

Paradiplomacy in Asia

Case studies of China, India and Russia

Małgorzata Pietrasiak
Grzegorz Bywalec
Tomasz Kamiński
Dominik Mierzejewski
Michał Słowikowski



Contemporary Asian Studies Series

 WYDAWNICTWO
UNIwersytetu
ŁÓDZKIEGO

Paradiplomacy in Asia

Case studies of China, India and Russia



WYDAWNICTWO
UNIWERSYTETU
ŁÓDZKIEGO

Paradiplomacy in Asia

Case studies of China, India and Russia

Małgorzata Pietrasiak

Grzegorz Bywalec

Tomasz Kamiński

Dominik Mierzejewski

Michał Słowikowski



Contemporary Asian Studies Series

WYDAWNICTWO
UNIwersytetu
ŁÓDZKIEGO
Łódź 2018

Małgorzata Pietrasiak, Grzegorz Bywalec, Tomasz Kamiński, Dominik Mierzejewski
– University of Łódź, Faculty of International and Political Studies
Department of East Asian Studies, 90-131 Łódź Poland, 59a Narutowicza St.

Michał Słowikowski - University of Łódź, Faculty of International and Political Studies
Institute of Political Studies, 90-131 Łódź, 3 Lindleya St.

INITIATING EDITOR

Agnieszka Kałowska

REVIEWER

Paweł Frankowski

PROOFREADING

Dominik Cholewski

TYPESETTING

AGENT PR

TECHNICAL EDITOR

Leonora Wojciechowska

COVER DESIGN

Katarzyna Turkowska

Cover Image: © Depositphotos.com/1xpert

The project was financed by the Polish National Science Centre
(Agreement No. UMO-2013/11B/HS5/04121)

© Copyright by Authors, Łódź 2018

© Copyright for this edition by Uniwersytet Łódzki, Łódź 2018

Published by Łódź University Press

First edition. W.07785.16.0.K

Publisher's sheets 13.0; printing sheets 14.375

ISBN 978-83-8088-615-5

e-ISBN 978-83-8088-803-6

Łódź University Press

90-131 Łódź, 8 Lindleya St.

www.wydawnictwo.uni.lodz.pl

e-mail: ksiegarnia@uni.lodz.pl

phone (42) 665 58 63

Contents

Introduction.....	7
Chapter 1. Paradiplomacy – Discourse Analysis and Research Conceptualization (Tomasz Kamiński)	11
1.1. Introduction	13
1.2. Problems with definition	14
1.3. Paradiplomacy in the frames of international relations theories	17
1.4. Literature review.....	21
1.5. Research conceptualization and methodology.....	27
1.6. Conclusions	34
References	35
Chapter 2. Paradiplomacy in India As Exemplified by the State of Gujarat (Grzegorz Bywalec).....	39
2.1. Introduction	41
2.2. The territorial organisation and the system of government in India as the main determinant of paradiplomacy in India	46
2.3. The international activity undertaken by states in India – nationwide experience.....	53
2.4. Case of Gujarat	74
2.5. In lieu of conclusions	88
References	90
Chapter 3. Channelling Foreign Policy Through Local Activities in China: City of Guangzhou Case Study (Dominik Mierzejewski)	93
3.1. Introduction	95
3.2. Chinese legal framework of paradiplomatic activities	96
3.3. The Chinese debates over paradiplomacy	104
3.4. Paradiplomacy in action: the case study of Guangzhou	108
3.5. Foreign representatives in Guangzhou and multilateral forums	119
3.6. Promoting Guangzhou through industries: exhibition, aviation and sport ...	125
3.7. Conclusions	130
References	132
Chapter 4. The International Activity of Federal Subjects of the Russian Federation on the Case of the Far East (Małgorzata Pietrasiak, Michał Słowikowski).....	137
4.1. The significance of paradiplomacy of the Russian Far East	139
4.2. Research method and chapter structure.....	141
4.3. The evolution of federal relations in Russia.....	142

4.4. The evolution of federal legislation regulating rules of international activity of the Russian Federation's federal subjects.....	144
4.5. Typology of forms of international activity of the Russian regions.....	147
4.6. Conditions of regional international activity.....	149
4.7. The level of frequency of international activity of Russian regions.....	152
4.8. Russian federal elites' strategic culture and its influence on regions international activity.....	157
4.9. Two models of centre-regions relations due to international activity of Russian regions.....	161
4.10. Institutionalization and diversification of the centralized-coordinative model in centre-regions relations due to regional international cooperation....	163
4.11. Implications of federal centre policy due to international activity from regions and their interest perspective.....	167
4.12. Conditions, institutionalization and internationalization level of the Far East regions.....	169
4.13. Case studies – profile of international activity of regions with the highest level of internationalization.....	175
4.14. Geopolitical dimension of the far eastern policy of the federal centre.....	183
4.15. Centralized-coordinative model due to the Russian Far East.....	188
4.16. Critical analysis of the centre's policy to the Far East.....	192
4.17. The international activity of the Far East's regions due to regional elites...	194
4.18. Conclusions.....	197
References.....	202
5. Conclusions.....	209
Annex 1. Guangzhou sister cities (2015).....	221
Annex 2. Comparative Analysis for Guangzhou's Sister Cities.....	222
Annex 3. International Activity of Regions of the Far Eastern Federal District Survey.....	224
Annex 4. Regional Internalisation Index for China, India and Russia.....	226
List of Figures and Tables.....	229

Introduction

Modern states use all instruments of foreign policy. Nowadays, they increasingly accept new means of its implementation that are broadly defined as soft power – public diplomacy and promotion of a state's international interests. While the objectives of classical diplomacy, which are connected with political and military security of a state, need to be implemented within the means of a state's central authorities, other objectives can be and are implemented within decentralized authority bodies on regional and local levels. At present, domestic and foreign policies overlap and a state's monopoly in international relations, especially in some areas, is growing weaker and weaker. In this context of searching for new means that are favourable for the development of societies should the increasing role of international contacts established by regional authorities be perceived. This kind of activity is called "paradiplomacy."

Aleksander Kuznetsov describes paradiplomacy as "a commitment of sub-national actors of national states to international relations" (Kuznetsov, p. 2). This group of actors consists of regions (e.g. Russian okrugs and republics, Canadian provinces, autonomous communities of Spain and Lands of Germany) but also smaller administrative units (e.g. cities). The authors use the Kuznetsov's broad definition during realization of this project, though it must be pointed out that the research was mainly limited to the level of regions. The city diplomacy phenomenon, which is quickly becoming important in international relations, was discussed in the case of China only.

It should be noticed that academic researchers and experts of the analyzed states find the term "paradiplomacy" quite new, even though it has already constituted the subject of empirical research to a lesser (India) or greater extent (China, Russia). Therefore, when conducting interviews, it was necessary to explain to the interlocutors how to understand the concept because it was neither clear nor obvious to them.

Paradiplomacy has been analysed in relation to the increasing interdependencies between globalization and regionalization. The idea can be noticed in Anthony Giddens' works, who conceptualizes the relations between the global and the local in such a manner that the distance

between the local and the remote shortens and vice versa (Georgantzas, Katsamakos, Solowiej 2009).

Furthermore, an important issue, which should be noticed, is that international relations on the level of regions are not governed by international law. On the one hand, they function as international subjects, including opening their own foreign representative offices. On the other, international civil law concerns states, thus regions must be subjected to domestic legislation.

This volume is written as part of the Dimensions of International Activities of regional governments. The case of People's Republic of China, Republic of India and Russian Federation project by the Department of East Asia Studies at the Faculty of International and Political Studies, University of Lodz. All research was possible thanks to the generous support given by the National Science Centre (Agreement No. UMO-2013/11/B/HS5/04121).

The most important research problem in the project was an attempt to reply to the question, what does the international activity of regional authorities in the biggest Asian states, i.e. China, India, and Russia, depend on? We asked many detailed research questions. Is paradiplomacy dependent on a state's decentralization level? Or, is it dependent on regional economic capacity? Is paradiplomacy a means of foreign policy implemented on state's level, and if so, to what extent? How do companies' activities affect the international activity of regions? To what extent do central authorities affect (boost or block) international activities carried out on lower authority levels? What is the nature of paradiplomatic activities of Asian regions, does the economic aspect play an important role. Which seems natural? Finally, we asked whether specific features characterizing paradiplomacy in three different big Asian powers can be defined?

The authors put forward three hypotheses concerning regional international activity in the analysed Asian states:

H1. Paradiplomacy conducted by regional authorities is a means of central government foreign policy and it is used to achieve a state's political goals.

H2. The international activity of regional authorities depends on a state's decentralization level, however, it also depends on creating, by central authorities, appropriate conditions, e.g. incentives and approval, to implement this kind of activity.

H3. Economic capacity and the level of regional economic internationalization boost the international activity of regional administration.

The structure of this volume reflects the logical sequence of research tasks. The first chapter discusses the current state of research on paradiplomacy, explains the terminology complexities and thoroughly describes the method of empirical studies that was used. The subsequent chapters are devoted to three Asian states. In every chapter similar issues are described, one by one, which, in turn, helps to compare regions in India, China, and the Russian Far. The described issues are connected with the legal and institutional environment, where regional international activity is implemented, with discussing paradiplomacy discourse and academic achievement in a given state. Finally, every chapter contains a case study of the most internationalized regions.

A. Kuznetsov's explanatory model was used as a starting point for the case study analysis, however, it was slightly modified to the authors' needs (see Chapter 1). It is based on six basic research questions:

1. What are the factors that favour paradiplomacy in the analysed region?
2. What is the legal basis – what does diplomacy conducted by the analysed states look like?
3. What is the main motivation of the analysed regional authorities to partake in international relations?
4. How is paradiplomacy organized and institutionalized in the analysed region?
5. What is the central government's attitude to international activity of regions? What kind of goals encourage central authorities to give permission to regional authorities to carry out such activity?
6. What are the consequences of paradiplomacy to the general public and the entire nation?

These questions were the basis for the interviews conducted with the representatives of the analysed regions in all three states.

The last part of this volume is devoted to a comparative analysis of the international activity of regions and the level of paradiplomacy development in India, China, and the Russian Far East. The authors used a tabular summary and a descriptive comparison according to the adopted variables.

Indeed, research studies concerning paradiplomacy in Asia are still in their initial phase. We hope that this volume will increase awareness of regions' increasing role in international relations in Asia. Certainly, it will not explain all determinants of this complicated process. We are aware that not only the described factors but research methodology as well can and should be subject to scientific discussion. Undoubtedly, the

analytical tools applied to examine the phenomenon of paradiplomacy require further improvement. Comparative studies concerning regional international cooperation, which are currently almost exclusively focused on Europe and North America, should also be further developed. We expect that this volume, which we are proud to present to our readers, will to a certain extent fill the existing research gap and inspire further and deeper analysis.

References

- Georgantzas Nicholas, Katsamakas Evangelos, Solowiej Dariusz, „Giddens' globalization: Exploring dynamic implications”, *Systems Research and Behavioral Science*, vol. 27, no. 6, 2010, pp. 622-638.
- Kuznetsov Andrey, *Theory and Practice of Paradiplomacy Subnational governments in international affairs*, London–New York: Routledge, 2015.

Chapter 1
Paradiplomacy – Discourse Analysis
and Research Conceptualization

(Tomasz Kamiński)

Tomasz Kamiński

University of Lodz

1.1. Introduction

Regions and cities are important international actors. If the international community has always been aware of the economic significance of some US states (such as California or Texas) or of regions using foreign policy to leverage their internal autonomy (such as Quebec or Catalonia), today the phenomenon is much more visible. Subnational governments are concerned with what has traditionally been defined as “low policy”: environmental issues, investment promotion, cultural and educational exchange etc. This contrasts “high policy,” represented by the diplomatic and military security agenda of a central government. In other words, paradiplomacy represents the projection abroad of the domestic competencies of subnational governments, which are predominantly concentrated on such “low policy” issues (Tavares 2016).

The international activism of subnational governments is now neither exclusive to federal countries nor to firmly established democracies (Cornago 2010, 17). Obviously it is usually more prominent in the case of federal countries such as Canada, Germany, Belgium, or the US, but it is also visible in unitary countries such as Poland or France. Moreover, paradiplomacy is becoming a truly global phenomenon. Regional and local entities in South Africa, China, Japan, India, Brazil, and Russia, to name just a few, carry out foreign activities on an even bigger scale. They are also becoming better organized. There are over 125 multilateral networks and forums that gather subnational governments to discuss numerous issues – from sustainable development to culture and education or urban development (Tavares 2016).

In this chapter we are going to characterise the external relations of subnational actors as the field of research as well as position our work in the frames of academic discourse of paradiplomacy. The author has

neither the ambition nor plan to present the topic of paradiplomacy in an exhaustive, complex way¹. Rather, the main aim of this chapter is to set the scene in order to present the fruit of the conducted research in the successive parts of this book.

First, a brief explanation of the problems with definitions and presenting academic discussion over terms as well as our understanding of the research object. Next, paradiplomacy will be set in the frames of international relations theories. Kuznetsov's book entitled "Theory and Practice of Paradiplomacy. Subnational governments in international affairs" has been the main point of reference for this part. In the third section a brief literature review is done to present the current state of the art. A more detailed analysis of academic discourse on paradiplomacy in China, India and Russia are included in the thematic chapters. The fourth section is devoted to an in-depth presentation of our methodology and the whole concept of our research. Again, we derive extensively from Kuznetsov, trying to apply his analytical framework for our case studies.

1.2. Problems with definition

The contemporary international system may be characterised through the prism of two, somehow opposing, phenomena: globalization processes (defined in terms of integration and cooperation) and regional processes of world fragmentation or disintegration. These two factors are mutually interconnected and lead to the creation of a sophisticated system of international relations in which the traditionally dominant role of nation states has been impugned. Non-state actors, such as international organisations, multinational companies (MNCs), non-governmental organisations (NGOs) or terrorists groups, have become inherent elements of international relations. In this regard, we can mention Robert Keohane and Joseph Nye (1973), who first popularised this concept that later laid the basis of the liberal paradigm of international relations theory. The "state-centric world" in which states operate as principal agents was replaced by the diverse "multicentric world" of various state and non-state actors.

¹ For an extensive discussion and definition on the matter, refer to Kuznetsov (2015), Aldecoa and Keating (1999) or Tavares (2016)

The international activities of regions, as non-state actors, have attracted considerable scholarly attention, such as in the 1980s, together with an increasing involvement of regional governments in the international arena. This phenomenon was named as “paradiplomacy,” which is defined by Kuznetsov (2015) as:

a form of political communication for reaching economic, cultural and political or any other types of benefits, the core of which consist in self-sustained actions of regional governments with foreign governmental and non-governmental actors.

The first mention of paradiplomacy is found in the work of diplomatic historian Rohan Butler (1961). But only Ivo Duchacek’s article published in the autumn 1984 issue of “*Publius*” (Duchacek 1984) found its way to the mainstream diplomatic studies. Duchacek used the term as an abbreviation of “parallel diplomacy” understood as “direct international activity by subnational actors supporting, complementing, correcting, duplicating, or challenging the nation-states’ diplomacy” (Tavares 2016).

It took some time before this controversial term was popularised and became commonly used by scholars and policymakers. At the beginning “paradiplomacy” was used as the twin of the previous neologism “microdiplomacy,” also created by Duchacek. Later, other terms appeared such as “protodiplomacy,” “subnational governments’ diplomacy,” “regional diplomacy,” and “constituent diplomacy.”² In Poland the phenomenon of international cooperation of regional governments is sometimes referred to as “self-governmental diplomacy” (Skorupska 2015), what is appropriate to describe the activities of Polish self-governmental units but definitely not suitable to portray, for instance, Chinese regions. Regional authorities of this country are not democratically elected and due to this fact using the term “self-government” would be misleading. Such problems are with all of these terms, because all have their advantages and disadvantages. The brief overview of the academic discussion about them was written by Alexander Kuznetsov (2015) and the deep semiological analysis by Aguirre (1999). A critical analysis of the term and its definition was also provided by Frankowski (2013). For the purpose of the following piece of work, we follow the majority of scholars who use the term “paradiplomacy” interchangeably with the abovementioned

² But also “subnational foreign affairs,” “subnational foreign policy,” “substate diplomacy,” “multilayered diplomacy,” “local government external action,” “local diplomacy,” “local foreign policy,” “regional diplomacy,” “plurinational diplomacy,” “pos-diplomacy,” or, one may speak of “foreign policy localization.” (Tavarez 2016, p. 9).

synonyms or simply as an “umbrella term”, which cover many different types of sub-national international activities (e.g. protodiplomacy would be a sub-category of paradiplomacy).

Another principal point that has to be considered is the question of including municipal and city authorities in the concept of “paradiplomacy.” Some researchers, such as Kuznetsov (2015) or Cornago (2010) argue that there is a “principal dissemblance” between regional and local levels of governance. The latter, unlike regions, are not part of state power and their nature is different. As Kuznetsov states:

In other words, the Canadian province of Alberta can be considered as a non-sovereign state actor in international affairs, but the capital of the province, Edmonton, should be viewed as a non-sovereign and non-state actor in its external performances. The only exception can be applied to those municipal bodies that occupy a place in state hierarchy right after the central government, and, as such, they are recognized on legal bases as “regions” in their power competence like, for example, the two Russian “federal cities,” Moscow and Saint-Petersburg.

Taking into consideration the growing role of cities (65% of people live in cities) and the fact that many of them became powerful political units with resources much bigger than many states, it is difficult to agree with such an approach. Global cities such as New York or London – denationalised platforms for global capital and a mixture of people from all over the world – can serve as the best example of cities with great political power. The annual expenditure of London is much bigger than the whole GDP of Malta, an EU member state. Such great economic power has impact on the political position of London’s mayor vis-à-vis the political leaders of Malta and many other states.

Benjamin Barber convincingly presents this political phenomenon of the growing importance of cities in the book “If Mayors Ruled the World. Dysfunctional Nations, Rising cities” (2013). Many other researchers (Pluijm, Mellisen 2007; Munsch et al. 2008) conceptualise “city diplomacy” as a form of decentralizing international relations management, with cities being the key actors. As far as motives, methods, and other determinants of their engagement in the external relations, they are similar to those of regions³.

Due to this fact there is not much sense in excluding cities from an analysis of paradiplomacy. Both cities and regions can be labelled as “non-

³ Additionally, the political importance of global cities and their rising influence on international relations and global governance in particular was presented by Acuto (2013).

central government units” and both can act as separate political actors, competing and cooperating with state authorities and each other. Their ability to be actors of paradiplomacy depends in practice not only on their legal status but rather on the resources they command, political will of leaders, level of autonomy within the state, and nature of relations between the city as well as regional and central governments. Those factors are very much the same in the case of regional and municipal authorities. Due to this fact, cities shall not be excluded a priori from the following research.

Paradiplomacy has many faces and is now a global practice, although “in each regional context it usually adopts some specific profiles” (Cornago 2013). It could be carried out in many forms: from mostly ceremonial contacts between regions or cities to much more tangible collaborations. Twin towns or sister states agreements, non-binding cooperative arrangements made between subnational governments in geographically and politically distinct areas to promote cultural and commercial ties, usually belong to the former, ceremonial, form of paradiplomacy. Bilateral trans-border connections, that lead to the creation of specific bodies to enhance cross-border economic cooperation, on the other hand, belong to the latter. Regions that fight for more autonomy or sovereignty are the special case. In these cases, paradiplomacy is usually coined as “protodiplomacy,” a term that refers to “the conduct of international relations by a non-central government that aims at establishing a fully sovereign state.” It “represents diplomatic preparatory work for a future secession and for the international diplomatic recognition of such an occurrence” (Duchacek, Latousche, Stevenson 1988).

Despite prominent differences, in both end and means, subnational governments have been able to design and implement a truly innovative diplomatic field, with its own channels for international cooperation and new policy instruments (Cornago 2013)

1.3. Paradiplomacy in the frames of international relations theories

In this section the phenomenon of paradiplomacy will be analyzed through lenses of three international relations theories. We start from the liberal paradigm, then move on to realism, and finish with constructivism.

Liberals, such as the already mentioned Keohane and Nye, questioned the traditional paradigm of international relations, in which state and

interstate relations are the only components in world politics. For them world politics is not a system of political relations between states but rather:

political interactions between any “significant actors” whose characteristics include autonomy, the control of substantial resources relevant to a given issue area and participation in political relationship across state lines (Keohane, Nye).

State government subunits, along with various international and transnational organisations, are in the list of those “significant actors”. For Keohane and Nye the concept of state government subunit has a broad meaning and includes different entities (e.g. departments and groups) within the central government as well as from the side of regional authorities. Therefore, liberals see non-central governments as autonomous actors in the international relations.

Keohane and Nye’s concept is further strengthened by the fact that the once very important division between “high” and “low” politics has faded away. The assumption that “high politics,” a state’s security relationship with other states in the international system, is autonomous and therefore distinct from “low politics,” meaning societal pressures and the domestic political economy, is questioned by liberal thinkers (Barnet 1990). A number of “low” policy issues, such as climate change, sustainable development or education, became an important part of foreign relations. In consequence, regions and cities, as entities dealing with those problems on a daily basis, have naturally tended to develop various international links. Organizations such as “C40 Cities” can serve as a good example. It is a network of the world’s megacities committed to addressing climate change. C40 supports cities to collaborate effectively, share knowledge and drive meaningful, measurable and sustainable action on climate change. The organization connects 80 of the world’s greatest cities, representing over 550 million people and one-quarter of the global economy. Due to this fact, the voice of the organization is heard and important (<http://www.c40.org/>).

Finally, the liberal theory refers to the problem of correlation between transnational relations and the type of political regime (Kuznetsov 2015). Paradiplomacy is seen as one of the channels to promote regional identity besides the loyalty to the state. The rise of regions as transnational actors can be explained as a result of strengthening subnational identity. According to liberal popular belief, authoritarian regimes cannot accommodate the presence of any plurality in the

decision-making process. Therefore, in such countries people's interests cannot be realized through autonomous activities of regional or local authorities. As Nye and Keohane noted:

In totalitarian societies, and in areas in which one version or another of integral nationalism has taken hold, dual loyalties are regarded as treasonous [...] In the modernized western world and its ancillary areas the acceptability of multiple loyalties is taken for granted.

To conclude, paradiplomacy seen through liberal lenses is a logical consequence of the major changes in the international system: the diminishing the role of interstate relations, evanescent difference between "high" and "low" politics, as well as democratization and modernization that allows linking state loyalty with local or regional.

The realist school of international relations looks at paradiplomacy in, quite obviously, a different way than liberals. Realists do not believe that the state-centered paradigm of global politics is either out of date or explain adequately world affairs. The will to maximize the national interests of the state is still the most important force that shapes the global landscape (Waltz 1979). Realists have noticed the emergence of new transnational players in the world politics but do not perceive them as autonomous powers. Their existence results from the rational decisions of nation states that use them to reach their national policy goals. In other words, transnational actors are derivatives of the foreign policies of national states and not independent actors.

Paradiplomatic activities of regions and cities, when looking through realist lenses, are no more than effects of "the rationalisation of the foreign policy of central national governments, who consider regional authorities' activities abroad beneficial rather than noxious tendency for state interests" (Kuznetsov 2015). That means that paradiplomacy is just an instrument in a state's foreign policy toolbox. Regions participate in international relations with formal or informal approval of the state government and promote the state's interests. Realists do not neglect the fact of the growing decentralization of states and the delegation of freedom and autonomy to regional governments. They claim that this process has been possible because it serves the national interests of states.

The realist approach allows explaining the existence of paradiplomacy in countries ruled in an authoritarian manner. Contrary to liberals, the realist school does not link the external activities of regions with political pluralism within a state. Due to this fact, engagement of, say, Chinese

provinces, in paradiplomacy is quite natural, as long as it is line with the central government's foreign policy. In the Chinese context the realistic explanation seems very much to the point, since the constituent diplomacy of regions is strongly encouraged by the government in Beijing.

The third dominant school of international relations is constructivism. For the constructivists, state behavior is influenced by intersubjective structures rather than material capabilities. Intersubjectivity is constituted by collective meaning systems in which states participate and which they reproduce through their practices. Sovereignty is the single most important intersubjective structure. Similarly to the concept of identity or interests it has been constructed by political and cultural elites (Wendt 1999).

Paradiplomacy appears in the works of constructivists mainly in the context of constructing regional identity as a state. As Sharafutdinova (2003) noted:

If a region has the goal of constructing its identity as a state, it would attempt to engage in foreign activities with the aim of 'signalling' its statehood to the outside world and with the ultimate aim of having other international actors reciprocate and recognise the entity as a sovereign state. Thus foreign activities might constitute politics of representing a region in a certain image and could be an essential part of the identity construction project, through which the regional government attempts to incorporate elements of sovereign statehood in the regional identity.

Constructivists, thus, look at external activities of regions as a form of "identity-constructing." Therefore, they have conducted research on regions in which the separatist movements are strong and through paradiplomacy express their political ambitions. In this context such regions as Canadian Quebec, Spanish Basque country and Catalonia, or Russian Tatarstan, have attracted a lot of attention (Balhazar 1999; Lecours and Moreno 2001, Paquin 2004, Sharafutdinova 2003). Paradiplomacy in these regions is directly related to a search for external recognition as well as self-recognition of the region (identity-building).

Summing up, for social constructivists paradiplomacy is interesting in the context of a region's pursuit of sovereign statehood and not as a functional response to globalization and economic interdependence (liberal approach) or merely as an instrument of a state's foreign policy (realist approach).

Those three dominant schools in academic debate about international relations offer us alternative views on paradiplomacy. Although contradictory in some elements, they give a wide array of analytical options. Depending on the particular case we can employ the most suitable

one to give the best possible explanation. Taking into consideration the huge variety of reasons behind the paradiplomacy of regions, such a multi-theoretical approach seems to be justifiable.

1.4 Literature review

The first studies on the involvement of subnational governments in foreign policy date back to the 1970s, when the first surveys appeared in North American academia (Atkey 1971, Levy 1973). But the real development of serious research in the field began in the 1980s. Ivo Duchacek published “The International Dimensions of Self-government” (1984), which later became perceived as a seminal work in the field. Duchacek coined the special term of “paradiplomacy” and proposed the first typology. He identified five types of action on subnational actors: “microdiplomacy of bordering regions, transregional diplomacy, global paradiplomacy, protodiplomacy, global protodiplomacy.” Duchacek, followed by some other scholars (Kincaid 1990, Soldatos 1990, Michelmann 1986) created the theoretical framework for future research on paradiplomacy. In those first periods paradiplomacy was mainly analyzed in frames of studies on federal systems and federal states. Due to this fact the development of paradiplomacy was analyzed through the prism of the process of a state’s foreign policy federalization. Scholars focused rather on changes that take place on the domestic level and push regions into a more active international presence (Kuznetsov 2015). This federalist dimension dominated till the end of the 1990s and even today is a very important part of academic discourse over external activities of regions. Frankowski (2013) published a comprehensive study on the place of external policies of US states within the frame of the US government’s foreign policy making. Bursens and Deforche (2010) analyzed the case of Belgium and explained the evolution of regional foreign competences through the prism of institutionalism.

In the 1980s another important stream of research began concerning paradiplomacy – border studies. In this type of studies scholars try to understand the general picture of trans-border political, economic and cultural relations. Regional authorities are in this context interested as they are major institutional actors responsible for the development of contacts, initiatives and communication in border spaces. The mainstream of scientific works in border studies dimensions is represented by case

studies of region trans-border cooperation. Researchers studied regional cross-border interactions either by giving a general outlook or focusing on a particular sphere of cooperation (Duchacek et al. 1988, Briner 1986, Duchacek 1986).

Border studies, particularly in Europe, developed during the 1990s and early 2000s – with a specific focus on multi-level governance (MLG) (Perkmann 1999). MLG from the mid-1990s established itself as a one of the main analytical frameworks in research on the EU. It started from the observation that much of EU policy-making relies on networks of actors, but goes far beyond this by emphasizing the significance of different territorial levels in this process. MLG points to the direct relations that have developed between EU actors and regional as well as local representatives within states. It is worth noticing that although the initial statement of MLG was rational in its emphasis on cost-benefit calculations, informational asymmetries and institutional self-interests, other contributions to the field have sought to demonstrate the constructivist potential of MLG (Aalberts 2004).

MLG became a major theoretical focus in European studies on paradiplomacy and European integration was one of the major drivers behind rising foreign engagement of regional authorities. What is interesting, empirical studies on paradiplomacy of European regions (e.g. Blatter et al. 2008) were concentrated rather on intra-European activities and not on the relations with third countries. It mirrors the real dynamics of paradiplomacy in European regions in the 1990s. Setting up an office in Brussels in order to adapt to the political integration of Europe was very common among regions, but having an office in a non-European state was scarce. Although in recent years we have experienced rapid development of contacts outside of Europe, for instance with Chinese provinces (special relationship between the state of Bavaria and Shandong province or Łódź and Łódzkie Voivodship with Chengdu and Sichuan province), this intra-European research perspective prevails. Apart from sparse case studies there is a lack of comprehensive studies on the non-central governments' relations with partners outside Europe.

Starting from the 1990s we observed a heyday of various studies that look at paradiplomacy through many different angles. These research efforts contribute to the fast development of paradiplomatic studies. One of the most important books from that time is a volume edited by two scholars, Francisco Aldecoa and Michael Keating (1999), entitled: *Paradiplomacy in action: the foreign relations of subnational governments*.

