Oligarchs and Party Folks

Chinese Corrosive Capital in Slovakia and Czechia

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Contents

Summary

- Neither Slovakia nor Czechia is economically dependent on China. Chinese investment in both countries represents only marginal shares on the countries' overall FDI stocks (0.2 and 0.7 percent respectively). While exports to China are quite low, it should be remembered that the actual exposure of the Czech and Slovak economy to China is much higher due to their embedding in the German value chain. Both countries' exports are also largely dependent on a single type of product (machinery in Czechia and vehicles in Slovakia).

- In Slovakia and Czechia, Chinese corrosive capital typically targets local oligarchic networks and in turn is used to gain access to critical assets, facilitate elite capture, and aid in distorting local discourse on China in its favor.

- One of the main avenues through which Chinese corrosive capital was being injected into Czechia and Slovakia were the investments made by the Chinese conglomerate CEFC. These investments largely targeted (either directly or via local intermediaries) various critical assets in the media, banking, and telecommunication sectors.

- In Slovakia, one of the most striking examples of Chinese corrosive capital is CEFC's indirect stake in the SWAN company, which is charged with operating the Slovak government's communication networks GovNet.

- Chinese financing can have a detrimental impact on the independence of media. An investment made by CEFC into Czech media resulted in them publishing only stories that portrayed China positively.

- In the Czech Republic, Chinese investments were utilized as the main vehicle for fostering relations with local political elites. Due to ineffective

revolving door regulations, several former politicians and diplomats were hired by Chinese companies and their local proxies to lobby on their behalf. Since then, some of these politicians (including the current Minister of Foreign Affairs), have returned to government positions.

- Chinese corrosive capital is also used to influence expert discourse in both Slovakia and Czechia. This is done either by direct payments from the Chinese embassy to local academics or via Confucius Institutes.
- Chinese entities have also been attempting to influence expert discourse and gain access to local elites via providing finance for prestigious conferences.

Recommendations

- To tackle the problem of corrosive capital, a whole-of-society response, which includes specific actions by the government, civil society, and the private sector, is necessary. Principles of an open society are the greatest asset in combatting the negative effects of such capital and attracting constructive investments.

- To mitigate the negative effects of corrosive capital, the overall transparency of financial flows between China and the recipient countries must be improved. By increasing the transparency of the business sector, constructive capital investments stand to benefit as well by improving their credibility and trustworthiness among the public.

- The private sector should contribute to funds dedicated to supporting journalistic work on authoritarian influence, including corrosive capital and strategic corruption. The same goes for supporting more complex research endeavors on China at universities and think tanks.

- Companies engaged in business relations with authoritarian states (be it trade or investment) should broaden the scope of their internal compliance/anti-bribery programs to cover the potential impact of corrosive capital. They should also promote the corporate culture of transparency, corporate social responsibility, and accountability among their employees to encourage them to voice grievances and to blow the whistle when they come across illegitimate and/or illegal behavior connected to corrosive capital.

- Academic institutions should publish online all their contracts with Chinese partners and periodically inform them about their incomes from Chinese entities and activities financed by them.

- Universities need to provide education to future generations of experts in modern Chinese studies without relying on Chinese financing to ensure independence and safeguard academic freedoms.

- Experts on China from academia and think tanks should intensify their engagement with the broader public to close the existing knowledge gaps. Raising awareness among businesses about the risks of dependence on Chinese capital should be an integral part of such outreach.

- The existing ultimate beneficial ownership regime should be strengthened by ensuring ownership data are verified by independent third parties. As a bare minimum, an improved verification mechanism should cover companies operating in strategic sectors (e.g., military and dual-use technology, critical infrastructure, communication networks, media, etc.).

- Participation of the public in the FDI screening procedures should be encouraged. This will aid to prevent potential abuse of gatekeeping as well as address the general enforcement gap stemming from the state's lack of personal capital to engage in screening across a broad spectrum of investment. Screening authorities should be legally bound to initiate a screening procedure that is based on qualified motions filed by civil society representatives.

- A legal regime akin to FDI screening should be established to screen public procurements for potential risks to security and public order.

- To tackle the interlinked problems of corrosive capital and elite capture, existing revolving-door bans should be broadened to include public officials' work for entities controlled by foreign governments that are not EU or NATO partners.

1 Introduction

Despite the physical distance, China is increasingly attempting to project its power and influence policymaking in Central Europe. Even though a latecomer, it has managed to make considerable inroads into Central Europe in the past decade, especially since it initiated a platform of cooperation with Central and Eastern European (CEE) countries known as the 16+1.

Both Slovakia and Czechia have participated in the platform to varying degrees since its inception in 2012. The platform is supposed to provide a venue for regular interactions among officials and nongovernmental actors from China and the CEE countries. In 2019, Greece joined the platform. Two years later, in 2021, Lithuania announced its withdrawal from the platform.

