policy, something that allegedly could hint at a correlation of Chinese soft power ambitions and the pursuit of the MIC 2025 strategy in relation to Germany.

4.1 Chinese Soft Power Ambitions Accompanying the MIC 2025 Policy

Since China's economic rise during the 1980s brought along the country's rise in the global world order, two leading and opposing images of China circulate internationally which the Chinese leadership is closely aware of: on the one side, China is often seen as an opportunity for economic and financial cooperation and on the other side, China is regularly depicted as a threat abroad. To counter the unfavourable viewpoint and strengthen the positive perception of China, the country's leadership developed a plan to convert its growing economic power into cultural influence in Asia and around the globe since the early 2000s.⁸¹ As China attracted significant global attention as an emerging power with its extraordinary rise, the country is taking its image more seriously, domestically and abroad. Therefore, China seeks to complement its economic and

⁷⁶ Devlin, Kat; Fetterolf, Janell; Silver, Laura; Stokes, Bruce; Poushter, Jacob; Wike, Richard (2018). Trump's International Ratings Remain Low, Especially Among Key Allies. In: *Pew Research Center's Spring 2018 Global Attitudes Survey*. p. 1.

⁷⁷ Pew Research Center (2020). *Methods. International Survey Research*. <https://www.pewresearch.org/methods/international-survey-research/> (14.05.2020).

⁷⁸ Devlin et al., 2018. Op. cit. p. 37.

⁷⁹ Devlin et al., 2018. Ibid. p. 54.

⁸⁰ Devlin et al., 2018. Ibid. p. 69.

⁸¹ Lee, Claire Seungeun (2018). *Soft Power Made in China. The Dilemmas of Offline and Online Media and Transnational Audiences*. Cham: Springer Nature. pp. 2-3.

military power, hard power as defined by Nye,⁸² that is internationally recognised with soft power in a process which resonates with the Chinese industrial restructuring since 1978.⁸³

The implementation of the ‘going global’ slogan which was coined in 1997 by the former Chinese president Jiang Zemin⁸⁴ urging Chinese companies to invest overseas as an official policy in the 10th Five-Year Plan of the Chinese Communist Party (hereinafter CPC) in 2004 was accompanied by a strategic call for culturally ‘going global’ as the plan was the begin of promoting Chinese language and culture abroad⁸⁵ and the implementation of a New Division for Public Diplomacy under the Information Department of the Ministry of Foreign Affairs in the same year.⁸⁶ The drive for soft power was put in words with the 12th Five-Year Plan that regulates the time span from 2011-2015 calling for China to become a ‘cultural superpower’.⁸⁷ In *The 13th Five-Year Plan for Economic and Social Development of the People’s Republic of China*,⁸⁸ which is formulated on a basis of the Central Committee of the CPC and is laying out the course the country should pursue in the coming 5 years as well as outlining achievements of the past years, it is stated that China’s soft power has continued to become stronger. With promoting further improvement of Chinese soft power, the government acknowledges that a gain in soft power is necessary to make China’s economic development more comprehensive and sustainable. Under the leadership of Xi Jinping, the soft power discourse is dominated by ‘The Chinese Dream’ (中国梦)⁸⁹ which as a political slogan under Xi Jinping describes the rejuvenation of the country, making China prosperous and ensuring the people’s well-being without giving an exact definition what this dream might entail and

⁸² Nye, 2004. Op. cit. p. 5.

⁸³ Lee, 2018. Op. cit. pp. 25-26.

⁸⁴ Burgoon, Brian; Jacoby, Wade; Meunier, Sophie (2014). The Politics of Hosting Chinese Direct Investment in Europe – an introduction. In: *Asia Europe Journal*. Vol. 12, Iss. 1-2. p. 115.

⁸⁵ Lee, 2018. Op. cit. pp. 3-4.

⁸⁶ Okuda, Hiroko (2016). China’s “peaceful rise/peaceful development”: A case study of media frames of the rise of China. In: *Global Media and China*. Vol. 1, Iss. 1-2. p. 125.

⁸⁷ Lee, 2018. Op. cit. pp. 3-4.

⁸⁸ The State Council of the People’s Republic of China (2016). 中华人民共和国国民经济和社会发展第十三个五年规划纲要. [*The 13th Five-Year Plan for Economic and Social Development of the People’s Republic of China*]. 17.03.2016. http://www.gov.cn/xinwen/2016-03/17/content_5054992.htm (14.05.2020).

⁸⁹ The State Council of the People’s Republic of China, 2016. The 13th Five-Year Plan. Op. cit.

therefore has various adaptations exceeding the political framing discourse, such as in commercials or pop culture.^{90,91}

The 13th Five-Year plan that covers various plans for the near future of the Chinese country in a variety of aspects advocates for Chinese policymakers seeking to engineer a gradual slowdown of the economy and a transition to a more sustainable, inclusive and balanced growth model for China.⁹² By setting economic and social objectives to be reached until 2020 under the leadership of the CPC in order to transform China's growth model, this key document of the government spells out the vision concerning China's economic direction and indicates how to achieve it through a wide range of tools.⁹³ Two of these tools are constituted in particular by the promotion of soft power, as described before, and moreover, the implementation of the MIC 2025 policy. The growth that China expects to come from various sources, should supposedly be the outcome of scientific and technological progress by 60%. As catalysts for this innovation several processes are planned: providing internet to a large part of the population, upgrading manufacturing, boosting modern services, supporting emerging high-tech industries, rising the R&D expenditure from 2% of the GDP to 2,5% by 2020 and mass entrepreneurship.⁹⁴

The Chinese innovation-driven MIC 2025 strategy, which serves as a specific tool to achieve the overall goal has been laid out in detail in 2015. By formulating the nine strategic goals that target the ten key industries, a framework is given to implement the innovation-driven strategy.⁹⁵ In the following years, MIC 2025 has been manifested in various policy documents and has been linked to other major campaigns, for example the 'Internet +' plan (互联网+), a plan that aims at greater connectivity and digitalisation in several sectors of China's economy.⁹⁶

⁹⁰ Landsberger, Stefan (2018). China Dreaming – Representing the Perfect Present, Anticipating the Rosy Future. In: Valjakka, Minna; Wang, Meiqin (eds.) *Urbanized Interface - Visual Arts, Representations and Interventions in Contemporary China*. Amsterdam: Amsterdam University Press. pp. 151, 162.

⁹¹ Bislev, Ane (2015). The Chinese Dream: Imagining China. In: *Fudan Journal of the Humanities and Social Sciences*. Vol. 8, Iss. 4. p. 587.

⁹² Bertoldi, Moreno; Melander, Annika Eriksgård; Weiss, Peter (2016). Can Economic Transitions Be Planned? China and the 13th Five-Year Plan. In: *European Economic Briefs*. Iss. 017. p. 1.

⁹³ Bertolfi; Melander; Weiss, 2016. Op. cit. pp. 2-4.

⁹⁴ Bertolfi; Melander; Weiss, 2016. Ibid. p. 6.

⁹⁵ The State Council of the People's Republic of China (2015). 国务院关于印发《中国制造 2025》的通知. [Notice of the State Council on Printing and Distributing 'Made in China 2025']. 08.05.2015. http://www.gov.cn/zhengce/content/2015-05/19/content_9784.htm (14.05.2020).

⁹⁶ Zenglein; Holzmann, 2019. Op. cit. p. 30.

