THREAT SPOTLIGHT: CHINESE SCHOLARSHIP COUNCIL

BALANCING INTERNATIONAL COLLABORATION WITH NATIONAL SECURITY

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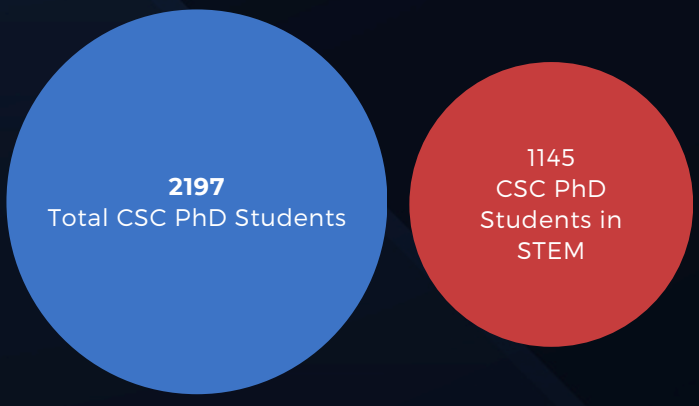
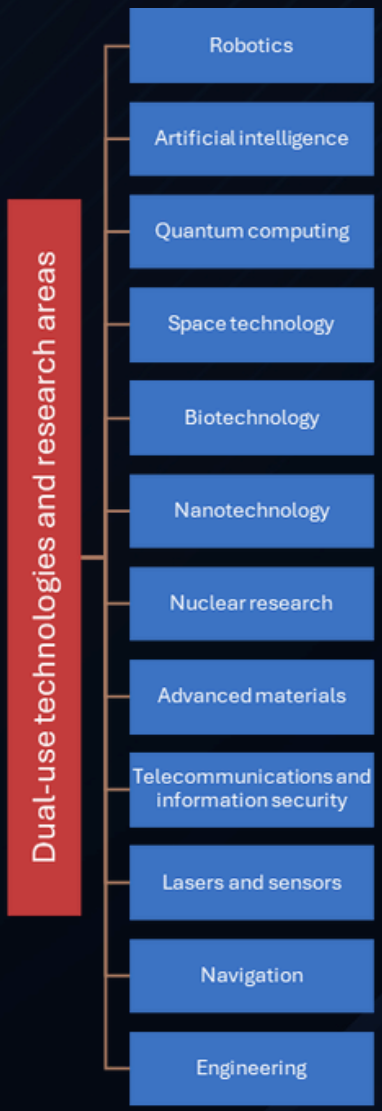
INTRODUCTION

China aims to be an entirely independent 'technology power' within a few years. In doing so, it leverages Chinese researchers and students at foreign universities to acquire cutting-edge research and technology. Furthermore, the Chinese government also exploits scholarship programmes to directly plant spies at Western universities. In recognising this growing threat, the AIVD has identified Dutch universities as targets for espionage, representing the largest threat to national 'knowledge security'.

As China's largest provider of international exchanges, the Chinese Scholarship Council (CSC)'s collaborations with Dutch universities pose a threat requiring critical engagement. The CSC provides Chinese students with the opportunity to pursue PhD degrees overseas. As one of the most world-renowned hubs for scientific innovation, the Netherlands is a popular destination for CSC students, with just over 2000 PhD students currently enrolled at Dutch universities. Worryingly, the scholarship conditions require recipients to sign a contract swearing **allegiance** to the Chinese communist party. This means **reporting** to the Chinese embassy in their host country and **returning** to China within two years upon completing their studies. CSC PhD students at Dutch universities can therefore be **coerced** into transferring sensitive knowledge or technology to support China's development.





Above: *Representation of CSC scholarship holders enrolled in STEM PhD programmes at Dutch universities.* ***Right:*** *Dual-use technologies and research areas that can be applied in both a civilian and military context.*

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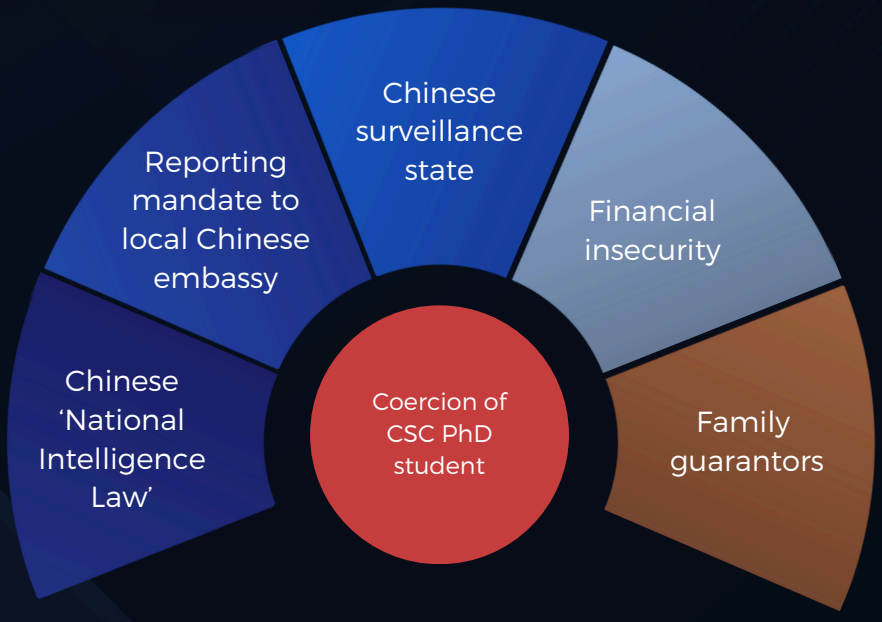
China specifically targets the science, technology, engineering and mathematics (STEM) fields, especially in the development of dual-use technologies such as artificial intelligence and nuclear research, which can be applied in a civilian or military context. The Chinese government is well known for its surveillance capabilities and coercive behaviour, which it uses to **monitor**, **control** and **pressure** Chinese nationals living and working abroad to act in the interests of their government. This is further enhanced with the Chinese '**National Intelligence Law**,' requiring all Chinese citizens around the world to comply with information requests from China's intelligence services. Additionally, the family members of CSC scholarship recipients living in China often act as personal guarantors who face financial or other repercussions if any of the scholarship conditions are violated, pressuring the PhD students to comply. As a result of these factors, CSC students are often put in an impossible position.