Furthermore, Slovakia and Czechia also signed memoranda of understanding on cooperation under the framework of China's Belt and Road Initiative (BRI), a foreign policy strategy initiated in 2013. The BRI aims to promote China's core interests by improving connectivity to facilitate trade, while at the same time using investment, credit lines, and other financial flows to foster relations with recipient countries' elites.[1]

Previous research has shown that China has made considerable inroads into both Slovakia and Czechia across all levels of interaction, including government-to-government relations, paradiplomacy, people-to-people, government-to-people, company-to-people, as well as company-to-government relations.[2]

While China's relations with Slovakia and Czechia have been described quite extensively by various authors, the role of corrosive capital remains under-researched.[3] While the term corrosive capital is primarily associated with the impact on new and transitioning democracies, as this paper shows, countries that have been members of the European Union (EU) for almost

two decades are also susceptible to its negative effects. The corrosive capital framework is traditionally applied to investment flows. This paper utilizes a broader scope, looking beyond investment to trade and trade-related dependencies, as well as extra-commercial financial flows.

Corrosive Capital: What Is It?

The notion of **corrosive capital** refers here to financing, whether state or private, that lacks transparency, accountability, and market orientation. It typically originates from authoritarian regimes (i.e., China, Russia), and exploits governance gaps to influence policymaking in recipient countries.

In opposition to corrosive capital stands so-called **constructive capital**, transparent financial flows that are governed by market principles. Constructive capital results in the creation of added value for recipient economies, while at the same time promoting principles of good governance, free market, and accountability.[4]

2 China's Economic Presence in Slovakia and Czechia

Neither Slovakia nor Czechia can be said to be structurally dependent on China with regard to investment or trade. As of 2018, the share of Chinese capital in the two countries was among the lowest in the European Union (EU).

As of 2019, Chinese investment in Czechia constitutes only 0.7 percent of the overall Foreign Direct Investment (FDI) stock (the 11th-lowest in the EU). In Slovakia, the share is even lower. Chinese investment there represents only 0.2 percent of the overall FDI stock (the lowest in the EU).[5]

In Czechia, Chinese investment especially targets the media, tourism, engineering, real estate, and banking sectors. In Slovakia, Chinese presence can be found in the banking, information and communications technology (ICT), logistics, and automotive sectors.

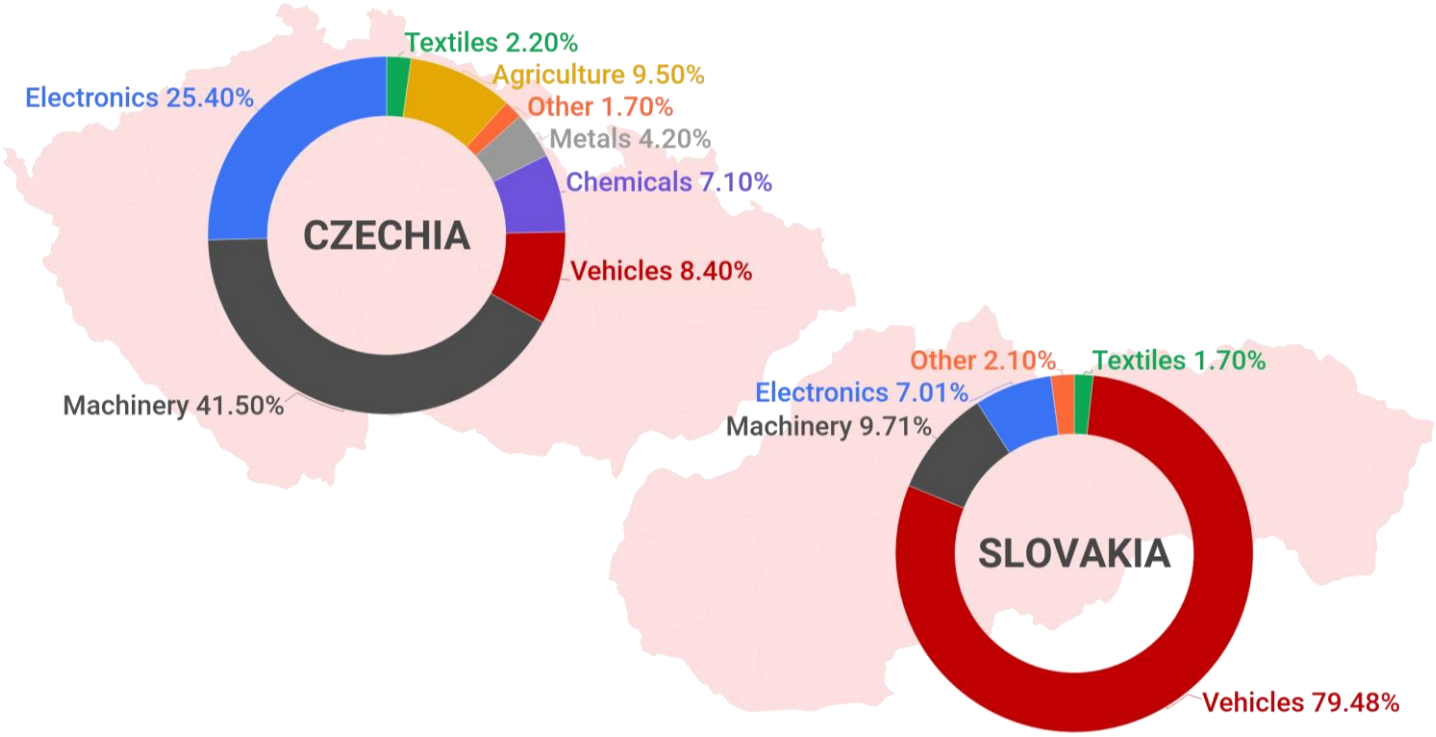
At one point, the China National Nuclear Corporation (CNNC), a state-owned enterprise (SOE), was interested in investing in the Slovak energy sector. In 2015, CNNC conducted due diligence on Slovenské elektrárne, an energy generation company. The investment did not happen in the end.[6]