4.2 The KUKA Acquisition as Example for Implemented MIC 2025 Policy

With the MIC 2025 strategy promoting China's innovation efforts to become one of the world's most advanced and competitive economies with the help of manufacturing technologies, the country developed an enormous demand for industrial robots, smart sensors, wireless sensor networks and radio frequency chips.⁹⁷ The existence of such high-end technology which is necessary to realise China's ambitions to control technologies on a global scale making it possible for the country to move higher up on the GVC, is still lacking in China.⁹⁸ Therefore, foreign acquisitions seem necessary in the short-term to gain access to technology which China in long-term seeks to gradually replace with Chinese technology first at home and then in international markets.⁹⁹ This led to changes in Chinese outward investment regulations in 2017 and was followed by a recent surge of COFDI in Europe,¹⁰⁰ a trend which underlines how foreign tech suppliers initially benefit from China's smart manufacturing boom.¹⁰¹

The acquisition of the German robotics company KUKA by the Chinese home appliances supplier Midea in 2016 is an example of foreign technology acquisition which is closely in line with the goals set by the official government policy MIC 2025. The document *Notice of the State Council on Printing and Distributing 'Made in China 2025'*¹⁰², published in the beginning of May 2015, outlines China's strategy aiming at becoming a leading technology and innovation location worldwide in the first half of the 21st century.¹⁰³ The plan formulates nine key strategic tasks, one of which is prioritising the internationalisation of key industries by several measures. This task does on the one hand entails the implementation of the Silk Road Economic Belt and the 21st century Maritime Silk Road, which are trade routes inspired by the ancient Silk Road (丝绸之路) connecting Europe and China through Central Asia constituting the essence of the Chinese grand infrastructure plan Belt and Road Initiative, in Chinese '一带一路',

⁹⁷ Conrad et al., 2016. Op. cit. p. 6.

⁹⁸ Hoojimaaijers, 2019. Op. cit. p. 456.

⁹⁹ Conrad et al., 2016. Op. cit. p. 7.

¹⁰⁰ Hoojimaaijers, 2019. Op. cit. p. 456.

¹⁰¹ Conrad et al., 2016. Op. cit. p. 12.

¹⁰² The State Council of the People's Republic of China, 2015. Op. cit.

¹⁰³ Jungbluth, 2018. Op. cit. p. 16.

(hereinafter BRI) which Xi Jinping first introduced in late 2013¹⁰⁴ and aims at connecting large parts of the world through infrastructure and development projects in order to enhance economic interconnectivity and foster regional integration.^{105,106} On the other hand, the plan shows the intent to guide foreign investment of overseas enterprises into China to key industries and R&D as well as the support of Chinese enterprises to carry out M&A, equity investment and venture capital abroad.¹⁰⁷ With MIC 2025 clearly supporting Chinese companies investing in high-technology companies overseas and even acquiring such, the acquisition of the German robotics manufacturer KUKA by the Chinese Midea group is a perfect example of implemented MIC 2025 policy.

Midea first acquired 5,4% of the KUKA company's stock in 2015, almost doubling its stock shares of the subsequent year to then being the second largest shareholder next to the German industrial group Voith. As the Midea company publicly announced its interest to acquire more than 30% of the KUKA stock, it was by German law obliged to make an offer for the complete rest. With offering 115 Euros for each share in the middle of May 2016, Midea made an abundant offer, as the shares have been estimated to be worth 84.41 Euro on the previous day. After this proposal which has started a rising controversy in Germany about crucial technologies possibly falling into foreign hands, several politicians not only suggested European shareholders to come up with an alternative bid, but also the German government considered about setting a maximum to Midea's share in KUKA at 49%. At the time that Midea and KUKA set up an investment agreement shortly after in June 2016, both companies signed a legally binding contract under German law with an expiration date of 2023 which stated that no corporate reorganisations of KUKA will take place. This investment agreement led to Midea possessing a rising number of shares until, ultimately, an approval of the full acquisition was granted by the German government in the middle of August. The intentions to cap the amount of shares the Chinese company may have in KUKA failed as this acquisition

¹⁰⁴ Ministry of Foreign Affairs of the People's Republic of China (2013). *President Xi Jinping Delivers Important Speech and Proposes to Build a Silk Road Economic Belt with Central Asian Countries*. 07.09.2013.

https://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpfwzysiesgjtfhshzzfh_665686/t1076334.shtml (14.05.2020).

¹⁰⁵ Xing, Li (2019) (ed.). China's Pursuit of the "One Belt One Road" Initiative: A New World Order with Chinese Characteristics? In: Xing, Li (ed.). *Mapping China's 'Belt and Road' Initiative*. Cham: Springer International Publishing. p. 5.

¹⁰⁶ Duval, Yann; Ramasamy, Bala; Utoktham, Chorthip; Yeung, Matthew (2017). Trade and trade facilitation along the Belt and Road Initiative corridors. In: *ARTNeT Working Paper Series*. No. 172. <https://www.unescap.org/sites/default/files/AWP172.pdf> (14.05.2020).

¹⁰⁷ The State Council of the People's Republic of China, 2015. Op. cit.

has been declared to be no threat for the security and public order of Germany, a feature which has to be given in order for the German government to have the legal basis to block a foreign acquisition.¹⁰⁸

4.3 Possible Soft Power Implications of the KUKA Acquisition

The acquisition of the German robotic firm KUKA by the Chinese household appliance manufacturer Midea is much in line with Chinese official policies pushing Chinese firms to invest abroad. The ‘going global’ slogan was the starting point for the Chinese government to encourage domestic companies to develop operations overseas with granting them long-term governmental loans. Which has been just a slogan at the beginning of the 2000s developed to become an official policy featured in the 10th, 11th and 12th Five-Year Plan of the CPC.¹⁰⁹ In the 13th Five-Year Plan, outlined in 4.1, a whole chapter is dedicated to the implementation of the MIC 2025 action plan and the innovation-driven strategy takes on an important role in the document in propping up the development of key sectors.^{110,111} With the overall goal to develop the country into a manufacturing powerhouse, the plan aims at fostering a new competitive edge in manufacturing by deepening the integration of information and manufacturing technology. By describing the need for stronger industrial foundations, new manufacturing development, the transformation and upgrading of traditional industries, quality and brand development, an active and prudent approach to overcapacity and lower business costs in the real economy, the plan outlines several necessary steps on the way to achieve the overall goal.¹¹² With pointing out the necessity to create “a number of competitive, well-known brands”¹¹³ in the 13th Five-Year plan, the Chinese government acknowledges the deficit of the country lacking global competitive brands. With China being globally well-known as manufacturer of the world, its brands are missing recognition in the world economy and this initiative is hoped to transform China from a world manufacturer to a world manufacturing superpower.¹¹⁴ While China accounted for 28% of the

¹⁰⁸ Hoojimaaijers, 2019. Op. cit. pp. 457- 459

¹⁰⁹ Burgoon; Jacoby; Meunier, 2014. Op. cit. p. 115.

¹¹⁰ The State Council of the People’s Republic of China, 2016. The 13th Five-Year Plan. Op. cit.

¹¹¹ Kong, Tuan Yuen; Y Tong, Sarah (2017). *Made in China 2025: A Grand Strategy for Industrial Upgrading*. In: Wan, Jing; Y Tong, Sarah (eds). *China’s Economy in Transformation under the New Normal*. Singapore: World Scientific Publishing. p. 158.

¹¹² The State Council of the People’s Republic of China, 2016. The 13th Five-Year Plan. Op. cit.

¹¹³ The State Council of the People’s Republic of China, 2016. The 13th Five-Year Plan. Ibid.