Modus operandi: How does the Chinese government coerce CSC PhD students at Dutch universities into transferring sensitive technology back to China?

The risk posed by CSC PhD students enrolled at Dutch universities fundamentally undermines competitiveness, national security and academic integrity. It is therefore also important to understand the key trends that shape this evolving risk.

KEY TRENDS

1

Geopolitical tensions: The continuous decline in Chinese-Dutch relations over the last few years and tougher technology export restrictions imposed on China by the Netherlands increase the likelihood of academic espionage. On a broader geopolitical scale, escalating Chinese aggression in Taiwan could compel the Dutch government to take a more hardline stance on academic collaborations with China, potentially halting collaborations overnight.

2

New Dutch government: The newly formed Dutch government has proposed budget cuts to higher education and limits to the number of international students coming to the Netherlands, negatively impacting the country's position in the international scientific community. The House of Representatives also voted in the majority last month against allowing CSC PhD candidates to access sensitive fields of research at Dutch universities. Outgoing Education Minister Robbert Dijkgraaf is expected to publish a 'Knowledge Screening Act' to be implemented in 2025, designed to protect intellectual assets. However, the new government and Education Minister Eppo Bruins stance on knowledge security seems to differ, creating uncertainty around this prospective legislation and any future collaborations with CSC.

3

EU cooperation: The Netherlands cooperates with EU member states on approaches to safeguarding intellectual assets whilst preserving international collaboration, looking to other countries for examples and best practices. For instance, last year a handful of universities in Germany and Sweden stopped accepting students funded by the CSC due to concerns about espionage and academic freedom, prompting discussions across Europe. At the EU legislative level, there is a published set of recommendations to enhance research security and member states are expected to continue cooperating on this issue as the threat develops.

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KEY TRENDS

Ethical concerns: Critics scrutinise Western collaborations with the CSC due to ethical concerns. They argue that the Chinese government's repressive values conflict with the core values of academic freedom and integrity at Western universities. Specifically, they highlight the persecution of the Uyghur ethnic minority in China and claims of ethnic discrimination in the selection of CSC scholarship recipients as reasons to reconsider collaborations.

Financial insecurity: The CSC provides a monthly compensation of €1350, which universities have the option to supplement. This amount does not meet the minimum income requirements set by the Dutch Immigration and Naturalisation Service (IND), creating financial insecurity for the CSC PhD students in the Netherlands, especially given the rising cost of living. This also results in a stark income inequality between PhD students funded by universities themselves and CSC PhD students, reinforcing their reliance on and loyalty to the Chinese government.

Security dilemma: Universities are faced with the dilemma of open science vs. safeguarding intellectual assets. Open science and strong links with the international academic world have been key to shaping the innovative environment at Dutch universities, however amid shifting geopolitical dynamics Dutch universities are coming under increasing pressure to limit access to researchers from certain countries. Striking a balance in the approach to knowledge security is therefore critical.

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RECOMMENDATIONS

For any university, collaboration and sharing information are key to achieving scientific breakthroughs. On the other hand, the threat to their research and knowledge integrity is pertinent. To effectively safeguard their research and knowledge against this threat, whilst protecting the values of international collaboration and open science, universities need to take decisive action. Universities are always advised to have a comprehensive knowledge security programme tailored to their needs. Specific to the developments discussed in this whitepaper, the following recommendations can help to mitigate the related threats:

- Regulatory definitions like ‘sensitive technologies’ and ‘dual-use’ are too broad to use. They can however be used as a starting point for your university to identify critical research areas and technologies, and sensitive positions that relate to your university's threat landscape.
- Improve your university’s incident response mechanisms and build an effective reporting structure dedicated to research security. Be prepared to handle incoming alerts and potential incidents.
- Promote a culture of trust and openness through training and awareness, where employees and students feel safe to report any potential worries or incidents. As outlined, the students are often victims of governmental pressure and thus in need of a culture and reporting processes that help safeguard their wellbeing.
- Develop procedures to assess risks coming out of potential research collaborations and PhD applications, including risk-based decision frameworks.
- Track relevant developments in other countries, share best practices and maintain a high standard of knowledge security across the region. Conduct regular audits on the effectiveness of mitigating efforts and potential vulnerabilities for your university.

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