When it comes to the two countries' exports to China, they represent slightly higher shares. From Czechia, 1.2 percent of its overall exports were traded to China as of 2019.[7] In Slovakia, this share was slightly higher at 2.1 percent of overall exports in the same year.[8] It should be remembered though that both countries are embedded in Germany's industrial supply chains, and thus their actual exposure to China is higher than bilateral trade data suggest. It has been estimated that when re-exports are accounted for, Slovakia and Czechia's overall trade exposure to China is three to five times higher.[9]

In 2018, Czechia's exports to China were composed mostly of machinery (41.50 percent), electronics (25.40 percent), agricultural products (9.50 percent), vehicles (8.40 percent), and chemicals (7.10 percent).[10] In the case of Slovakia, its exports to China in 2018 were dominated by vehicles (79.48 percent), followed by machinery (9.71 percent) and electronics (7.01 percent).[11]

What makes the Slovak and Czech cases notable is the fact that Chinese capital has been injected into the two countries via preexisting local oligarchic networks, which tend to have cross-border operations in both countries (a legacy of the shared history and wild privatization of their economies following the 1989 Velvet Revolution).

Figure 1: Composition of Czech and Slovak Exports to China (2018)



Source: *Atlas of Economic Complexity*

3 Corrosive Capital and Elite Capture

The year 2016 was a busy one for Czechia's relations with China. In March, Chinese President Xi Jinping, who is also general secretary of the Chinese Communist Party (CCP), visited Prague. Czech President Miloš Zeman lauded the visit as a "new start" in Czechia's relations with China and predicted that China could invest as much as 95 billion Czech crowns (€3.7 billion) within the year in Czechia.

Three days after Xi's visit to Prague, a Czech-Slovak financial group, J&T Finance, announced that its minority shareholder, CEFC China Energy, planned to take over a 50 percent stake in the company. Even though the Czech banking regulator put an end to the plan, CEFC turned out to be one of the main vectors of Chinese corrosive capital in both Czechia and Slovakia.

Taking Over Critical Assets

The story of CEFC's foothold in the two Central European countries starts in May 2015, when the company purchased a 5 percent minority share in J&T Finance. A few months later, CEFC's stake was increased to a 9.9 percent share. As mentioned above, in 2016, CEFC's stake was supposed to be further increased to a majority stake of 50 percent (a transaction supposedly worth €980 million). However, the transaction was not finalized. The Czech National Bank did not approve the transaction because CEFC had used a nontransparent source of finance to pay for the share purchase. This shows how crucial independent and mature institutions are in preventing the inflow of corrosive capital.

By investing in J&T Finance, CEFC gained influence across the company's vast corporate structure and its subsidiary companies. The list of subsidiaries includes two banks—J&T Banka and Poštová banka. Even

more importantly, J&T Finance holds a stake in the information and communications technology (ICT) company SWAN, a Slovak private company to which the Slovak government outsources the administration of GovNet, an internal communications network of the government agencies. In 2020, SWAN's data center was raided by the Slovak police on the suspicion that it was spying on government networks, though links of this activity to China remained mere speculation.

SWAN's sister company, SWAN Mobile, is one of the four mobile carriers in Slovakia. While neither J&T Finance nor CEFC has any direct or indirect stake in the company, Chinese capital has been injected into it via other avenues. SWAN Mobile has extensive links to China through its use of Chinese vendors and Chinese capital for the construction of both 4G and 5G networks. The company took out a credit line (capped at €24 million) from the Bank of China to construct its 4G network. To secure the loan, SWAN Mobile offered the entire network as collateral. Furthermore, the company relies on ZTE, a Chinese vendor, for the supply of components required for the construction of its 5G network.[12]

While CEFC's activities are not so pronounced and largely tied to J&T Finance in Slovakia, in neighboring Czechia its activities were far more prominent. Particularly worrying were its investments in the media sector. In 2015, CEFC purchased a stake in Empresa Media, a media house operating the TV Barrandov station and several magazines. After the investment was finalized, media owned by Empresa Media started broadcasting and printing only stories that portrayed China positively. Virtually overnight, all the negative and even neutral coverage of China disappeared from the media.[13]

CEFC also attempted to buy the Slovak TV station Markíza (one of the largest media in the country) together with the Penta financial group in 2017. This raised almost no concerns in the country, which at the time did not pay much attention to security issues concerning China.[14] Penta's potential involvement, on the other hand, was seen much more sensitively, as one of the company's shareholders previously compared media ownership to a "nuclear briefcase" which it was prepared to use to protect its economic interests.[15] The transaction was not finalized though due to CEFC's financial problems.