¹¹⁴ Kong; Y Tong, 2017. Op. cit. p. 158.

global manufacturing output in 2018, in which it overtook the US in 2010,¹¹⁵ the country's share of the top 100 global brands remained low in comparison. By 2017, only 13 Chinese names could be found in this listing that remains dominated by US brands.¹¹⁶

As Nye points out that companies can play an important role in generating soft power through company representatives and brands being more integrated into the daily lives of people than government representatives,¹¹⁷ a rise of globally recognized Chinese brands could potentially lead to a rise in Chinese soft power. If Chinese brand names would be generally associated with high-quality products abroad, the Chinese economy would improve its image and therefore this could depict a so far untapped source of soft power. Even though the 13th Five-Year Plan does not explicitly put the need for quality and brand improvement into context with a potential soft power gain, it is noteworthy that the document mentions the need to improve the country's soft power in order to make China's development more comprehensive.¹¹⁸

The chapter regarding MIC 2025 included in the 13th Five-Year Plan furthermore describes the strategy as a "high-end equipment innovation and development project" and calls for the cultivation and promotion of new types of smart manufacturing which are developed domestically.¹¹⁹ This urge to develop key technologies domestically and foster innovation of especially smart manufacturing inside of China can be described as techno-nationalistic. As Edgerton outlines that the rates of innovation of a country determine how its national economic and technological performance is perceived abroad,¹²⁰ China should increase these rates in order to achieve the goal of becoming a 'manufacturing superpower' as it is formulated by the MIC 2025 strategy.¹²¹ Following the theoretical concept of techno-nationalism, an increased amount of Chinese innovations that attract global attention, could positively alter the image of China abroad.

The policy framework for MIC 2025, which gives the impression of possibly generating soft power as well as advantages from a techno-nationalistic perspective in the

¹¹⁵ Richter, Felix (2020). China is the World's Manufacturing Superpower. In: *Statista*. 18.02.2020. <https://www.statista.com/chart/20858/top-10-countries-by-share-of-global-manufacturing-output/> (14.05.2020).

¹¹⁶ Cuttmore, Geoff; Fujita, Akiko; Ming, Cheang (2017). 'Made in China' brand image will take some time to change, Ogilvy says. In: *CNBC*. 08.12.2017. <https://www.cnn.com/2017/12/08/made-in-china-brand-image-will-take-some-time-to-change-ogilvy-says.html> (14.05.2020).

¹¹⁷ Nye, 2004. Op. cit. p. 114.

¹¹⁸ The State Council of the People's Republic of China, 2016. The 13th Five-Year Plan. Op. cit.

¹¹⁹ The State Council of the People's Republic of China, 2016. The 13th Five-Year Plan. Ibid.

¹²⁰ Edgerton, 2007. Op. cit. p. 5.

¹²¹ Conrad et al., 2016. Op. cit. p. 6.

future, can be followed by statements of political leaders. The government stressing the need for quality improvement of Chinese products became even more evident when Li Keqiang demanded that quality standards have to rise in line with the improvement of Chinese manufacturing and Chinese state media calling for a “quality revolution” in August of 2016.¹²² The call for improved rates of innovation which is outlined in the 13th Five-Year Plan is also a reoccurring topic incorporated in Li Keqiang’s public demand. With encouraging Chinese engineers to go abroad and absorb advanced technologies, which could be then developed into integrated innovations, in April 2016,¹²³ the Chinese prime minister did not only incorporate the ‘going global’ approach, but also suggested a way of achieving innovations in line with the KUKA acquisition that began unfolding a month after this statement. When the Chinese home appliance supplier Midea acquired KUKA, it pursued the ‘going global’ strategy of the Chinese government and, furthermore, followed the MIC 2025 strategy which includes automated machine tools and the robotic industry¹²⁴ by buying a German world leading manufacturer of industrial robots and supplier of intelligent automation solutions.¹²⁵

In this case, Chinese FDI has been directed at a German company that is globally known for its brand name which stands for high-quality robotics and world leading technology and remains one of the world’s top industrial robotic companies. The German industrial manufacturer KUKA is among other things one of the world largest producer of robotics used in the automotive assembly with all its robotics featuring the signature colour orange which increases the brand’s recognition factor.¹²⁶ Even though investing and later acquiring in a company associated with such a favourable brand name could possibly rise the investor’s image in the future, KUKA remains a German company and brand, as Chief Executive Officer Dr. Till Reuter clarified in reference to the investment agreement that both companies signed in June 2016.¹²⁷

¹²² The State Council of the People’s Republic of China (2016). *Quality revolution needed for ‘Made in China 2025’*. 29.08.2016.

http://english.www.gov.cn/policies/policy_watch/2016/08/26/content_281475426397196.htm (14.05.2020).

¹²³ Hu, Yongqi (2016). Li calls for integrated innovation. In: *China Daily*. 26.04.2016.

https://www.chinadaily.com.cn/china/2016-04/26/content_24849157.htm (14.05.2020).

¹²⁴ Kong; Y Tong, 2017. Op. cit. p. 158.

¹²⁵ Hoojimaaijers, 2019. Op. cit. p. 457.

¹²⁶ Technavio (2019). Top 21 Industrial Robotics Companies in the World 2019. In: *Infiniti Research Limited*. 05.02.2019. <https://blog.technavio.com/blog/top-21-companies-in-the-industrial-robotics-market> (14.05.2020).

¹²⁷ KUKA (2016). *KUKA signs investor agreement with Midea and recommends acceptance of the offer*. 28.05.2016. <https://www.kuka.com/en-de/press/news/2016/06/investor-agreement-midea> (14.05.2020).

As Nye's theory of soft power states that brands can have a positive effect for a nation's soft power generation,¹²⁸ Chinese brands that are world leading in a certain sector, like robotics, could lead to an increase of soft power abroad. Nevertheless, the acquisition of KUKA by a Chinese firm does not transform the brand and its implications into being Chinese as, with Midea allowing KUKA in the investment agreement to operate independently, to preserve jobs and the current management as well as to keep its public listing, not a lot has changed in the company's structure since its acquisition in 2016.¹²⁹ Therefore, the acquisition of KUKA is not part of the MIC 2025 strategy's goal of creating China's own brands.¹³⁰

However, the acquisition could have a positive impact on China's image and therefore its soft power ambitions due to another factor. As Edgerton argues nations are rated by the amount of internationally recognised innovations they generate and that techno-nationalist are commonly proud of technological innovations generated in their respective home country,¹³¹ the technological knowledge that the company KUKA as a world-leading robotics manufacturer possesses and generates could possibly help the Chinese investor to become an innovative force in this field in the future. Although the investment agreement between Midea and KUKA includes Midea promising that the intellectual property rights that belong to the KUKA company will not be transferred until 2023, it is likely the knowledge and abilities gathered by the German enterprise will transfer to Midea in the long term.¹³² Therefore, the acquisition of KUKA could be useful as a techno-nationalistic tool in the foreseeable future.

4.4 Developing Perception of the MIC 2025 Implementation in Germany

As outlined, the acquisition of KUKA by Midea and the correlation of this acquisition with China's MIC 2025 strategy might have had several implications for China's soft power ambitions on the one hand and for techno-nationalism on the other hand. Nonetheless, to understand the actual effect the pursuit of the MIC2025 strategy in Germany through the example of the KUKA acquisition had on possible soft power gains, the reactions from public media, politics and economic stake holders must be understood.

¹²⁸ Nye, 2004. Op. cit. p. 114.

¹²⁹ Yuan, Shenggao (2017). Sino-German trade set to take off. In: *China Daily*. 13.10.2017. http://www.chinadaily.com.cn/cndy/2017-10/13/content_33190795.htm (14.05.2020).

¹³⁰ Li, 2018. Op. cit. p. 67.

¹³¹ Edgerton, 2007. Op. cit. pp. 2-3.

¹³² Conrad et al., 2016. Op. cit. p. 54.

Any implementation of a policy strategy abroad does inherit a perception in the host country that can provide evidence on the successfulness of a strategy. Especially when analysing soft power ambitions, reactions provide insights into the acceptance of the pursued strategy. Therefore, the thesis will further explore the development of the perception of the MIC2025 in Germany against the backdrop of the aforementioned acquisition of KUKA.