This book was packed with valuable contributions mainly by European scholars. Apart from a great overview of previous research development they opened a new important research dimension – the nationalistic perspective. They very much concentrated their attention on those regions that are searching for autonomy and use paradiplomacy as an instrument of building their international presence. Those problems were at the time much higher on the political agenda in Europe than in North America, which was one of the reasons why European scholars undertook this topic earlier than others.

Lecourse and Moreno (2001) made further research of the nationalistic dimension of paradiplomacy. Using the lenses of nationalism they constructed important theoretical frames for the regional involvement in international relations. They distinguish three main process through which nationalism can be logically related to paradiplomacy: national identity construction and consolidation, definition and articulation of regional interests, and mobilization of societies. The first process is understood as shaping national identity through various paradiplomatic activities such as cultural exchange. The second is related with stressing political and cultural distinctiveness that is expressed by common, regional interests that could be contradictory to a state's interest. The third process is a form of power politics that is oriented on the political mobilization of regional societies on the basis of commonness. That mobilization "gives regional leaders a prestige that can be used as leverage in negotiations on constitutional and institutional change."

Apart from the nationalistic dimension, in the 1990s regional foreign activities started to be analyzed from the legal perspective. The researchers examined national constitutions and other legal acts in order to understand the scope of competences in possession of regional and local authorities. One of the most important books in this field was written by John Trone (2001). In his broad comparative study of a number of federal states (Australia, Germany, Canada, the USA and others) he analyzed the participation of subnational authorities in external relations mainly in two aspects: the level of legal permission of treaty-making with foreign actors that is granted to the regions and consultation mechanisms between regional and central authorities.

Legal aspects of paradiplomacy attracted attention of scholars in many other countries. In Poland for instance, the Faculty of Law at University of Białystok published in 2012 a series of articles in the special volume of journal *Białostockie Studia Prawnicze*. The contributors did not

concentrate only on federal states but rather tried to give a comprehensive overlook of the most important legal aspects of self-governmental foreign activities. Beside legal analysis of regions' foreign activities (Perlikowski 2012) in this special issue one can find interesting case studies such as the Polish-Belarusian cross-border cooperation of cities of Białystok and Grodno (Musiał 2012).

Another dimension of paradiplomacy discourse was connected with the globalization. Obviously globalization determines mostly all processes that take place in the world politics and regions or cities are affected as well. No wonder that among thousands of academic works about globalization there are some dedicated to paradiplomacy (e.g. Keating 1999, Fry 2005). They are two major contexts in which scholars analyzed constituent diplomacy through the lenses of globalization (Kuznetsov 2015). The first is the economic one. In a globalized economy subnational actors search for opportunities to promote their economic interests without intermediation of the central government. In this perspective paradiplomacy is in a sense enabled by globalization but at the same time it further accelerates globalization. The second is cultural. One of the visible effects of globalization is the cultural homogenization that is often perceived as a negative side of the whole process. Sometimes, paradoxically, regions are more efficient in resisting cultural globalization than states. As Kuznetsov notes: "Regions protect their cultural heritage by actively promoting their identity in the international arena. This is especially true for regions with high nationalist, linguistic and cultural aspiration such as Basque Countries, Flanders and Catalonia (...) Globalisation did not exacerbate their position in the field of cultural conservation but in contrast provided them with new opportunities for promotion of their peculiarities at the international level."

Paradiplomacy became also a part of security studies. International cooperation of regions was perceived as a potential instrument for reduction of the transnational dimensions of ethnic conflict. Cornago (1999) gave an example of the conflict concerning the rights of the German-speaking minority in the Italian part of Tyrol. The cooperation between authorities of both Austrian and Italian border regions played a crucial role in the settlement of this difficult ethno-political problem. The security dimension can be also found in academic works that link external activities of regions with security problems emphasizing the role of subnational units in dealing with international crime, migration, or problems of environmental protection.

Another prism through which paradiplomacy is explored by the scholars is the role of regional governments in the global economy. As was already mentioned, many regions and even cities are very powerful in terms of economy with their GDP being much bigger than many states. California has a GDP at a level comparable to Italy, while Chinese Guangdong can hold its own against Indonesia. Obviously, GDP is not the only factor that determines international influence of the region or city, but it can give an idea of the economic power of many subnational units. Not surprisingly though, the economic incentives for diplomacy dominate all other subnational motives to act internationally. One of the first books that describe this phenomenon was the collective volume edited by Douglas Brown and Earl Fry (1993). The authors emphasized that paradiplomacy may serve not only to promote economic interests of the region outside borders but also to increase regional competitiveness inside the country. They also propose a typology of economy-related activities of the regions abroad, dividing them into five categories: technical assistance, offices abroad, participation in the trade shows, market research for regional companies and financial assistance.

In the 2000s the academic discourse about paradiplomacy was broadened by the environmental perspective. Environmental studies have developed tremendously and became an important, interdisciplinary research field in social science. Scholars working in this field look at the regions and cities as actors that are responsible for the practical implementation of environmental policies, formulated often at the supranational level. Happaerts et al (2010) gave three reasons why subnational units should be taken into account in environmental studies:

[...] First, subnational entities are important spatial entities, giving their policies significance for ecosystems, resource use, etc. Secondly, they are often responsible for the implementation of national and supranational policies, especially in the EU where they have responsibilities concerning the management of programs important for sustainable development, such as Structural Funds. Thirdly, it is frequently stated that subnational entities are in proximity to citizens, which is important for stakeholder participations and vital for the effectiveness of sustainability processes.

Kuznetsov (2015) noticed that the existing literature on “green” paradiplomacy can be divided into three main types: case studies on regional cross-border environmental projects, the development of global environmental networks of subnational governments, and the treatment of subnational governments on the issues related to the global environmental agenda. Similarly to other streams of paradiplomatic scholarship, the

environmental dimension is also very much concentrated on Western countries.

The overview presented above of various dimensions of paradiplomatic studies lead to the important conclusion that academic discourse about external activities of regions is very much Western-oriented. Western researchers do research about Western regions and publish in Western books or journals. Obviously, it does not mean that there is no research on the field of paradiplomacy in other parts of the world, but definitely the disproportion in the number of publications is substantial. Big Asian states – China, India, and Russia – can serve as good examples. In all three cases research on paradiplomacy is underdeveloped. In China Chen Zhimin, who was the first Chinese scholar to provide a systematic analysis of the local level of diplomacy, published his book on constituent diplomacy in the 2000s (Zhimin 2001). He compared motives and mechanisms of paradiplomacy and its influence on the central level diplomacy in the US, Canada, the European Union, and Japan. Later he extended his analysis to 13 coastal provinces of China and their influence on Chinese foreign policy (Zhimin 2005). Some other scholars also conducted research on paradiplomacy (see Chapter 3) but studies on the international activities conducted by Chinese regional authorities are relatively scarce.

India, as the largest country with a federal structure in the world, should naturally be decentralized and conduct intensive paradiplomacy on a regional level. Apparently it is not the Indian case. The power in the country is centralized and regional authorities are rather cautious in international activities. However, for several years we have observed an increase in activism by state governments on the international arena (mainly the richer states of Punjab, Gujarat, and Maharashtra) and more incentives for them to do so from the central government.

Academic works of Indian paradiplomacy are also scarce (see Chapter 4). As Jha (2014) noted in the conclusion of his paper on paradiplomacy in India: “the systematic study of the paradiplomatic activities of various states in India is overdue. [...] More thorough examination is still awaited.” These words correspond with the references of his paper where he was able to refer to just a few academic works about constituent diplomacy in India (Shridan 2003, Jenkins 2003, Jacob 2011).

The situation is a little bit different in the case of Russia, where the academic discourse on paradiplomacy is relatively better developed (see Chapter 2). There are some papers about foreign activities of Russian regions (e.g. Sharafutdinova 2003) as well as the post-Soviet space, in

particular non-recognized states like Abkhazia (Coppieters et al. 2003). Kuznetsov (2015) even claims that the cases of some post-communist non-recognized states greatly influenced the development of paradiplomatic discourse, introducing a new “separatist” perspective. However, the paradiplomacy of regions in the Russian Far East is rarely examined and this “Eastern” dimension of research on foreign activities of regions needs to be developed.

To conclude, the analyses of academic discourse on the topic of paradiplomacy shows that there are still a lot of gaps and questions that need to be answered. Research on foreign activities of non-Western regions should be developed in particular because the amount of academic works in this field is not sufficient. Moreover, there are still too few comparative studies that allow comparing and contrasting international activities of Asian regions. Due to this fact, for instance the question about determinants of paradiplomacy in Asian states remains open.

1.5. Research conceptualization and methodology

Writing this book the authors are going to fill the research gaps described above. In particular we would like to contribute to the research on the role of paradiplomacy in the foreign policy of Asian states. In recent years we have seen a growing foreign presence of Asian regional and local authorities. Provinces and cities actively invite and host international delegations, organize events, and even establish representative offices abroad. It is important to note that these activities are not limited to traditional areas of cultural and people-to-people exchanges with bordering regions, or within one continent. Lately, economic or even political issues have become fields of cooperation, and sub-state actors find partners in distant countries.

Central governments in Asia have begun to acknowledge the importance of the aforementioned cooperation. Asian countries deemed largest in terms of territory, China, India, and Russia, constitute an especially interesting case in this matter. The potential of their local authorities make the geographical distance less of an obstacle, while simultaneously the growing economic and political role of the discussed countries makes them increasingly integrated into the global economy. Some of them undertake a host of international interactions to promote exports and attract investment. The size of these countries, compared with the limited number of professional diplomats, brings about a need from

other countries to become interested in intensifying their interactions at the local and regional level.

The main problem addressed by this study is the question as to what determines the paradiplomatic activities of the three biggest Asian (in terms of geography and not identity and culture) states with complex administrative systems, that is: China, India, and Russia. We aim to answer a few of research questions. First of all, to what extent are foreign activities of regional authorities dependent on the degree of decentralization and economic potential of the region? How important is the democratic legitimization of regional authorities in this context? Secondly, we would like to examine the link between central governments and regional authorities that actively pursue their goals abroad. To what extent is paradiplomacy used as a tool of foreign policy by the state? How do central governments influence the international activities of regions? Finally, we are going to answer the questions about the differences and similarities between the examined states. What are the specific features of paradiplomatic activities in each of the selected countries? Which of the examined states' regions are the most independent in their foreign activities?

Basing on the assumption that all three analysed states are rather centralized in terms of policy making, we have stated two hypotheses:

- H1. Paradiplomacy serves as an instrumental governmental foreign policy and reaches the political and economic goals of a state.
- H2. International activities of the regions are dependent on the degree of decentralization and their economic potential but also on the system of incentives created by the central government.

We would like to test this hypothesis using a comprehensive research method that combines political science research with economics. The research on international activities of regions in the Russian Far East, China and India starts from analysing the political system and legal framework for regional/local governments' foreign activities. Then we move to assess the level of decentralization in the country and role of paradiplomacy in the political and academic discourse in the examined countries. Apart from academic works we examine also documents passed by the central government regarding the autonomy of regions and their foreign activities.

In the next step we choose regions from each country for an in-depth case study analysis. We have attempted to choose those regions on the basis of the level of a region's "internationalization." To measure this we constructed a special "Regional Internationalization Index," based on quantitative research. The index is composed of eight major factors, presented below:

1. The value of FDI incoming to the region.
2. The value of FDI incoming to the region/per capita.
3. The value of international trade.
4. The value of international trade/per capita.
5. The number of foreign students coming to the region.
6. The number of foreign students coming to the region/per capita.
7. The number of foreign tourists coming to the region.
8. The number of foreign tourists coming to the region/per capita.

As far as the method of composition of the index is concerned we have to make a few remarks. Firstly, there were two decisive reasons behind the composition of the index: adequacy and availability of data. The final choice was consensually accepted by the whole research team. Secondly, the data taken into our calculations was from the last available year. Capital cities were excluded from the calculations as their internationalization is naturally linked with central level administrative functions and to a lesser extent with activities of regional or local authorities. Thirdly, we were not aiming at creating a comprehensive ranking of regions' internationalization, but rather chose those that are the most internationalized. Therefore, partial lack of data for some peripheral regions would not question the usefulness of the research's results. Finally, to calculate the index we took the region with the highest result in a category and counted it as 100 points. Points for the rest of the regions were calculated proportionally to the highest score. Each component has the same weight. Due to this, the index is finally calculated in points (see Annex 4).

To examine the selected regions we use the analytical framework created by Kuznetsov (2015). He constructed a useful template for other researchers to conduct a study of chosen cases of paradiplomacy. In order to understand this method we are going to present it briefly below.

The analytical framework is based on the multiple response questionnaire (MRQ) technique (see e.g. Foddy 1993). The model consists of a list of questions and a given set of possible responses regarding subnational activities in the international arena. Substantially, the abovementioned framework can be summarized into six major problems formulated as follows:

1. What are the causes of the blooming of the paradiplomatic activities of the region?
2. What are the legal grounds of paradiplomacy in the analysed state?
3. What is the predominant motive of the government of the region to be involved in international affairs?
4. How has paradiplomacy been institutionalized in the region?

5. What is the attitude of the central government towards the paradiplomacy of the examined region?

6. What are the consequences of the region's paradiplomacy for the development of the whole nation?

For each of the questions Kuznetsov's analytical model proposes potential answers to choose from or supplementary questions that suggest the direction of research. For the first question about the causes of the development of region's international presence the explanatory framework offers eleven potential variables that can determine the growth of paradiplomacy: A1) Globalization; A2) Regionalization; A3) Democratization; A4) Foreign policy domestication and internationalization of domestic politics; A5) Federalization and decentralization; A6) Problems with the nation-building process; A7) Central government insufficient effectiveness in foreign relations; A8) Asymmetry of constituent units; A9) Outside stimulus; A10) Regional leader/political parties; and A11) Borders. The impact of each variable from the list of eleven should be evaluated by a scale with four meanings: (1) strong, (2) moderate, (3) weak, and (4) none.⁴

The second problem, in accordance with Kuznetsov's explanatory framework, should be solved by trying to find answers to two questions:

1. What is the level of legal permission of treaty-making with foreign actors granted by the constitution/legal acts to the provincial authorities?

2. What are the legal requirements for national-provincial consultations on foreign affairs issues in case when the solution to the problem, related to the international relations sphere completely, or partly, lie within region's competence?

Obviously in many countries there is a visible contradiction between legal norms and real performance on the ground. In other words, sometimes pure legal analysis would have limited validity because political processes are determined by non-constitutional mechanisms. This contradiction between *de jure* and *de facto* is particularly important in states that are recognized as non-free, such as China or Russia.

⁴ Following Kuznetsov's model: *the meaning "strong" will be given to those variables that can be defined as factors that have a high impact on the blooming of regional external activities. The scale item "moderate" labels those causes that bring not major but quite important additional synergy effects for the rise of paradiplomacy. Under the tag "weak" the causes with secondary significance will be labeled. And the scale item "none" simply means that the variable has no tangible power for the research case.*

The motivation behind paradiplomatic activities is the third research problem in the analytical framework we use. There are four main potential motives for regions to go abroad: economic, political, cultural, or cross-border housekeeping, in cases of frontier regions. All four motives usually overlap in various combinations, because seldom is a subnational government determined only by one aim in its international activities. However, for a better understanding of the situation in the examined region it is useful to find out which motives are dominant.

The fourth research question refers to the institutionalization of paradiplomacy in the region. There are a few popular ways in which subnational units organize their foreign activities. When the region is active abroad it uses a few from the organizational forms listed-below:

- Establishment of a special Regional Ministry of Foreign Affairs or department which is responsible for the international affairs
- Opening of permanent subnational offices abroad
- Official visits of regional authorities to other countries
- Participation in various international events such as exhibitions or forums, that are organized by foreign actors
- Establishing and participation in global and trans-border multilateral regional networks and working groups on specific problems, such as agriculture, sustainable development, energy, transportation etc.
- Participation of regional authorities in international events organized by foreign entities within the official delegation of their central government

The fifth question examines the attitude of the central government to paradiplomacy of its constituent units. Kuznetsov proposed a two-dimensional approach to this research problem. Firstly, we should characterize the general perception of paradiplomacy in the eyes of the central government by positioning this attitude between negative (paradiplomacy as a challenge for the nation) and positive (paradiplomacy as an opportunity for the nation).

The practical dimension refers to the question how the central government deals in practice with international activities of subnational units. It can be classified in four principal patterns presented by Soldatos (1990) and then incorporated to the Kuznetsov framework. These two dimensions are presented in the table below.

The sixth and final problem applies for the consequences of paradiplomacy for the development of the whole nation. Kuznetsov proposed two positive consequences and one negative. The first is the rationalization of the national foreign policy that reflects a principle of

subsidiarity, which means that the central government should delegate on the subnational level all tasks that can be effectively performed on this lower level. The second is the democratization of the decision-making process in national foreign policy, meaning that it brings more plurality and better representation of various interests. The third consequence is the disintegration of the state if paradiplomacy is treated by the region as a step towards secessionism.

Table 1.1. The two-dimensional explanatory framework of the attitude of central government to paradiplomacy of its constituent units

Perceptual dimension	Practical dimension
Paradiplomacy as a challenge for the whole nation	Cooperative-coordinated pattern. This model assumes regional involvement in international relations under a formal or informal coordination with the federal government
	Cooperative-joint pattern. This formula means formal or informal inclusion of paradiplomacy within national foreign policy
Paradiplomacy as an opportunity for the whole nation	Parallel-harmony pattern. This model presumes that regional governments act independently in the international arena in accordance with their competency, at the same time however, their actions are harmonized and do not contradict national foreign affairs
	Parallel-disharmony pattern. In this case regional authorities' external actions oppose national government policy. The central government has no administrative power mechanism to control subnational entities' performances in the international arena and in its essence paradiplomacy <i>de facto</i> shifts to diplomacy

Source: author's own preparation on the basis of Kuznetsov (2015).

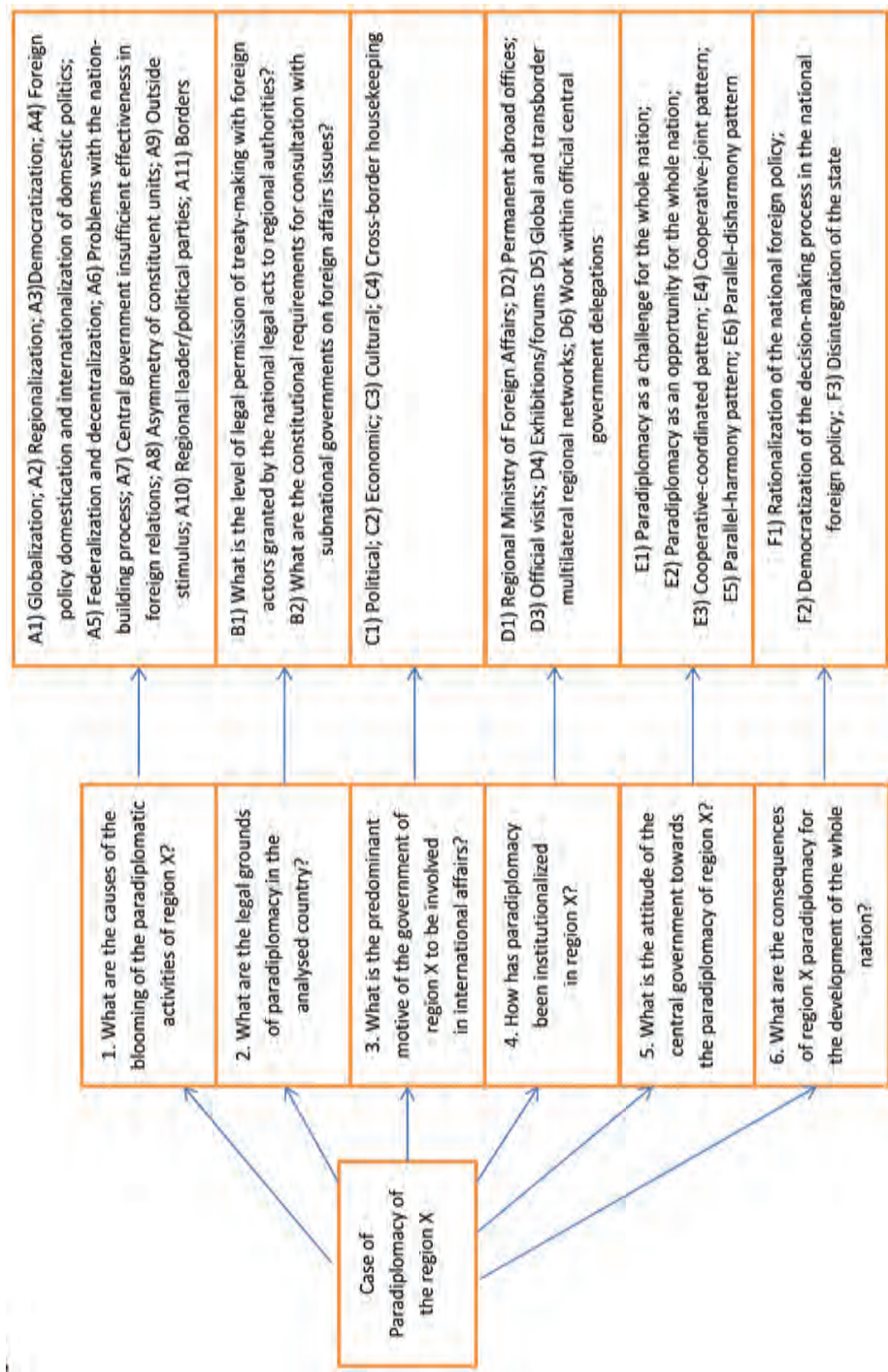


Figure 1.1. The Kuznetsov's explanatory framework

The final step in our research is to make a comparative analysis of the three selected states. In this final stage we are going to find answers for the main research questions, presented above. Our findings contribute to at least two fields: political science (most notably international relations) and economics (developmental economics). In particular, our results help to better understand paradiplomacy as a policy tool used by national states in an era of globalization. Moreover, we realize and highlight the similarities and differences between mechanisms of regional governments' engagement in international relations in China, India, and Russia. As far as economics is concerned, we contribute to a better understanding of the phenomenon of decentralization and its consequences.

1.6. Conclusions

The discourse analyses provided in this chapter have proved that paradiplomacy as a field of research in social science is still at the early stage of development. Moreover, the majority of research was very much Western-oriented with little attention paid by non-Western countries. In both the theoretical foundations and empirical research one can find a lot of gaps or topics that have not been examined yet. For instance, there were little studies that aimed to answer the question about the determinants of paradiplomacy in non-Western regions. Also the comparative studies of non-Western countries are underdeveloped. The comparative approach to studies on external activities of Asian regions has most likely never been applied before, which underlines the value of our contribution.

In theoretical field our work will be one of the first attempts to apply the Kuznetsov analytical framework practically as a part of research methodology. It looks very promising as a research tool, though it has to be proved to be workable and effective. Kuznetsov (2015) himself admitted that some elements of the explanatory framework can be pointed as vulnerable and it should be updated and improved in accordance with new theoretical and practical discoveries. The following chapters of this book will contribute to the development of studies on paradiplomacy, not just from the theoretical point of view but also as a practical application of this very fresh research instrument.

References

- Aalberts Tanja, "The Future of sovereignty in multi-level governance in Europe: a constructivist reading", *Journal of Common Market Studies*, 42/1 (2004): 23–46.
- Acuto Michele, *Global Cities, Governance and Diplomacy. The Urban Link*, Routledge, 2013.
- Aldecoa Francisco, Keating Michel (eds.), *Paradiplomacy in action: the foreign relations subnational governments*, London: Psychology Press, 1999.
- Atkey Ronald, "The role of Provinces in International Affairs", *International Journal*, vol. 26, no. 1 (1971): 249–273.
- Balthazar Louis, "The Quebec Experience: Success or Failure", [in:] *Paradiplomacy in Action. The foreign Relations of Subnational Governments*, (eds.) Aldecoa F., Keating M., 153–169. London: Psychology Press, 2004.
- Barber Benjamin, *If Mayors Ruled the World. Dysfunctional Nations, Rising cities*, Yale: Yale University Press, 2013.
- Barnet Michael, "High Politics Is Low Politics. The Domestic and Systemic Sources of Israeli Security Policy 1967–1977", *World Politics*, 42/04 (1990): 529–562.
- Blatter Joachim, Kreutzer Matthias, Rentl Michaela, Thiele Jan, "The Foreign Relations of European Regions: Competences and Strategies", *West European Politics*, No. 3. (2008): 464–490.
- Briner Hans, "Regional Planning and Transfrontier Cooperation: The Regio Basiliensis", [in:] *Across Boundaries: Transborder Interaction in Comparative Perspective*, (ed.) Martinez O. J., 45–56. El Paso: Texan Western Press, 1986.
- Brown Douglas, Fry Earl (eds.), *States and Provinces in the International Economy*, Berkley: Institute of Governmental Studies Press, University of California, 1993.
- Butler Rohan, "Paradiplomacy", [in:] *Studies in Diplomatic History and Historiography in Honour of G.P. Gooch*, (ed.) Sarkissian A., 12–25, London: Longman 1961.
- Chen Zhimin, *Subnational Governments and Foreign Affairs*, Beijing: Changzheng Publishing House, 2001.
- Chen Zhimin, "Coastal provinces and China's foreign policy making", [in:] *China's Foreign Policy Making: Societal Force and Chinese American Policy*, (eds.) Hao Y., Su L., 187–207. Burlington, VT: Ashgate 2005.
- Coppieters Bruno, Kovziridze Tamara, Leonardy Uwe, "Federalisation of Foreign Relations: Discussing Alternatives for the Georgian-Abkhaz Conflict", *Working Paper*, no. 2 (2003), Cambridge: Harvard University Press.
- Cornago Noe, "Diplomacy and Paradiplomacy in Redefinition of International Security: Dimensions of Conflict and Cooperation", *Regional and Federal Studies*, vol. 9, no. 1 (1999): 40–57.
- Cornago Noe, "On the Normalization of Sub-State Diplomacy", *The Hague Journal of Diplomacy*, no. 5 (2010): 11–36.
- Cornago Noe, *Plural Diplomacies. Normative Predicaments and Functional Imperatives*, Leiden–Boston: Martinus Nijhoff Publishers, 2013.
- Duchacek Ivo, "The International Dimension of Subnational Self-Government", *Publius*, vol. 14, no. 4 (1984): 5–31.
- Duchacek Ivo, "International Competence of Subnational Governments: Borderlands and Beyond", [in:] *Across Boundaries: Transborder Interaction in Comparative Perspective*, (ed.) Martinez O. J., 11–30. El Paso: Texan Western Press, 1986.
- Duchacek Ivo, Latousche Daniel, Stevenson Garth, *Perforated sovereignties and international relations: trans-sovereign contacts of subnational governments*, New York: Greenwood Press, 1988.

- Foddy William, *Constructing Questions for Interviews and Questionnaires: Theory and Practice in Social Research*, Cambridge: Cambridge University Press, 1993.
- Frankowski Paweł, *Polityki zewnętrzne stanów amerykańskich w procesie kształtowania polityki zagranicznej Stanów Zjednoczonych*, Lublin: Wydawnictwo UMCS, 2014.
- Fry Earl, "Sub-state Strategies in an Era of Globalisation and the Information Technology Revolutions", [in:] *Mastering Globalisation: New Sub-state's Governance and Strategies*, (eds.) Lachapelle G., Paquin S., 116–123. London: Routledge, 2005.
- Happaers Sander, van der Brande Karoline, Bruyninckx Hans, "Governance for sustainable development at the inter-subnational level: the case of the network of regional governments for sustainable development", *Regional & Federal Studies*, 20 (1) (2010): 127–149.
- Jacob Jabin, "The Sino-Indian Boundary Dispute: Sub-National Units as Ice-Breakers", *Eurasia Border Review*, vol. 2, no. 1 (2011): 35–45.
- Jenkins Rob, "India's States and the Making of Foreign Economic Policy: the Limits of the Constituent Diplomacy Paradigm", *Publius: The Journal of Federalism*, vol. 33, no. 4 (2003): 63–81.
- Keating Michael, "Regions and International Affairs: Motives, Opportunities and Strategies", *Regional and Federal Studies*, vol. 9, no. 1 (1999): 1–16.
- Keohene Robery, NyeJoseph, *Transnational Relations and World Politics*, Cambridge: Harvard University Press, 1973.
- Kincaid John, "Constituent Diplomacy in Federal Politics and the Nation-State: Conflict and Cooperation", [in:] *Federalism and International Relations. The Role of Subnational Units*, (eds.) Michelmann H., Soldatos P., 54–75. Oxford: Clarendon Press, 1990.
- Kuznetsov Alexandr, *Theory and Practice of Paradiplomacy. Subnational governments in international affairs*, London–New York: Routledge 2015.
- Lecours Andre, Moreno Louis, "Paradiplomacy and stateless nations: a reference to the Basque Country", Unidad de Políticas Comparadas (CSIC) Working Paper 01–06, 2001.
- Levy Thomas, "The Involvement of Provinces in Foreign Affairs II", [in:] *The Changing Role of the Diplomatic Function in the Making of Foreign Policy*, (ed.) Holmes J., 57–72. Halifax: Centre for Foreign Policy Studies, Dept. of Political Science, Dalhousie University, 1973.
- Michelmann Hans, "Federalism and international relations in Canada and the Federal Republic of Germany", *International Journal*, vol. 41 (1986): 539–571.
- Musiał Włodzimierz, "Bilateralna współpraca gmin na przykładzie Białegostoku i Grodna", *Białostockie studia prawnicze*, no. 12 (2012): 219–230.
- Paquin Stephane, "La Paradiplomatie Identitaire: Le Québec, la Catalogne et la Flandre en Relations Internationales", *Politiques et Sociétés*, 23 (2–3) (2004): 204–237.
- Perkmann Markus, "Building governance institutions across European Borders", *Regional Studies*, vol. 33 (7) (1999): 657–667.
- Perlikowski Maciej, "Główne podstawy prawnomiędzynarodowe aktywności zagranicznej samorządu terytorialnego w Europie", *Białostockie studia prawnicze*, no. 12 (2012): 13–22.
- Sharafutdinova Gulnaz, "Paradiplomacy in the Russian Regions: Tatarstan's Search for Statehood", *Europe Asia Studies*, vol. 55, no. 4 (2003): 613–629.
- Skorupska Adrianna, *Dyplomacja samorządowa. Efektywność i perspektywy Rozwoju*, Warszawa: Polski Instytut Spraw Międzynarodowych, 2015.
- Sridharan Kripa, "Federalism and Foreign Relations: the nascent Role of the Indian States", *Asian Studies Review*, vol. 27, no. 4 (2003): 463–489.