About CEFC

CEFC China Energy (中国华信能源) was a Chinese holding company established by Ye Jianming (叶简明) in 2002. CEFC's activities focused mostly on the oil and gas, and financial services sectors. In 2013, the company was listed on the Fortune Global 500 list.[16]

In 2015, CEFC entered the Central European market via Prague-based subsidiary CEFC Europe. At the same time, Czech President Miloš Zeman appointed Ye as his economic adviser. In 2017, the company was set to purchase a 14.16 percent share (worth $9 billion) in Rosneft, a Russian state-owned enterprise (SOE) active in the oil sector.[17]

Ultimately, the Rosneft deal fell through (like several others) after CEFC got into legal and financial trouble resulting in Ye's purging in a corruption investigation.[18] As a result, CEFC's Central European assets were taken over by the state-owned conglomerate CITIC Group.[19]

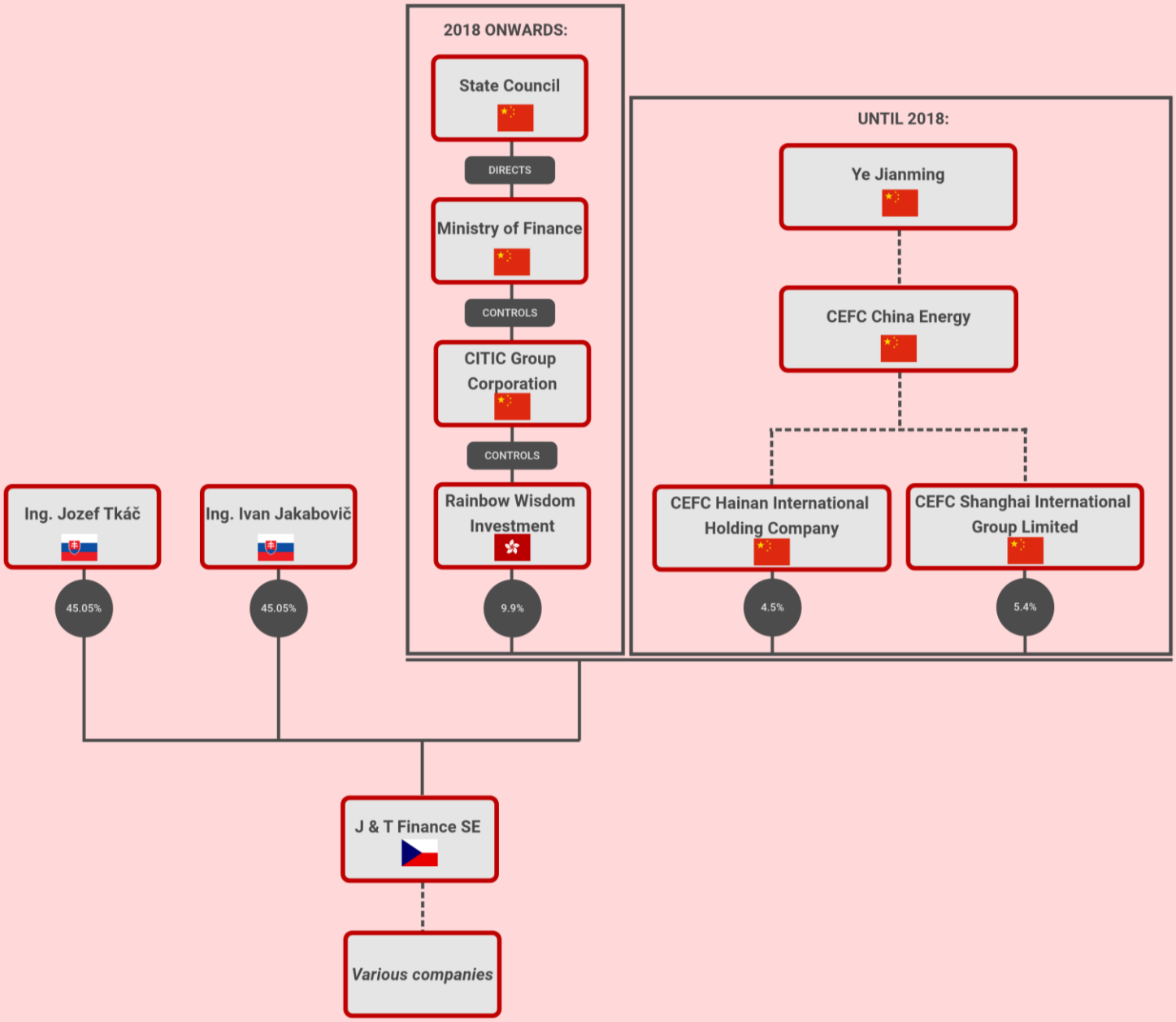
CEFC's nonprofit wing was headed by Patrick Ho, a former secretary of home affairs of Hong Kong. In 2017, Ho was arrested and indicted under the U.S. Foreign Corrupt Practices Act over allegations of bribing officials from Chad and Uganda. In 2019, Ho was sentenced to three years in prison and fined $400,000.[20]