4.4.1 First Confrontation with China's New Industrial Strategy Implemented

After MIC 2025 has been publicly announced by Li Keqiang in 2015, the reactions have initially been diverse in Germany. As China's industrial policy seemed to be a tribute to the German policy 'Industry 4.0', several voices foresaw a long-lasting, fruitful collaboration in the field of industrial innovation.¹³³ The 'Industry 4.0' strategic plan that has been published by Germany in 2013 focuses on industrial integration, industrial information integration, manufacturing digitisation, Internet of Things (IoT) and artificial intelligence in order to compete with new, worldwide industrial innovations.¹³⁴ Besides this viewpoint, the Chinese MIC 2025 has been seen critical in Germans public discourse since its implementation. The ZEIT, a well establish German newspaper mostly advocating a liberal political point of view, called the policy a "declaration for war directed at Germany" in 2015 and warned German policymakers to not underestimate China's ambitions. The MIC 2025 supposedly should be a wake-up call for Germany as the strategy especially targets these industries that are essential for Germany's economic growth. By mentioning that the brand 'Made in China' should not stand for cheap mass production anymore, but instead be recognised as a label advocating innovation, quality and efficiency,¹³⁵ the article refers to an aspect of the MIC 2025 policy that could have in theory resulted in a soft power gain. As the implications evoked by a brand to the nation it is attributed to is an important part of Nye's theory of soft power,¹³⁶ the re-branding of the term 'Made in China' seemingly should help China's soft power ambitions. Instead, China's will to improve its global brand competitiveness is perceived as

¹³³ Erling, Johnny (2017). Chinas Agenda 2025 kennt nur ein Ziel. [China's 2025 agenda pursues only one goal.] In: *Welt*. 07.03.2017. <https://www.welt.de/wirtschaft/article162647446/Chinas-Agenda-2025-kennt-nur-ein-Ziel.html> (14.05.2020).

¹³⁴ Li, 2018. Op. cit. p. 66.

¹³⁵ Wübbeke, Jost (2015). Made in China 2025. Die Kampfansage an Deutschland. [Made in China 2025. The declaration of war directed at Germany.] In: *Die ZEIT*. 27.05.2015. <https://www.zeit.de/wirtschaft/2015-05/china-industrie-technologie-innovation> (14.05.2020).

¹³⁶ Nye, 2004. Op. cit. p. 114.

threatening in Germany, as this article clearly depicts by repetitively calling it a “declaration of war for established industrial nations”.¹³⁷ Moreover, the innovation-centric strategy MIC 2025 which could foster China’s reputation as a major player regarding high-end technologies from a techno-nationalist point of view, is described as particularly worrisome for Germany due to the industrial sectors the strategy is targeting. By including aerospace and aviation equipment, rail equipment, energy-saving vehicles and the upgrading of power grids, the author regards the MIC 2025 as competition to German industrial key sectors.¹³⁸

Nevertheless, the German discourse about the Chinese MIC 2025 policy has been diverse and not exclusively negative in the year of its establishment as it still seemed a rather theoretical topic. The discourse changed drastically a year after, as two Chinese bids for German high-tech enterprises ignited a controversial debate about COFDI within political and economic circles in Europe: the successful acquisition of KUKA by Midea in June 2016 and the failed attempt by the Fujian Grand Chip Investment (hereinafter FGC) to take over the German machine maker Aixtron in the same year.¹³⁹ When FGC offered 676 million Euros for Aixtron, a German chip manufacturing systems producer, which has been suffering from losses since 2012, the company made a bid that was not only 25% higher than Aixtron’s closing price at the week prior, but also unreachable for European competitors. Even though the German government initially approved the deal in September 2016, the approval was withdrawn six weeks later and the review of the Chinese acquisition of Aixtron was reopened, allegedly due to security concerns raised by US intelligence information. The German deputy economics minister Matthias Machnig at that time stated “previously unknown security-related information” has been the cause.¹⁴⁰ Despite Aixtron’s headquarters being located in Germany, the company operates around the globe with three leading technology hubs in Germany, the United Kingdom (UK) and the US, with American operations accounting for roughly 20% of Aixtron’s revenues prior to 2016. Therefore, it has been possible that the US government blocked the deal in December 2016 by preventing the purchase of the US subsidiary Aixtron Inc. under American law due to Aixtron’s overall technological

¹³⁷ Wübbecke, 2015. Op. cit.

¹³⁸ Wübbecke, 2015. Ibid.

¹³⁹ Conrad et al., 2016. Op. cit. p. 54.

¹⁴⁰ Hoojimaaijers, 2019. Op. cit. p. 461.

knowledge and experience regarding a particular semiconductor production that has military utility.¹⁴¹

These two described prominent examples of COFDI directed at German high-tech companies were the inducement for the MERICS, a German independent think tank and leading European provider of policy-oriented research on contemporary China giving information to decisionmakers in politics, economy and society,¹⁴² to publish a study on the Chinese MIC 2025 study at the end of 2016. This study finds that in general the global economy has good reasons to welcome the strategy as long as China abides to the principles and rules of open markets and fair competition.¹⁴³ Due to China still being highly dependent on foreign technology, especially showing a huge demand for high-end machine tools and smart sensors, foreign tech suppliers could greatly benefit from China's smart manufacturing boom during the implementation phase of the MIC 2025 strategy, the study finds.^{144,145} Nevertheless, the authors of the study point out that countries in which high-end industries contribute a large share to the industrial output are most exposed to the competition that the successful implementation of the MIC 2025 policy could create.¹⁴⁶ The outward-looking dimension, meaning the support for acquisitions of international high-tech companies by Chinese investors, is seen especially critical and suspicion, as the openness of market economies in the US and Europe could be exploited is risen by the authors.¹⁴⁷ In general, the policy report of MERICS from 2016 seems to be a mild warning that the MIC 2025 policy should not be regarded too lightly by German policy makers. The implementation of the strategy, which the report acknowledges is one year after its establishment taking place successfully, is described as a "forceful and smart challenge to leading economies"¹⁴⁸, but several welcome opportunities to profit of this are pointed out. The recommendations for policy makers included in the document state that most of COFDI present huge benefits for the acquired European companies and therefore should continuously be welcomed. Neverthe-

¹⁴¹ Clark, Harry L.; McFadden II, W. Clark (2016). United States: Six Crucial Points About The Prohibition On Chinese Investors' Acquisition of U.S. Aixtron Operations. In: *Mondaq*. 15.12.2016. <http://www.mondaq.com/unitedstates/international-trade-investment/553246/six-crucial-points-about-the-prohibition-on-chinese-investors39-acquisition-of-us-aixtron-operations> (14.05.2020).

¹⁴² MERICS – Mercator Institute for Chinese Studies (2020). *About us*. <https://www.merics.org/en/about-us> (14.05.2020).

¹⁴³ Conrad et al., 2016. Op. cit. p. 7.

¹⁴⁴ Conrad et al., 2016. Ibid. p. 12.

¹⁴⁵ Conrad et al., 2016. Ibid. p. 37.

¹⁴⁶ Conrad et al., 2016. Ibid. p. 50.

¹⁴⁷ Conrad et al., 2016. Ibid. p. 8.

¹⁴⁸ Conrad et al., 2016. Ibid.

less, it is called for FDI into Europe, regardless from which country they are coming, to be screened more comprehensively for national security implications.¹⁴⁹ Overall, the policy report calls for an improved EU procedure to receive and accept FDI, but does not negate the opportunities of the MIC 2025 strategy despite the incorporated challenge.

As soft power is, by Nye's definition, "the ability to get what you want through attraction rather than coercion or payments",¹⁵⁰ a soft power gain for China achieved through the successful implementation of the MIC 2025 policy would attract stakeholders from other countries to voluntarily cooperate with the industrial policy. The MERICS report from 2016 advises German stakeholders, such as companies producing key technologies needed by China, to continuously engage in trade with Chinese companies under the framework of MIC 2025, as it promises to be profitable. Even though this is giving evidence for a possible Chinese soft power gain, the implications of MIC 2025 for the German economy are seen as ambivalent. With the report recommending to remain cautious, this soft power implication can only be seen as temporarily.

