

Emerging pressures on US businesses and risks of complicity with Beijing’s censorship and propaganda

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Thank you for the opportunity to submit a written statement for today’s hearing. This brief submission focuses on several recent developments and incidents in China and globally that may affect the business and human rights landscape in the coming years as it relates to the information space, drawing on research from Freedom House and other sources.

[Legislative changes adopted in China](#) since 2021, additional regulatory shifts, and specific incidents that have occurred and been documented by Freedom House in our [China Media Bulletin](#) and [Beijing’s Global Media Influence](#) projects point to the following circumstances as potential risks and scenarios that US businesses and policymakers should be aware of and prepared for:

1. Shifting red lines and arbitrary enforcement of laws related to permissible versus criminalized speech or information sharing

In recent months, China’s security and propaganda apparatus has turned its sights on foreign consulting and auditing companies, conducting [coordinated raids](#), [detaining employees](#), broadening an espionage law, and airing slickly produced “[special reports](#)” about its crackdown on state television. The campaign has sent waves of alarm across the international business community. Notably, recent prison sentences against high- and low-profile civic activists serve as a reminder that the private-sector cases are just one piece of a much larger pattern of politicized prosecutions in China, one whose examination can provide insight into what further targeting of US businesses and employees by Chinese security forces may entail. A [review](#) by Freedom House in May 2023 of over two dozen cases that had gained public visibility in the prior three months provided some sense of the scale of the problem, the sorts of behavior being punished, and the profound flaws in the legal system that enable such prosecutions. The article provides the full analysis and numerous cases involving political and religious prisoners, shedding light on how even seemingly minor infractions—which would be tolerated or even praised in a democracy and some of which were deemed permissible within China in the recent past—can now yield harsh punishments.

Under the revisions to the Espionage Law that came into effect on July 1, foreign businesses and their employees may be at greater risk than previously of overstepping these boundaries. Even prior to the change, implementation rules to the law adopted in 2017 and described in this [post](#) by Chinese law expert Jeremy Daum outline various “non-espionage conduct” that

could still be encompassed. Reading between the lines, such conduct includes various human rights causes and persecuted communities whose members are routinely prosecuted and subjected to long prison terms after questionable trials: political activism deemed “subversion of state power,” investigative reporting perceived as “distorting facts,” advocacy for Uyghur or Tibetan minority rights deemed “separatism,” or peaceful practice of faiths like Falun Gong or certain forms of Christianity being deemed to be carrying out activities “endangering national security.”

The case of [Dong Yuyu](#), a journalist for the Chinese state-owned newspaper *Guangming Daily*, is one example of how previously routine engagements between respected individuals, even journalists at state-run outlets and foreign diplomats, could now be suspect in the current political and legal context in China. Dong, a savvy observer of international relations, was widely known among foreign journalists, business executives, and diplomats. Sensing the regime’s growing sensitivity to such interactions, he had become more circumspect in his writings and careful in his meetings with foreigners, but his precautions were apparently insufficient. He was detained in February 2022, three months before retiring, on espionage charges after meeting with a Japanese envoy. Dong’s case is now moving to trial and is perhaps the most chilling for the business community, given that raids on consulting and auditing firms have also been linked to the enhanced espionage law.

Recent restrictions on the information available from [academic databases or collections of judicial verdicts](#)—content that was previously easily available to foreign researchers, journalists, and corporations—could also add to the narrow path for those seeking to better understand what is happening in China beyond CCP-approved narratives in traditional and social media. If an individual were to obtain the same information now that had previously been openly available through an innovative workaround or Chinese contact, that person could reasonably be deemed as attempting to access “state secrets” or engaging in espionage and be subject to prosecution.

2. Growing pressure to self-censor corporate speech

The Chinese government is adept at using foreign business investment, market access, and the legal risks facing firms and their employees in China as leverage to dictate speech outside China’s borders. Examples of this development are the incidents in 2018 related to drop-down menus of [hotel chains and airlines](#) or deletion of a [Mercedes Benz](#) post on a foreign social media platform. Besides government pressure, Chinese state media and vocal nationalist netizens (whose detractors are more heavily censored on Chinese platforms) have also been known to apply pressure on foreign companies to say—or not say—certain things regarding human rights conditions in China. The recently released [2023 survey results](#) from the American Chamber of Commerce cited such pressures. 72 percent of US companies in China reported facing pressure in 2022 to make (or not make) statements on politically sensitive issues and 45 percent cited an increase in pressure compared to previous years. Among these businesses, 57 percent of respondents reported that the pressure came from the Chinese government and 37

percent from Chinese media, although the wording of the question conflates pressure to speak—or to self-censor—and is vague about what topics fall under “politically sensitive” items. As pressure from Chinese state entities grows alongside the legal risks for firms and employees, businesses are more vulnerable to feeling forced to concede to such requests and to omit publicly that they were done under pressure.

3. **Pressure to infringe on the speech or privacy of others**

This type of action is arguably more problematic than self-censorship of corporate statements themselves, but not often disaggregated in discussions of corporate complicity with CCP diktats. Yet it is profoundly impactful and a known deployment of the various leverage points possessed by Beijing to co-opt or coerce foreign businesses into restricting speech and access to information inside and outside China. The lengths the regime is willing to go are evident as far back as 2007 when a [NASDAQ employee](#) in China was detained by state security, resulting in a Chinese dissident television station being denied the ability to report from the exchange’s headquarter in New York. More recently, in February 2023 [Apple removed](#) within days the [Damus social media](#) app from its store in China at the demand of the Cyber Administration of China, with it joining hundreds of other applications omitted from the store (including those of US-based news outlets). Just last month, in the latest example of censorship pressures vis-à-vis the arts, the Chinese embassy urging a [Polish venue](#) to cancel an exhibit by a dissident Chinese artist. These incidents are only a small sample of cases from around the world in the corporate, media, and cultural sectors.