In 2020, a court in Shanghai ruled that CEFC and its Chinese subsidiaries were bankrupt.[21]

In 2018, CEFC went bust after Ye Jianming, the company's chairman, disappeared within the Chinese Communist Party's (CCP's) disciplinary apparatus. His arrest came mere months after another CEFC executive, Patrick Ho, a former Hong Kong home affairs secretary and head of CEFC's nonprofit branch, was indicted in the United States under the Foreign Corrupt Practices Act. As a result of the company's bankruptcy, the Chinese SOE CITIC Group stepped in and took over CEFC's assets in Czechia and Slovakia after a short-lived hostile takeover of CEFC by the J&T Group. As a result, the Chinese state has indirect ownership of all the aforementioned sensitive assets in both countries.

Even though CITIC Group was not as active as CEFC, some of its later acquisitions raised concerns. In 2020, CITIC Group gained a controlling interest in Czechia's largest advertising agency, Médea, which controls approximately 3 billion Cech crowns of advertising budgets.[22] This raised concerns that Médea ownership could be abused to punish media that report critically about China by cutting them off from advertisement revenues.[23]

Figure 2: Chinese Presence in the J&T Finance Group



Source: *Register of Public Sector Partners*

Capturing Local Elites

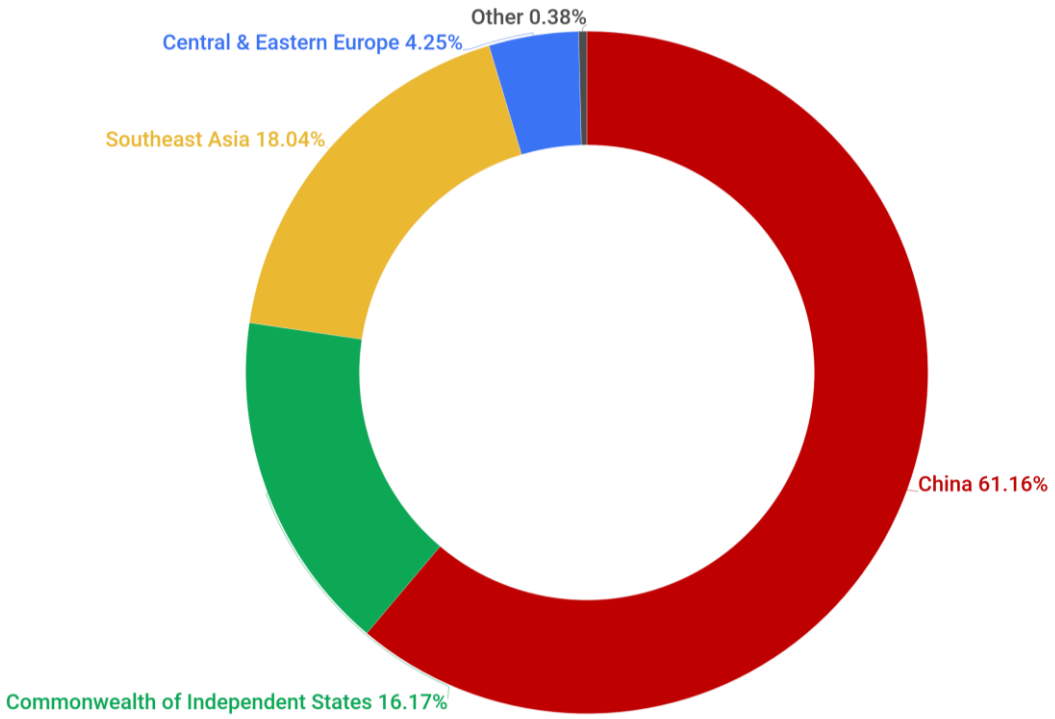
CEFC also acted as a vehicle for elite capture. CEFC's Ye was appointed a special adviser to the notoriously China-friendly Czech president, Zeman, a position he held even after his arrest. CEFC also hired several former Czech politicians, highlighting a troublesome lack of robust revolving-door regulations. Former Czech Defense Minister Jaroslav Tvrdík and former European Union (EU) Commissioner Štefan Füle both sat on the company's board of directors. Numerous other politicians linked to the Czech Social Democratic Party were put on the company's payroll as well (far too many to list here exhaustively).[24] After CEFC went bust, several of these politicians have again been employed by the Czech state. Czech Minister of Foreign Affairs Jakub Kulhánek held a consulting job for CEFC.[25] Füle advises the Czech Ministry of Foreign Affairs on relations with Central Asia, while at the same time advising the president of Uzbekistan.[26]