One of the German stakeholders that happily engaged within the MIC 2025 strategy shortly after its promulgation, has been the German robot manufacturer KUKA's board with its CEO Reuter stating confidently that Midea's bid would help fulfil the company's strategies¹⁵¹ and the management board as well as supervisory board considering the offer to be fair, reasonable and in the interest of the KUKA company.¹⁵² This willingness to accept Chinese investments has found diverse receptions with German government officials. While Markus Ferber, who is member of the European Parliament for the German Christian Social Union party, raised doubts about "such a key enterprise" being transferred to a Chinese company instead of staying in European ownership, Sigmar Gabriel, then Germany's Vice Chancellor and Minister for Economy and Energy, was strictly against this acquisition and was eager to start a discussion about an "option to assess the interests of investors against the EU's industrial interests for sectors

¹⁴⁹ Conrad et al., 2016. Ibid. p. 61.

¹⁵⁰ Nye, 2004. Op. cit. p. x.

¹⁵¹ Prodhan, Georgina (2016). German robot maker KUKA's CEO welcomes Midea bid. In: *Reuters*. 07.05.2016. <https://www.reuters.com/article/kuka-ma-midea-group-idUSL5N18O1DE> (14.05.2020).

¹⁵² KUKA (2016). *Joint Opinion of the Management Board and Supervisory Board of KUKA Aktiengesellschaft pursuant to section 27 (1) of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz) for the Voluntary Public Takeover Offer by MECCA International (BVI) Limited to the Shareholders of KUKA Aktiengesellschaft*. <https://www.kuka.com/-/media/kuka-corporate/documents/ir/midea/reasoned-opinion-27-wpueg.pdf> (14.05.2020).

that can be of existential significance for the strategic future of the European economy".¹⁵³ While Gabriel intensively engaged in a protectionist discussion, the German chancellor welcomed the Chinese investment surge of 2016 against the backdrop of the KUKA acquisition, but claimed on several occasions that she expects reciprocity, hence China becoming more open for foreign investors.^{154,155} The fact that German policy makers view the engagement in the Chinese MIC 2025 policy in the form of COFDI directed to German companies in key industries as threatening to the German economy on the one hand and as an unbalanced deal on the other hand, shows the discrepancy of acceptance between economic and political stake holders in Germany. Therefore, these two groups show dichotomy in the acceptance of Chinese soft power ambitions.

4.4.2 Developing Perceptions after the Successful Implementation

As Nye describes the long time that soft power may take to result in visible outcomes as one of the major difficulties of incorporating soft power into a governmental strategy,¹⁵⁶ it is useful to not only take a look at initial reactions in Germany directly after the implementation of the MIC 2025 strategy and the acquisition of KUKA in 2016, but rather include a broader view of the years following. Data from various English corpora regarding the use of the term 'Made in China 2025' in the years between 2015 and 2019 show that the interest in this topic has increased steadily. With a look at the Corpus of Contemporary American English (COCA), which is the world's most widely-used database collecting 1.0 billion American words in a wide range of genres including for example transcripts of TV programs, magazines as well as newspapers up to currently December 2019,¹⁵⁷ it becomes obvious that the use of the Chinese policy's name has been mostly used in the years from 2017 to 2019 in written transcripts of more than 150 transcripts of TV and radio programs.¹⁵⁸ The News on the Web Corpora (NOW), which is in total composed of 9.97 billion words of data starting from 2010 and constantly

¹⁵³ Hooijmaijers, 2019. Op. cit. p. 458.

¹⁵⁴ Hooijmaijers, 2019. Ibid. p. 456.

¹⁵⁵ Süddeutsche Zeitung (2016). Merkel zeigt sich offen für chinesische Investitionen in Deutschland. [Merkel demonstrates openness towards Chinese investments in Germany.] In: *Süddeutsche Zeitung*. 13.06.2016. <https://www.sueddeutsche.de/wirtschaft/kuka-merkel-zeigt-sich-offen-fuer-chinesische-investitionen-in-deutschland-1.3031049> (14.05.2020).

¹⁵⁶ Nye, 2012. Op. cit. p. 152.

¹⁵⁷ Davies, Mark (2020). The COCA corpus (new version released March 2020). In: *English Corpora*. https://www.english-corpora.org/coca/help/coca2020_overview.pdf (14.05.2020).

¹⁵⁸ Data for the search term 'Made in China 2025' retrieved from the corpora COCA. In: *Corpus of Contemporary American English*. <https://www.english-corpora.org/coca/> (14.05.2020).

updated extracted from various digital English news on a global basis,¹⁵⁹ shows a similar picture with a comparatively low use of the term ‘Made in China 2025’ in the year of 2016 which has been rising steadily with a peak in 2018, after which a lower extent of usage of the term followed.¹⁶⁰ The usage of the term ‘MIC 2025’ in German-language text follows the same pattern of frequency as it is in international media. The German Reference Corpus, in German ‘Das Deutsche Referenzkorpus’, (DeReKo) that combines several German-language corpora includes currently 58.4 billion word forms taken from mainly newspapers, but also literary texts, biographies, scientific texts, interviews and protocols,¹⁶¹ reveals that the term ‘Made in China 2025’ has been mostly used in 2018, followed by the years 2019 and then 2016 according to its data.¹⁶² The accumulation of the use of the term ‘Made in China 2025’ in global news coverage in the years after the strategy’s establishment, especially in German-speaking media, underlines the importance of analysing the international perception of MIC 2025 not only right after its announcement, but also with a more recent background. How often the strategy is present in media coverage provides an insight on the actuality of the topic.

Whereas German newspapers have focussed on the interconnectivity of China’s MIC 2025 strategy and the German ‘Industry 4.0’ industrial plan and therefore criticism mostly targeted China’s interest in key industries that are essential for German success in 2016, the overall tendency for criticism changed during the following years. The common tone reveals that the media, hence huge parts of the German public, still sees China as a threat, but often blames the German government as well as German entrepreneurs to not be careful enough regarding the MIC 2025 strategy. Even with the harsh statements from German policy makers regarding the KUKA acquisition by Midea, it seems that a majority shares the opinion that the German government does not protect its domestic economy successfully.

¹⁵⁹ Davies, Mark (2020). NOW Corpus (News on the Web). In: *English Corpora*. <https://www.english-corpora.org/now/> (14.05.2020).

¹⁶⁰ Data for the search term ‘Made in China 2025’ retrieved from the corpora NOW: In: *News on the Web*. <https://www.english-corpora.org/now/> (14.05.2020).

¹⁶¹ Lüngen, Harald (2017). DeReKo – das deutsche Referenzkorpus. *Schriftkorpus der deutschen Gegenwartssprache am Institut für Deutsche Sprache in Mannheim*. [DeReKo – the German Reference Corpus. Text Corpora of Contemporary German at the Institute for the German Language (IDS) in Mannheim.] In: *Zeitschrift für germanistische Linguistik*. Vol. 45, Iss. 1. p. 162.

¹⁶² Data for the search term ‘Made in China 2025’ retrieved from the corpora DeReKo. In: *COSMAS II*. <http://www.ids-mannheim.de/cosmas2/> (14.05.2020).