[Hundreds of incidents](#) that have occurred globally over the past decade demonstrate that once the CCP—or a company, media outlet, or owner with close ties to the party—gains a foothold within an information dissemination channel, manipulation efforts inevitably follow. This may not occur immediately, but can evolve over time or be activated as soon as a test case with sufficient significance to Beijing emerges. At that point, CCP leaders, diplomats, and other state-linked actors will not hesitate to use previously acquired economic and political leverage to impose their will. While most such incidents that have gained public attention involved censorship or other manipulation, demands on foreign firms in China to provide government agencies access to user data upon request is also a risk. Last [September](#), the CAC urged firms to improve the “[traceability](#)” of users. Any foreign company providing digital technology services in China will inevitably face such a request, compliance with which would risk landing a user in prison over internationally protected speech on political, religious, or social topics.

4. **Expanding demands from Hong Kong authorities**

Following the adoption of the National Security Law, the Hong Kong government has been increasing demands on foreign companies, especially technology firms, to enforce limits on speech or access to information, both within Hong Kong and globally. Apple has come under growing pressure to remove certain apps from its store in Hong Kong, with one December 2022 report findings that [53 Virtual Private Network](#) apps had been made unavailable in the

territory after adoption of the National Security Law. Also in December, Hong Kong-based users noticed that the “safe browsing” feature on the Apple-owned web browser Safari had temporarily [blocked](#) the website GitLab, which has been [censored](#) in China. In 2021, [Hong Kong authorities](#) ventured further afield and asked a website-hosting company in Israel to shutter a prodemocracy website, warning that refusal could result in fines or prison time for employees under the territory’s National Security Law.

5. Enticement to aid Beijing with its foreign media influence efforts

As the CCP, Chinese diplomatic missions, and their proxies invest [more and more resources](#) in influencing foreign media environments and reaching overseas audiences, the funds also available to businesses—including public relations (PR) firms—who assist them is notable. Country case studies and other research from a recent Freedom House report, [Beijing’s Global Media Influence](#), reveal the extent to which PR firms have been working to get Beijing’s message out and to co-opt local voices in countries as diverse as the United States, Panama, Taiwan, and Kenya. In at least some cases, the effort involves covert, coercive, or potentially corrupting activities. Last month, Freedom House published a detailed analysis of this phenomenon (see [here](#)), drawing on recent filings under the Foreign Agents Registration Act (FARA) and shedding light on millions of dollars in potential profits per year flowing to this sector.

But while a wide range of corporations and governments—authoritarian and democratic—make use of PR firms’ services to encourage sympathetic coverage and counter negative reporting, there are several factors that arguably make Beijing’s practices both notable and potentially problematic. The first is the sheer scale of resources devoted to media influence efforts by the Chinese Communist Party (CCP) and large China-based corporations with close party ties. The potential for enormous and long-term profits [entices international PR firms](#), creates economic dependencies, and discourages work with other clients that might threaten those relationships. A second factor is Beijing’s layered use of intermediaries and proxies, which makes it harder for foreign interlocutors to fully appreciate who is behind a particular submission, invitation, or request. And lastly, some actions by PR firms and their Chinese clients have veered from ordinary public relations into censorship, intimidation, disinformation or circumvention of local laws.

Opportunities for resisting censorship requests and the role of counter pressure from headquarters, investors, and foreign regulators

On a more positive note, as evident from some of the above examples and others, it is not a foregone conclusion that requests from the CCP to restrict access to information or cancel events will yield their desired outcome. The dissident artists’ exhibit in Poland has continued as scheduled. [Google](#) has not ceded to demands to alter its search results for Hong Kong’s anthem after they apparently contributed to a pro-democracy protest song being played at international sporting events instead of China’s national anthem. And the above-mentioned Israeli website vendor, after initially complying with the demand, reversed course and reinstated the site.

Moreover, even as US businesses in China are eager to please Chinese consumers and stay on the good side of the government, they may also yield to pressure related to their global reputation, talent recruitment, or from corporate headquarters, investors, and foreign regulators. One striking finding from the AmCham survey was that 80 percent of US businesses in China had introduced or were planning to implement Environmental, Social, and Governance (ESG) strategies in China, including as a result of requests from these sources. Such strategies may run into conflicts with other business prerogatives in the country, but external actors could potentially push firms to stay true to those principles.

Conclusion

The CCP's growing repression at home and brazenness in its foreign relations has contributed to heightened tensions with the United States and poses a risk to US citizens and businesses in the country. Recent news reports and the AmCham survey point to the growing recognition of these risks and to actions some businesses are taking in response, including reducing investment in China. But the risks are not only to profit margins. In a political system as tightly controlled, arbitrary, and brutal as China's is today, the risk of complicity in suppressing the rights of innocent Chinese citizens or of putting a company's employees in danger are high. And with Beijing's growing global footprint in the information space, even leaders of businesses with no presence in China are likely to face visits from Chinese embassy officials with requests for censorship or opportunities to polish Beijing's image.

Anyone engaged in the media or corporate space should acknowledge these possibilities and be prepared in advance for how to resist when pressure to adjust content in Beijing's favor inevitably emerges. It is these individual choices that will not only help uphold free speech but also protect at least some innocent people—foreigners and Chinese nationals alike—from languishing in Chinese prisons.