Tvrdík's activities in China were not limited to acting on behalf of CEFC. Since 2010, he has acted as a lobbyist for the Czech PPF Group. It has been reported that the PPF Group's desire to obtain a license to operate a consumer credit business in China led to a dramatic shift in Czech foreign policy toward the country.[27] The PPF Group's subsidiary, Home Credit, obtained the license in 2014. Five years later, in 2019, over half of Home Credit's revenue was generated in the Chinese market (€3.6 billion).[28]

PPF Group also spent a substantial amount of money on "rationalizing" the Czech public discourse on China and doing business in China, and "weakening the extreme positions" in the discourse.[29] This was done by contracting a public relations agency, which was reportedly paid for almost 2,000 man-hours of PR work, the bulk of it dedicated to establishing the Sinoskop[30] project, known for the relativization of discussion on contentious issues of Chinese politics.[31]

Besides supporting pro-Chinese voices, the PPF Group also resorted to the use of legal means to silence those who are critical of China. After Project Sinopsis, a Prague-based group of China-watching activists wrote about Home Credit's business in China, the company issued a pre-litigation letter in which it notified Project Sinopsis of potential litigation unless it apologized to Home Credit.[32] This conduct shows all the signs of a strategic lawsuit against public participation (SLAPP), i.e. a lawsuit aimed at intimidating critics by burdening them with costly and time-consuming litigation.[33]

Figure 3: Geographical Attribution of Home Credit (part of PPF Group) Revenue (as of 2019)



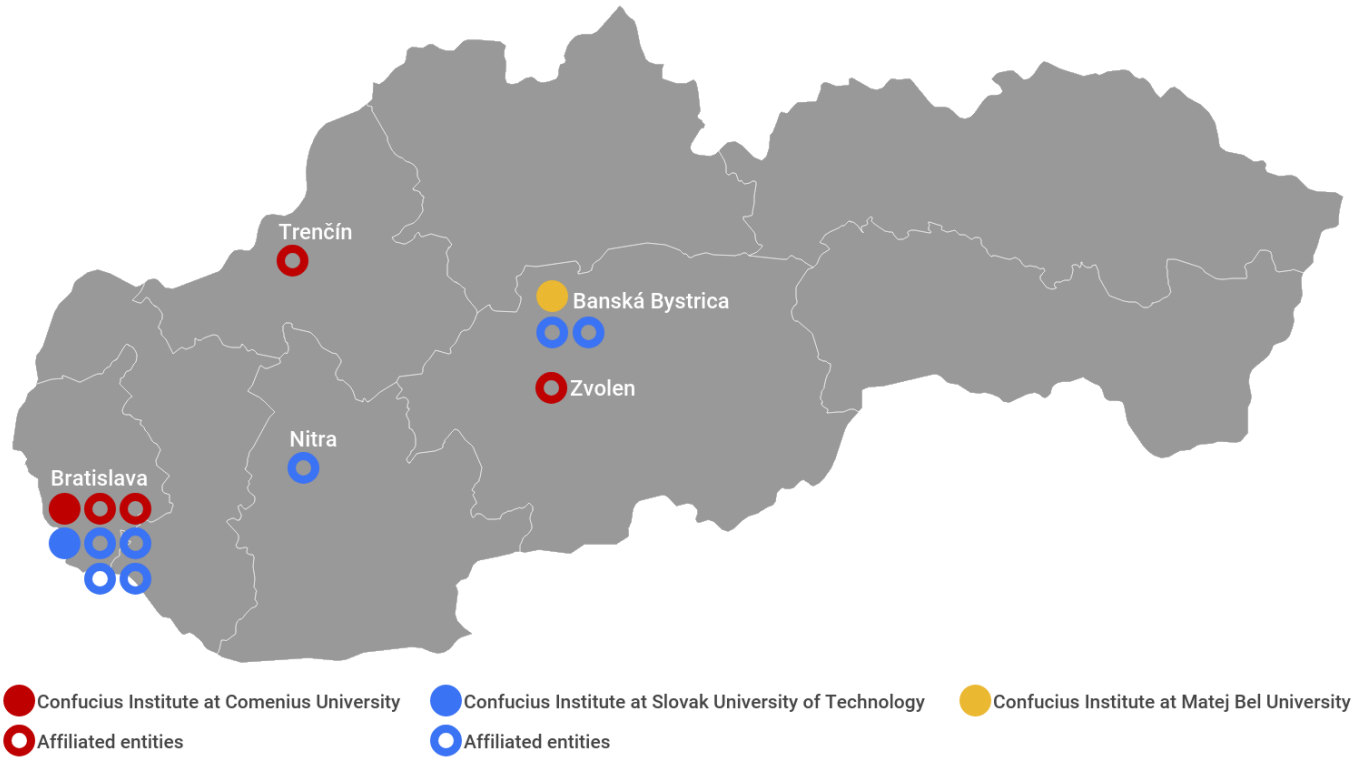
Source: *PPF 2019 Annual Report*

Ensnaring Expert Discourse

Chinese entities have used financial flows to influence academic discourse. They foster relations with academic elites by funding activities at various universities.