In an article published by WELT, one of the most wide-reaching online news portals in Germany which belongs to a bourgeois-conservative daily newspaper,¹⁶³ in March of 2019 a lack of transparency and alleged unfair competitive conditions are given as reasons to criticise China's MIC 2025 strategy. It is stated that Germany could be "easy prey" for China due to its naivety.¹⁶⁴ By comparing the German economy to a helpless animal inevitably about to be killed, an exaggerated metaphor is used to express harsh criticism at the politics used to react to China's MIC 2025. The article continuously makes use of exaggerated language by stating that, while the rest of the world is afraid of the Chinese "urge for expansion", German entrepreneurs are pursuing a strategy of "cuddling".¹⁶⁵ In comparison to articles published years before in German newspapers, the German government moved into the centre of criticism. Nevertheless, Chinese economic politics are seen as ambivalent due to the often underlined will for "win-win" or "mutual beneficial cooperation", which is a term that does not only dominate China's official economic strategies, but is also frequently used by Chinese entrepreneurs to negotiate with foreign partners since decades,¹⁶⁶ standing in contrast to the country's aggressive economic strategies as well as the obstacles existing for foreign investors.¹⁶⁷

The Handelsblatt, the most often printed and widely distributed German newspaper on economics and finance,¹⁶⁸ echoes this criticism by accusing German politics of being too naive in handling economic relations with China. An article from 2019 points out the high risk of unwanted transfer of know-how in sectors that are essential for the progress of the German industry. While establishing this accusation, the author also acknowledges that the German Federal Minister of Economic Affairs and Energy Peter Altmaier introduced an industrial strategy which could be seen as an answer to China and demanding that the German state should take part in companies in key technologi-

¹⁶³ Sasse, Sabine (2012). Mediendatenbank. Die Welt. [Media Data Bank. Die Welt.] In: *Institut für Medien- und Kommunikationspolitik*. 04.05.2012. <https://www.mediadb.eu/forum/zeitungsportraits/die-welt.html> (14.05.2020).

¹⁶⁴ Gehm, Florian (2019). Blanke Naivität macht Deutschland zur leichten Beute. [Pure naivety puts Germany in the position of being easy prey.] In: *Welt*. 30.03.2019. <https://www.welt.de/wirtschaft/article191060835/Seidenstrassen-Projekt-Blanke-Naivitaet-macht-Deutschland-fuer-China-zur-leichten-Beute.html> (14.05.2020).

¹⁶⁵ Gehm, 2019. Ibid.

¹⁶⁶ Zhao, Jensen J. (2000). The Chinese Approach to International Business Negotiation. In: *The Journal of Business Communication*. Vol. 37, No. 3. p. 231.

¹⁶⁷ Gehm, 2019. Op. cit.

¹⁶⁸ Eurotopics (2020). Handelsblatt. In: *Eurotopics*. <https://www.eurotopics.net/de/148558/handelsblatt> (14.05.2020).

cal sectors, not specifying if this might entail the acquisition of shares or exercising legislative control though, to prevent acquisition of such firms by foreign investors¹⁶⁹ which can clearly be seen as a reference to the well-discussed acquisition of the robotics supplier KUKA by a Chinese company. Nevertheless, this article underlines the common perspective that German newspapers take in criticising Germany in handling the MIC 2025 strategy years after its implementation. Even though the domestic policy makers are in the focus of attention, the Chinese initiative is continuously seen as threatening which reveals that soft power ambitions going along with the MIC 2025 might not have been successful.

The Handelsblatt article refers and quotes a MERICS policy report which has been published in June of 2019. Four years after the formal announcement of the MIC 2025, the Berlin-based think tank seized the occasion to re-evaluate the Chinese innovation-driven strategy and publish a second policy report on this topic. This study summarises that China's ambitions described in the MIC 2025 policy have caused considerable irritation in Western industrialised countries as businesses as well as experts accused China of using unfair business practices and stealing technology in its efforts to become the world's tech super power.¹⁷⁰ The European participation in China's technological upgrading ambitions, which is mainly through COFDI in Europe due to 58% of these in 2018 targeted core industries that are listed in MIC 2025, is described as a "double-edged sword".¹⁷¹ The outward-facing approaches that the MIC 2025 entails to gain access to foreign know-how and technology in order to enable technological value chains in the domestic economy in the long term, thereby reduce the dependency on partners abroad is seen as ambiguous.¹⁷² On the one hand, companies in Europe that produce the technologies China is looking for are benefitting as China still suffers from considerable weaknesses in technologies necessary for enabling innovative progress,¹⁷³ but on the other hand, European governments, policy makers as well as companies are reminded to look behind short-term business opportunities.¹⁷⁴ Germany is described as

¹⁶⁹ Heide, Dana (2019). Deutschland ist im Umgang mit China zu naiv. [Germany is acting to naively in handling China.] In: *Handelsblatt*. 01.07.2019. <https://www.handelsblatt.com/politik/international/studie-deutschland-ist-im-umgang-mit-china-zu-naiv/24512056.html?ticket=ST-4287288-KLj6QaWBJhc1Pxx9IBZ-ap4> (14.05.2020).

¹⁷⁰ Zenglein; Holzmann, 2019. Op. cit. p. 8.

¹⁷¹ Zenglein; Holzmann, 2019. Ibid. p. 13.

¹⁷² Zenglein; Holzmann, 2019. Ibid. p. 49.

¹⁷³ Zenglein; Holzmann, 2019. Ibid. p. 24.

¹⁷⁴ Zenglein; Holzmann, 2019. Ibid. p. 13.

one of the nations whose economic base could directly be threatened by the policy. With arguing that German actors seem to neglect the risk of unwanted know-how transfer in fields crucial to the German technology sectors,¹⁷⁵ the MERICS report is in line with the argumentation of several newspaper articles published on the topic of Germany's relationship to the MIC 2025 policy in the years of 2018 and 2019. The report states that the economic development of both countries and the comparative advantages are mostly seen as complementary in Germany.¹⁷⁶ Despite the criticism towards China's ambitions, the report does not neglect the successful implementation of the MIC 2025 strategy. By pointing out several successes since its establishment, the authors conclude that the MIC 2025 initiative is established as a forceful catalyst for industrial upgrading. Due to Chinese brands like Haier, Lenovo or DJI becoming internationally well-known names in the framework of this strategy,¹⁷⁷ the report concludes that "the days in which foreign brands are generally seen as superior to Chinese competitors are over".¹⁷⁸ While the policy progressed from design to actual implementation, the MIC 2025 has gotten more international attention resulting in external pressure since 2015. The authors describe how this has changed the way Chinese policy makers depict and communicate about it resulting in the term 'Made in China 2025' being completely left out of all official government discourse about innovation-driven discourse from summer 2018 on.¹⁷⁹

With brand names playing an important role in the daily lives of people through repetitive presence which is mostly higher than the one of government representatives, a brand name that is recognisable, positively connotated and attributed to its country of origin could possibly generate soft power.¹⁸⁰ As the MERICS report states that since the implementation of the MIC 2025 policy, Chinese brands are more likely to be seen as equal in global competition,¹⁸¹ the strategy already had a positive soft power impact since its implementation. As the techno-nationalist concept names a country's innovative capabilities as a key measurement for its economic performance,¹⁸² China is in need of companies able to produce innovations high in quantity as well as quality and associated with the country. The aforementioned brand names, therefore, are not only in the

¹⁷⁵ Zenglein; Holzmann, 2019. Ibid. p. 14.

¹⁷⁶ Zenglein; Holzmann, 2019. Ibid. p. 57.

¹⁷⁷ Zenglein; Holzmann, 2019. Ibid. p. 20.

¹⁷⁸ Zenglein; Holzmann, 2019. Ibid. p. 52.

¹⁷⁹ Zenglein; Holzmann, 2019. Ibid. p. 29.

¹⁸⁰ Nye, 2004. Op. cit. p. 114.

¹⁸¹ Zenglein; Holzmann, 2019. Op. cit. p. 52.

¹⁸² Edgerton, 2007. Op. cit. p. 5.

position to generate a soft power gain for China, but also increase the global perception of the country as a technological leapfrog. Thereby these brands could increase China's innovative reputation, thus enhancing its performance in the techno-nationalist understanding.

As soft power rests on the ability to shape the preferences of others and the ability to attract,¹⁸³ the soft power ambitions behind the MIC 2025 strategy would theoretically be successful if others are attracted by the strategy and therefore would like to contribute to or be part in the implementation. Looking at Germany, the situation is ambivalent. As many German companies and stakeholders of the private economy welcome Chinese COFDI, such as the KUKA company, one might argue that the MIC 2025, in this example, has generated soft power for China. Nonetheless, the fact that German policy makers react dominantly cautious to such investments constitutes an important part of the German discussion.