- Soldatos Panayotis, "An Explanatory Framework for the Study of Federated States as Foreign Policy Actors", [in:] *Federalism and International Relations. The Role of Subnational Units*, (ed.) Michelmann H., Soldatos P., 34–53. Oxford: Clarendon Press, 1990.
- Tavarez Rodrigo, *Paradiplomacy. Cities and States as Global Players*, Oxford: Oxford University Press, 2016.
- Trone John, *Federal Constitutions and International Relations*, Brisbane: University of Queensland Press, 2001.
- Waltz Kenneth, *Theory of International Politics*, New York: Addison-Wesley Pub. Co., 1979.
- Wendt Alexander, *Social Theory of International Politics*, Cambridge: Cambridge University Press, 1999.

Chapter 2
Paradiplomacy in India As Exemplified
by the State of Gujarat

(Grzegorz Bywalec)

Grzegorz Bywalec

University of Lodz

2.1. Introduction

The constitutions of federal countries impose the duty of conducting foreign policy on the central authorities. However, over the last few years it has been noticed that an increasing number of powers in this regard have been delegated to the constituent units of federations such as: states, provinces, regions, cantons, federal states (*Länder*) etc. This trend is also noticeable in India. Sometimes it results from the intentionally implemented policy of the federal authorities, in other instances it constitutes incidental activity of the authorities of selected constituent units of the federation and at times the federal authorities are not able to conduct foreign policy not taking into account the opinion of regional governments especially as regards economy, ethnonationalist issues and ecology (Hazarika 2014, 35).

The issues concerning the activity of the constituent units of the Indian Federation (states) in the international arena have neither been thoroughly discussed nor described in the subject literature. The term “paradiplomacy” is not popular in India and it is rarely used. Even the high-ranking state officials who deal with the issues which remain within the scope of paradiplomacy cannot explain this term and do not associate their occupation with the foreign policy of the country or diplomacy¹. Only in the last few years, since Narendra Modi became the Prime Minister of the federal government (26 May 2014), more attention has been focused on the issues connected with the activity of states in the international arena, both in the academic milieu as well as in the economic and political circles. It is connected with the fact that one of the priorities of the new government centres on the federalisation of economic development. One of the key

¹ This observation is resultant from the interviews carried out by the author in July 2016 with the officials in the state of Gujarat who are employed at the institutions in charge of, inter alia, conducting activity in the international arena, i.e. primarily in the Industrial Extension Bureau (iNDEXb) and the Tourism Corporation of Gujarat Ltd (TCGL).

elements of the aforementioned federalisation consists in intensifying the international activity carried out by the state authorities predominantly in the field of economy. Professor Shantanu Chakrabarti from the University of Calcutta claims that in most cases paradiplomacy in India comes down to attracting direct foreign investment and other business connections (Shantanu Chakrabarti 2015, pers. comm.). One of the new and significant objectives of the foreign policy conducted by Narendra Modi's government is to intensify the international activity of states². Up till now this kind of activity has neither been thoroughly codified nor constituted a part of the policy pursued by the federal government. Certainly, there have been cases when Chief Ministers have made incidental attempts at establishing international contacts predominantly with regard to encouraging foreign businessmen to invest in their states. These kinds of undertakings have not been common, though. Additionally, they have not been induced or coordinated by the federal government. The situation has been slightly different in the border states which have generally cooperated with their counterparts on the other side of the border, whereby the said cooperation has primarily focused on the issues related to culture, tourism and less often to economy (e.g. the problem of river training or organisation of communication routes) as well as to interpersonal relations (e.g. of a family, tribal or religious nature). The coastal states have acted alike.

As regards the institutional organisation of the country, the Indian foreign policy is founded on two pillars. One of them, being at the same time crucial, is the official policy pursued by the federal government which, according to the Constitution of India, is in charge of implementing thereof. The other pillar, which is based on the decentralised activity carried out by the second tier of the Indian administration, is the regional pillar. It has emerged only in the last few years but it is certainly going to play an increasing role in the Indian reality.

This study constitutes an attempt at describing and evaluating the experience of India with regard to the participation of Indian states in the foreign policy of the country along with indicating the determinants of this process. Certain barriers have also been identified in the study which hinder the decentralisation of foreign policy, or at least of some of its elements, and often make it impossible. The analysis covers the period after the year 1991, which is the time when India implemented the so

² See *P.M. Modi's Foreign Policy Objectives*, VISION IAS, http://ajayvision.com/beta/sites/all/themes/momentum/files/CA_Important_Issues/PM%20Modi's%20Foreign%20Policy%20Objectives.pdf [accessed 19.06.2016].

called New Economic Policy, which consisted in the liberalisation and deregulation of the economy and the country. In the wake of the introduction of this policy India opened to the world and thus became involved in the process of globalisation. As regards the system of government, it underwent a significant change in the form of decentralisation. In 1992 two amendments to the Constitution were passed (73rd and 74th), which obligatorily established the third fully democratic local tier of public administration thus initiating the most extensive decentralisation in the history of mankind³.

Due to a highly complex character of the Indian reality in the cultural, political and economic sense, it will be difficult even in the future, when the independent international activity carried out by states is likely to become one of the pillars of development, as the statements made by the central government indicate, to formulate a model of such an activity which would be adequate for the whole country. International policy pursued by states will differ in the case of the border states, e.g. West Bengal, which in cultural terms constitutes a part of Bengal (along with Bangladesh), from that conducted by the impoverished states situated in the middle of the country (without a coastline), and it will still be different in affluent states where strong nationalist movements prevail (with regard to the regional identity) such as Maharashtra, Punjab or Tamil Nadu.

Even though certain models of paradiplomatic activities have been worked out in different national and political contexts (see, for instance, relatively recent Aleksander Kuznetsov's (2015) model referenced in the introductory chapter of this volume), in the case of India they remain inadequate and practically inapplicable. Given the complexity of Indian culture and politics, implementation of methodological scheme offered by Kuznetsov is virtually impossible. In India systematic examination of paradiplomatic activities based on the interviews with state officials is rather complicated. It is so for at least two main reasons. First, they often do not know the concept of paradiplomacy and are confused with it. Second, they are not willing to share their experiences with researchers due to the potential discrepancies between priorities on the central and regional political agendas. Hence, conducting interviews according to the procedures indicated in Kuznetsov's model (2015) remain pointless and

³ The issues concerning the local tier in India will not be elaborated on in the study due to the fact that the impact exerted by the local units on the foreign policy of the country is, apart from a few exceptions, insignificant and hard to grasp.

does not bring about expected results. The paradiplomatic processes in India do not follow any particular logic, are often chaotic and incidental. If they occur at all, they are to a large extent dependent on the people who wield power in the states as well as their political interests, ambitions and features of character. These are the reasons which Rodrigo Tavares (2016, 43) points to when explaining the increasing involvement of West Bengal (governed by Mamata Banerjee) and Gujarat (under the rule of Narendra Modi) in the international arena. Thus it is difficult to formulate the paradiplomacy model in particular states, which makes indicating common features of this process on the nationwide scale even harder.

This chapter has been divided into three parts. In the first subchapter the government system and the territorial structure of India will be characterised. It is impossible to understand the Indian paradiplomacy without focusing on the constitutional mechanisms which regulate the government system and the territorial structure in the country. India is the country with a federal structure, however its specific character makes the country far different from the classical understanding of a federal country. The subject matter of federalism is probably the most commonly described and discussed problem in the social sciences in the Indian Subcontinent, which points to the significance that theoreticians and practitioners of governing attach to the form of government system in the country. The second subchapter constitutes an attempt at characterising paradiplomacy in India on the nationwide scale, presenting its determinants, pointing out the directions in which it could develop both in the time and spatial perspective. The first section of this subchapter is devoted to presenting the institutional environment of the international activity conducted by the regions, which predominantly consists in indicating legal possibilities as regards the actions undertaken by states in the international context. The second section presents particular instances of paradiplomatic activity in various parts of the country. The third section of this subchapter focuses on the individual characteristics of the border states which are the regions which predominantly affect the policy conducted by the central government targeted at the countries or regions of India's immediate neighbourhood. On the basis of these states it is also possible to observe the impact they exert on other, apart from economic ones, directions of the foreign policy of India. Since the literature on the subject is still scarce it is very difficult, at the current stage of research in this field, to fully grasp the essence of this problem in India and to find the common denominator for the whole country.

The third subchapter is essentially a case study of paradiplomacy in India as exemplified by the state which is one of the fastest developing regions after the year 2000 – the Western India state of Gujarat. For many years now the said state has founded its model of development on the paradiplomatic activity. The experience of Gujarat in this regard may be considered trailblazing on the nationwide scale.

In accordance with the Regional Internalisation Index (see Annex 4), which was developed especially for the purpose of this study, depending on the research methods applied, the most internationalised state in India is Maharashtra (with regard to the value of the index per capita as well as with regard to the overall index). The State of Gujarat occupies the third and the forth place in the ranking, respectively. However, the State of Gujarat was deliberately selected as the subject of research. Nowhere else in India is internationalisation dependent to such a large extent on the actions taken by the regional government on the international arena, which makes Gujarat a perfect example for the purpose of analysing paradigmatic activity.

The choice of Gujarat as the subject of more detailed analysis is resultant from the fact that Narendra Modi⁴, the long-standing Chief Minister of the state and an eager proponent of paradiplomacy applied as a development tool, in May 2014 took office as the Prime Minister of the federal government and declared that he would try to foster the best possibilities for the regions to carry out independent activities in the international arena. Therefore, it may be presumed that in the near future the Gujarat's model, which had been implemented for thirteen years in the state by Narendra Modi, will become a political beacon for other states and possibly a model example of paradiplomacy in India. The subchapter will present a few examples of the activity carried out by the state authorities in the international arena, which will be analysed predominantly in the scope of economic and business relations, since in these two fields state governments are the most effective. The time span covers the years when Narendra Modi, an earnest proponent of regional diplomacy, was in office as the Chief Minister of Gujarat (2001–2014). The subsequent period (after the year 2014), when Narendra Modi took office as the Prime Minister of the federal government, would be hard to

⁴ Narendra Modi's private life and political career have been covered by, among others, Verma (2015), Vashisht and Saxena (2014), Pankaj (2015), Nag (2014), Sanghavi (2015), Mohan (2015), Kuman (2016), Kamath and Randeri (2013), Fernandes (2014).

describe from today's perspective (2017) as the period of governing is too short. However, an attempt will be made to indicate and evaluate the first paradiplomatic activities declared and carried out by the newly-elected authorities.

2.2. The territorial organisation and the system of government in India as the main determinant of paradiplomacy in India

2.2.1. The territorial structure in India

On 15 August 1947 India ceased to be a colony and became a dominion within the framework of the British Commonwealth of Nations (as of 1949 – the Commonwealth of Nations). India gained the status of a sovereign country on 26 January 1950 – on the day when the Constitution⁵ entered into force. Since that day India has been a parliamentary republic with a federal structure. Never before had a country bearing the name India existed. The term “India” had had only a geographical meaning. Thus a new, enormous country appeared on the map of the world.

The Dominion of India created in 1947 comprised the so called British India – the colony subjugated to the direct British rule as well as approximately 560 princely states. The remaining part of British India and several dozen princely states became a part of Pakistan inhabited predominantly by Muslims who declared independence on 14 August 1947.

The system of government in India is determined by the Constitution adopted on 26 November 1949. It consists of the Preamble, the main body and 12 Schedules. It has 395 Articles and some of them comprise a few sections. The constitution may be primarily modified by amendments. As at June 2016 there were 101 of them. It is the longest constitution in the world which very elaborately regulates the structure, functioning and powers of the main institutions of the Republic of India, including the territorial structure of the country. The detailed character of the constitutional regulations results, first and foremost, from the specificity of the Indian society, which consists in its vast ethnic, language and religious diversity which is incomparable to that in any other country

⁵ When the Constitution of India is referred to, unless specified otherwise, the following source is meant: Bakshi. Parvinrai Mulwantrai. 2015. *The Constitution of India*. Gurgaon: LexisNexis.

in the world as well as social stratification. In order to create one society and one sovereign entity from such a conglomerate of people accurate regulations are required, especially at the highest nationwide level.

India is a federal republic – the Union of States. The underlying ideological message of the Indian system of government is included in the Preamble to the Constitution which in its initial version stated that India is “a sovereign, democratic republic”. In 1976 by virtue of the 42nd amendment to the Constitution two words were added “secular” and “socialist”. India is a democratic country modelled on the Western pattern and due to the number of inhabitants it is often referred to as “the largest democracy in the world”.

The issues related to the territorial organisation of India, and particularly determining the number and boundaries of states constituted the most difficult political problems in the first decades of independence. They have always aroused many controversies which have recurrently led to social conflicts, often entailing bloodshed. Figure 2.1 presents the chart outlining the administrative structure in India.

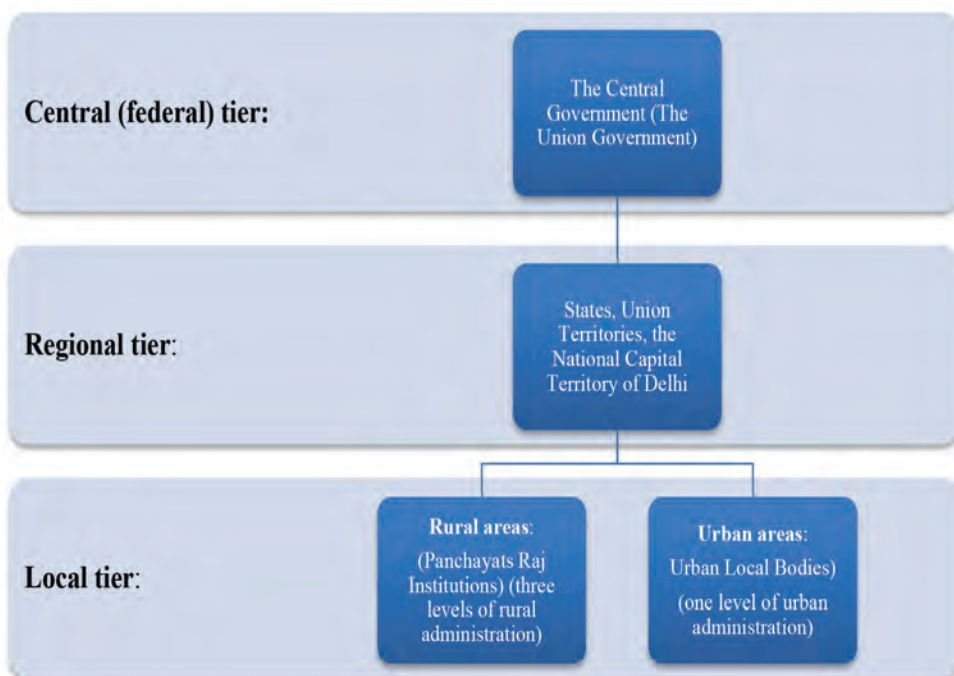


Figure 2.1. Chart outlining the administrative structure in India

Source: Compiled by the author of the study on the basis of Bakshi (2015).

The initial territorial structure in India established in 1950 was based on the division of the country according to the boundaries of British provinces and princely states. 27 states and the union territory were distinguished. However, states varied in terms of their status: A (the largest 9 states), B (8 former princely states and groups of princely states), C (10 so called former chief commissioners' provinces and some princely states), D (the Union Territory of Andaman and Nicobar Islands).

Yet, the aforementioned division proved inadequate to the requirements of the new reality and after only a few years in 1956 significant changes to the administrative structure in India were introduced on the basis of the 7th Amendment to the Constitution (The States Reorganization Act 1956). By virtue of the said Act, existing 27 states which varied in status were superseded by 14 states with an equal status and 6 centrally governed union territories. These were the following states: Andhra Pradesh, Assam, Bihar, Bombay, Jammu and Kashmir, Kerala, Madhya Pradesh, Madras (as of 1968 referred to as Tamil Nadu), Mysore, Orissa, Punjab, Rajasthan, Uttar Pradesh and West Bengal. The status of union territories was granted to: the Andaman and Nicobar Islands, Delhi, Himachal, the Laccadive, Minicoy and Amindivi Islands as well as Manipur and Tripura.

Such a solution, as it was proved in the course of time, did not guarantee the territorial stability of the country. In the subsequent years, as a result of strong grassroots movements of an ethnic and religious character, new states were created and this process has probably not been completed yet. In 1960 Bombay, which was formed by combining Maharashtra and Gujarat, was again split into two separate states of Maharashtra and Gujarat. In 1963 the state of Nagaland was created from a part of Assam. In 1966 Punjab was split into two states – Haryana (inhabited predominantly by the Hindu population) and Punjab (inhabited predominantly by the Sikh population). In 1969 Meghalaya was formed from a part of Assam, which was granted the status of a state in 1971. In 1971 the union territory of Himachal was converted into a state, and in 1972 the territories of Manipur and Tripura underwent the same process. In 1973 the state of Mysore was converted into Karnataka. In 1975 Sikkim was formed and in 1987 Mizoram, Arunachal and Goa became states. In the year 2000 three additional states were carved out: Uttaranchal (as of 2007 referred to as Uttarakhand), Jharkhand and Chhattisgarh. In 2014 a new state of Telangana was created from a part of Andhra Pradesh. Currently (2017) India comprises 29 states, 6 union

territories and the National Capital Territory of Delhi. Union territories play an insignificant role in the public life of India. They include: small islands in the Bay of Bengal and in the Arabian Sea as well as the coastal enclaves which are former colonies of France and Portugal. The National Capital Territory of Delhi situated on the border of Haryana and Uttar Pradesh is an unusual administrative entity which was formed in 1991. It comprises the city of Delhi and a few neighbouring districts.

These administrative changes have over almost 70 years led to vast diversity among India's states in terms of area and population. Rajasthan, Maharashtra and Madhya Pradesh are the largest states – each with an area of more than 300 thousand km². Whereas the smallest state is Goa totalling only 3.7 thousand km² in area. It is 92 times smaller than the largest state – Rajasthan. Demographic diversity is even greater. Uttar Pradesh is the most populous state in India, since it is inhabited by over 210 million people, whereas Sikkim, with around 600 thousand inhabitants, is the least populated. The aforementioned differences exert a great impact on the functioning of the whole country. Despite having formally an equal status, particular states play strikingly different roles in the real political, economic and sociocultural life in India.

2.2.2. The organisation and powers vested in the authorities at the central and state level

The organisation of the legislative and executive power in India is governed directly by the Constitution. Its primary entities at the central (federal) level encompass: the Parliament, the President, and the Union Government (the Council of Ministers). The middle tier (regional level) comprises: states, union territories and, as of 1991, the National Capital Territory of Delhi. Figure 2.2 presents the organisation structure of authority at both tiers.

The legislative power in India is vested in the Parliament which consists of the President and two chambers: the House of the People (*the Lok Sabha*) and the Council of States (*the Rajya Sabha*). The House of the People consists of no more than 552 members, 530 out of whom are elected in direct elections held in states and up to 20 Members are elected in union territories. Furthermore, the President of the Republic of India may co-opt no more than two additional members who are the representatives of the so called Anglo-Indian community if he comes to the conclusion that it is not adequately represented in the Parliament. The

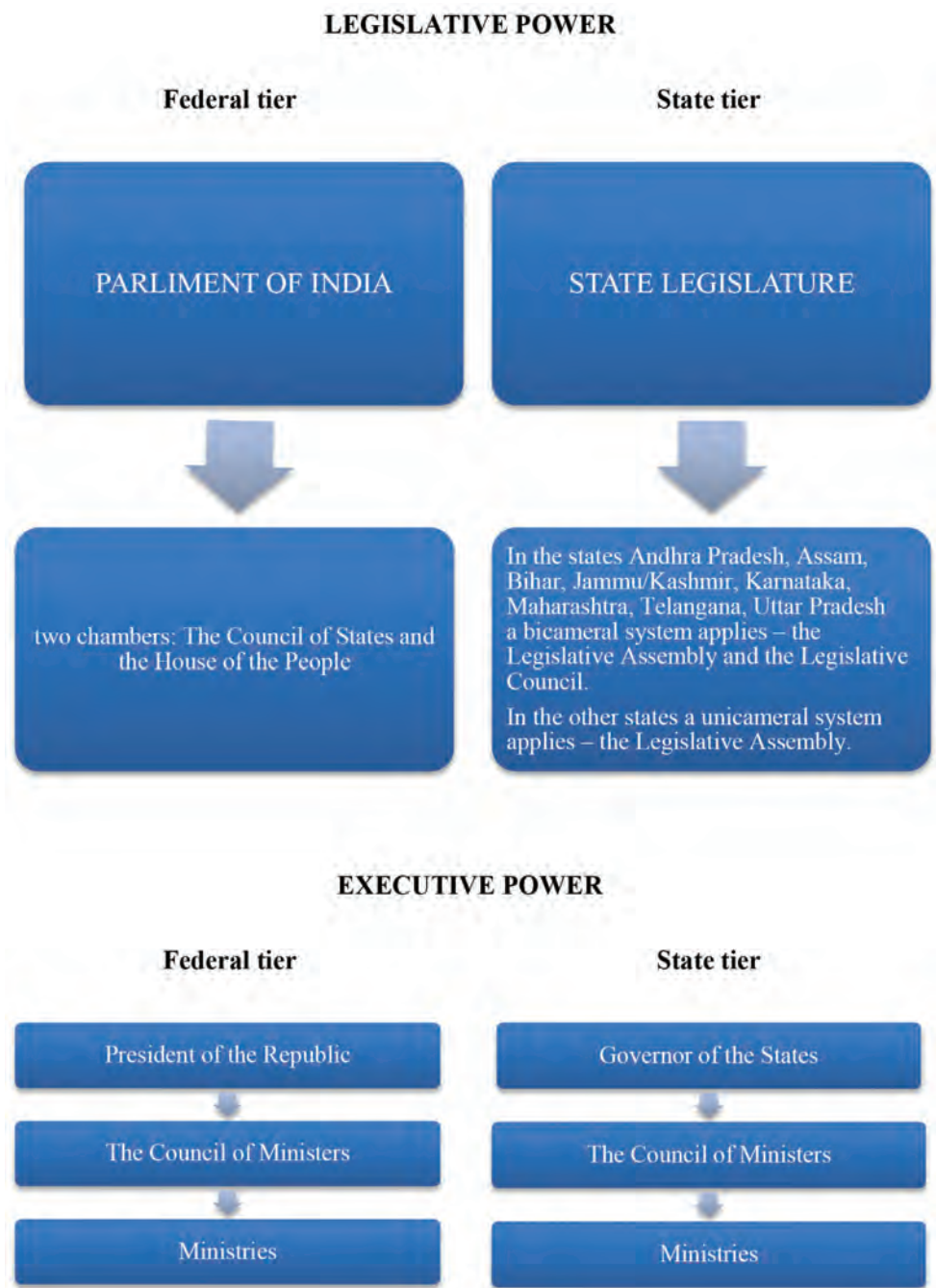


Figure 2.2. The organisation of government at the federal tier and the state tier in India
Source: Compiled by the author of the study on the basis of Bakshi (2015).

term of office of the House of the People lasts five years but the chamber may be dissolved before the expiry of the term by virtue of the decision of the President.

The upper house referred to as the Council of States consists of a maximum of 250 members, 12 of whom are appointed by the President of the Republic (in appreciation for their contribution into arts, literature, science and public activity) and no more than 238 members are elected by the Legislative Assemblies of the states and by union territories. The Council of States is not subject to dissolution, however every two years one third of its members are replaced by newly-elected ones.

The President of the Republic is the highest organ of the executive power, i.e. Head of State, who is elected for the term of five years by an electoral college consisting of the members of both houses of the Parliament as well as the members of the State Legislative Assemblies. The Vice-President, who is elected by the members of both houses of the Parliament, is the second-highest ranked government official in India. The Vice-President plays an *ex officio* function of the Chairman of the Council of States and his or her term of office also lasts 5 years.

The Council of Ministers is a lower organ of the federal executive power. It is appointed to assist the President in carrying out the constitutional functions. The Prime Minister is appointed by the President, whereas other Ministers are also nominated by the President, yet upon the recommendation of the Prime Minister. The Council of Ministers is as a collective accountable to the House of the People. In general, the people nominated to the office of the Prime Minister of the federal government are indicated by the parties which have won the most seats in the House of the People.

At the state level the legislative power is executed by the Governor of the State as well as state legislative bodies which in the following states: Andhra Pradesh, Bihar, Jammu/Kashmir, Karnataka, Maharashtra, Telangana, Uttar Pradesh consist of two chambers, namely the Legislative Assembly and the Legislative Council, whereas in other states legislature is unicameral and encompasses only the Legislative Assembly. The electoral procedure with regard to the collective legislative bodies of states is complex and differs in the case of bicameral and unicameral states. As regards the former, a certain number of deputies are chosen in elections and a proportion of them are appointed by the Governor of the State. As for the latter, the members of state assembly are chosen in direct elections.

Apart from being the member of the legislative authority, the Governor of the State exercises primarily the executive power, as he or she is the

highest organ of this kind of power at the state level. The Governor of the State executes the said power by means of the state Council of Ministers. He or she is appointed by the President of the Republic for the term of five years. The President is entitled to dismiss the Governor at any time if he does not approve of his or her performance. Moreover, the President of the Republic can give direct instructions to the Governor. In the light of the aforementioned powers vested in the President of the Republic of India, the status held by states is not unambiguous. As befits a federal country, they enjoy considerable independence by virtue of the constitutional provisions, yet the fact that the Governor can any time be removed from office by the President of the Republic practically limits the said independence to a large extent⁶.

There is the Council of Ministers formed also at the state level. It is headed by the Chief Minister and, in a similar manner as it is in the case of the federal government, it assists and advises the Governor in his or her carrying out of the executive power. The Chief Minister is appointed by the Governor of the State. Ministers are also appointed by the Governor, yet on a proposal from the Prime Minister. The state Council of Ministers is as a collective accountable to the Legislative Assembly of the state.

Apart from states, there exist also the so called union territories. These are very small administrative units which are ruled directly by the federal authorities. The President of the Republic governs union territories by means of an administrator who is elected by him. By virtue of the Parliament's decision, union territories may be provided with the Legislature and the Council of Ministers or with only one of these institutions. In 1991 under the 69th Amendment to the Constitution, the National Capital Territory of Delhi was created which, in a similar manner as union territories, reports directly to the Central Government, yet it has a well-developed self-government.

The division of powers between the central and state authorities is not always separable. Some of the powers lie within the competence of both the central government and the state government. A detailed scope of powers vested in the central and state authorities is presented in the so called allocation of powers lists, which constitute the Seventh Schedule in the Constitution of India and encompass the Union List, the

⁶ Such a solution results, first and foremost, from the concern about the integrity of the country. Far-reaching independence could lead to the disintegration of the country, given specific Indian ethnic and religious conditions.

State List and the Concurrent List⁷. The first list enumerates the powers allotted to the central bodies, the second one those vested in the state bodies, whereas the third presents the powers which can be exercised both at the central and the state tier. According to the Union List, the primary tasks of the central (federal) government encompass: national defence, federal administration of justice, federal legislation, diplomacy, organisation of economic and social statistics, studies and research of particular importance, national highways, railways, ports, and airports, environment protection or industry and trade regulation.

The majority of public tasks are carried out by the state authorities in accordance with the State List. The powers allotted to state governments first and foremost encompass: police, civil defence, state administration of justice, secondary and higher education, education of adults, social welfare, healthcare and hospital care, public housing, regional and town planning, state roads and selected interregional roads, environment protection and consumer protection, culture (theatres, museums, libraries, sport and tourism), interregional public utilities (gas, water, electricity) as well as selected agricultural issues. States share some of the aforementioned tasks with local self-governments.

At the local level (lower than the state level) there are 1–3 tier local self-governments, which was presented in Figure 2.1. They were established in the years 1992–1993 pursuant to the 73rd and the 74th Amendment to the Constitution⁸.

2.3. The international activity undertaken by states in India – nationwide experience

2.3.1. The institutional basis of paradiplomacy in India

Despite 70 years of existence of independent India, so far no uniform and clear system of regulations has been worked out, which would concern the international activity of the constituent units of the second tier of the structure of the Union of India, i.e. states. Some researchers overtly

⁷ The powers of states with regard to paradiplomatic activity will be elaborated on hereinafter.