In Slovakia, Confucius Institutes are the main vectors via which Chinese financing is injected into the Slovak academic sector, making them the major provider of China-focused higher education.[34] Three Confucius Institutes operate in Slovakia. Recently, activities of one of the Confucius Institutes came under public scrutiny after its local director threatened researchers that mapped China's inroads into Slovak academia.[35]

Figure 4: Network of Confucius Institutes in Slovakia



Source: *Šimalčík and Kalivoda (2020)*

The Chinese Embassy in Prague financed a private company established by Charles University security studies scholar Miloš Balabán to organize conferences under the framework of the university's Czech-Chinese Center. In two years (2018 and 2019), Balabán's company received €47,000 from the embassy. Balabán, together with Marek Hrubec of the Czech Academy of Science, have jointly taught a course on China's Belt and Road Initiative (BRI) at Charles University for which Balabán reportedly invoiced the Chinese Embassy. The course in question allegedly painted a rosy picture of the BRI.[36] At the same time, Balabán serves as the chair of the Czech Social Democratic Party's committee on defense.[37]

Chinese tech companies, especially Huawei, are another vector for the flow of Chinese financing into the Slovak academic sector. The telecommunications firm maintains cooperation with several Slovak universities and the Slovak Academy of Sciences. Recently, Huawei together with the Technical University of Košice announced their aim to establish a joint research center on artificial intelligence.[38]

Huawei also partnered with GLOBSEC in 2017 and featured among the partners of the Slovak think tank's eponymous international conference in 2020. Under the partnership, Huawei was supposed to provide the conference organizers with financial resources—2 percent of the overall conference budget, according to the organizers. A Huawei representative was also to be one of the panelists in a closed-door session on digital transformation. After Slovak President Zuzana Čaputová threatened to boycott the conference over Huawei's role, GLOBSEC canceled the partnership with the company.[39]

4 Tackling Corrosive Capital Risks to Attract Constructive Capital

A whole-of-society response, which includes specific actions by the government, civil society, and the private sector, is necessary to effectively counter the effects of Chinese corrosive capital in Slovakia and Czechia. Even though an open society is on one hand an opportunity for foreign authoritarian regimes to inject corrosive capital, it is also our greatest asset in combatting the negative effects of such capital and attracting constructive investments that can achieve wider economic benefits.

While the mere presence of Chinese capital in sensitive sectors should be a red flag, an environment of obscurity allows Chinese actors to exploit these ties and the risks to materialize. Thus, to mitigate the negative effects of corrosive capital, we need to improve the overall transparency of financial flows between China (or other authoritarian states) and the recipient countries in Central Europe and the European Union (EU).

Transparency has already proven to be an important tool to counter the influence of domestic kleptocrats and oligarchs. Improving the transparency of transnational financial flows and corporate affairs would similarly serve to improve our understanding of the dynamics involved in the movement of corrosive capital, leading to a better understanding of potential risks, and enabling us to develop more nuanced risk-mitigation measures. By increasing the transparency of the business sector, constructive capital investments stand to benefit as well by improving their credibility and trustworthiness among the public.[40]

Businesses Taking Charge

Well-implemented internal compliance programs are the most effective tool in preventing and uncovering criminal, otherwise illegal, and anti-social conduct by businesses, their executives, and employees. Companies engaged in business relations with authoritarian states (be it trade or investment) should broaden the scope of their internal compliance/anti-bribery programs to cover the potential impact of corrosive capital. Furthermore, they should promote the corporate culture of transparency, corporate social responsibility, and accountability among their employees to encourage them to voice grievances and to blow the whistle when they come across illegitimate and/or illegal behavior connected to corrosive capital.

In countering domestic kleptocracy, "anti-corruption pledges" by businesses have been an effective tool to prevent companies' corrupt behavior by raising the reputation costs associated with bribery.[41] Similarly, companies should make similar pledges to abstain from seeking investment and loans from state-owned enterprises (SOEs) from authoritarian states. To make this an effective tool, well-respected nongovernmental organizations (NGOs) need to be involved in the pledge and offer their "stamp of approval" to pledging companies, evaluate their conduct, and publicize any breaches of the pledge.