The surge of Chinese FDI directed to Europe during recent years has started a very critical debate on Chinese investment and M&A transactions in Europe and especially in German politics, business and public which mainly resolves around two issues. First, the role of the Chinese state and therefore possible political influence on these M&A transactions has been questioned. Second, a lack of reciprocity between China and Germany or even the EU regarding the framework conditions for receiving FDI has been emphasised. These uncertainties in contrast to Germany being a major export country advocating open markets constitute the dilemma that Germany is facing.¹⁸⁴ A letter that German, French and Italian policy makers have sent to the European commission in 2017, arguing that EU member states need more extensive opportunities to investigate takeovers of domestic companies by foreign investors as well as to eventually block them, has been followed by the European Commission proposing a framework for screening of FDI into Europe in September 2017.¹⁸⁵ With both key actors for Chinese export, the US and the EU, starting to take initiative on tightening controls on COFDI to restrict the ability of state-backed companies to obtain strategically valuable technologies by acquisition in recent years,¹⁸⁶ the outward dimension of the MIC 2025 strategy has been under constant pressure from abroad. Therefore, the MIC 2025 has been con-

¹⁸³ Nye, 2004. Op. cit. p. 5.

¹⁸⁴ Jungbluth, 2018. Op. cit. p. 8.

¹⁸⁵ Hooijmaijers, 2019. Op. cit. pp. 451-452.

¹⁸⁶ Holland, 2019. Op. cit.

stantly referred to as threatening for Western economies, not only in German, but in global media. The widely spread negative sentiment about MIC 2025 in Western media undermines the high degree of soft power possibilities the strategy might incorporate, as theoretically generated soft power cannot encounter the threat perception Western states and media feel. The initiative providing China with the technology to move from a partner to a global strategic competitor in Western economic strongholds has been such a controversy during recent years that protectionist measures have been taken in Germany, with the most well-known example being the block by the German government of the sale of a 20% stake of the German power distribution company 50Herz to the State Grid Company of China in 2018. What German government officials refer to be necessary to protect national energy infrastructure, has been accused to be protectionist by the Chinese ambassador to Germany Shi Mingde. While he regards China to currently open up more to foreign investors, he expresses his concerns that Germany may act oppositely by shutting out FDI.¹⁸⁷ With this statement, a general problem can be summarised that China has been facing since its implementation of the MIC 2025. With openly announcing Chinese ambitions to become a manufacturing superpower in the next decades, a general awareness about China's opportunities has been spread in the global community that fosters the perception of China as a threat.

The idea that China as a rising power could lead to regional and international instability which is often labelled as 'China threat theory' has been reoccurring since China managed to maintain one of the world's fastest growth rates from the 1990s on and has been since then used by observers in the West and China's Asian neighbour states.¹⁸⁸ The view that China's rapid economic growth could be threatening has been prevailing especially in the US, where the debate centres around the future of China's intentions and capabilities as a rising power,¹⁸⁹ as these are perceived as a challenge to America's economy.¹⁹⁰

¹⁸⁷ Global Construction Review (2018). Germany blocks China's acquisition of stake in power distributor 50Hertz. In: *Global Construction Review*. 03.08.2018.

<http://www.globalconstructionreview.com/news/germany-blocks-chinas-acquisition-stake-power-dist/> (14.05.2020).

¹⁸⁸ Storey, Ian; Yee, Herbert (eds.) (2002). Introduction. In: *The China threat: perceptions, myths and reality*. London: Routledge. p. 2.

¹⁸⁹ Al-Rhodan, Khalid R. (2007). A Critique of the China Threat Theory: A Systematic Analysis. In: *Asian Perspective*. Vol. 31, No. 3. pp. 41, 44.

¹⁹⁰ Broomfield, Emma V. (2003). Perceptions of Danger: the China threat theory. In: *Journal of Contemporary China*. Vol. 12, Iss. 35. p. 265.

This perception of China is, as described in 4.1, one of the main reasons for Chinese government officials to incorporate soft power ambitions into state strategies. To promote the image of China as an opportunity in contrast to the image of China as a threat, Chinese officials developed a plan to foster its soft power already in the early 2000s.¹⁹¹ The fact that the name of the strategy MIC 2025 has been deleted from official Chinese governmental rhetoric since summer 2018 can be perceived as a sign that Chinese officials have understood that the MIC 2025 strategy is seen as threatening in Western countries and therefore not helping the nation's soft power ambitions which are directed at diffusing the image of China as a threat, but instead fostering it.

5 Discussion

The rapid economic rise of China since the reform and opening up era and the country's political development has evoked wide spread interest and attention of the global community which often expressed itself in formulating the problem of the transition of power between existing hegemons and aspiring powers. While China has sought to improve its soft power and the country's image abroad, media coverage in Western countries continuously showed tendencies to frame China's ambitious future negatively. The confrontation with China being perceived as a threat as reaction to the introduction of China's ambitions of a 'peaceful rise' in 2003 was the first time that the Chinese government demonstrated its ability to reshape its narratives through media. With the term 'peaceful rise' being quietly dropped and replaced with 'peaceful development' or 'peaceful coexistence', a balance between Chinese and Western concepts of China integrating itself into the world economy was hoped to be created.¹⁹² This has been a strategy pursued by the Chinese government to tone down its ambitious plans to not only integrate itself, but play a part as key actor ever since. When China changed the official term for its ambitious and highly advertised infrastructure project from 'One Belt One Road' (OBOR) to 'Belt and Road' (BRI) in an attempt to stress the openness of the strategy and avoid criticism over a China-centred institution building in 2017, Chinese policy makers showed great effort to shift the narrative of the initiative towards soft

¹⁹¹ Lee, 2018. Op. cit. p. 3.

¹⁹² Okada, 2016. Op. cit. pp. 122-125.

power politics with the use of appropriate language.^{193,194} International criticism sparked by the implementation of the MIC 2025 industrial upgrading plan has lead Chinese policy makers to pursue a similar strategy.

The MIC 2025 policies were perceived by several Western states, especially the US, as undermining China's stated adherence to international trade rules and as possibly posing a security risk. The US government accused the Chinese policy to rely on discriminatory treatment of foreign investment, forced technology transfers, intellectual property theft as well as cyber espionage. These allegations motivated the American President Donald Trump to put heavy tariffs on Chinese imports and block several China-backed acquisitions of technology firms¹⁹⁵ in early 2018 which has since then escalated in a trade war with both sides, the Chinese as well as the US, putting heavy tariffs on thousands of products. By February 2020, there were are total of 550 billion USD of US tariffs applied exclusively to Chinese goods in comparison to 185 billion USD of Chinese tariffs on US goods.¹⁹⁶

At the same time that the criticism of the MIC 2025 strategy in the Western discourse escalated into action by the US implementing trade tariffs on Chinese goods, the Chinese government started downplaying China's ambitions for global manufacturing leadership. This highly contrasts to Chinese policy makers openly promoting China's goal of becoming a manufacturing superpower by 2025 as it is described in the MIC 2025 strategy. As the government did not expect the international criticism and pushback that followed the policy's announcement, media coverage and official statements on the issue of MIC 2025 were dialled back upon directive and the strategy has even been removed from the central policy priorities for local implementation in 2019.¹⁹⁷ In his work report of the National People's Congress in March 2019, the Chinese Prime Minister Li Keqiang did not mention the MIC 2025 strategy at all. Instead

¹⁹³ Shephard, Wade (2017). Beijing To The World: Don't Call The Belt And Road Initiative OBOR. In: *Forbes Magazine*. 01.08.2017. <https://www.forbes.com/sites/wadeshepard/2017/08/01/beijing-to-the-world-please-stop-saying-obor/#8215afc17d45> (14.05.2020).