⁸ The powers of local self-governments, as it was pointed out in the first footnote, will not be discussed in this study as their impact on the international activity of states is negligible and hard to track.

point to a lack of direct legal regulation of the activities of states in the international arena. It is possible to refer indirectly to selected sections of the Constitution of the Republic of India, and in particular to the aforementioned Union List and State List (Obja Borah Hazarika 2016, pers. comm.). Such a status quo is resultant from the following factors:

1. Vast cultural, religious, economic or geographical diversity among states.

2. Different and often conflicting interests between individual states but also, in many cases, between particular states and the federal government.

3. Involvement of selected states (predominantly border states) in the issues for which the central authorities should be formally responsible, yet *de facto* considerable responsibility is exercised by the regional authorities (the problem of refugees, cross-border trade, smuggling etc.).

4. The centralised manner of governing the country, which on the one hand, constitutes the legacy of the political and economic model of the country which was implemented in the first four decades of its existence (until the 1980s), and on the other hand, results from the character of the highly diverse Indian Federation. Excessive decentralisation with regard to international activity could contribute to undermining the integrity of the country, which in the long run and under particular circumstances could lead to the break-up of the Union of India.

5. The dynamically changing political and economic situation (numerous social conflicts – for example of an ethnic, religious and economic character), which is not conducive to legislating stable and thus hardly flexible provisions concerning the analysed subject matter.

6. A low level of awareness and a lack of experience among the Indian political and academic elites (acting in the advisory capacity) as regards the possibilities of stimulating states to taking actions in the international arena and thus giving them an additional development incentive.

7. As it has been mentioned before, the shape of the supreme legal act in India, i.e. the Constitution in which it is possible to find such regulations in an indirect manner, provided that the constitutional provisions are adequately interpreted.

- 8 A relatively small scale of the activity of states in the international arena undertaken so far. It was Narendra Modi, the current Prime Minister of the country and in 2013 a candidate for this office representing the Bharatiya Janata Party, who, during the electoral campaign, first indicated the need for redefining foreign policy with regard to economic issues and

for conferring greater powers on states when it comes to promoting trade and investments and thus attracting foreign capital (Ratna 2013).

It is likely that some attempts will be made, possibly in the nearest future, at creating a legal framework directly regulating the involvement of the state authorities in the international arena. It will not be easy, though, due to, *inter alia*, the above mentioned determinants. In the first stage these attempts will probably be limited to very general provisions which will be interpreted, further developed and set out in detail by the legislatures of the interested states or even some organs of the local tier (e.g. districts). It is possible to point out at least two factors which may contribute to state governments playing an increasing role in the foreign policy of India. They are as follows: a growing significance of coalitions in governing the country (including in particular regional parties) and progressive liberalisation and deregulation of the economy in the wake of the 1991–1992 reforms⁹.

However, the lack of unambiguous provisions does not mean that the international activity of states is carried out in the institutional and legal void. Legal regulations and institutional solutions are searched for in an indirect manner, as it has been mentioned before, in various legal acts issued by Ministries, legislation enacted by particular states etc. Yet, the interpretation of the relevant excerpts of the Constitution plays the most crucial role. The said interpretation may not consist in explicit reading of concrete sections but be implied by “the spirit of the Constitution”. Certain researchers dealing with the subject matter of paradiplomacy in the Indian context point to such an approach, although there are just a few of them.

Although the term “paradiplomacy” or “regional diplomacy” does not occur in the Constitution, it is possible to find in it certain regulation of the activities within the framework of which state governments can conduct independent activity beyond the borders of the country. More detailed provisions concerning the international activity of the regions can be found, as it has been mentioned above, in the decentralised legislation enacted by individual states and in other documents issued by regional governments, such as for example documents concerning regional policy with regard to industry, trade and tourism¹⁰.

⁹ These issues will be elaborated on hereinafter.

¹⁰ Further information will be presented in the subchapter devoted to Gujarat.

When analysing the supreme legal act in India, it is possible to make general conclusions concerning legislation which is and/or may be applied with regard to the subject matter of paradiplomacy.

The Constitution of India entered into force on 26 January 1950 and is the longest supreme law in the world. It very elaborately regulates many dimensions of the Indian reality, many of which are the issues addressed by the majority of countries in legal acts which have a status of the statutes. Despite the federal character of the country, the Constitution of India treats the central authorities and the regional authorities in an asymmetric way, conferring on the former ones relatively vast powers in comparison to other federal countries¹¹.

It is necessary to bear in mind, though, that the formation of the Indian federalism is still an ongoing process despite the lapse of 70 years. The Constitution was formulated under particular conditions when British India was split into India and Pakistan. A more detailed analysis of the discussion concerning the system of government dating back to the colonial period indicates that the "founding fathers" of independent India wanted the country to be unitary with certain elements of federalism. They were aware of numerous dangers which the federal character of the country brings about, in particular in the form of separatist trends sustained by certain administrative units. Therefore India is often referred to as a quasi-federal country.

The analysis conducted herein covers only those excerpts of the Constitution of India which will be useful in determining the actual and potential powers of states with regard to their activity in the international arena, i.e. the so called paradiplomacy.

The supreme law very elaborately regulates the division of powers between the central government and the regional and local authorities. However, the said division is highly asymmetric since more extensive powers are vested in the federal government than in the constituent units of the Indian Federation – states¹².

The central government enjoys a more privileged position in many issues. As it has been mentioned before, the Seventh Schedule in the Constitution of India includes three lists of allotted powers: the Union List, the State List

¹¹ Although India is by definition a federal country, the term "federalism" does not occur in the text of the Constitution.

¹² As at 03.01.2017 the Republic of India is divided into 29 states and 7 union territories pursuant to the First Schedule in the Constitution of India.

and the Concurrent List. They enumerate respectively 100, 61 and 52 items pursuant to which powers are conferred on the central government, the state authorities or may be shared by both the aforementioned tiers¹³.

When referring to the Concurrent List, it is worth stressing that in conflicting situations the central jurisdiction takes priority over the state one, whereas the issues which are not covered in the lists of allotted powers are automatically included in the competence of the federal (central) government. According to Article 248 of the Constitution of India, the central government is entitled to make law concerning any matters not enumerated in the Concurrent List and the State List (including the imposition of taxes). Additionally, the central government appoints the Governor of the State in each state, who supervises the functioning of state governments. The federal parliament has the power to change the boundaries of states and create new states. Under particular circumstances, the central government can also dismiss the state government replacing it with President's rule. Despite the noticeable asymmetry in powers vested in the central government and the state authorities, in respect of both legislative and executive power, the Constitution of India is sufficiently flexible to allow the possibility of delegating/creating powers between the federal and regional tier on a day-to-day basis¹⁴. As George Mathew (2006) aptly puts it: "The union is a framework of federal nation building wherein the autonomy of the constituent units is moderated circumstantially and in accordance with the changing imperatives of the „national" and larger 'public interests'". It should also be emphasised that many provisions set forth in the Constitution are subject to detailed, legal analysis when particular cases take place.

According to the Constitution of India, foreign policy lies within the competence of the central tier. It is the federal government that conducts foreign policy, and the Ministry of External Affairs is the main institution

¹³ As for the Union List, it originally enumerated 97 powers. Certain items have been added to it and other deleted. However, for practical reasons the ordinal numbers have not been changed which means that for example item 32 is immediately followed by item 34 (item 33 has been repealed). Additional powers are included as for example item 92A, 92B, 92C. It is similar in the case of other lists. The State List initially encompassed 66 items and the Concurrent List 47 items. The lists of allotted powers will not be annexed to this study due to their length, little usefulness of quoting such detailed regulations (apart from certain exceptions) for the purpose of the analysis conducted in the study and, first and foremost, because of general accessibility to these data.

¹⁴ A detailed analysis of the legislative and executive powers vested in all or even one region of India would require an extensive legal analysis and a separate publication. It goes beyond the thematic scope of this study.

responsible for its shape. Item ten of the Union List, which constitutes the Seventh Schedule in the Constitution of India and refers to the powers allotted to the central tier, explicitly stipulates as follows: "Foreign affairs; all matters which bring the Union into relations with any foreign country". The said item leaves no doubts as to which tier of power is in charge of the matters of an international character. It is also worth enumerating other items mentioned in the Union List which are directly connected with the international issues. They are as follows:

1. Diplomatic, consular and trade representation.
2. United Nations Organisation.
3. Participation in international conferences, associations and other bodies and implementing of decisions made thereat.
4. Entering into treaties and agreements with foreign countries and implementing of treaties, agreements and conventions with foreign countries.
5. War and peace.
6. Foreign jurisdiction.
7. Citizenship, naturalisation and aliens.
8. Extradition.
9. Admission into, and emigration and expulsion from, India; passports and visas.
10. Pilgrimages to places outside India.
11. Foreign Loans (Bakshi 2015, 408).

The central government is vested with the powers to declare war, establish diplomatic relations with countries and organisations, ratify international treaties and other treaties. It should be added that from the very beginning of the process of drafting the Constitution there were opinions against enabling the central government to conclude international agreements which would encroach upon the legislative competence, allocated to states pursuant to the State List, without securing their consent. However, these suggestions were rejected. The burden of conducting foreign policy rests unequivocally on the centre and the administrative units of the lower level have very limited scope for action¹⁵. Even in the situation when, theoretically speaking, most states object to a particular element of foreign

¹⁵ Prakash Nanda points out that in almost 70-year history of independent India there were periods when foreign policy was dominated by the heads of the government. He mentions such government leaders as Jawaharlal Nehru, Indira Gandhi, Rajiv Gandhi, Narashima Rao or Atal Behari Vajpayee.

policy, the central government is not bound by the Constitution to take this objection into account (Matoo and Jacob 2009, 173). It does not mean that Indian states have no competence whatsoever to independently take actions in the international arena.

The State List encompasses, as it has been mentioned before, 100 items which denote the powers vested in the state authorities. Pursuant to Article 246, Clause 3 of the Constitution of India:

“Subject to clauses (1) and (2), Legislature of any State has exclusive power to make laws for such State or any part thereof with respect to any of the matters enumerated in List II in the Seventh Schedule (in this Constitution referred to as the ‘State List’)” (Bakshi 2015, 269). When enacting laws in accordance with the State List, state legislatures are bound by other constitutional provisions, i.e. they cannot infringe the so called “Fundamental Rights” (Khosla 2016, 52). Most issues enumerated in the State List regulate various domestic affairs in India. Approximately one third of the provisions set forth therein is directly or indirectly, depending on the interpretation, connected with the international relations of the Republic of India. It is worth stressing that most sectors which are significant as regards the liberalising processes of the economy are subject to state jurisdiction. The said sectors encompass: industrial infrastructure, energy, development, agriculture and irrigation and social sectors such as education and healthcare. The policy of economic liberalisation is formulated at the federal tier, but its implementation would not be possible without active involvement and assistance on the part of states. In this way states contribute to conducting foreign policy in the scope of economy (Jha 2014, 4).

The international activity of states comprises largely or exclusively their activity in the economic arena. Therefore, the set of provisions regulating the powers vested in state governments with regard to international economic activity should include the acts of law which concern the establishment and functioning of Special Economic Zones, which substantially facilitate the process of attracting foreign investment to states¹⁶. The Special Economic Zones Act was passed by the Indian Parliament and signed by the President in 2005 and together with the SEZ Rules has been effective since 10 February 2006. State governments play a vital role in the SEZ policy. They are not only

¹⁶ The first Special Economic Zone in India (and at the same time the first in whole Asia) was set up in 1965 in Kandla in the state of Gujarat. It was called Export Processing Zone (EPZ). Cf. *History of SEZ*, <http://business.mapsofindia.com/sez/history-india.html> (accessed 16.09.2015).

entitled to set up Special Economic Zones but, as stipulated in statutory law, they are expected to promote export as well as ensure adequate infrastructure which is needed for their efficient functioning¹⁷. Without state guarantees confirming that they have infrastructural resources indispensable for the operation of the SEZ no permission will be granted to establish the zone and conduct economic activity within its framework. Additionally, state governments have their representatives in the Inter-Ministerial Committee on private SEZ who are consulted when a proposal for establishing the SEZ in a particular state is considered.

It is also necessary to distinguish a particular type of activities undertaken by the state authorities which, by their very nature, are not governed by any legislation and at the same time they, undoubtedly, constitute a form of paradiplomatic activity. These are predominantly promotional activities of a soft power nature which are not banned by the central jurisdiction and are not contrary to the interests of the Union. They encompass, among others, statements of the Chief Ministers in which they called on the Indian subjects who reside and work abroad to return to their home states, promotion of Bollywood, Tollywood, Kollywood, Mollywood, Sandalwood, Jollywood films and other films abroad by the governments of the interested states or requests directed to the Chief Ministers of the border states asking them to get involved in settling regional conflicts¹⁸. It is worth stressing that these Chief Ministers are closer to the local reality and often better suited to carry out this kind of activity than the authorities in Delhi.

2.3.2. Paradiplomatic experience in India – an attempt at description and evaluation

When reviewing the activity of India's entities of the middle tier-states – in the international arena, it is clearly noticeable that this activity is still poorly developed in relation to the great potential. The inhabitants of India

¹⁷ Special Economic Zones may be set up by the central government, state governments or their agencies as well as by public-law entities and private institutions. Cf. <http://sezindia.org/sez/faqs.html> (accessed 16.09.2016).

¹⁸ The names of the film production hubs are inspired by the name of the home of the US film industry – Hollywood. Bollywood denotes film industry in Mumbai, Tollywood – films produced in the Telugu language, Kollywood – cinematography in the state of Tamil Nadu, Mollywood – films produced in the Malayalam language from Kerala, Sandalwood – films produced in the Kannada language from Karnataka and Jollywood – Assam film industry.

– as participants of the biggest democratic parliamentary elections in the world – every four years elect their governments. An attempt to answer the question concerning electoral motivations of the people of India, both at the central and regional levels, is highly complicated and heterogeneous. Undoubtedly though, foreign policy has never been a decisive factor which influences an election result. Just a few times, during the conflicts with Pakistan, Bangladesh and the ethnic conflict between India and Sri Lanka, foreign policy issues exerted a more direct influence on electoral decisions both at the central and state levels. It is one of the reasons why state governments show a relatively slight interest in engaging in international matters (Staniland and Narang 2015, 206). Obviously the processes of international activity of the regional entities are in progress and major differences in advancement and pace in terms of both time and space can be observed. The issue of the activities of the constituent units of the Republic of India, i.e. states in the international arena still has not been discussed profoundly and in essence in this country. Scarce literature on the subject and little research done in this field make studies on the issue of paradiplomacy resemble groping in the dark, and thus they can be fraught with mistakes made by “the first explorers”. Therefore, this study should be treated as an introduction to the subject matter of paradiplomacy on the Indian ground, forming a basis for further discussions and in-depth research. An additional obstacle in research carried out on this subject in India is the fact that, although some serious theoretical studies and terminology of paradiplomacy exist in the world literature, the phrase paradiplomacy is hardly known and rarely used in India. Even state officials who deal with the matters connected with paradiplomacy are not able to decipher the term and can by no means associate their work with foreign policy of the country or diplomacy.

It is difficult to generalise with regard to the influence of particular component entities of the federation (states) on the foreign policy of the Republic of India, which results from the nature of the Indian Federation. It is inextricably linked to great differences in economic, political or cultural arenas within the country. That is the reason why none of the Indian states can be considered representative of all India and thus transposing the experiences of any particular region to other entities makes no sense. It is also impossible, for the same reasons, to create a pattern (model) of paradiplomacy in the Indian states.

Paradiplomatic processes in India, as it has already been observed, still do not have their objective logic, are often chaotic and incidental,

and are not coordinated by the central government, and if they occur at all they depend, to a large extent, on the people wielding power in states, their political interests, ambitions and personal characteristics.

Although it is impossible to precisely quantify the activity of Indian states in the international arena, it is clearly noticeable that the phenomenon mostly concerns economy. Only the governments of the border states occasionally engage to a greater extent in matters other than those of the economic nature. It results predominantly from the nature of the phenomenon itself and constitutes a part of the world trend. The decentralisation of the political aspect of the foreign policy is much more difficult, whereas economic issues can be successfully, for the most part, entrusted to the states, thus partly making their economic prosperity dependent on their own policy in the international arena. In the case of India, it mostly consists in promoting the economic potential of the region, which is followed by attracting foreign investors. It is a widely exposed priority of the central and state authorities (in contrast to China which slowly transforms from a beneficiary to a supplier of investment). The formation of India Trade Promotion Organisation (ITPO) by the central government in the early 1990s can be considered the vanguard of economic paradiplomacy, the organisation encouraged establishing analogical units at the state level. Therefore, paradiplomacy in India comprises primarily attracting direct foreign investment by states and other business relations across borders. The problems connected with quantification and consequently with efficiency evaluation of the paradiplomatic activities result also from the fact that it is often not possible to separate the activities aimed at foreign recipients from those aimed at finding favour with domestic institutions and citizens. Big international events promoting Indian regions make local (Indian) businessmen¹⁹ invest there more willingly as well.

When reviewing the process of development of paradiplomacy in India, it is possible to distinguish three time periods, each characterised by a particular level of international activity carried out by states. They include:

1. The years 1947–1991 – the era of high centralisation of political and economic life, featuring precise economic plans, the policy of controlling practically all aspects of economic life, a high level of bureaucracy, state

¹⁹ A good example is building by TATA MOTORS a NANO car manufacturing plant in 2008 in Sanand, 30 kilometres from Ahmedabad, in the state of Gujarat. Initially the plant was to be built in the state of West Bengal but a wave of protests discouraged the investor and finally the plant was relocated to Gujarat.

controlled economic policy and practical cut-off of the Indian economy from the global market (Bywalec 2015, 100). It is hardly possible to talk about involving states in foreign policy during this period and to observe any distinct tendencies with regard to the analysed matter. That is the reason why this stage is completely excluded from research and scientific reflection in this study²⁰.

2. The years 1991–2014, which cover the period from the introduction of a package of reforms in India, concerning mostly the economy, until Narendra Modi's taking office as the Prime Minister of the federal government (26.5.2014). Modi is the former long-standing Chief Minister of the Western India state of Gujarat (in office for 13 years). The general conclusions presented in this study concern mostly this period, which marks the beginning of the formation of the policy of international activity of states and at the same time, indirectly, their becoming a part of the foreign policy of the country.

3. The period after the year 2014, which is the time when Narendra Modi took office as the Prime Minister of the federal government and declared that the paradiplomatic activity of states constitutes a direction affirmed by the federal government which will become one of the new priorities of the foreign policy of India. He also stated that he is going to promote such a model of economic development of India where the development of states becomes the driving force²¹. It means that Narendra

²⁰ However, some opinions have been put forward that during the turn of the 1980s and 1990s state governments were not completely out of the foreign policy making processes. In 1987, during the war in Sri Lanka, when Rajiv Gandhi's government decided to air drop food in Jaffna in the north of Sri Lanka, the Chief Minister of Tamil Nadu, MG Ramachandran was summoned to Delhi for consultations. Deve Gowda's government did the same while signing the Farakka Treaty with Bangladesh (a treaty concerning the division of the Ganges waters between Bangladesh and India) when consultations with the Chief Minister of West Bengal, Jyoti Basu were undertaken. At that time states played only an advisory role, whereas at present states try to dictate to the central government the directions of the foreign policy in order to correlate them with their internal interests (Nanda, 3–4).

²¹ The election manifesto of the winning party BJP from 2014 reads, among others, as follows: "We will place Centre-State relations on an even keel through the process of consultation and strive for harmonious Centre-State relations", "Our Government will be an enabler and facilitator in the rapid progress of states. We will evolve a model of national development, which is driven by the states", "Team India shall not be limited to the Prime Minister led team sitting in Delhi, but will also include Chief Ministers and other functionaries as equal partners" (Election Manifesto 2014). These promises can be treated as a prelude to an increase in the importance of the state authorities in the development policy of India (see *BJP Manifesto* 2014).

Modi is going to transpose his experience from the Gujarat period to the central level and at the same time to encourage states to increase their own activity in the international arena. It can be expected that the process of the international activity of the states will at last gather momentum in India and that it will be treated with due importance. It may also be presumed that the said process will be subject to scrutiny on the part of a large group of scientists, journalists and commentators. Gaining power in 2014 by the BJP party with the Prime Minister Narendra Modi as the head of the government may mark the beginning of a new era in the sphere of relations between the centre and the states in India and at the same time a new stage in the development of the international activity of the states. In October 2013, in Chennai, Modi criticized the previous policy of the central government in the following way: "India is not just Delhi. The foreign policy should be decided by the people and not by some politicians sitting in Delhi" (Shekhar 2014)²².

The only period in the history of independent India which may become the subject of substantive analysis in terms of paradiplomacy spans from the year 1991 to the moment of Narendra Modi's taking power in 2014. During that time certain states became more active on the international ground, albeit with a different result and intensity, and thus the process of federalisation of the Indian foreign policy commenced. The reason for that state of affairs may be found in two parallel processes: the increasing importance of political coalitions in ruling the country and progressing liberalisation of the Indian economy. Since 1989 none of the main political parties has been able to gain absolute majority in the Lok Sabha. That is why since 1989 India has been ruled either by minority or coalition governments²³. Due to the coalition policy, regional parties – being a member of the coalition in the federal government – can influence the foreign policy of the Union of India in practice and try to

²² Narendra Modi's declarations concerning the increase in the states' involvement in the foreign policy are not accepted without any criticism in India. There are comments that it is an example of a short-sighted and obsequious policy towards the regional parties and their leaders which does not reflect long term interests of the entire Union of India. That is the reason why critics are against the interference of the Chief Minister of West Bengal, Mamata Banerjee in the conflict with Bangladesh about the Teesta River or the influence exerted on the central government by the Chief Minister of Tamil Nadu, J. Jayalithaa (who died on 5.12.2016) with regard to the foreign policy towards Sri Lanka, in order to secure safety for Tamils who live there.

²³ After the 1989 elections, 27 regional parties gained seats in the parliament, and two years later (in 1991) the number of such parties increased to 43 (Matoo and Jacob 2009, 175).

shape it in accordance with the interest of the states of their origin²⁴. Prakash Chandra Jha from Amity University Rajasthan even claims that regional parties do not focus only on the regional issues but become actively involved in the decision making process with regard to all national matters within the foreign policy. To confirm his words he quotes one of the analysts of the foreign policy of India: "... power is flowing away from Delhi to state capitals, where some strong men and women are ruling. India's external partners tend to see this with much greater clarity than the domestic observers ... If Mamata has the last word on India's policy towards foreign direct investment in the retail sector, why won't outsiders go to Kolkata? If Gujarat and Bihar are places where you can get things done, aren't the Chinese communist leaders smart enough to woo the Chief Ministers of the two states?" (Jha 2014, 5). Thus it can be assumed that the year 1989 was the beginning of federalisation of the Indian political system, understood as the increased role played by state governments in the central policy. From that moment on, no Prime Minister could dictate to the states who was to become the Chief Minister, as it was done during the times of Indira Gandhi or her son Rajiv. The Indian political system has evolved from the system of one party domination (the Indian National Congress) to the multi-party system with the increasing participation of regional parties. Changes in the political system of India in the two last decades were accurately characterised by Douglass V. Verney: "India has arguably come a long way from being quasi-federal to quasi-confederal in the last two decades" (quoted in Nanda, 11). Another group of factors, which occurred at the same time and influenced the potential extension of the role of states in the foreign policy, are the reforms initiated in 1991 by Narashim Rao's government and his Minister of Finance, Manmohan Singh, who later became Indian Prime Minister for two terms. The influence of the reforms, which were highly liberalising and thus denationalising the economy, can be associated with development of paradiplomacy in two ways. Firstly, the introduction of New Economic Policy led to structural changes in the economy, it put an end to the domination of the

²⁴ Previously, regional parties were of little importance in India. The Sarkaria Commission acting in India in the 1980s proved that the central government relocated, for political reasons, many state industrial factories from the state of Karnataka which was not ruled by the Indian National Congress (e.g. Indian Telephone Industries was relocated to Gonda in Uttar Pradesh) as well as exercised pressure on private investors to make them invest in other parts of India (Jha 2014, 5).

heavy industry, limited the so called "License-Permit Raj" and first of all opened the Indian economy to the world, admitting India to the international economic circulation. Thus India departed from the centrally planned and highly centralised economy which was replaced by a model of "federal market economy". Secondly, the liberalisation of the Indian economy was associated with repealing the regulations stating that the decision on the location of economic investments lies within the competence of the federal authority. States were given the possibility of framing their own economic policy, independent of the centre. The centralisation of decisions on foreign investments location, by its very nature, led to great tensions between the centre and states as well as between different states themselves and, at the same time, also determined foreign policy. Decisions on major investments (including foreign ones), on the one hand, resulted in job creation in the region but, on the other hand, caused resettlement of a great number of citizens. Such situations were quite naturally used in the political struggle, which is typical of a democratic country. From the moment of introduction of the reforms both foreign and domestic investors can freely decide on the location of their investments. Limitation of the discretionary role of the central authorities in granting of the economic licences led to a situation where state governments can independently conduct negotiations with investors. Palaniappan Chidambaram, the former Minister of Finance in the cabinet of Manmohan Singh greatly contributed to such a positive outcome as he took the initiative to permit Chief Ministers and their Ministers of Finance to negotiate directly, without the mediation of the centre, with the government's foreign partners and investors and to sign bidding contracts with them. Therefore, it must be acknowledged that the economic reforms implemented at the beginning of the 1990s are the main causative factor of the Indian paradiplomacy, which at the same time constitute its foundations. They brought about the activation of the dormant potential of free competition between states. Regions started to compete for foreign and domestic investors with unexpected energy. Until recently states such as Bihar, Madhya Pradesh, Rajasthan and Uttar Pradesh were called "Bimaru" after the first letters of their names and the word was associated with social and economic underdevelopment. However, these states believe that one of the chances to get rid of that pejorative by-name is attracting foreign investment. Thus, they compete with one another trying to facilitate the investment process as much as possible by lowering taxes or establishing special economic zones (SEZ).

This shows that up till now the development of paradiplomacy in India has had a bottom-up character and it has been a reaction of the states to the new political and economic reality. It can be exemplified by, among others, negotiations carried out by the government of the Indian state of Maharashtra with the American Enron Corporation (1996), which no longer exists, concerning energy sale or the case of major investments by the Korean steel giant POSCO in the state of Odisha. Moreover, Indian states can also participate in the international credit market and negotiate loans bypassing the central level. Institutions such as the World Bank, the Asian Development Bank, UNICEF or the United Nations Development Program (UNDP) carry out negotiations directly with the state partners (Matoo and Jacob 2009, 177). The 1991 reforms opened up ground for Chief Ministers of states for their visits abroad to seek potential investors. Among others the Chief Ministers of West Bengal, Odisha, Madhya Pradesh, Gujarat, Andhra Pradesh, Tamil Nadu, Maharashtra or Kerala have taken advantage of it so far. The period which started then is metaphorically referred to as the era of “flying Chief Ministers”. Gujarat’s Chief Minister Narendra Modi took a lead in this regard but there were also others, for example the former Chief Minister of Bihar, Nitish Kumar or the Chief Minister of Madhya Pradesh, Shivraj Singh Chauhan. When paying a visit to Pakistan in 2012, Nitish Kumar visited not only the authorities of border provinces of Sindh and Punjab but also met with President Asif Ali Zardari. In 2010 the Chief Minister of Himachal Pradesh, Prem Kumar Dhumal was invited by the Governor of California, Arnold Schwarzeneger to the Global Summit on Climate Change and in 2014 the Chief Minister of Maharashtra, Prithviraj Chavan led the delegation to the World Economic Forum in Davos. In 2011 the Chief Minister of the poorest Indian state, Bihar, visited China, where he had meetings with many regional leaders. The main subject of the talks was the engagement of Chinese partners in supporting the restoration of the places of historical value such as Bodh Gaya, Nalanda or Rajgir. Not only Indian Chief Ministers have visited foreign partners but also the partners visit the Indian state authorities. It is clearly noticeable that in the two last decades states have been trying ever harder to attract world political or business leaders. The founder of Microsoft, Bill Gates and the President of the United States, Bill Clinton visited Hyderabad, whereas the Japanese Prime Minister Yoshiro Mori and the Prime Minister of China Lee Peng visited Bangalore, the capital of the state of Karnataka, the second in the world, after the Silicon Valley, centre of the computer industry.

Apart from heads of states also the officials responsible for the implementation of foreign policy have begun to visit Indian states. In 2011 the USA Secretary of State, Hillary Clinton visited Chennai, the capital of Tamil Nadu and in 2012 she landed in Kolkata in West Bengal on her way to Delhi. A very interesting example illustrating the potential role of states in the Indian foreign policy is the reaction of some of them to India's accession first to the GATT and then (in 1995) to the World Trade Organization (WTO). Regional governments were against signing of agreements concerning agriculture by the federal government arguing that it would have a negative impact on Indian farmers. In some cases the central government was sued by certain states. The point was that by signing agreements concerning agriculture at the central level government infringed item fourteen of the aforementioned State List – the Seventh Schedule in the Constitution which reads as follows: "Agriculture, including agricultural education and research, protection against pests and prevention of plant diseases" (Bakshi 2015, 413) which allots agricultural policy to state jurisdiction.

Another example of the region's engagement in the international arena in order to protect own interests can be Kerala's government attempts at getting permission to establish a low budget air line connecting the state with the Persian Gulf countries. Approximately 3.5 million Keralites live there. Apart from the willingness to derive profits from this connection, Kerala's government wants to facilitate contacts of emigrants with the home state. It also has to be considered that remittances from the Keralites working in the Persian Gulf are a major source of the state's income and, at the same time, one of the determinants of state's economic development.