The role of investigative journalists is indispensable in uncovering potential abuses connected to authoritarian corrosive capital. Traditionally, investigative journalism focused more on domestic issues and abuse of power by local oligarchs, rather than on transnational problems associated with financial flows from authoritarian states. However, applying investigative journalistic work to Chinese activities can lead to uncovering murkier and less-than-appetizing aspects of the Chinese presence that would have otherwise gone uncovered. To facilitate investigative journalism, the private sector should contribute to funds dedicated to supporting journalistic work on authoritarian influence, including corrosive capital and strategic corruption. The same goes for supporting more complex research endeavors on China at universities and think tanks.

As robust and independent media environments are beneficial for the promotion of rule of law and good governance standards, the overall business environment will benefit as well. Independent media can thus play a role not only in exposing the impact of corrosive capital but also in motivating the inflow of constructive capital.

Promoting Watchdog Activities

Academic institutions need to improve the transparency of their relations with Chinese entities. To this end, they should publish online all their contracts with Chinese partners, and periodically inform about their incomes from Chinese entities and activities financed by them.

To achieve domestic resilience against abuse of corrosive capital that originates in China, universities need to provide education to future generations of experts in modern Chinese studies (i.e., not only linguistic and cultural education, but also education in economic, political, and legal affairs of modern China). Such education should be provided without relying on Chinese financing to ensure independence, and safeguard academic freedoms.

Experts on China from academia and think tanks should intensify their engagement with the broader public to close the knowledge gaps in Slovak and Czech societies regarding China and potential security threats associated with the country. Raising awareness among businesses about the risks of dependence on Chinese capital should be an integral part of such outreach.

Closing Regulatory Gaps

To improve the transparency of corporate ownership, governments need to rethink how companies declare their ultimate beneficial ownership (UBO). Enlisting independent third parties (e.g., attorneys, notaries, banks, auditors, etc.) and allowing the public to challenge the veracity of data in court can aid in making UBO data more complex, and more accurate. Such a robust corporate transparency regime already exists in Slovakia where it has proven to be effective in minimizing graft risks connected to the use of shell corporations by domestic oligarchy. In the case of Slovakia, the UBO verification mechanism should be broadened to include all companies operating in strategic sectors (e.g., military and dual-use technology, critical infrastructure, communication networks, media, etc.). Czechia and other countries should emulate this regime. The European Commission should also consider this in the next round of amendments to its Anti-Money-Laundering (AML) Directive.[42]

Foreign direct investment (FDI)-screening mechanisms are one of the most effective tools to prevent security risks connected to foreign investment. The European Union's (EU's) FDI screening regulation[43] stipulates that screening authorities should "consider relevant information received from economic operators, civil society organizations, or social partners" in the screening process. Public participation in the screening process should be encouraged to prevent potential abuse of gatekeeping as well as address the general enforcement gap stemming from the state's lack of personal capital to engage in screening across a broad spectrum of investment. To this end, screening authorities should be legally bound to initiate a screening procedure that is based on qualified motions filed by civil society representatives.

Further improvements to Slovakia and Czechia's nascent FDI screening regimes should focus on lowering the equity thresholds from which the authorities can screen investments. At the same time, to limit the impact of FDI screening on providers of constructive capital, both countries should engage in discussions on possible impact mitigation measures, such as whitelisting countries or pre-screening consultations that would help the investors define parameters of the transaction in such a way that the investment would be deemed secure by the regulator.[44]

As corrosive capital does not only take the form of investment but can take form also in trade, a legal regime akin to FDI screening should be established to screen public procurements for potential risks to security and public order.

As the Czech case shows, corrosive capital can be used as an elite capture technique. In Czechia, Chinese companies employed former high-ranking government and European Commission officials, some of whom have since returned to public service. Current conflict of interest laws in Slovakia and Czechia regulate revolving-door practices only very narrowly and provide for short cooling-off periods (two years and one year, respectively). To tackle the interlinked problems of corrosive capital and elite capture, both countries should amend their existing conflict of interest laws and broaden revolving-door bans to include public officials' work for entities controlled by foreign governments that are not EU or NATO partners.

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2 Karásková, Ivana, Alicja Bachulska, Barbara Kelemen, Tamás Matura, Filip Šebok, and Matej Šimalčík. 2020. "China's Sticks and Carrots in Central Europe: The Logic and Power of Chinese Influence." MapInfluenCE Policy Paper.

3 Among the few works dedicated to study of corrosive capital in Czechia and Slovakia a few warrant mentioning. Studies conducted by the MapInfluenCE project have extensively mapped China's influence operations and hybrid threat (including economic ones) in the countries of the Visegrad Group (Slovakia, Czechia, Poland, and Hungary). Research by Martin Hála looks into the flows of corrosive capital to Czechia via the Chinese company CEFC. Others have examined tools aimed at mitigating the sectoral impact of corrosive capital in the media (Ivana Karásková and Matej Šimalčík) or in the academic sector (Matej Šimalčík and Adam Kalivoda). A recent report by Tamás Matura of the Central and Eastern European Center for Asian Studies provides valuable insights on investment flows from China to CEE countries and their valuation.

4 Adapted from the Center for International Private Enterprise's (CIPE's) "Corrosive & Constructive Capital Initiative."

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