¹⁹⁴ Stanzel, Angela (2017). China's Belt and road – new name, same doubts? In: *ECFR. European Council on Foreign Relations*. 19.05.2017. https://www.ecfr.eu/article/commentary_chinas_belt_and_road_new_name_same_doubts (14.05.2020).

¹⁹⁵ Chatzky, Andrew; McBride, James (2019). Is 'Made in China 2025' a Threat to Global Trade? In: *Council On Foreign Relations*. 13.05.2019. <https://www.cfr.org/background/made-china-2025-threat-global-trade> (14.05.2020).

¹⁹⁶ Chipman Koty, Alexander; Wong, Dorcas (2020). The US-China Trade War: A Timeline. In: *China Briefing*. 26.02.2020. <https://www.china-briefing.com/news/the-us-china-trade-war-a-timeline/> (14.05.2020).

¹⁹⁷ Zenglein; Holzmann, 2019. Op. cit. p. 29.

he referred to the continued implementation of the innovation-driven development strategy and further increase innovation capacity as well as performance. In his outlook for 2019, he called for China to continuously pursue innovation-driven development and foster new growth drivers.¹⁹⁸ Trigger words such as “Made in China 2025” (in Chinese 中国制造 2025) and “self-sufficiency rate” (自主率), which are considered to refer to China’s will to replace foreign technologies with domestic ones in the long run, have been deleted out of policy papers and economic target setting.¹⁹⁹ Statistics show that the Chinese state news agency Xinhua referred to MIC 2025 more than 140 times in the first half of 2018, but has not mentioned it anymore with a sudden stop at the 5th of June due to a directive ordering the media not to apply term any further which has been leaked in the same month.²⁰⁰ Nevertheless, this toned down rhetoric and rebranding efforts do not affect the continued implementation of the plan.²⁰¹ Analysts are sure that the MIC 2025 is still being implemented just without the use of this trigger word and refer to a policy investigated of November 2019 which defines a group of companies to become “sector champions” by 2025 and calls for upgrading and integrating China’s manufacturing sector.²⁰² The Chinese Ambassador to Germany Shi Mingde rejected these accusations and especially underlined that the MIC 2025 strategy has been based on a concept of win-win cooperation.²⁰³ With this statement, he has been much in line with the Chinese government condemning US unilateral and protectionist measures, as these may have an adverse effect on the global economy in the 2019 published white paper *China’s Position on the China-US Economic and Trade Consultations*. Experts opinion advocate for Beijing viewing the trade conflict as a US attempt to contain China’s economic ascent and derail the MIC 2025 initiative.²⁰⁴

¹⁹⁸ Keqiang, Li (2019). Full text: Report on the Work of the Government. In: *Xinhua*. 16.03.2019. http://english.www.gov.cn/premier/speeches/2019/03/16/content_281476565265580.htm (14.05.2020).

¹⁹⁹ Zenglein; Holzmann, 2019. Op. cit. p. 8.

²⁰⁰ Watts, Gordon (2019). China’s Voldemort policy that must never be named. In: *Asia Times*. 03.04.2019. <https://asiatimes.com/2019/04/chinas-voldemort-policy-that-must-never-be-named/> (14.05.2020).

²⁰¹ Zenglein; Holzmann, 2019. Op. cit. p. 30.

²⁰² Behsudi, Adam; Wang, Orange (2019). China’s new industrial plan seems a lot like the old one. In: *POLITICO*. 20.11.2019. <https://www.politico.com/news/2019/11/20/china-industrial-plan-072033> (14.05.2020).

²⁰³ Xinhua (2018). US claims on China trade investigation 'untenable': Chinese Ambassador to Germany. In: *Xinhua*. 17.04.2018. <http://www.chinadaily.com.cn/a/201804/17/WS5ad59474a3105cdcf6518cf5.html> (14.05.2020).

²⁰⁴ Liu, Yinmeng; Wang, Mingjie (2019). Experts say world will pay price for Washington’s protectionist stance. In: *China Daily*. 06.04.2019. <https://www.chinadaily.com.cn/a/201906/04/WS5cf5cbaea310519142700e6b.html> (14.05.2020).

In the light of this global criticism that targeted China's economic rise during the last decades in general, and most recently China's ambitions to upgrade its manufacturing, several German critics had a platform to express its doubts about China's interests. When the Federation of German Industries (BDI) published a paper that defines China as a partner, but also a 'systemic competitor', this has been clearly underlined. Nevertheless, Germany remains in need to cooperate with China on economic and strategic issues as the country remains Germany's second largest trading partner since 2016 and economic interests are likely to continue driving German foreign policy on China.²⁰⁵

6 Conclusion

The MIC 2025 strategy pursuing the enhancement of Chinese technological and innovation capacity, which was expected to help China achieve its soft power goals that aim at neglecting the image of China as a possible threat and foster the idea of China as an opportunity, was perceived as highly threatening in Europe because of high-level investments in European key industries, such as the acquisition of the German robotics firm KUKA by a Chinese company, and therefore abolished from official policy terminology due to the negative effect on Chinese soft power ambitions.

China has integrated its soft power ambitions in its official policies since the 2000s in an effort to balance its rapid economic and political rise with an increase of attractiveness to keep the international community from perceiving China as a threat but instead welcoming the country's successful ascent and itself into the global economy as a key actor. The MIC 2025 pursues no other goal than putting China at the top of GVC in the long term by implementing mostly domestic measures aiming at improving China's infrastructure.

Even if the MIC 2025 strategy is mostly composed by inward measures, the outward dimension of the policy that entails foreign investors being directed into Chinese R&D and key sectors as well as China supporting Chinese investors to invest and even acquire companies in the defined key sectors has drew special criticism to itself. The acquisition of the German robotics manufacturer KUKA by the Chinese home appliance

²⁰⁵ Poggetti, Laurezia; Shi-Kupfer (2018). Germany's promotion of liberal values vis-à-vis China: Adapting to 39 new realities in political relations. In: Ekman, Alice; Jerdén, Björn; Otero-Iglesias, Miguel; Rühlig, Tim Nicholas; Seaman, John; van der Putten, Frans-Paul (eds.). *Political values in Europe-China relations. European Think-tank Network on China (ETNC)*. https://pure.diis.dk/ws/files/2551241/ETNC_full_report_2018.pdf (14.05.2020).

supplier Midea was a well-discussed part of the extreme surge of COFDI into European key sectors which lead to a rise of demands for protectionist measures in Germany and all of Europe. With the MIC 2025 strategy initially seen as bringing opportunities to German enterprises and the domestic economy as China is still in need of acquiring key technologies necessary for building its own innovation infrastructure from abroad, a possible soft power gain could have aroused from the successful implementation of the strategy.

Even with the MIC 2025 being successfully implemented so far, showing measurable results and even fostering Chinese brand recognition of brands such as Huawei which is not only one of the key strategies of the MIC 2025 but also a major aspect to foster soft power, the international criticism continuously increased. This led to an accumulated perception of China as a threat in German and Western media overall, a connotation to China's rise that the government wants to prevent. Especially, the drawback of tariffs being implemented on Chinese goods exported to the US which were arguably a result of the current US administration feeling threatened by China's ambitions to become a manufacturing superpower, hence possibly overtaking the US as biggest global economy in the long term.

Therefore, the political decision was taken to erase trigger words such as 'MIC 2025' or 'self-sufficiency rate' from the official discourse to encounter China's urge to improve its innovation environment being perceived as threatening and ease the tense situation of trade tariffs being implemented globally by giving the halt of naming the MIC 2025 as concession. Nevertheless, the government continues to implement measures that aim at achieving the MIC 2025 strategy's goals in targeting key sectors. This could result in China becoming the manufacturing superpower it aspires to be after all, without standing in the spotlight of international criticism.

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