Nirupam Bajpai and Jeffrey D. Sachs (1999) divide states into three groups depending on their attitude and reactions towards the 1991 reforms:

1. Reform-oriented states: Andhra Pradesh, Gujarat, Karnataka, Maharashtra and Tamil Nadu.
2. Intermediate Reformers: Haryana, Odisha and West Bengal.
3. Lagging Reformers: Assam, Bihar, Kerala, Madhya Pradesh, Punjab, Rajasthan and Uttar Pradesh.

Putting the above mentioned division on a map of spatial diversification of India's states activity in the international arena, great convergence can be observed, which is understandable. The states whose authorities reacted positively to the 1990s reforms and carry out policy consistent with their spirit are also, in great majority, the most visible in the international

arena. Basically, there are two kinds of the most active regions. The first group, as it was mentioned in the beginning of the study, comprises the states with international land borders or coastal states. They engage in international relations much more distinctly than those situated in the centre of the country which do not have such a favourable location, from the point of view of economic contacts with abroad. Apart from the economic issues, regional parties are frequently used by the federal government to solve problems with the closest neighbours (Tamil Nadu, West Bengal, Jammu and Kashmir). The second group comprises rich states with extensive markets, good technical infrastructure and qualified workforce. Within these two groups it is hard to find further regularities affecting the level of advancement of paradiplomacy. Thus it depends, as it has been mentioned before, mainly on the willingness of the regional authorities to carry out this kind of policy.

2.3.3. Border states paradiplomacy and its specificity

As it has already been mentioned, paradiplomacy in India focuses predominantly on the economic sphere. The border states and some coastal ones, which due to historical reasons exert great influence on the relations with their overseas neighbours, do not fit the rule. They have been recurrently used by the centre to solve international regional problems. The aforementioned states themselves, often being a party in the dispute, are interested in favourable for them solutions with regard to international matters²⁵. Since the very beginning of its independence India has had a serious conflict with Pakistan, many sensitive disputes with Bangladesh, concerning primarily the division of waters, and problems with refugees from Sri Lanka, Burma, Bhutan or Tibet. When referring to the border states, we focus on their relations with the closest neighbours of India, i.e. those countries which share common land borders with India such as China, Bhutan, Nepal, Pakistan, Bangladesh and Burma or with the countries situated in the immediate geographical vicinity – Sri Lanka and the Maldives. These countries (except for China and Burma)

²⁵ S.K. Jain mentions several questions of an international character which occurred before 1991, when particular states had very clearly defined interests (Jain 2009): "These include the proposal concerning transfer of a part of the Berubari Union No 12 to Pakistan in 1958, transfer of 900 sq.km of the Rann of Kutch to Pakistan in 1958, the liberation of Goa (1961), the liberation of Bangladesh (1971) and Status of Tamils in Sri Lanka".

plus Afghanistan (as of 2007) form the most important organisation for cooperation in South Asia, i.e. SAARC – The South Asian Association for Regional Cooperation. Approximately 2/3 of the area and 80 percent of the population comprising the SAARC countries belong to India, which in conjunction with the economic and military potential makes this country by far the most powerful within the said regional organisation. At this point, attention should be drawn to the central location of India and the fact, that most of these countries share land or maritime borders with India, albeit they do not share any borders with one another. Therefore, it was often the case that the regional coalition parties, which ruled or were influential in the border states, had different ideas about cross-border relations than the federal government. To illustrate that, it is worth recalling the case of the authorities of Punjab, Jammu and Kashmir if it comes to the relations with Pakistan, the authorities of West Bengal in the context of the relations with Bangladesh or Tamil Nadu with Sri Lanka. It can be assumed that in the nearest future any development projects in the border regions will be undertaken and implemented with significant participation of the border states. India's relations with the immediate neighbours will influence the situation in the following states:

1. Relations with Pakistan: Gujarat, Rajasthan, Punjab, Jammu and Kashmir.
2. Relations with China: Jammu and Kashmir, Uttarakhand, Himachal Pradesh, Sikkim, Arunachal Pradesh.
3. Relations with Nepal: Bihar, Uttarakhand, Uttar Pradesh, Sikkim, West Bengal.
4. Relations with Bhutan: West Bengal, Sikkim, Arunachal Pradesh, Assam.
5. Relations with Burma: Arunachal Pradesh, Nagaland, Manipur, Mizoram.
6. Relations with Bangladesh: West Bengal, Tripura, Meghalaya, Mizoram, Assam.
7. Relations with Sri Lanka: Tamil Nadu.

The relations between the aforementioned countries and the Indian Federation often concern matters directly associated with the specific nature of the border regions, mainly with regard to historical and cultural aspects but also economic ones, such as, for example, long-standing trade exchange in border territories. It is often the case that certain kinds of cross-border relations will be perceived negatively from the point of view of the federal government, whereas from the point of view of the

local community they will be regarded as very positive. Therefore, local/state governments – in spite of these being sometimes illegal practices – will tolerate them. A good example to illustrate this can be cross-border smuggling activity which “provides employment” for thousands of people, stimulates regional development and, from the point of view of the local economy, can be perceived as favourable.

Moreover, it should be highlighted that the states from the northern part of India are often culturally much closer to their neighbours behind the border (Pakistan, Bangladesh or Nepal) than to the states in South India. Some of these regions (i.e. for instance Bengal or Punjab) are culturally cohesive areas which, due to the Partition carried out in 1947, were arbitrarily split by the border lines. It can be assumed that major problems in the relations between India and its neighbouring countries focus not only on the differences but perhaps, first and foremost, on the similarities between them. Culturally identical Kashmiri, Sikhs, Bengalis or Tamils live on both sides of the borders. In 1947 millions of Sikhs from the Pakistani part of Punjab moved to the Indian territory leaving behind their worship sites. Throngs of Muslims crossed the border to settle in Muslim Pakistan and certain elements of their heritage, like for instance the Taj Mahal Mausoleum or the Mongolian architecture of Delhi, are on the Indian territory. Tamils from Sri Lanka often claim that they are the heirs of the Tamil culture and not Tamils living in the Indian state of Tamil Nadu. Bengalis from the Indian Bengal still cannot come to terms with the loss of Bangladesh, where the Bengalese culture was born (Chopra 2002, 9–10).

In the light of the above considerations, two kinds of border regions can be distinguished in terms of historical determinants. The first kind encompasses those which in 1947 were divided between India and the neighbouring countries, i.e. Punjab and Bengal. In their case the central government, being afraid of speeding up military escalation of historical problems, is not that willing to open up the borders widely. However, from the point of view of these states, enhancement of cross-border contacts is highly desirable for economic reasons. The conflict of interests can be noticed here in the aversion on the part of the centre to potential escalation of conflicts. In the case of other states (inter alia Gujarat, Rajasthan, Bihar and others) the central government is willing to be more permissive. The border states, by their very nature, also participate in the fight against cross-border terrorism. A perfect example of this can be Jammu and Kashmir. It is hard to imagine the “management” of the Kashmir conflict without active participation of the regional authorities.

If it comes to the states sharing the border with Pakistan, it is worth quoting one of the former Indian diplomats who used to work in Pakistan: "There is no dissonance between Central and State governments as far as India-Pakistan relations are concerned" (Maini 2014, 24). As it can be seen, the relations with Pakistan are the subject and guarantee, with certain simplification, of more or less stable political consensus in India. Perhaps the most important factor which influences the border states' participation in the foreign policy of India is whether a particular state is ruled by the party which at the same time is the ruling party at the federal level or at least a member of the ruling coalition or whether the state is ruled by the opposition parties. In the first case, state governments usually actively participate in the foreign policy of the federal government or at least perform advisory functions.

It is sometimes possible that extremist groups are active on both sides of the border. It is the case, for instance, in the border territory between Nepal and India, where the so called Maoists operate. Members of these groups have common cultural roots and often fight hand in hand to secure their interests. As far as India is concerned, finding a solution to this problem is a federal issue. The Constitution explicitly stipulates that the external security lies within the competence of the central government.

There are situations when the policy pursued by state governments determines the directions of the federal government policy. As it has been mentioned before, the stance of the Chief Minister of West Bengal concerning the division of the waters of the Teesta River between India (West Bengal) and Bangladesh seriously harmed the relations between these two countries. When the federal Prime Minister Manmohan Singh visited neighbouring Bangladesh in 2011 he was accompanied by the Chief Ministers of four border states, i.e. Assam, Meghalaya, Tripura and Mizoram. When on February 19, 1999 the Indian Prime Minister in office at that time, Atal B. Vajpayee inaugurated a bus connection between Delhi and Lahore in Pakistan he was accompanied by the then Chief Minister of Punjab, who represented the state which was the most interested in a new transport link. The pressure exerted by Tamil Nadu state politicians on Manmohan Singh's government significantly influenced the activity of the government concerning the relations with Sri Lanka. The Tamil party Dravida Munnetra Kazhagam (DMK), a significant coalition partner of the United Progressive Alliance (UPA), contributed to deteriorating the relations of Manmohan Singh's government with Sri Lanka, which resulted in tightening the relations between Sri Lanka and the People's Republic of

China. As a result, the Indian Prime Minister withdrew his participation in the summit of the Commonwealth of Nations in Colombo. Moreover, in 2013 the Indian government voted against Sri Lanka in the United Nations Human Rights Commission.

The significance of smaller parties of a regional character can be also exemplified by the situation when after adopting the nuclear agreement between the United States and India (2007–2008) the communist parties, i.e. the Communist Party of India (Marxist) (CPM) and the Communist Party of India (CPI) stepped out of the governing coalition UPA (United Progressive Alliance). These parties are not regional ones in the strict meaning of the term but they play a vital role in states such as Tripura, West Bengal or Kerala. The government of Manmohan Singh remained in power only because a new partner joined the coalition – Samajwadi Party, a regional party from the most populous state of India, Uttar Pradesh. Table 2.1 presents the influence exerted by selected Chief Ministers on the foreign policy of the federal government.

Table 2.1. Indian Chief Ministers and Foreign Policy

Chandrababu Naidu	Chief Minister, Andhra Pradesh (1995–2004)	Especially proactive in reaching out to the U.S. in the late 1990s and early 2000s. Naidu was able to promote his State, especially the city of Hyderabad, as an Information Technology (IT) hub. President Clinton made it a point to include Hyderabad in his itinerary.
Narendra Modi	Chief Minister, Gujarat (2002–2014) and Prime Minister (2014–)	Modi showcased Gujarat through the Annual Vibrant Gujarat Summit. He led delegations to a number of countries including China, Japan and Singapore.
Mamata Banerjee	Chief Minister, West Bengal	Opposed the Teesta River Water Treaty, as well as the Land Border Agreement with Bangladesh.
J. Jayalalithaa	Chief Minister, Tamil Nadu	Pressurised the central government to vote against Sri Lanka at the United Nations on two occasions, in 2012 and 2013.

Source: Maini (2014, 3).

When analysing the increasing role of the border states in the foreign policy of India, it should be noted that there is a positive correlation between their role and the growing number of transport links between them and their foreign partners. The north-eastern states of India enjoy quite good transport links with Burma and further with South-East Asia. The number of bus connections with Pakistan is constantly increasing, including the connections available in successive border states such as Rajasthan, Punjab or Jammu and Kashmir. Road checkpoints on the border with China are situated mainly in Sikkim, but also in Assam, Arunachal Pradesh, Uttarakhand and Himachal Pradesh. A similar trend can be observed as regards road and railway connections with Bhutan, Nepal and Bangladesh. The extension of still poorly developed land transport infrastructure will greatly contribute to enhancing the role and significance of these regions in the international policy.

To sum up, it should be stated that in the future the border states, by their very nature, will be the states whose opinion will have to be taken into consideration by every government at the federal tier.

2.4. Case of Gujarat

2.4.1. The reasons for choosing Gujarat as a subject of research

The State of Gujarat, which is located in the western part of India, has attracted the attention of both Indian and international observers for several years. There are at least two reasons for this. On the one hand, this keen interest could be explained by the unparalleled economic development of the state which is characterised by its own specificity. The term "Gujarat model of development"²⁶ has even been coined. On the other hand, the

²⁶ When evaluating the economic development in the State of Gujarat economists express different opinions. Those who criticise the Gujarat model claim that it is a case of "growth without development" proving that the main problem of the state is the fact that social development indicators lag behind economic indices. One of the leading critics of the economic policy pursued by Narendra Modi in Gujarat is the Indian Nobel laureate in Economics Amartya Sen who deplores that the indices measuring the development of education and health care are very low. According to the Reserve Bank of India report of the year 2010, in the years 2005–2010 the government of Gujarat allocated only 5.1% of its budget resources to the social sector (the all-country average amounts to 5.8%), and in the years from 2001–2002 to 2012–2013 13.22% of the budget was allocated

eyes of the whole world are focused on the person who is the driving force behind Gujarat's prosperity, Narendra Modi, who has been holding the office of the Prime Minister of the federal government since 2014. It was Modi's long-standing rule in the said state that enabled him first to keep the position of the Chief Minister for several years and subsequently led him to a remarkable political success in the federal arena. The experience of Gujarat in terms of economic, social and political development is so significant that it was first appreciated by the Gujarat community, which resulted in successive re-elections of Modi in the aforementioned state, and eventually his policy was endorsed by voters from all over India, which enabled him to take office as the Prime Minister of the country. Thus, it can be expected that the particular solutions which were tested in Gujarat will be implemented at the all-India level, which has indeed been displayed in the first years of his rule. It is noticeable even with regard to the visual identification of the activity of the new government. One of the most important initiatives launched by the federal government, the national "MAKE IN INDIA" program is emblemized by the Asiatic lion, an animal which lives solely in the Gir Forest National Park in Gujarat and is the symbol of this state²⁷. The likely implementation of the Gujarat experience in the federal arena is one of the two primary reasons for choosing Gujarat as a subject of analysis. The other reason concerns the role which Narendra Modi assigned to paradiplomacy in the development model of the state. Paradiplomatic instruments are an essential element of the conception for development of that state. Before the federal elections Modi pointed to the example of Gujarat emphasising that he was able to establish partnership relations with Canada and Japan, implying at the same time that a new role of states in foreign policy is growing in importance. Thus, each state should enjoy the possibility of establishing partnership relations with foreign parties and paradiplomacy should be one of new instruments of foreign policy, especially with regard to economic issues, i.e. attracting foreign investment. Paradiplomacy has played a key role in the development success of Gujarat.

to education (the all-country average amounted to slightly over 15%). As far as health care is concerned, budgetary expenditure in this regard in the budget year 2000–2001 totalled 2.8% (Gujarat was ranked as 17th among the largest states) and in the budget year 2010–2011 – 4.2% (7th position) (Cf. Jaffrelot 2015). A detailed assessment of the development processes in Gujarat is highly complicated and goes beyond the objectives of this study and due to this fact it will be limited to the indispensable minimum.

²⁷ Cf. <http://www.makeinindia.com> (accessed 2.01.2017).

The analysis of the economic potential of the state and of the paradiplomatic activity undertaken by its authorities presented hereinafter will cover the period when Narendra Modi exercised the office of the Chief Minister of the state (2001–2014). It was the opening up of the state to the world and high-profile campaigns promoting Gujarat abroad that became the hallmark of Modi's time in office. This politician is, as it were, coalesced with Gujarat and lives in a specific symbiosis with that state. It was Gujarat that elevated him to the uppermost echelons of power in Delhi and it was Modi who made Gujarat recognisable not only in India but also in the international arena.

2.4.2. The economic potential of the state

In the years 1991–1993 radical reforms were carried out in India which consisted in liberalisation and deregulation of the economy. India abandoned the model based on economic socialism which had been adopted at the birth of independence (in the 1940s). The aforementioned reforms brought about a remarkable acceleration in the economic development of the country. As regards the rate of economic growth, India is overtaken only by China. Due to that, in the mid-2010s India ranked third in the world in terms of GDP (based on purchasing power parity) after the USA and China.

The growth in the economy triggered substantial changes in the level of development of particular regions, some of them developed at a faster pace whereas others – more slowly. Due to this fact, spatial disparity in the level of economic development aggravated. The western part of the country developed at a much faster rate. The divide between India A (north-western as well as south-western states) and India B (north-eastern, eastern and middle states) became more clear-cut.

Gujarat is one of the largest Indian states with an area of 196 024 km² and a population of over 60 million people. Situated in the western part of the country, it borders with Pakistan and three Indian states, i.e. Rajasthan, Madhya Pradesh and Maharashtra. GDP dynamics and Net State Domestic Product of Gujarat in the years 2004/05–2013/14 (prices from the year 2004/05) amounted to 192.4% for all India and 223.8% for Gujarat, whereas when calculated per capita it totalled 169.9% for all India and 197.3% for Gujarat. The share of the state in India's GDP increased from 5.8% in the year 2004/05 to 6.8% in the year 2013/14. Thus, it is clearly visible that the Gujarat economy developed faster than the overall Indian

economy and in this way its importance grew systematically²⁸. When analysing various data of strictly economic character concerning Gujarat, it can be noted that this state is not characterised by the absolutely highest development indicators, however in most statistics it is ranked in the group of most developed and fastest developing states. When, during the federal elections in 2014, voters were asked to indicate the state which, according to them, has the highest development indicators in India, it was Gujarat that the electorate in Rajasthan, Maharashtra, Jharkhand, Uttar Pradesh and Gujarat pointed to (Jaffrelot 2015, 837). When the BJP party, led by the Chief Minister Narendra Modi, governed Gujarat, the state gained wide recognition both in India as well as in the international arena and became a key region for new investments both domestic and foreign ones. By achieving a higher economic growth rate than the average national rate Gujarat has come to emblematised the success of neoliberal economic policy in the last two decades. The conception for economic development put forward by the ruling party, sometimes referred to as “the Chinese way” consisted in attracting big capital both domestic and international one. Traditionally, since the launching of the economic reforms in the 1990s, the economic policy of Gujarat has been based on growth-oriented cooperation between capitalists and big business and the business-friendly state, including fiscal policy. On the one hand, it resulted in a relatively high growth rate but, on the other hand, it entailed low wages and limited social spending. As a result, the community of Gujarat became polarised, which culminated in communal riots in the year 2002. The cooperation between state authorities and the corporate sector reached a peak during Narendra Modi’s time in office as the Chief Minister. Investors benefited from numerous tax reliefs, they could buy land faster and more cheaply than in other states. Business-friendly policy climaxed in setting up Special Economic Zones, in which workers’ rights are limited to minimum (Beale and Noronha 2014)²⁹. It should be also pointed out that the inhabitants of Gujarat are regarded by Indians as the best entrepreneurs and the term “Gujarati”, which occurs both in everyday speech as well as in the academic discourse, is synonymous in India with the word “entrepreneur” (Shah 2014, 519). The objective economic position of the state and the

²⁸ Calculated on the basis of *Handbook of Statistics on the Indian Economy*, Reserve Bank of India 2014–2015, and *Handbook of Statistics on India States*, Reserve Bank of India 2014–2015.

²⁹ Cf. <http://www.sezindia.nic.in>

perception thereof in the mind of Indians and foreigners results from interconnected, closely coordinated and parallel processes which are very consciously implemented by the state government. The former is the process of major public investment, predominantly of an infrastructural character. The ruling officials were fully aware that it is not possible to develop big industry or attract major investors without a network of good quality roads, airports, ports or water and electricity supplies. However, even such a highly developed infrastructure, which could be considered outstanding against the Indian background, will not be able to attract anybody if it has not been adequately commercialised. Therefore, the latter process, which was eagerly implemented by Modi's government, was the paradiplomatic activity of the state authorities carried out in order to attract the aforementioned investors, which positively distinguished Gujarat against the background of other Indian states. In other words, the state government started to attach great importance to promoting the state in the international arena with an intention to make Gujarat – in the perception of potential investors – an ideal place to allocate capital.

2.4.2.1. Infrastructure

As it has already been mentioned, a necessary condition to attract capital to the state was the extension of the technical infrastructure. The location of the state of Gujarat at the Arab Sea creates perfect export opportunities, especially to The Persian Gulf, African or European markets. The coast line is 1659 km long, which accounts for 27.6% of the total coast line of the country. In 2010/11, 24.6% of the country's export went just through Gujarat. In 1995 the state government, as the first in the country, proclaimed independent port policy. The policy resulted in, among others, 8 times growth of the transported cargo from 25.1 million tons in 1998/99 to 205.5 million tons in 2009/10. At present there are 41 small and medium sized ports and one major port in Kandla operating in Gujarat. The situation with regard to airports is similarly advantageous. The highest number of operating airports – 16 domestic and one international are in Gujarat. Due to extension of the road infrastructure more than 97% of Gujarat roads are hard surfaced and almost 99% of villages are connected with the surroundings via all-weather roads. Most of Gujarat territory is significantly draught prone. Many infrastructural projects (including the most popular Narmada Project) are aimed at providing water supply for industrial and agricultural needs. One of the big infrastructural problems in India is power cuts, which

scares off potential industrial investors. Gujarat prides itself on the fact that it is among only five states which are able to provide uninterrupted power supply twenty four hours a day. Due to uninterrupted power supply practically every Gujarat village has access to information via radio and television. Gujarat's e-Village scheme introduced in 2003/04 resulted in a situation where every village panchayat has access to broadband internet. This short description shows the enormous scope of the job done by the BJP government led by Narendra Modi as the Chief Minister in the area of infrastructure development and in the context of attracting domestic and foreign capital (Dholakia and Dholakia 2015a, 246–264). The words uttered by Narendra Modi in 2011 during one of the speeches are crucial: “When I started my career as the Chief Minister of Gujarat, people used to request for power supply just for dinner purposes, which showed that Gujarat was short of power supply. From there we started our journey in the power sector and now, we are the only state in the country where three-phase uninterrupted power is being supplied. Now we don't know the meaning of load shedding. In the rest of the country, if power supply is received, it becomes news. While in Gujarat news is created when there are power cuts”³⁰.

2.4.2.2. Structure of the economy, poverty and illiteracy rates

When analysing the sectoral structure of Gujarat economy and its changes in time, it should be noted that the structure is typical for developing countries transforming from pre-industrial to post-industrial state. Precise data are presented in Table 2.2.

Table 2.2. Percentage of shares of the major sectors in the GSDP at 2004/05 prices

Triennial Average	Primary Sector	Secondary Sector	Tertiary Sector	Total GSDP
1979–1982	46.91	22.91	30.18	100
1989–1992	32.81	29.05	38.14	100
1999–2002	20.16	35.79	44.05	100
2008–2011	14.87	39.05	46.08	100

Source: Dholakia and Dholakia (2015b, 234).

³⁰ Cf. <http://www.narendramodi.in/hi/shri-modi-speech-at-buisnessman-of-year-award-function-in-mumbai-2719> react-text: 296

There is no distinct advantage of the tertiary sector in the evolution of the Gujarat GSDP structure as it occurs in the most developed world economies. It is associated with the fact that after the reforms from the '90s mainly industrial investment flowed in Gujarat and the process still occurs nowadays. Thus, it is not the economy with distinct tertiary sector domination.

Table 2.3 shows basic statistics concerning poverty in Gujarat in relation to the all-India average. They show that during the whole period following the economic reforms in Gujarat – both in villages and in towns – fewer people lived below the poverty line than in the rest of the country.

Table 2.3. Percentage of population below poverty line (Tendulkar Methodology)

Years	Gujarat			All India		
	Rural	Urban	Total	Rural	Urban	Total
1993/94	43.10	28.00	37.80	50.10	31.80	45.30
2004/05	39.10	20.10	31.60	42.00	25.50	37.20
2009/10	26.70	17.90	23.00	33.80	20.90	29.80
2011/12	21.54	10.14	16.63	25.70	13.70	21.92

Source: Dholakia and Dholakia (2015b, 239).

Looking at the data presented in the table above, in the time perspective, it can be clearly seen that both in Gujarat as well as in the whole India a considerably larger percentage of the rural population live below poverty line than in the urban areas. The process of decrease in the number of people living in extreme poverty has very similar pace both at the state and all country level. It follows that, the reforms initiated by the minister of finance Manmohan Singh result in the decrease in extreme poverty in the whole country scale and the pace of changes in Gujarat does not lag behind the whole country average. It should be also highlighted that the presented poverty statistics are still objectively high. Literacy rate is a very important development index for countries coming out from extreme poverty. While in developed countries this index is no longer a determining factor due to common literacy, it can still be used in India to analyse society's educational progress.

As it can be seen in Table 2.4, the number of people who can read and write has increased over the last half century, from 31.5% to almost 80% in Gujarat and from 28.3% to 74% on the average in the whole country, which can be considered a great success. Just as in the case of poverty rates, Gujarat literacy rates are slightly better than the all India ones.

Table 2.4. Literacy rates by gender in Gujarat and All-India, 1961 to 2011 (in %)

Years	Gujarat			All India		
	Persons	Males	Females	Persons	Males	Females
1961	31.5	42.5	19.7	28.3	40.4	15.4
1971	37.5	47.6	25.6	34.5	46.0	22.0
1981	44.9	56.0	33.2	43.6	56.4	29.8
1991	61.3	73.1	48.6	52.2	64.1	39.3
2001	69.1	79.7	57.8	64.8	75.8	54.2
2011	79.3	87.2	70.7	74.0	82.1	65.5

Source: Dholakia and Dholakia (2015b, 242).

2.4.2.3. Foreign Direct Investment

The primary objective of the economic policy of Gujarat is to achieve considerable economic growth by attracting foreign capital in the form of FDI. As it can be noted in Table 2.5, Gujarat ranks fifth, which means it finds itself among the leading states in terms of pulling FDI, preceded in the ranking by large and highly industrialised states such as Maharashtra, the National Capital Territory of Delhi (which is formally a union territory), Karnataka and Tamil Nadu. In the whole period of 2000–2016 the inflow of FDI to Gujarat accounted for 5% of the global volume of foreign direct investment located on the territory of India.

When the volume of FDI is calculated per capita, Gujarat ranks fifth as well. Taking into consideration harsh climate and difficult geographic conditions (including the fact that Gujarat borders with Pakistan), the aforementioned indices should be regarded as very positive and at the same time pointing to intense activity of regional and local authorities undertaken abroad. A substantial inflow of FDI undoubtedly results from the said activity which consists in soliciting foreign investors, highlighting the benefits of investing in Gujarat etc. In this way the state increases its output, more export and import opportunities arise, employment grows. Table 2.6 presents data which are very interesting and surprising at first glance. It shows the inflow of FDI in only one year 2015 as per selected Asian countries and major cities/regions in China and India.

Table 2.5. The share of Indian states in the inflow of FDI in the years 2000–2016 in billions USD

States	The share of states in the global inflow of FDI to India (in percentage)	State's position in the ranking in terms of FDI per capita
Andhra Pradesh	4	6
West Bengal	1	7
Delhi NCT	22	1
Gujarat	5	5
Karnataka	7	3
Maharashtra	29	2
Tamil Nadu	7	4
Other states	Below 1 per cent	–

Source: Compiled and partially calculated by the author of the study on the basis of: "Quarterly Fact Sheet", Fact Sheet on Foreign Direct Investment (FDI) from April 2000 to March 2016³¹.

Table 2.6. FDI inflow in 2015 (in billions USD) – country breakdown in the Asia-Pacific region and region breakdown in China and India

Countries	Capital investment (in billions USD)	Country's share in the Asia-Pacific region	Regions in China (C) and India (I)	Capital investment (in billions USD)	Region's share in FDI in China and India (in percentage)
1	2	3	4	5	6
India	63.0	20	Gujarat (I)	12.36	10.0
China	56.6	18	Shanghai Municipality (C)	10.57	8.6
Indonesia	38.5	12	Jiangsu (C)	9.53	7.7

³¹ Cf. http://dipp.nic.in/English/Publications/FDI_Statistics/2016/FDI_FactSheet_JanuaryFebruaryMarch2016.pdf

1	2	3	4	5	6
Vietnam	21.1	7	Maharashtra (I)	8.28	6.7
Pakistan	18.9	6	Andhra Pradesh (I)	6.10	5.0
Australia	15.2	5	Karnataka (I)	4.98	4.0
Malaysia	13.4	4	Guangdong (C)	4.49	3.6
Myanmar	10.8	3	Anhui (C)	4.03	3.3
South Korea	8.9	3	Tianjin Municipality (C)	3.27	2.7
Philippines	8.5	3	Jharkhand (I)	3.20	2.6
Other	65.6	20	Other	50.23	45.8
Total	320.5	100	Total	123.05	100

Source: THE fDi REPORT 2016.

It turns out that the Indian state of Gujarat is the region which pulled most FDI in 2015 with investment value amounting to 12.36 billion USD, which accounts for 10% of the value of all FDI in China and India. Such a big volume of investment can undoubtedly be attributed to the fact that the policy pursued by the state government in Gujarat, which is connected with redeveloping technical infrastructure and providing investors with all the possible facilities and tax reliefs as well as with remarkable promotional activity, has brought about positive effects. On the other hand, it should also be noted that China is no longer just the beneficiary of FDI but it is slowly becoming a country which invests its capital in foreign markets³².

2.4.3. Examples of strategic paradiplomatic activities of Gujarat authorities

In the 21st century the phenomenon of paradiplomacy has become common practice. Activity aimed at foreign partners is carried out by regional authorities in every country, frequently at the local level. However in most cases paradiplomatic activities are not systematic and

³² Main branches of FDI include oil and gas, infrastructure, food processing industries, information technology, gems and jewellery, biotechnology, chemicals, textiles.

well-considered. In practice they are frequently isolated and occasional, automatically transferred from similar institutions and they are not elements of particular strategy of regional authorities. In the Indian reality Gujarat is a pioneer state if it comes to international arena activity. As it has already been mentioned, in whole India – Gujarat being no exception – paradiplomacy is limited to economic matters, i.e. mostly to promotion of a region abroad in order to create a positive image of a state as a safe, friendly place both for big business and individual tourists. The promotional activity of Gujarat authorities sets the example for the authorities of many Indian states, and Gujarat brand is recognisable not only in India but also abroad. The state has become for India a contemporary version of Gateway of India which commemorates the site of arrival to India of King George V and Queen Mary in 1911, a kind of gateway, a shop window of modern India.

2.4.3.1. Vibrant Gujarat Summit as the main tool of state's paradiplomatic activity

Since its formation on 1 May 1960 when, on a language criterion, the former state of Bombay was divided into Gujarat and Maharashtra, Gujarat authorities have established numerous institutions aimed at attracting investments, state's promotion as well as helping potential investors³³. Of course, due to economic isolationism in the first years of independence, these institutions were mainly domestic market oriented. It has to be mentioned that the first in India and in entire Asia special economic zone was established in the very state of Gujarat. The Export Processing Zone in Kandla, aimed at servicing export, was established in 1965 just five years after the state's formation³⁴. Officials from the Department of Industry were instructed to do anything they can to obtain the highest possible number of permissions for private investments in the state from the central government. The establishment of, innovative at that time, Industrial Extension Bureau (iNDEXTb) in 1977 constituted a mile stone creating the foundation for contemporary paradiplomacy in Gujarat. This institution has been the basic state's tool providing all

³³ These include the Gujarat Industrial Development Corporation, the Gujarat Industrial Financial Corporation, the Gujarat Industrial Investment Corporation, the Gujarat State Finance Corporation, Gujarat Export Corporation.

³⁴ Currently there exists Kandla Special Economic Zone (KASEZ). Cf. <http://kasez.gov.in>

necessary services for investors including promotion of the state abroad³⁵. In order to secure independence from state officials and politicians the institution was financed by means which did not directly come from the state's budget. iNDEXTb branch offices have been opened in Delhi, Mumbai, Kolkata, Chennai and in South Africa (Shah 2015). At present the opening of five new iNDEXTb offices abroad is being considered³⁶.

In the year 2000 the Gujarat government published a document "Industrial policy – 2000". The main objective of industrial policy was to start competing with South and East Asia countries. The document did not mention competition with other Indian regions in attracting investments. Reviewing analogous document from 2003, a new attitude towards solving development problems of the state can be observed. The preamble clearly describes new government's objectives. The government was led by the Chief Minister Narendra Modi. The objectives are presented by means of popular catchphrases and show the direction of state's policy-including a policy towards foreign partners. Industrial policy objective is: "to establish Gujarat as a front-runner State in Global competition". The preamble also highlights cultural values of the state's residents which enhance doing business: "Trade is not our business, but our nature" as well as expresses state's rulers desire: "to provide business leadership to the entire world"³⁷. The catchphrases laid down in the preamble were implemented in the form of, on the one hand, complex extension of the state's infrastructure, as it has been mentioned earlier, but on the other hand – the creation of the greatest Gujarat's paradiplomatic tool – the Vibrant Gujarat Global Investors Summit. The event is organised by the Gujarat government together with the above mentioned iNDEXTb. The summit is arranged as a series of meetings mostly of business nature aimed at attracting investments to the

³⁵ The office's website explains this in the following manner: "iNDEXTb was set up with a noble intention to function as a 'facilitating' organization to ensure smooth and hassle-free experience for a prospective investor. The same guiding principles are hidden in the name of the organization popularly known as iNDEXTb. The letters in lowercase i.e. 'i' and 'b' encompass the entire philosophy. Professional dealings with a prospective investors should not get eclipsed in pursuit of 'I' or 'ego' and that is why letter i is small. 'b' for bureaucracy, often conjured up by a prospective investor as an intimidating entity most difficult to deal with, is given a touch of humbleness by keeping it in lowercase". Cf. www.indextb.com (accessed 12.09.2016).

³⁶ As it was found out in an interview conducted by the author with the iNDEXTb officers (1–14.07.2016), in July 2016 it was not yet known in which cities the iNDEXTb offices would be established.

³⁷ Cf. <https://www.slideshare.net/ourvibrantgujarat/industrial-policy-2003> (accessed 14.12.2016).

state and promotion of Gujarat in the widest possible scope. Summits take place every other year in the state's capital Gandhinagara. There have been 8 summits so far since 2003. During first five summits investments of total value of 3 960 148 010 000 000 Indian rupees were declared (Shah 2105, 523). The significance of the event can be proved by the number of countries participating in it as well as by the importance of visiting guests. Gandhinagar was visited by such important foreign guests as John Kerry (the US Secretary of State), Dr Jim Yong Kim (the President of the World Bank), Osamu Suzuki (the Chairman of the Suzuki Motor Corporation) or Ban Ki Moon (the Secretary General of the United Nations), but also the most influential Indians and foreigners of Indian origin such as: Mukesh Ambani – according to FORBES magazine the richest Indian³⁸ or Cyrus Mistry (the Chairman of the Tata Group). The latest summit took place in January 2017 and according to information on the summit's website, 2700 international delegations from over 100 countries participated in it³⁹. The summit's events were broadcast by the largest world TV stations and the host was of course the *sui generis* father of the event, the Prime Minister of the federal government, Narendra Modi, who boosted the prestige of the event. Having changed the position of the Chief Minister to that of the Prime Minister of the federal government, this leader mentally still remains in Gujarat. Paradoxically, the Vibrant Gujarat Summit has become the shop window of not only one state but also of entire India. The summit intended as a classic tool of regional paradiplomacy, being a bridge between the state of Gujarat and the rest of the world, has become a bridge between India and the rest of the world and a symbol of great aspirations of the new economic power.

2.4.3.2. The Khushboo Gujarat Ki campaign

When analysing state's activity in the international arena, a famous advertising campaign launched in 2010 promoting tourism in Gujarat called Khushboo Gujarat Ki i.e. the scent of Gujarat should be mentioned. The campaign promoting tourism was aimed at both Indian and potential foreign tourists.

Gujarat, except for some places objectively worth visiting, was not an attractive tourist destination that allures crowds of local and international tourists. The most popular tourist guide in the world – Lonely Planet – in

³⁸ Cf. <https://www.forbes.com/india-billionaires/list/#tab:overall> (accessed 19.11.2016).

³⁹ Cf. <https://vibrantgujarat.com> (accessed 06.01.2017).

its printed version does not mention any place in Gujarat worth visiting. The state authorities are very much concerned to place Gujarat on the tourist map of India on a permanent basis. The Vibrant Gujarat Summit which took place in January 2009 drew attention, among others, to Globalization of Gujarat Tourism. The Gujarat authorities finally decided to promote Gujarat as a very attractive tourist location (Dhote 2015).

A mega star of Indian cinema Amitabh Bachchan took part in the Khushboo Gujarat Ki campaign. He directly offered Chief Minister Narendra Modi his help to promote the state. The actor became a brand ambassador of Gujarat tourism and did not take any remuneration for his activity (Mahurkar 2014). The campaign promoting tourism in Gujarat was a great success. Indexes of tourist movement in the state were higher than those of the famous all India campaign called Incredible India⁴⁰.

Table 2.7. The number of tourists in Gujarat in the years 2009–10/2013–14 (in millions)

Years	The number of tourists (in millions)
2009–2010	17.01
2010–2011	19.81
2011–2012	22.36
2012–2013	25.4
2013–2014	28.79

Source: Compiled by the author on the basis of data available at http://www.gujarattourism.com/downloads/tourism_sector_profile.pdf (accessed 02.03.2017).

Within two years from its introduction, the campaign resulted in a 16% increase in tourist movement in Gujarat which was two times higher than the all nation one (Daily Bashkar 2013)⁴¹. The analysis of the data in Table 2.7 clearly shows that the number of tourists in Gujarat grows year by year and Gujarat will probably soon become one of the most frequently visited states in India.

⁴⁰ Cf. <http://indianexpress.com/article/india/latest-news/gujarat-tourism-campaign-beating-incredible-india-big-b/> (accessed 02.02.2017).

⁴¹ Cf. <http://daily.bhaskar.com/news/GUJ-AHD-after-endorsing-vibrant-gujarat-amitabh-bachchan-to-promote-states-tourism-campa-4313150-NOR.html> (accessed 02.02.2017).

2.5. In lieu of conclusions

The subject of the activity of Indian states in the international arena has hardly been examined by the researchers specialising in federalism in India. It results from the fact that this subject matter constitutes a novelty in the Indian context. Before the far-reaching reforms of the country and its economy were launched in the 1990s, this phenomenon had practically not occurred and it was difficult to examine it as a separate subject of research. Even preliminary, tentative observations indicate that it is impossible to formulate one homogeneous model of paradiplomacy for the whole country. Each region has its own specific economic, political and cultural conditions, which determine the actions carried out by state authorities in the international arena. Some governments conduct their foreign policy in an efficient and conscious manner, making it a part of the development strategies in the region. In other cases, international contacts are incidental, occasional and do not constitute a part of a comprehensive socio-economic plan. At times, states are forced to become actors in the international context due to their geopolitical situation or ethnic proximity with the inhabitants of the neighbouring countries (West Bengal-Bangladesh, Tamil Nadu-Sri Lanka). The phenomenon of paradiplomacy is very diverse both in the time and spatial perspective. For many years, as it has been mentioned, it virtually did not exist in the Indian context. It was only in the 1990s, when the Indian economy opened up to the world, the process of reducing bureaucracy in the economy started and the period of the so called "licence raj" was coming to an end, that it became clear that it is not possible to manage the international relations of the country, which will soon become the most populous in the world, solely from an office in New Delhi. In the initial stage of reforming the country, this process had a bottom-up character and constituted a way of responding by the regional authorities to the particular need. The central government did not coordinate it. It is only in recent years, when charismatic Narendra Modi has started to play a significant role in Indian politics and the federalisation of the development process has taken place, that paradiplomacy has gained in importance. The unprecedented victory of the BJP party and Narendra Modi in the 2014 elections attracted the attention of India and the whole world to Gujarat, Modi's home state in which he exercised office as the Chief Minister for many years and achieved outstanding successes. Gujarat is obviously a very unusual example of paradiplomacy in India and it would be hard to find another state which is in a similar situation. It results from a brilliant career

of a local politician, Modi, in the domestic and international arena. The example of Gujarat shows in what way it is possible to achieve a remarkable economic success by consciously applying paradiplomatic tools as a part of development strategy. During his thirteen-year rule in Gujarat, Narendra Modi created particular instruments by means of which he could intensely, when evaluated in the Indian context, promote the state in the domestic and international arena. The extent of his involvement was so large that he himself became the hallmark or the trademark of the region. His time in office in Gujarat ended in his becoming the most effective and powerful promotional tool of his home state. It was primarily because of his accomplishments with regard to pulling FDI that Narendra Modi was nominated as the BJP party's candidate for the post of the Prime Minister of the federal government. Modi won the elections, in this way contributing to the most disastrous defeat of the Indian National Congress in the history of India. The successes of Gujarat were highlighted in the electoral campaign, which was followed by many viewers on the domestic and international arena. The state has become a role model for the future development of India and, apparently, the most recognisable region in India, in very positive terms. Each international visit or a meeting with foreign partners is connected with publishing Narendra Modi's biographical notes in which the Gujarat experience in the activity of the incumbent Prime Minister is accentuated. This charismatic leader is perceived as a grand reformer of Gujarat and the architect of ultra-modern India. While "The Gujarat model" arises much controversy among economists, environmental activists and analysts specialising in different fields, it is much appreciated by the Indian society. It can be to a large extent attributed to the BJP propaganda and the methods in which they promote the economic development, often referred to as the Gujarat miracle.

When observing the current situation in India, we cannot have any doubts with regard to the future of paradiplomacy in this country as one of development tools. On the one hand, states, in a bottom-up manner, start to effectively emulate the activities of the Gujarat authorities from the last two decades. On the other hand, the person who has been the driving force behind the most remarkable paradiplomatic successes in India, as the Prime Minister of the federal government, makes every effort, in a top-down manner, to prompt state governments to independently establish and shape their relations with the international milieu and officially declares that paradiplomacy is one of the priorities of the foreign policy of the new government.

References

- Amitabh Matoo, Jacob Happymoon, "Republic of India." In *Foreign Relations in Federal Countries*, (ed.) Hans Michelmann, 168–187. Montreal: McGill-Queen's University Press, 2009.
- Bajpai Nirupam, Jeffrey D. Sachs, "The Progress of Policy Reform and Variations in Performance at the Sub-National Level in India". *Columbia University Academic Commons*. Available at: <http://hdl.handle.net/10022/AC:P:8195>, (accessed March 12, 2016) (1999).
- Bakshi Parvinrai Mulwantrai, *The Constitution of India*. Gurgaon: LexisNexis, 2015.
- Beale David, Ernesto Noronha. "Indian public-sector trade unionism in an autocratic political climate: The distinctive case of Gujarat". *Capital & Class* 38(3): 517–539, (2014).
- BJP Manifesto*. 2014. Available at: http://www.bjp.org/images/pdf_2014/full_manifesto_english_07.04.2014.pdf (accessed March 26, 2016).
- Bywalec Grzegorz, *Reformy ekonomiczne i polityczne a rozwój gospodarczy Indii (1991–2012)*. Łódź: Łódź University Press, 2015.
- Chakrabarti Shantanu, E-mail message to author. Received on December 31, 2015.
- Chopra Pran, "Relations with its neighbours challenge India's federal system." *Federations*: 9–10, (2002).
- Dholakia Archana, Ravindra Dholakia, "Policy Reform in Economic Sectors", [in:] *The Making of Miracles in Indian States*, (ed.) Arvind Panagariya and M. Govinda Rao, 246–264. Oxford: Oxford University Press, 2015a.
- Dholakia Archana, Ravindra Dholakia, "Growth and Development in Gujarat. An Overview", [in:] *The Making of Miracles in Indian States*, (ed.) Arvind Panagariya and M. Govinda Rao, 227–245. Oxford: Oxford University Press, 2015b.
- Dhote Tripti, "Khushboo Gujarat Ki: Branding a Fragrance. *IOSR Journal of Business and Management* (International Case Study Conference 2015, Mumbai, India): 27–37, (2015).
- Fernandes Vivian, *Modi. Making of a Prime Minister. Leadership, Governance & Performance*. Delhi, Mumbai, Hyderabad: Orient Publishing, 2014.
- Handbook of Statistics on India States 2014–2015*, Mumbai: Reserve Bank of India.
- Handbook of Statistics on the Indian Economy 2014–2015*, Mumbai: Reserve Bank of India, 2015.
- Hazarika Objia Borah, "Evolving Dynamics of Federalism and Foreign Policy. Engagement of Indian States in External Affairs." *Indian Foreign Affairs Journal* 9(1): 33–45, (2014).
- Hazarika Objia Borah, E-mail message to author. Received on January 4, 2016.
- History of SEZ*. Available at: <http://business.mapsofindia.com/sez/history-india.html> (accessed May 25, 2016).
- Jaffrelot Christophe, "What 'Gujarat Model'? – Growth without Development – and with Socio-Political Polarisation". *South Asia: Journal of South Asian Studies* 38(4): 820–838. 2015.
- Sumitra Kumar Jain, "Federalisation of Indian Foreign Policy." Paper presented at IPSA World Congress. Santiago de Chile, July 12–15 2009.
- Jha Prakash Chandra, "Federalism, Regionalism and States' Paradiplomacy in India", [in:] *Federalism in India: Towards a Fresh Balance of Power*, (ed.) Lancy Lobo and Jayesh Shah. Delhi and Jaipur: Rawat Publication, 2014.
- Kamath Madhav Vittal, Kalindi Randeri, *The Man of the Moment. Narendra Modi*. New Delhi: Wide Canvas, 2013.

- Khosla Madhav, *Oxford India Short Introduction. The Indian Constitution*. New Delhi: Oxford University Press, 2016.
- Kumar Rajiv, *Modi and His Challenges*. New Delhi: Bloomsbury Publishing India, 2016.
- Kuznetsov Aleksander, *Theory and Practice of Paradiplomacy. Subnational Governments in International Affairs*. London–New York: Routledge, 2015.
- Mahurkar Uday, *Centrestage. Inside the Narendra Modi Model of Governance*. Gurgaon: Random House India, 2014.
- Maini Tridivesh Singh, "Gujarat, Rajasthan and Punjab: The Need for a Border States Group". *Policy Report No. 6*. The Hindu Centre for Politics and Public Policy, (2014).
- Mathew George, "Republic of India", [in:] *Distribution of Powers and Responsibilities in Federal Countries*, (ed.) Akhar Majeed, Ronald L. Watts and Donald M. Brown. London: McGill-Queen's University Press, 2006.
- Mohan C. Raja, *Modi's World. Expanding India's Sphere of Influence*. Noida: Harper Collins Publishers India, 2015.
- Nag Kingshuk, *The NaMo Story. A Political Life*. New Delhi: Lotus Collection, 2014.
- Nanda Prakash, "Federalisation Of Indian Foreign Policy." *Occasional Paper Series 13* (Forum of Federations). Available at: <http://www.forumfed.org/wp-content/uploads/2016/02/op13.pdf> (accessed January 3, 2016).
- P. M. Modi's Foreign Policy Objectives. VISION IAS. Available at: http://ajayvision.com/beta/sites/all/themes/momentum/files/CA_Important_Issues/PM%20Modi's%20Foreign%20Policy%20Objectives.pdf (accessed January 20, 2016).
- Pankaj Kumar, *Namo Mantra of Narendra Modi*. New Delhi: Diamond Books, 2015.
- Ratna Tanvi, "Paradiplomacy: A New Way for Indian Foreign Policy?" *The Diplomat* November 10. Available at: <http://thediplomat.com/2013/11/paradiplomacy-a-new-way-for-indian-foreign-policy/> (accessed July 22, 2016), 2013.
- Sanghavi Nagindas, *Narendra Modi. A Political Journey*. Rajkot: Wonderland Publications, 2015.
- Shah Ghanshyam, "Governance of Gujarat. Good Governance for Whom and for What?", [in:] *Growth or Development. Which Way is Gujarat Going*, (ed.) Indira Hirway, Amita Shah and Ghanshyam Shah, 517–556. New Delhi: Oxford University Press, 2014.
- Shekhar Shashi, "Narandra Modi's foreign policy vision". Available at: <http://www.niticentral.com/2013/10/18/narendra-modis-foreign-policy-vision-147714.html> (accessed January 2, 2016), 2013.
- Staniland Paul, Vipin Narang, "State and Politics", [in:] *The Oxford Handbook of Indian Foreign Policy*, (ed.) David M. Malone, C. Raja Mohan, and Srinath Raghavan. Oxford: Oxford University Press, 2015.
- Tavares Rodrigo, *Paradiplomacy. Cities and States as Global Players*. New York: Oxford University Press, 2016.
- THE fDi REPORT 2016. *Global greenfield investment trends. fDi intelligence*. 2016. Available at: http://forms.fdiintelligence.com/report2016/files/The_fDi_Report_2016.pdf (accessed September 10, 2016).
- Vashisht Deepa, D.G. Saxena, *India@Chanakya-Modi*. New Delhi: Orange Books International, 2014.
- Verma Sudesh, *Narendra Modi. The GameChanger*. New Delhi: Vitasta Publishing, 2015.

Internet sites

<https://business.mapsofindia.com>

<http://dipp.nic.in>

<http://kasez.gov.in>

<http://sezindia.org>

<http://www.gujarattourism.com/>

<http://www.indextb.com>

<http://www.makeinindia.com>

<https://vibrantgujarat.com>

<https://www.forbes.com/india-billionaires/list/#tab:overall>

<https://www.slideshare.net/ourvibrantgujarat/industrial-policy-2003>

Chapter 3
Channelling Foreign Policy Through Local
Activities in China: City of Guangzhou
Case Study

(Dominik Mierzejewski)

Dominik Mierzejewski

University of Lodz

3.1. Introduction

The reform era and post-Mao political, social and economic changes has brought new dynamics to the Chinese political system. After the previous Maoist period the leadership took a pragmatic, rational and thoughtful approach in China's interaction with the external world. This contributed to China's economic growth and poverty alleviation, with not only China as a whole but with peculiar regard to the People's Liberation Army (PLA), state-owned enterprises (SOE) and provinces, autonomous regions, and municipalities. With the openness the regional actors competing with each other and thus the central government was forced to react to local government and community needs in their foreign activities. The chapter aims to answer the quandaries of whether, and if so to what extent Chinese provinces, autonomous regions, municipalities, and in what field do they possess freedom and can act independently in planning, organizing and managing their internationalization processes. In fact the opening up and reforms resulted in intense competition among local authorities. The clashes between local governments were visible between Chongqing and Chengdu over rail connections with Europe. The central – local tensions were visible during the conflict with Japan, when the Chinese Ministry of Foreign Affairs took a very strong position, while Shandong, dependent on Japanese investments and trade cooperation, has tried to soften the central government's position. Under such circumstances the central government with then President Hu Jintao proposed the concept of "bridgeheads." In 2006 and 2009 respectively, Hu Jintao named two Chinese provinces Yunnan, Heilongjiang and the autonomous region of Xinjiang as a "bridgehead" (*qiaotoubao* 桥头堡) in Chinese foreign policy. What is relevant to mention is that the term used by Hu Jintao is of military origins and is used most commonly by staff during military planning. The second term recently used by the Chinese leadership and in common narrative is "*paitoubing*" (排头兵) – the pawn.

This was used in the particular context of the city of Guangzhou's role in Chinese external actions.

The question arises whether business oriented relations between regions or cities might impact on the central level relations? On the other hand to what extent could the negative central relations impact the smooth regional cooperation? What administrative bodies are responsible for paradiplomatic activities and how can Chinese local governments act in a *de iure* unitary system? In the case of Guangdong and the city of Guangzhou, by taking the internationalization issue the author answers the question of Southern China basic conditions, determinants and premises of the region international activities. As the leader of China's international efforts, Guangzhou is placed as one of the most important cities in China's regional internationalization processes.

This particular case of study was chosen due to its historical traditions of interactions with the external world, having the biggest volume in foreign trade together with Dongguan and Shenzhen: two times higher than the second Jiangsu province, being the capital of the province with the second highest investment rate after Jiangsu province. The economic factor is understood as the most important, however, important part of internationalization are foreign consulates, tourist movement and foreign students. In the capitol of Guangdong province there are 40 consulates general, the tourist movement due to Guangzhou activities e.g. Guangzhou International Fair is ranked the 2nd in China, and the number of foreign students is ranked 6th, after Jiangsu and Zhejiang provinces respectively. The final decision of taking the province's capital as the case study was driven by the fact that during the urbanization processes in China the metropolis and big cities plays important role in shaping domestic and external relations. From this point of view Guangdong has the highest rate of urban inhabitants and counts for 68% of the whole province's population.

3.2. Chinese legal framework of paradiplomatic activities

In the context of the legal framework of paradiplomacy we need to differentiate two bodies responsible for international cooperation. The first, the commission of foreign affairs at People's Congresses and International Departments placed as departments of local governments.

Moreover, an important role has been played by government organizations with economic background such as the China Council for Promotion of International Trade and Chinese People's Association for Friendship with Foreign Countries. Due to the complexity of the administrative system of the People's Republic of China this subchapter discusses the provincial, autonomous regions and municipalities levels. China is *de iure* a unitary state, but in fact as discussed by Zheng Yongnian (2006) it acts more as federation than a unitary state. The whole system is divided into four parts: the provincial (province, autonomous region, municipality, and special administrative region), prefecture, county, and township and village. Four basic levels of administrative divisions in China mainly consist of: provincial level (31 units), prefectural level (300 units), county level (3000 units), and township and village level (40000 units). In this regard there are two important characteristics of local authorities international activities. First, China remains the country of a one-party system. Second, after 1978 and especially after the second round of reforms in 1984, the local governments received more space for their own international actions. The process of decentralization and division of power should be understood as the outcome of reform and opening up steps taken by the Chinese government. Decentralization and the subnational empowerment of the local governments were the primary features of reform and were regarded as a mechanism of reforms and empowerment of local leaders. In this regard the economic, international cooperation has been considered as a very important pillar of China's economic development and growth and China's external activities (Donaldson 2010, p. 35–37). The reforms undertaken in the late 1970s and early 1980s are characterized by three peculiarities: decentralization, transformation, and merging. The first is understood as the central governments were decentralized more and granted more autonomy for business people. The second means that the lower level were allowed to transfer more power to local organizations like NGOs or government-affiliated organizations. The last issue of merging means that many government branches were merged or abolished to enhance bureaucratic efficiency and effectiveness (Tse-Kang Leng 2010, p. 53).

The formal structure of the local governments at the province and city level reflects the institutional framework of the central government (see Table 3.1). The people's government is responsible in front of local people's congress, and local People's Political Consultative Conference plays an advisory role. (Rowinski, Jakobiec 2002). Moreover, what should be noted is that the local governments are not only responsible in front

of local legislative institutions but are subordinated to the administrative upper level. Similarly to executive bodies, the legislative bodies of people’s congresses and consultative conferences are subordinated to the upper level. From this perspective we cannot use the framework of self-governments in China, but rather talk about local governments. In case of international cooperation of local governments the important role in shaping the direction of cooperation is played by the Ministry of Foreign Affairs.

Table 3.1. The Structure of local and central governments

Local government of Sichuan Province	State Council (central government)
1	2
Provincial Development and Reform Commission	National Development and Reform Commission
Provincial State Ethic Commission	State Ethnic Affairs Commission
	State Ethnic Affairs Commission
Department of Civil Affairs	Ministry of Civil Affairs
Department of Land and Resources	Ministry of Land and Resources
Department of Water Resources	Ministry of Water Resources
Department of Culture	Ministry of Culture
Provincial Industry and Information Technology Commission	Ministry of Industry and Information Technology
Department of Public Security	Ministry of Public Security
Department of Justice	Ministry of Justice
Department of Environmental Protection	Ministry of Environmental Protection
Department of Agriculture	Ministry of Agriculture
Provincial Health and Family Planning Commission	National Health and Family Planning Commission
Department of Education	Ministry of Education
Department of State Security	Ministry of State Security
Department of Finance	Ministry of Finance
Department of Housing and Urban-Rural Development	Ministry of Housing and Urban-Rural Development

1	2
Department of Forestry Industry	State Office of Forestry Industry
Department of Audit	National Audit Office
Department of Science and Technology	Ministry of Science and Technology
Department of Supervision	Ministry of Supervision
Department of Human Resources and Social Security	Ministry of Human Resources and Social Security
Department of Transport	Ministry of Transport
Department of Trade	Ministry of Trade
Bureau of International Affairs and Chinese Diaspora	Ministry of Foreign Affairs
	Bureau of Chinese Overseas

Source: State Council at www.gov.cn and Sichuan government at www.sc.gov.cn (accessed 12 January 2015).

3.2.1. Foreign Affairs Office (Waiban)

The Foreign Affairs Office (FAO) is crucial in shaping local international cooperation. Being part of the government structure the FAO is subordinated to foreign affairs leading a small group at the provincial level (*waishi gongzuo lingdao xiaozu*). The basic role of the FOA is to implement and supervise the action taken at the city and provincial level earlier charted by the central government. Moreover the FOA usually is also responsible for the relations with Hong Kong, Macau, and Chinese abroad.

The major tasks taken by the FAO are two types: directed for Chinese citizens and directed for foreign citizens and institutions staying in China. From the perspective of local governments internationalization, the important duty is to issue the allowance of Chinese citizens to travel abroad. It creates a solid basis for controlling its own citizens' foreign activities. But from the point of view of internationalization, the relations between the FAO and foreign institutions like multinationals or consulates are more important.

From this perspective the administrative role should be placed as the core of conducting internationalization of the local governments. The FAO administers and issues the residence permission, foreign journalist cards etc. Moreover, the FAO is responsible for planning and conducting international

initiatives like conferences, forums or fairs, organization of foreign trips of local policy makers, strengthening international relations based on the sister cities or regions formula and guides the work of Guangdong People's Association for Friendship with Foreign Countries. Furthermore, the FOA are responsible for local initiatives that fit the local needs of international activities. In the case of Sichuan Province the local government is responsible for the Yangzi-Volga Forum while Guangdong local authorities are working through international organizations, such as UN-Habitat. An important issue is that there is no central law or regulation that organizes and formulates the work of the FAO. The work of the FAO is regulated by separate laws on passport issues, crossing borders, residence of foreign journalists etc. Furthermore the work of the FAO is regulated by local laws and regulations. The FAO is based on departments (*chu*), with a special branch of the Communist Party of China. The number of departments and the divisions of competences is regulated by the local governments. Apart from functional departments, as in the case of Tianjin or Jiangsu, there are geographic departments: Asia, Euro-Africa, and America. The inner organization of the FAO reflects the local conditions. For example in Guangzhou where there are more than 50 consulate generals, the city needs to organize the cooperation with foreign representatives. Moreover, the inner organization is dependent on the level of internationalization and foreign activities. In the case of Guangzhou there is a special bureau for cooperation at the city multilateral cooperation. Apart from the inner organization the FAO possesses the rights to open and run commercial bodies, such as special agencies for providing translations and organizing foreign travel and visits. Moreover the FAO can open special Visa Application Centers for Chinese citizens and issue special permissions for foreign travel for Chinese citizens. The last group consists of conference centers, or as in Chengdu, a Sino-Japanese House dedicated for mutual understanding and strengthening relations.

In 2003 the Ministry of Foreign Affairs approved the special regulation on conducting foreign activities in China. First, as stated in the regulation all international events should be organized according to guidelines from the central government. Second, special application forms should be sent to the upper level body responsible for organizing international event. Third, the delegation travelling abroad were asked to be registered and allowed to travel (State Council, 2003). In 2011 the regulation was issued by Ministry of Finance and Ministry of Foreign Affairs. The major issue touched upon was related to the budgetary

problems. In term having the project accepted the organizers need to present special itinerary. International events, e.g. conference, fairs, meetings etc., organized by the local governments must be accepted at two levels, central and provincial by (*shenpi zhidu*) an examination and approval system. Moreover, it must be held in accordance to 16 characters principles "serving economic development, giving prominence to the key points, regulating administration, downsizing and focusing on practical matters" (MFA, 2003).

In debating paradiplomacy in the Chinese legal framework one of the most important issues is the ability of sub-national actors to set up their foreign offices. In 2004 the Shenzhen government passed a special regulation on establishing city trade offices abroad. The offices can be opened in accordance with the national and provincial laws and regulations. At the city level, the body that is responsible for supervising foreign offices is the Shenzhen Trade and Industrial Bureau. The foreign office staff might serve for five to seven years, and every six months the chairperson is obliged to send special reports to the local Trade and Industrial Bureau (Shenzhen, 2004).

3.2.2. Chinese Legislative bodies and Foreign Affairs

Although the organization patterns of Local People's Congresses (LPC) reflect those of the central level, at the local level there is no Foreign Affairs Commission. According to article 70 of the Chinese Constitution the National People's Congress, there is a special commission dedicated to foreign affairs. Contrary to this at the local level foreign affairs in the hands of different commissions. In the case of different regions there are different organizational patterns. In Chengdu the foreign affairs are handled by the Minorities Commission and Chinese Overseas and Foreign Affairs Commission, in Guangzhou there is the Chinese Overseas, Foreign Affairs, Minorities and Religions Commission. In the city of Tianjin the international relations at the legislative level are conducted by special Bureau of Minorities, Religions and Chinese Overseas. The Congress's Commission, apart from being involved in the legislative process, possesses competences in supervisory roles and controlling the work of local administrations. The most important are listening and approving the local governments' yearly reports, reports on foreign activities prepared by the FAO and providing necessary comments and advice. There is also a possibility to set up ad hoc commissions that deal with particular problems. The LPC has a decisive

voice in setting up local international partnerships, such as building relations within the sister cities formula.

The second important body is the Chinese People's Political Consultative Conference (CPPCC) which plays an advisory role in the decision-making process in China. This upper house plays an important role in shaping China's public diplomacy. According to the CPPCC constitution, this special Committee is dedicated to foreign affairs. At the central level the CPPCC sponsors a special think-tank, the Charhar Institute, who provides information, analysis, policy reports, and thanks to its strong relations with academia, it is perceived as a public diplomacy tool. This central format is also recognized at both the local provincial and city level. The basic area of activities are related to foreign affairs, Taiwan, Macau, and Hong Kong with overseas Chinese citizens.

The majority of international activities are mainly based on strengthening economic ties and building a strong position of local actors in the global economy. In the case of Guangzhou, the primary of goals of local "zhengxie" are to attract: more foreign investments, more talented people (*rencai*), and advanced technologies. The Commission cooperates with other bodies in charge of international economic, cultural, tourist, and sport cooperation. Moreover the control functions are limited to the area of the relations with the cities that have Chinese overseas citizens. (Guangzhou, PPCC 2012).

3.2.3. Other bodies of local administration

Not only the FAO and special commission in legislative bodies are responsible for external actions. Within the framework of governments the most important bodies responsible for planning are cities or provincial Development and Reform Commissions and departments of trade and economic cooperation. Moreover there are special institutions responsible for attracting and securing foreign investments.

In shaping local governments' internationalization an important role is played by two institutions: China Council for Promotion of International Trade (CCPiT) and Chinese People's Association for Friendship with Foreign Countries (CPAFFC). In Chinese discourse both bodies' foreign activities are described in terms of public or people-to-people diplomacy (民间外交 *minjian waijiao*). The first CCPiT was opened in May 1952 as the organization that organized the work of policymakers, business people, as well as industrial and trade associations. Currently it is the biggest

organization for the promotion of Chinese trade abroad. Its major task is to promote trade and Chinese exports, accumulate foreign investments, and introduce new technologies to China. Since 1988 the CCPiT has also gone under the different name of China International Trade Chamber. This follows the Chinese principles of *yigejigou liang kuaipaizi* and the two names have been used interchangeably. According to the CCPiT constitution the association can set up branches at the local level as well as in companies. The Sichuan bureau might serve as a good example. At the local level the bureau is supervised and controlled by the local party committee and local government. Apart from the abovementioned functions the local bureau of the CCPiT is responsible for public diplomacy and by its international economic cooperation coordinates the actions in foreign affairs. At the local level the CCPiT is responsible for the coordination of foreign business visits, securing Chinese companies rights abroad, initiating foreign cooperation with business institutions at the provincial level, as well as promoting foreign investment and issuing special permissions for foreign companies to operate at the local level. Moreover the CCPiT is responsible for cooperation with Taiwan, Macau, and Hong Kong. The CCPiT chairperson is ranked as bureau director at the central level. (Sichuan CCPiT, 2015).

The second important body is the CPAFFC, established in 1953. The CPAFFC is responsible for international cooperation at the regional level. In the case of Poland when the strategic partnership with China was announced both governments acknowledged the importance of regional cooperation and set up regional forums. The major goal of the association is rooted in China's socialist rhetoric and is declared as a "supporting of action of socialism with Chinese characteristic." The upper goal of promoting socialism is realized by: conducting friendship relations at the central, regional and local levels, promotion of trade, investment, intercultural, science, academic exchange, and people-to-people relations. According to the central level chart (article 22, 2012) the CPAFFC can open local branches at the provincial and city levels (Statutes, CPAFFC 2012). In the case of Sichuan Province the CPAFFC was opened in 1981 and since then has been responsible for local international activities. What should be noted is that the local organization's chart is not the same as at the central level. International cooperation is conducted by organizing foreign visits for social, economic and educational exchanges, organizing conferences, lectures, and cross regional events. At the local level the CPAFFC is allowed to open its offices at the county level, that is, in those counties that are interested in international cooperation. The CPAFFC

in Chengdu has the right to open branches at the district level (Statues, Sichuan CPAFFC 2015). Comparing the organizational structure of local branches there are some small differences. Taking Guangdong and Sichuan CPAFFCs under consideration, there are four major differences: 1. the office in Guangdong is a member of the CPAFFC at the central level, while in Sichuan it is not; 2. the office in Guangdong acts according to directions given by the central level, while in Sichuan these regulations do not exist; 3. in both cases the major executive body is the Board but in case of Guangdong the directions of foreign activities should be identical of those at the central level, while in case of Sichuan the chart states that the directions should be set down and not necessary identical; and 4. in the case of Guangdong the board can point out the member of the board while in the case of Sichuan it cannot. What is typical for the Chinese political system is that the persons responsible for the FAO are usually members of the local CPAFFC. In case of Guangzhou the director of the FAO is also the party secretary at the FAO and chairperson of the city CPAFFC. This structure allows the party to have at least three levels of control over the activities of local governments in their foreign actions (FAO Guangzhou 2015).

3.3. The Chinese debates over paradiplomacy

In the context of China only a few scholars touch upon the issue of local government involvement in China's foreign affairs. In Chen Zhimin's (Fudan University, Shanghai) book, published in 2001, he referred to the division of labor concept, discussed the level of autonomy of local governments and explored the roles that are played by local governments. Interestingly, he predicts that due to the processes of globalization and regionalization the role of locality will be strengthened. Chen Zhimin named this process as a "new medievalism." The second Chinese scholar to publish on paradiplomacy is Su Changhe, currently based at Fudan University. In his papers he mainly discusses the phenomena of globalization, regionalization and cross-border cooperation as the preconditions for paradiplomatic activities. The last recognized scholar is Zhao Kejun of Qinghua University in Beijing. Contrary to Western notions, Chinese scholars, e.g. Chen Zhimin, Su Changhe, failed to use paradiplomacy. Paradiplomacy, understood as *pingxing waijiao* (平行外交), is only used by scholars from Hong Kong, Taiwan, and Macau. In Mainland China paradiplomacy has been replaced by: subnational

governments' foreign affairs activities (*ciguo zhengfu waishi huodong* 次国政府外事活动) and local government actions in foreign affairs (*difanzhengfu dui waishi xindong* 地方政府对外事活动). The term diplomacy is reserved only for the central government as it is the only single body for conducting foreign policy. Contrary to scholars from Fudan University, Zhao Kejun from Qinghua University in Beijing used the term "city diplomacy." Along with the urbanization processes in China, big cities such as Beijing, Shanghai, or even Guangzhou, became an important part of China's foreign policy strategy. He prolifically published on city diplomacy and regards this process as an important one in international relations.

Due to this fact Chinese provinces in paradiplomatic actions are quite natural, but only as long as those actions are aligned with the central government's foreign policy. In the Chinese context, the realist explanation should be taken as the primary, since the constituent diplomacy of regions is strongly encouraged by the government in Beijing. But even by taking the realist approach the research team will emphasize the complexity of paradiplomacy in China. It is worth considering the research approach proposed by Singapore-based scholar Zheng Yongnian. He describes that along with the reforms and opening up of the local governments, they now have a stronger bargaining position and the Chinese political system is named as a "unitary state, but de facto federalism." Taking this assumption as priority the research team will test the hypothesis mentioned in the first part of proposal.

As observed by Cui Shaozhong and Liu Shuguang (2012) in *Waijiaopinglun*, the local governments are only the executors of the central government's recommendations in economic diplomacy. Moreover the local governments play as "information desks" for the local business communities. The best example of the role is in Yiwu – a city in Zhejiang province. This economic diplomacy sponsored by the local government leads to more decentralized and more open actions in foreign activities of the local governments. What should be observed is that the model of European's regions representatives offices in Brussels should have been perceived as model for Chinese local authorities' offices in Europe. They sum up with the conclusion that the local actions in foreign affairs should be perceived as not contradictory with Beijing's policy, but rather makes this policy more efficient. For Su Changhe (2010) the basic factors that strengthen the local authorities' actions are globalization and regionalization. The basic issue for local governments is economic development and in order to achieve more effective economic development international cooperation was perceived as one of the major

pillars for achieving the abovementioned goals. This brought the issue of competence and division of labor among the central and local governments. The local governments are in charge of economic, cultural, educational, and human exchange cooperation. What is important – Su Changhe states, is that the different regions or provinces have a different role in shaping China's economic cooperation. Provinces at the coast are mainly focused on foreign investment and new technologies, the southwestern part of China works with ASEAN countries, the north-west with the Shanghai Cooperation Organization, and the north-east with countries in the Tumen River Initiative. The basic argument behind local government in China is the size and potential of provinces or municipalities. As said by Su Changhe (2010), Henan province ranked in China 5th, in the world 24th, while Guangdong (the leader in China) is placed 16th in the world. Chen Zhimin (2011) treats the paradiplomacy as an extension of central government's policy. Contrary to the liberal approach, the basic feature of central-local authorities in foreign affairs is synergy in both sides' actions. This view is backed by Yang Jiechi (2012), a former Minister of Foreign Affairs who during the meeting with Guangzhou policy makers praised the "service" role of the city in China's foreign policy. In this context Shandong's capital, Jinan, presents itself as an interesting case study. When Papua New Guinea established relations with Taiwan in 1995 the government of Jinan city paid an official visit to Port Moresby. Through this channel the actions taken by the local government opened a door for the central governments' checkbook diplomacy. (Li Min, 2007, p. 100). This particular case does not necessarily prove the role. As observed, the local governments conduct internationalization, while the central government conducts foreign affairs through diplomatic channels. These two different processes might provide grounds for a conflict of interests. During the crises with Japan the abovementioned Shandong province hopes to keep positive relations with Japan, while the central government goes towards open conflict with its neighbor.

But in general the local authorities focus mainly on social and economic aspects of international cooperation. More to the point, the local governments are treated by the central government as trial zones. In the early 1980s the central government asked the local to open special economic zones, in 2013 it asked to open a free trade zone in Shanghai Fujian, Guangdong, and Tianjin. As stated by Zhao Kejun (2013) from Qinghua University, the new dynamic will provide the basis for the new division of labor among the central and local governments. These local politics should have been accepted by the central government but not in very official statements, rather in the *moren*

way – that is, quiet permission, as said by Chen Futao from the Party School of Shaoxing in Zhejiang province (Chen Futuo, 2003, p. 28). The whole activities from the local governments should be perceived as Brain Hocking's (1993) concept of multilayered diplomacy. Not only multilayered diplomacy but also new medievalism should be described as an important approach towards paradiplomacy. Along with the huge urbanization processes, cities and regions play an ever-greater important role in shaping external affairs. Following the statement by Yu Keping, this role was paradoxically strengthened by international bodies, such as the World Bank or Asian Development Bank. The major step towards the internationalization of local China was taken after China joined the World Trade Organization (Chen Zhimin, 2008).

As discussed by Zhang Peng (2015) from Shanghai International University, the role of local governments in China's external actions is limited. She develops the concept of "limited participation" which has been rooted in the local governments' role of executing foreign policy decisions and traditional subordination relations to the central government. Although the "limited participation" has been perceived as the major approach, local governments implementing the "go global" strategy possess more and more space for their own moves and initiatives. As far as they work only for economic, material benefits the central government cherishes their actions. Moreover, in order to be more effective the Chinese central government allows local authorities to open foreign trade offices. In Germany there are eight offices opened by: Hong Kong, Jiangsu province (2), Shandong, Shanghai, Shenzhen, and Shenyang. The second important pillar of Chinese local governments' international cooperation are forums with their foreign counterparts such as the Sino-American Governors Forum, 16+1 Local Leaders Forum, or Sino-Polish Regional Forum.

Similar to Su Changhe's (2010) approach Zhang derived paradiplomacy from the processes of globalization and that the role of local governments in China's foreign policy has been strengthened. On the one hand global process allow local authorities to be a part of the process, on the other, it presents a signal for the central government to strengthen management and control over local actions.

According to Wu Jianmin (2012), the local governments diplomacy is part of public diplomacy. The local governments interaction with foreign counterparts plays an important role in shaping China's international image. This view is shared by the local bureaucrats who perceived paradiplomacy as public diplomacy, people's diplomacy, and even "ping pong diplomacy." They rarely use the term diplomacy, due to the fact that diplomacy is reserved for the

central government. Moreover, they prefer to describe their foreign activities in terms of “international cooperation” or “international exchange.” But still the problem of coordination and management remains unanswered. As was said by Liu Bingxian (2012), the first attempts towards institutionalization was establishing The Public Diplomacy Association sponsored by cities such as Shanghai, Tianjin, Guangzhou, Wenzhou, Zhuhai, and Xinning and supported by the Foreign Affairs Commission of the People’s Consultative (The Public Diplomacy Association, 2016). This body should be perceived as a platform for looking for common interests and common initiatives in shaping foreign actions. Through the local channels China realizes the strategy of “go global” and “bringing in” – says Liu Bingxian.

3.4. Paradiplomacy in action: the case study of Guangzhou

Guangdong and its capital Guangzhou became an important pillar of China’s foreign policy. Starting with the Opium Wars, through the republican period up to Deng Xiaoping’s reforms in 1978, Guangdong settled as a vanguard of internationalization in China. Taking into account the recent trends in China’s domestic urbanization process we need to acknowledge the growing role of Chinese cities in the foreign activities of sub-national governments. The history of city-to-city relations is rooted in the period of the 1920s, when Keighley, in Yorkshire, Britain, and Poitou in France, became the first pair of sister cities in the world since the modern city association officially began. After World War II, with the rapid development of the world economy, so that cities or local governments had a certain ability to conduct themselves in the international arena, these types of international relations in sub-government forms had a significant impact. In 1973, having acknowledged the need of local cooperation, China established two pairs of sister cities with Japan, namely Tianjin and Yokohama, as well as Shanghai and Osaka. In the decade of the Cultural Revolution, apart from Richard Nixon’s visit to China (February 1972) the international interaction between local authorities strengthened the technocrats group with Zhou Enlai as its leader.

The interaction between the East and West occurred in this southern part of China and played a crucial role in shaping China’s economic and social development. In the era of reform after 1978, it was Guangdong that would take the lead in opening up and reforming China. Then governed by

Xi Zhongxun (father of Xi Jinping) Guangdong was responsible for setting up economic zones and strengthening China's ability in the global economy. In this context close relations and geographical position (as it bordered Hong Kong) gave opportunity to develop its own economic power and structures. Hong Kong has become the biggest investor in Mainland China and through this channel Guangdong benefited the most, in particular when it comes area of Pearl River Delta. Throughout exercising the relations with the former British colony Guangdong became a place for foreign investments in manufacturing industries, for example the high-tech industry in Shenzhen (80%), and some to high-value added agriculture, real estate, construction, transport, telecommunication, as well as other sectors (Cheng, Zheng 2001, p. 586–587). All this means that the Pearl River Delta, with Guangzhou as its leader, became dependent on investments from Hong Kong, Macau, and Taiwan. In the late 1990s more than 42% of gross industrial input value of enterprises was dependent on investments from Hong Kong, Macau, and Taiwan. The interdependent on Chinese investments in Southern China should not be perceived as extraordinary. The power of local communities, e.g. Hakka or Hokkien, are well known in China and through this channel Guangdong was internationalized (Interview, Guangzhou 2016).

Being one of most internationalized areas in China Guangdong and Guangzhou became an important pillar of China's foreign policy. In the Chinese political system and planned economy the foreign policy actions are also planned at least in the midterm perspective. Interestingly Guangdong and Guangzhou was named a "pawn" or "checker" – a contrary tole to Yunnan, Heilongjiang, and Xinjiang, where these three was dedicated to play "bridgehead" roles (Zhang Jiping 2010, p. 4–5). Three major areas were designed for the "bridgehead" regions: help the central government in strengthening its abilities in combating non-traditional threats, help the central government in strengthening regional cooperation (cross-border cooperation) and help the central government in opening China's West and Central regions. A similar meaning was given to the "pawn" that refers to opening China up to the international market and play the bridge role in bringing international markets to China interior (*san dianyixian*). The most important advantages of playing Guangdong and Guangzhou was to strengthen the ability of exports for special economic zones. The classic example can be seen in the Shenzhen Special Economic Zone. At the begging of the 1990s, and Jiang Zemin's earlier period, playing the "window" role was about curing the planned economy's diseases and "peasants disease" (refers to TVE) (Lu, 1994). The pawn's definition also has a different

meaning. In the second meaning Guangdong and Guangzhou are perceived as being ahead, being leaders and in fact being better than any other region in China. This implies that the Cantonese see themselves as the vanguard of reforms, opening up, internationalization and even a vanguard of political changes. In fact being the checker means exceptionalism and playing the most important role (Interview, Guangzhou 2016).

As was pointed out by William Turley and Brantly Womack (1995), the city of Guangzhou went through four stages: incorporation, consolidation, exceptionalism, and reform vanguard. The first stage refers to the initial establishment of the Communist government. The second was to redirect policy toward an internally-oriented pattern of socialist development, in other words, to revalue existing urban resources in terms of new national goals. In the third stage – exceptionalism – the city was derived from the national norms on an experimental basis, as was given by the central government. The last stage is when the localities took on major roles, in alliance with reformists at the center, to push for deepening of reforms. The Guangzhou exceptionalism was not given outright by the central government, rather, it was the outcome of bargaining with the political center. In the context of the paradiplomatic scope of research, the five types of the central-local relations in China should be discussed. First, bargaining with the center for the most favorable policies through which the provincial government sought to obtain greater autonomy in investment implementation and policies. Second, negotiating with the center for more direct central support, in the form of central resources injections, such as budgetary or extra budgetary fiscal resources. The third type of discretion is flexible implementation of central politics, provinces using feigned compliance as a cover whilst engaging in various creative interpretations of central policies in order to attain provincial objectives. The fourth type is developing new horizons of investment expansion. In this type of discretionary behavior provincial governments move beyond the state budget and conventional sectors, which are more closely monitored by the center towards the burgeoning market in their pursuit of investment expansion. The fifth type of discretion may be described as internationalization. This refers to the strategy to attract additional investment resources from beyond the national borders and the skillful maneuvers by provincial leaders to bargain for greater autonomy and resources from the center as a result of growing participation of foreign resources in provincial economies (Li 1997, p. 801–804). In the case of Guangdong, as pointed out by Li Chenglan (1997), the local government skillfully maneuvers and conducts flexible provincial implementation of

central policies, de facto amendments to central policies within the province, post hoc advocacy/justification, and official amendments to central policies.

For Guangdong and Guangzhou the internationalization processes and paradiplomatic activities are an inherent part of Southern China's development plans. Regarding international cooperation, as pointed out in the 13th five-year plan for Guangdong, the province should strengthen relations with the most advanced countries, namely Germany and Israel. The Five Year Plan indicates the challenges coming from the international arena: re-industrialization of some countries, and the TPP and TTIP agreements. By using the "belt and road" framework Guangdong and Guangzhou should build its international competitiveness and position in international relations. The most important project to be realized by Guangdong province is to build scientific, innovation- and production-based international alliances (*guoji chanxue yan chuangxin lianmeng*). According to the development plan for the Pearl River Delta this part of China is planned to be the vanguard of new technologies and most advanced products. As stated in the development plan, until 2020 Guangdong is meant to meet the designed target of a well-off society. That is, an economic structure with more than 60% of shares in services, GDP growth per capita to 135,000 RMB, average lifespan increased to 78 years, and the level of urbanization at 85% of the whole area. Guangdong will change its nature from "made in Guangdong" to "invented in Guangdong." More to the point, the plan encourages the government to be an "international door" (*guoji menhu*) for the whole country. In order to achieve the above planned goals there is a division of labor among cities in the Pearl River Delta. Guangzhou is responsible for trade cooperation and small- to medium-sized company cooperation, Zhuhai plays a role in promoting and establishing the aviation industry and exhibition, while Shenzhen is placed as an important place for new technologies and high-end products. Furthermore, as stated in the plan, Hong Kong, Macau, and the CEPA framework are named as important pillars of the Pearl River Delta's future development. The second pillar is the relationships with the most advanced countries of ASEAN. By using the framework of China-ASEAN Free Trade Agreement, Guangdong's cities should build positive relations with their counterparts from Southeast Asia (Pearl River Delta Plan 2008).

Guangzhou exercises its paradiplomatic capacity through two channels: bilateral, with the sister cities framework, and multilateral, by shaping multilateral cities agreement and taking part in international organizations. The sister cities cooperation has been carried out as an important channel

for Guangzhou's opening up and foreign exchanges. The reform taken by Xi Zhongxun, then the secretary of Guangdong's government, was about strengthening Southern China's economy. The first step was taken toward Japan. Since 1979, Guangzhou and Fukuoka in Japan had established their first sister city relations. According to China's relevant regulations, the choice of the sister city generally corresponded with a city similar status, geographical position, urban development, and structure of the local economy. The precondition for have sister's cities relations is the decision taken and approved by the CPAFFC and the local's People Congress.

In its international activities Guangzhou works closely with its partner cities as well as with international organizations. In this case Los Angeles and Guangzhou presents itself as an important case study. Both places are located on the southwest coast and southeast coast of the Pacific, though with a great distance in between them. Guangzhou is one of the three "central cities" (*zhongxin chengshi* 中心城市) in China, and aims to be the international metropolis in the ongoing reform and opening up. Greater Los Angeles, for over the past twenty years, has become the second largest city (surpassing Chicago) in the US and plays an important role in the Pacific economic zone together with Tokyo in Japan. On the reality of urban development, Guangzhou and Los Angeles have more similarities. Both parties are port cities, though on opposing Pacific coasts. Moreover, both areas are developing high-technology and by this means through cooperation and competition of e.g. Apple and Huawei relations are built at the regional level (Yang Yong 2008, p. 146).

As is acknowledged from the literature and local authorities documents, the cooperation of sister cities is a systematic project. It includes high-ranking leaders exchanges, economic exchanges, cultural exchanges, social interaction, and mutual investments. First, "head of cities diplomacy" is the main form of inter-city exchanges, with the performance of bilateral or multilateral exchange. In other words the top-down signal stimulates further cooperation. For instance, the former member of Guangdong Provincial Committee, Party Secretary of Guangzhou, the chairperson of Guangzhou Municipal People's Congress, the Mayor of Guangzhou, Lin Shusen, during eight years of his tenure had six foreign visits and paid 11 official visits to Guangzhou's sister cities with government delegations. At the same time, he received 13 mayors and delegations from friendly cities visiting Guangzhou. The second point is the economic exchanges and cooperation. The sister cities exchanges and cooperation is perceived as a vehicle of economic cooperation between

the states at the central level. Through shaping the concept of “Friends of the city economy” phenomenon, the local governments seeks self-development, self-improvement, and an effective way to improve the comprehensive competitiveness. Based on the 36 sister-city partnerships Guangzhou has differentiated its partners into four categories: well-developed with high-tech basis, being commercial partners, being a place for natural resources, and having limited cooperation respectively. The first group includes Fukuoka, Japan – (well-developed with commercial and retail development), Los Angeles (automobile industry as well as high-technology industry), and Tampere (its clusters represent several different advanced technology sectors). Going further Guangzhou authorities use the relations with the second group, for example, Frankfurt to strengthen local financial industry relations, and Lyon to strengthen its chemical industry and pharmaceutical industry. Throughout the relations with Bristol, Guangzhou works on aerospace engineering, industrial, pharmaceutical and R&D. The third category of partners like Surabaya in Indonesia, and the Peruvian city of Arequipa is the use of its resources, and primarily focus on opening up new markets. The fourth category classifies the cities that economic and trade exchanges temporarily inactive, such as Bari in Italy, Durban in South Africa, or Oita in Japan (Ibid., p. 146).

Apart from business cooperation the cultural exchange is an important part of sister city exchanges. Through exchanges could make inter-city people better promote mutual understanding and create conditions for further economic cooperation. Cultural exchange could get identity from other countries and establish a good international image. Therefore, based on the construction and use of the sister city cultural exchange platform, the local governments pragmatically use this platform to further promote foreign trade and economic development. For example, in 2003, during the French Culture Year organized in Lyon, Guangzhou held trade promotion activities, in 2004 with Arequipa in Peru and with Munich in 2005, etc., which organized a series of economic and trade activities and cultural promotion, and received a warm welcome from local residents and enterprises, expanding the city’s visibility and reputation. It clearly shows that in the case of Guangzhou and other cities in China the prime importance is given to economic cooperation and cultural exchange plays an auxiliary role in shaping the Guangzhou economic landscape.

Overall, during the past 30 years, through city diplomacy Guangzhou promoted exchanges in economy, trade, science and technology, culture, education, sports, health, and many other areas cooperation. The sister

cities gradually became the most important channel for Guangzhou's external activities relations. In addition to the formal establishment of sister cities, but also attaching importance to the development of potential cities to foster cooperation and exchange, that the two sides have reached a consensus to further the establishment of sister cities and friendly relations in the development stage.

Although Guangzhou presents itself as a successful story, various problems should be mentioned. First, a lack of continuity of developing relations with sister cities. The leadership changes creates a certain level of uncertainty and lack of continuity. Some leaders attached great importance to the development of the international cooperation not only by its institutional support but also with personal characters. However, some leaders put the economic development in first place, but lacking the necessary awareness of foreign exchanges shapes a negative impact on the city or province internationalization. Second, the limitations of creating a new platform for international cooperation of regional actors. Until 2005 the policy of sister city in China was shaped based on the "one to one" principle, which meant that if one Chinese city could establish friendship with a foreign city, other cities in China could not set up such relations. That is, every city could not establish over 15 pairs or relationships, which seriously affected the enthusiasm for such relations. But in September, 2005, the National Conference for Sister Cities approved the new policy, that abolished the "one-to-one" policy, now a city could establish friendship relations with other cities without limitations, this would bring enormous opportunities for Guangzhou, a "golden period" one could say. Third, the innovation needs to be improved. As a representative of local interest groups and the general public, it should highlight the work of sister cities as the "right for the people, for the people, the situation is the people, the benefit of the people for the people," which really make sister cities an effective channel for local enterprises, associations and public outreach. Fourth, the lack of human resources. As mentioned by Yang Yong (2008) "...staff shortages, staff quality should have to be improved and nowadays is a common problem in many cities foreign affairs" (p. 144). For example, at present of the 42 civil servants in the FAO of Guangzhou Municipal Government, only nine are responsible for the work of sister cities. This is the development of China's external actions work in a city to be addressed problems (Yang Yong 2008, p. 144–148).

But along with the new generation of leadership in the post-2012 period the ongoing processes of centralization were revealed in the lower number of foreign visit of Chinese dignitaries. In December 2013 the Guangdong provincial government limited the number of foreign visits by the party secretary to only one per year. This regulation severely limited contact with the foreign countries at the local level (Guangdong News 2015). Going even further, at the provincial level the central government decided to open Foreign Affairs Leading Group (*sheng wei waishi gongzuo lingdao xiaozu*) with the party secretary as the leader in order to have more coordination and more influence on the local external action. Since 2015, Guangdong Party Secretary Hu Chunhua has conducted four meetings (Nanfang ribao, 2015). This step should be considered as looking for the mechanisms of coordination local actions with the central policy planning. Although the limits of interaction at the higher level was limited, Guangzhou international activities remain stable. According the data analysis the basic destination of Guangzhou international destinations are: Los Angeles, Vancouver, Birmingham, Lyon, and Auckland (see Table 3.2).

Table 3.2. Direction of foreign visit of Guangzhou government and Guangdong Party Secretary

	Outgoing	Incoming	Outgoing by party secretary Guangdong
1	2	3	4
2011	Jakarta Durban Sydney	Madrid Lisbon Frankfurt 2 Cairo Melbourne Vancouver Istambul2 Houston Fukuoka Tokyo Hanoi Auckland 2 Singapore (North East district) Los Angeles Tampere Bing Duang (Vietnam)	

Tabel 3.2 (cd.)

1	2	3	4
2012	Barcelona, Morocco Manila Durban Buenos Aires Mexico City Vilnius Gwangju Bari Bristol, Birmingham Surabaja Los Angeles Noboribetsu	Fukuoka Buenos Aires Costa Rica Los Angeles Tampere Yekaterinburg St Petersburg Auckland Wellington Durban	
2013	Hong Kong, Macau Rabat Lyon Singapore Sri Lanka Hambontata Indonesia Surabaya (UCLG) Boston (Harvard) Dubai Amsterdam, Prague Pokhara	Binh Dương (province) Bangkok Vancouver Birmingham Lyon Milan Incheon, Gwanjiu Fukuoka Frankfurt Lodz Los Angeles Petaling Jaya	
2014	India (with official delegation of president) Auckland Los Angeles Yekaterinburg Singapore	Bristol Birmingham Frankfurt Tampere St. Petersburg Noboribetsu Rabat Tbilisi	Vietnam

1	2	3	4
2014	San Diego Tel Aviv Haifa (delegation of Party Foreign Affairs Leading Group) Havana Gwanju Fukuoka Bangkok Ho Chi Minh City 2 Phnom Penh Fukuoka Georgia Tbilisi	Incheon Ahmadabad Guanjiu Amsterdam Lyon 2 Sri Lanka (local gov. delegation) Lodz Saragossa Sydney Marbella (Spain)	
2015	Los Angeles France summit global warming Portugal Spain Lodz Dakar by Huadu district Manila 2 Phnom Penh Sri Lanka Surabaja Jakarta	Lyon Victoria (Republic of Seychelles) Brisbane Pusan Linköping Montreal Mombasa Tampere Los Angeles Schotten (Germany) Incheon Frankfurt Aukland (Mayor organization) Manila (Huaren organization) 2 Jena (Germany)	Australia, New Zealand, Fiji
2016	Fukuoka (Japan) plus meeting with Israel diplomats Auckland Sydney Barcelona, Vilnius	Birmingham Linköping Gwangju Kandy Genoa Edinburgh Istanbul	Canada, USA, Mexico

Tabel 3.2 (cd.)

1	2	3	4
2016	Prague	Gaziantep (Turkey)UCL conference Frankfurt Uganda (Investment Forum) Prague Milan Lodz	

Source: author own research based on 2011, 2012, 2013, 2014, 2015, 2016 Guangzhou’s government reports on international activities 2013 available at: <http://www.gzfao.gov.cn/Item/7043.aspx>, <http://www.gzfao.gov.cn/Item/8301.aspx>, <http://www.gzfao.gov.cn/Item/5271.aspx>, <http://www.gzfao.gov.cn/Item/5862.aspx> and http://www.gzfao.gov.cn/Category_269/Index.aspx and <http://cpc.people.com.cn/GB/64192/351806/index.html> (accessed 15 November 2016).

Regarding developing the world, mainly Africa, Guangzhou has only two sisters cities: Durban (South America), and Harare (Zimbabwe). This low level of relations is contrary to the high number of Africans working and living in the city of Guangzhou. Besides the official representation in Guangzhou, the foreign business community plays an important role in shaping the internationalization of the city. The majority of African people in the city work as businesspeople (87%), traders (9%), artists, education service officers, housewives, and lecturer (1% each). Regarding nationalities the largest population is represented by Nigerians, Malians, Ghanaians, and Guineans. In fact this community plays as a bridge between Chinese business people and African companies – 90% of Africans in Guangzhou act as some kind of intermediary between local business in Africa and China (Bodomo 2010, p. 693–695). At the beginning of the reforms Guangzhou opened the relations with developed world, but since 1991 the city has established relations with 17 cities from developing countries, and only eight with developed countries. (Li Xiaolin 2015, p. 70). Along with the growing trade interaction with the developing countries, mainly in Africa and Latin America, Guangzhou will start to have more interaction with cities from these two continents. In 2015 Guangzhou’s foreign trade with Africa, Latin America and Southeast Asia has grows 22.38%, 19.50%, and 17.70% respectively (Zhu Minghong, Wu Qing 2016. p. 8).

3.5. Foreign representatives in Guangzhou and multilateral forums

Historically, Guangzhou is perceived as China's "business consular." In 1837, when the first foreign mission of the British Empire was opened and Elliot as the Government plenipotentiary arrived in Guangzhou, the city interaction with foreign countries began. Between 1837 and 1911, 20 countries had set up consulates in Guangzhou. During the Republic of China's period, the number of consulates reached 25. With frequent exchanges by consular representations, Guangzhou attained an important role for Chinese diplomacy. With the deepening of China's opening up in 1978, Guangzhou's economic and cultural exchange activities with other countries have become increasingly frequent, the economic construction and social development has made remarkable achievements, and countries pay more and more attention to Guangzhou. Currently, there are 55 countries stationed in Guangzhou with Consulate Generals. In order to provide convenient services to foreign diplomatic staff and to attract more foreign consulates, Guangzhou is also dedicated planning a special area for these offices and it is already part of the consulates there stationed already. The number of foreign consulates means that Guangzhou is the most internationalized city in China.

By having the Consulates Generals, Guangzhou plays an important place for the local economic and social development and plays as a bridge and gate from the world to China interior. This trend has strengthened Guangzhou's city diplomacy and ability to strengthen its role in shaping China's foreign policy. The Guangzhou's abovementioned goal could be reached by many avenues. First, the foreign consular in Guangzhou promoting exchanges between their government and business which should be perceived as an effective channel for reaching Guangzhou's goals. In addition for the functioning as a consulate in Guangzhou with the sister cities, moreover, it carried out as an important medium for the foreign affairs, in recent years, the delegation's visit from Guangzhou's municipal government often choose the consulate's countries as the main destination, not only because of the contributors familiar with the situation, as well as the reasons for wider connections, furthermore, the visa interviews and the going abroad process is facilitate to approve. Second, it is an important channel to promote both business and tourism. Currently, there are more than 20 consulates in Guangzhou, from the US, Europe and other developed countries, others are mainly Southeast

Asian countries. Needless to say that having consulates from the developed world is beneficial to Guangzhou's enterprises to implement the "going out" strategy. Although the foreign central governments representatives are important, their role in playing a crucial and decisive role in shaping local governments cooperation is limited. Normally during the meeting they are placed in the back rows and their access to bargaining issues is limited (Interview with foreign representatives, Guangzhou 2016). Third, it is the main force for the direct flight with the consulate countries. According to the incomplete statistics, almost half of the 55 Consulate Generals in Guangzhou have opened flights with Guangzhou – people and logistics from contributors have become a major source of access to Guangzhou. Fourth, overseas education. Guangzhou is the main destination for foreign students, something that officials from consulates have attached great importance to. Students from countries such as Australia, the UK and other consulate countries come to Guangzhou to experience the education system, which no doubt creates more choices for Guangzhou's citizens.

Since the 1990s, along with process of economic globalization, as an important carrier of international cooperation and exchanges, the international non-governmental organizations have had unprecedented development. At the same time, the global trend of urbanization is also increasing, with many urban issues placed on the agenda by heads of governments. The international exchanges between the cities have become an important channel for international multilateral exchanges. So, the international multilateral city organizations have been emerging, the scale is increasing with more complete regulations, meanwhile, the international influence is rising. These international multilateral organizations are voluntarily organized by the local governments, aim to expand exchanges between cities, with cooperation and commitment to research and solve common problems of urban development and management.

Therefore, the sister city partnerships could promote friendly exchanges between the two cities, in particular, it is a great significance for Guangzhou's urban development and play a more positive role in the Pacific Economic Zone as well as for the global economy. In this case Guangzhou will play a pivotal role in shaping relations with the US. In June 2015 the three ports of Guangzhou, Auckland and Los Angeles entered an alliance and for the first time, a so-called triangle-shaped relation (Guangzhou waiban, 2015). This formula supports the concept

of Cities Economy (Business) Association (*chengshi jingji lianmeng*). The issue was also discussed with the mayor of French city of Lyon and in June 2016 the agreement between Guangzhou, Lyon, Frankfurt, and Birmingham (three old friends) signed a joined declaration of cooperation in the field of economy as well as cultural and educational cooperation (Guangzhou 2016 Plan). This triangle or multilateral cooperation should be perceived as a very new dynamic in international relations.

Rising international city multilateral organizations not only reflects the development of economic globalization, integration, and urbanization, but also that of international civil multilateral exchanges that is understood as an important pillar of global affairs. As previously noted, such inter-governmental organizations have their own unique properties: from the organizational activities form, through the tight organizational system of regular meetings of the Regional Committee and membership of the General Assembly, to providing support and services for sustainable urban development through technical assistance, training, and other means. Since the 1990s Guangzhou has participated in four major international regional organizations: Metropolis, United Cities and Local Governments, UN-Habitat, and Asia Pacific Cities Summit and Mayor's Forum. The government in Guangzhou has paid attention to the international multilateral international exchanges and has tried to be an active player at the international forums dedicated to local authorities. By participating in the activities of multilateral organizations, the city, on the one hand, expands exchanges with the world's major cities in urban construction, management and development, and moreover, it widely absorbs the advanced experience of foreign urban management and construction, that could further improve the level of urban construction and management. On the other hand, it creates conditions that allows Guangzhou to effectively develop bilateral relations with foreign cities, with a multilateral international communication platform, extensively promote Guangzhou's investment environment and develop bilateral friendly relations with other international cities with Guangzhou that improve Guangzhou's visibility in the international community.

Metropolis – World Association of the Major Metropolises, is the leading international organization that gathers cities and metropolitan regions with more than a million inhabitants. Created in 1985, Metropolis is represented by more than 140 members from across the world and

operates as an international forum for exploring new possibilities in cooperation. The main objective of the association is to act as a forum for mayors, presidents and elected officials of metropolises, metropolitan areas and regions to exchange and discuss all policies related to their own development. The organization creates a platform that helps local governments to strengthen their voices on the international arena, to foster international cooperation and exchanges among political authorities, bureaucracies, and public or private bodies of major metropolises. In 1993 Guangzhou acceded to the World Association of the Major Metropolises and in 1996 became a member city of the Board of Directors of the Metropolis. Over the years, Guangzhou has attached great importance to developing its relationship with the Metropolis by proactively participating in the activities of the organization. Since the beginning of the 21st century, Guangzhou has twice held the Board of Directors Meeting of the Metropolis (Yang Yong 2008, p. 147).

The second important body is the Metropolitan Section of United Cities and Local Governments (UCLG). The organization was established for the purposes of: promoting and disseminating the knowledge acquired in areas related to the management, planning and development of major metropolises; sharing the experiences and policies implemented by the officials of major metropolises in order to meet the essential needs and aspirations of their inhabitants; encouraging and promoting all studies or research aimed at contributing to a better organization of urban space or to improving the environment and living conditions of the populations of major metropolises; and strengthening the bonds of solidarity forged between major metropolises in order to foster understanding among peoples and dialogue among metropolises from different countries. To achieve these objectives, the association offers means of contact, and will facilitate or encourage the exchange of information and ideas among all organizations or persons directly or indirectly interested in the issues affecting major metropolises and their future.

The association represents and defends the interests of local governments on the world stage, regardless of the size of the communities they serve. The organization's stated mission is: to be the united voice and world advocate of democratic local self-government, promoting its values, objectives and interests, through cooperation between local governments, and within the wider international community (Ibid.). Good examples of this fruitful cooperation is the Guangzhou Award, its Urban Innovation Community, and its Institute for Urban Innovation, which kicked off in

2012 with the support of both Metropolis and UCLG. Such initiatives demonstrate the outstanding role of Guangzhou in city-to-city diplomacy worldwide (Guangzhou Award, 2016).

The third organization dedicated to the urbanization processes is UN-Habitat. As we must acknowledge, much of the world's urban growth has and is taking place in China. In a recent initiative, the central government of China strategized the urbanization as one of the four pillars for China's new modernization drive. Furthermore, in 2013, China adopted its National Plan on New Urbanization 2014 to 2020, which formulated strategies to promote the harmonization of urban and rural development, integration of rural migrants in cities, optimization of urban forms and patterns, and improvement of local governments' capacities for sustainable development through institutional reform. These actions show that China is giving sustainable urban development the thought and planning it needs and it is showed in the progress being made in China's growing cities and towns. The Government of the People's Republic of China and UN-Habitat have pledged to further strengthen the existing cooperation between both entities. UN-Habitat promotes a three-pronged approach that places emphasis on urban legislation, urban planning and design, and urban economy and municipal finance. These can be seen as the leverages for transforming cities and human settlements into centers of greater environmental, economic, and social sustainability. A fourth focus area of urban basic services, has also been prioritized, especially water and sanitation as well as reliable waste management services, sustainable mobility solutions, and safe domestic energy. We advise all urban planners around the world, including Guangzhou, to look at these aspects of urban planning and use them to influence their urban development plans and strategies (Clos, 2015). Within the cooperation with UN unit, Guangzhou shared its experiences with developing rural and urban areas. The case of three villages incorporated into the city structure became a case study for UN-Habitat seminar and policy papers (UN-Habitat 2015). More to the point, the Guangzhou Urban Planning Institute was an implementing partner in UN-Habitat sponsored program for Wuzhou District. The major idea of the project was to rethink and redraw the Wuzhou District Plan, in response to the policy to shift industrial development from the coastal areas of China towards Midwest China (Ibid.).

The fourth organization in the field of local governments cooperation is dedicated to the Asia-Pacific region. The region is highly dynamic,

with both rapid growth and urbanization. It is widely accepted that cities define a nation's prosperity – cities have become the key means through which growth is promoted and progress achieved. The Asia Pacific Cities Summit and Mayors' Forum aims to: create a deepened dialogue, shared learning, strategic partnerships and economic opportunities in partnership with business as the keys to strengthening cities' prosperity; facilitate the exchange of information and ideas, and create a blueprint for future prosperity and shared solutions for sustainable living in the region's cities; support the development of strategic and commercial partnerships between all levels of government, private and public sector agencies and business communities in the region; provide a platform that delivers long-term economic outcomes for cities and businesses seeking trade and investment opportunities in the Asia-Pacific region and beyond; and explore new models for city-development strategies that strengthen the ability of cities to serve their communities, contribute to regional prosperity and improve quality of life. In 1996, Guangzhou, hosted the Second Asia-Pacific City Summit. At the Summit, leaders from eleven countries and regions as well as twenty cities gathered to engage in a lively debate. Furthermore, the mutual friendship, cooperation and progress of participating cities was reconfirmed and the "Guangzhou Declaration" aimed at establishing the Summit's international standing was adopted (APCS 1996).

Guangzhou takes part in more informal forums dedicated to regional and cities cooperation. One of them, among the others, is the World Cities Summit. The biennial World Cities Summit is a platform for government leaders and industry experts to address sustainable city challenges, share integrated urban solutions and forge new partnerships. In July 2016 taking part in the Summit in Singapore, the Guangzhou government facilitated the opening of a new project between the city of Guangzhou and Singapore. Sino-Singapore Guangzhou Knowledge City Investment and Development Co., Ltd (GKC Co) signed a Memorandum of Understanding with Siemens Ltd China, to jointly develop the Smart Eco Technology Demonstration Centre. This project became Siemen's first urban sustainability hub in the Asia-Pacific (World City Summit 2016). But the whole project had been in discussion since 2008. At the beginning both governments with strong support from the local leadership and the joint development of the Sino-Singapore Guangzhou Knowledge City (SSGKC) started to operate in 2010. The project aims to foster closer cooperation between China and Singapore and expand Guangdong and

Guangzhou's global outreach. In addition, the project was purposed to accelerate the industrial transformation and upgrading of the Pearl River Delta region, and represents Guangzhou and Guangdong's future internationally competitive economic platform. The Guangzhou project became one of three joint projects with Singapore in Mainland China apart from Tianjin Eco City and Suzhou Industrial Zone (Ibid.).

3.6. Promoting Guangzhou through industries: exhibition, aviation and sport

Modern industrial division of labour increasingly has been refined and the emergence of many new industries like the exhibition industry, aviation industry, and promotion through sport has become important pillar of city global activities. Since the mid-18th century, when the first World Expo was successfully held in the UK, the exhibition industry developed rapidly and became an emerging industry, it is valued by all countries of the world. With the emergence of the exhibition industry, the exhibition economy has received increasing attention all over the country. With the support of the exhibition industry, through various forms of exhibitions, fairs and international conferences, various forms of information can be passed, services provided, business opportunities created. It can also use its industrial joint effect of related industries, such as transport communications, advertising, printing, and hotel catering. Currently, in developed countries, the exhibition is quite advanced, and constitutes an important indicator of international cities. For example Hannover, Frankfurt, and Singapore are famous "Exhibition Cities," the international exhibition industry's visibility and recognition of these cities played an important role in shaping their vision.

In recent years, the exhibition economy in China has been rapidly developing in the areas of trade, technology exchange, information exchange, economic cooperation, and increased employment, with Guangzhou once again at the forefront of the exhibition industry. Since 1957 China Import and Export Fair, also known as the Canton Fair, has been held biannually in Guangzhou every spring and autumn. Interestingly, even during the chaos of the Cultural Revolution, the Canton Fair was still held. The Fair is a comprehensive one with the longest history, the highest level, the largest scale, the most complete exhibit variety, the broadest distribution of overseas buyers and the greatest business turnover in China. The Canton

Fair attracts more than 24,000 of China’s best foreign trade companies with good credibility and financial capabilities, and 500 overseas companies to participate in the Fair (see Table 4). The Canton Fair is mainly a platform for import and export, with various and flexible patterns of trade. Besides the traditional way of negotiating against samples, the Fair also holds Canton Fair Online. Various types of business activities such as economic and technical cooperation and exchanges, commodity inspection, insurance, transportation, advertising, consultation, can be conducted.

Table 3.3. Number of buyers and countries at “Canton Fair”

Year	Number of Buyers		Number of Countries and Regions	
	Spring Session	Autumn Session	Spring Session	Autumn Session
2015	184,801	177,544	216	213
2010	203,996	200,612	212	208
2005	195,464	177,000	210	210
2000	98,005	105,031	174	174
1995	52,350	52,604	150	167
1990	40,436	42,236	105	117
1985	24,588	26,911	90	87
1980	20,560	21,959	101	94
1975	16,724	15,878	107	110
1970	7,290	8,046	73	57
1965	5,034	5,961	53	56
1960	2,688	2,542	37	31
1957	1,223	1,923	19	33

Source: Canton Fair Statistic available at <http://www.cantonfair.org.cn/html/cantonfair/en/about/2012-09/137.shtml> (accessed 12 December 2016).

Apart from being a trade hub for the global economy the government in Guangzhou is eager to develop its aviation industry to strengthen the city’s role in the modern economy. In this regard Guangzhou follows the central government’s plan of 1995 *kejixingguo* – developing country with science and technology. In this area Guangdong and Guangzhou were the winner of new tendencies in Hong Kong. In the 1990s and Onward, Hong Kong

manufacturing has been shrinking and the economy has been dominated by the services industry. From 1980 to 1996 the manufacturing sector shares of GDP dropped from 23.7% to 7.2% and the number of laborers decreased significantly (Cheng, Zheng p. 489–590). The Hong Kong business community placed its investment in six pillar industries of Guangdong: electronics, communication equipment, electrical machinery, petroleum and petrochemicals, textile and garments, food and drink processing, and construction materials. An interesting observation was made by Michael Porter (1990) who argues that a competitive edge in manufacturing industries in a modern economy must be based on a “diamond structure” and Hong Kong plus the Pearl Delta River possess this structure. According to people in Guangzhou it should accelerate the international flow of people, but also bring about economic development in its aviation industry.

Guangdong is known as “the southern gateway of the motherland” due to the fact that it is the first major economic province and by playing the role of checker, it became the vanguard in various fields in China. As the capital of Guangdong province, Guangzhou is one of China’s most important transport hubs. Guangzhou creates a precedent for the development of China civil airports. In the early 1930s, the Guangzhou Baiyun Airport was opened, and as China’s foreign exchanges gateway for a long period of time, Guangzhou has always been among the forefront of the development of China’s airports. On February 25, 2004, approved by the People’s Government of Guangdong Province, and in order to further promote the development of Guangdong, the Guangdong Airport Management Corporation was founded. The company started to operate and manage four major airports in the province: Guangzhou Baiyun, Shantou, Zhanjiang, and Meixian. Moreover, Guangzhou Baiyun, Shantou, and Zhanjiang airports were approved by the state aviation to be the first class foreign exchange trade port of Guangdong province. Guangdong Airport Group is under the supervision of the Civil Aviation Authority. Until the end of 2008, the four airports were connected with more than 40 airlines to establish businesses, had opened more than 130 regular domestic routes and more than 60 of international routes, to be accessible in more than 140 cities and regions at home and abroad. In 2009, the Guangdong Airport Management Corporation achieved 328,800 aircraft movements in total, carried 38,745,400 passengers and 966,000 tons of cargo and mail.¹² Moreover, on July 13, 2005, FedEx Express signed a contract with the airport authority to relocate its Asia-Pacific hub from Subic Bay International Airport in the Philippines to Baiyun airport. The

new Asia-Pacific hub covers an area of approximate 63 hectares (160 acres), with a total floor space of 82,000 square metres.¹³ Fedex's Guangzhou hub is its second-largest logistics center after its US headquarters in Memphis, Tennessee. Thus, Baiyun Airport's mail throughput has grown at an astounding pace, and the Fedex hub may help Guangzhou to play its role as an international air logistics center (Development Plan for Guangzhou Airport Industry 2010–2020).

After experiencing big events such as the Beijing Olympic Games in 2008 and the Shanghai World Expo 2010, another big event, the Guangzhou 2010 Asian Games, changed the city fundamentally in many ways. Guangzhou is under the spotlight and enhanced in tourism and business, the two industries gaining direct benefit from the games. Regarding benefits from organizing the Asian Games, Guangzhou strengthened its economy, shaped the newly infrastructure projects and allowed Guangzhou to be recognized as a powerful global city.

The impact of the games on Guangzhou's macroeconomic development was visible through the visitor numbers and tourist expenditures. During the 16 days and according to the Guangzhou Municipal Bureau of Tourism, the city attracted 8.7 million visitors representing a year-to-year growth of 42.1%. Total revenue of about seven billion RMB was generated from tourism during the period, and grew ca. 50.1% year on year. Moreover the 2010 Asian Games received over 3 billion RMB of commercial sponsorship. Meanwhile, huge government expenditure on the construction of related infrastructure and organization of the event has benefitted Guangzhou. Local government invested about 109 billion RMB in infrastructure from 2005 to 2010, which not only activated the private sector and created jobs, but also strengthened consumer confidence and stimulated consumption among residents. Moreover, the Asian Games accelerated urban development in Guangzhou, speeding up its transformation from a single-center city to a multiple one, with the strategic development of two city centers. Guangzhou New City Centre in Panyu, a southern district of Guangzhou, has become the cultural and sports center of the city and promoted the development of modern service industries in the Pearl River Delta region. The second example here is Tianhe New City Centre in the East, which includes Tianhe North and Pearl River New City, and was designed as Guangzhou's new commercial center.

Meanwhile, the local government has carried out a number of renovation projects across Guangzhou. The projects have greatly

improved the appearance of the city and strengthened its international reputation and status. Infrastructure has been greatly improved with the completion of 12 new arenas and the revitalization of 58 existing ones for the 2010 Asian Games. As a result, four sports hubs have been established, namely the Olympian Town, University Town, Baiyun New Town and Huadi New Town. Moreover, Guangzhou's transportation system development has entered a new era. Between 2005 and 2010, 54.7 billion RMB was invested in the construction of new underground railways and another 18.5 billion RMB was spent on roads, bridges, and other transportation infrastructure. Guangzhou Metro has been significantly enhanced with the additions of Metro Lines 2, 5, and the Guangzhou-Foshan Line, the extensions of Metro Lines 3, 4, and 8 as well as the completion of Pearl River New City Automated People Mover Systems (APM). Regarding the city transportation the Guangzhou Bus Rapid Transit (BRT) was launched – the first phase of which was launched in early 2010 and through further investment the overall accessibility in the city has been greatly enhanced.

Rapid economic growth, convenient transportation, an improved environment and infrastructure as well as the general increase of publicity has made Guangzhou more attractive and further boosted its real estate market. The construction of landmark buildings, such as Guangzhou Opera House, the new Guangdong Museum, and the new Canton Tower, has increased the value of nearby real-estate developments in Tianhe New City Centre. The Asian Games City project in Panyu, with a value of 25.5 billion RMB, has demonstrated the visionary urban planning and strong execution ability of the Guangzhou government. Spanning a total of 4.4 million square kilometers of gross floor area, the development includes residential, office and retail premises as well as schools, public areas, and a hospital. The scale and comprehensive scope of the project have set a foundation for the future development of Guangzhou New City Centre. Guangzhou has successfully strengthened its position as the third most prominent city in China and the most prominent city in the Pearl River Delta. With property prices considered undervalued, Guangzhou's real estate market has great potential for growth.

The Asian Games held in Guangzhou, while promoting Guangzhou to the world, strengthened Guangzhou's status as an international exhibition, conference, exchange and trade center. As Asia's most important sport event in the region, the media paid great attention to the development of Guangzhou, as well as by global promotion of sports events, gave an

opportunity to show the international metropolis of Guangzhou. On the other hand, through the Asian Games the global community possessed a deeper knowledge and understanding of Guangzhou. Currently, through the Asian Games, Guangzhou carried out the “Asian Games diplomacy,” respectively with Doha, Dubai, and other cities in the Middle East, East Asia, and Southeast Asia. The abovementioned factors allow Guangzhou to be recognized as a global city.

3.7. Conclusions

The international activities of China's regions are one of the driving forces behind Chinese reforms and opening up. After 1978, coastal areas such as Shanghai, Zhejiang, Fujian, and Guangdong played the most important role in building China's economy. The important factors that shaped China's local entities' internationalization processes are shaped by three levels of bodies: central, local, and international. On the one hand, the major directions of international activities are given by the central authorities. In this process the most important bodies are within the party structures: the International Department of the Central Committee and Foreign Affairs Leading Group. The bodies in charge of implementation are both at the central level, Ministry of Foreign Affairs, and at local level, the International Departments of local governments. Moreover, at the local level paradiplomatic activities are carried out by local People's Congresses and finally the level of interaction is shaped by local entities' participation in international agreements – both at the bilateral and multilateral level. From this perspective all activities should be understood as sub-national multilateralism.

From the abovementioned perspective the case of Guangzhou presents itself as not exceptional, but having the longest tradition of interaction with the outside world. Since the era of reform and opening up, Guangdong and Guangzhou was placed as an important place for China's modernization and internationalization. Due to its geographic position and historical tradition of interaction with the Western world, the region has become a vanguard of local relations with the outside world. Going even further through the growing interactions, Southern China plays a key role in the further decentralization of power, fiscal reforms, and testing new economic, social, and political solutions (Cheng 1999, p. 16). Due to its own peculiar traditions, Guangzhou has very rich experiences and its own practices. Having experienced the Opium Wars, the republican

period with Guangzhou government, going through the Maoist era, up to today, Guangzhou constantly enhances the city's international interests and optimizes its development of the external environment. Following the guidelines from the central government the city of Guangzhou plays its unique geographic advantages, and has made some achievements in economic construction and social development. In this regard Guangzhou's international activities reflect the current needs of urban development and its economic needs. To fulfill the abovementioned goals the local government uses a variety of bilateral and multilateral platforms. Being subordinated to the upper provincial level, however, Guangzhou fails to send its own missions abroad. But the local government uses global or regional forums to send representatives, and through these channels secures its own interests. Guangzhou city diplomacy, sister cities, a foreign Consulate in Guangzhou, international multilateral organizations and city conferences and events, which constitute the main ways and channels of Guangzhou city diplomacy, is characterized by being institutionalized and long-term planning. Needless to say that at the city level paradiplomatic activities face dozens of challenges: fluctuation of cadres and leaders, drifting different concepts and ideas, and naturally human resources. The abovementioned shortages are fully covered by Southern China's cultural factors. The first, the Chinese overseas of Hakka, Hokkien, and Guangdong origins play a tremendous role in shaping Guangzhou and Guangdong's economic performance. The strong family ties and clan network should be considered as a very important pillar in shaping Guangzhou's relations, mainly with Southeast Asia. Following this dynamic we recognize the importance that Chinese citizens overseas have played a critical role in Guangzhou and Guangdong's internationalization processes. The second, the Lingnan culture, allows Guangdong to have better access to Vietnam. Being built on the same cultural platform, sharing the same language group with Vietnamese, Guangdong should be considered as an important pillar of China's foreign policy towards ASEAN countries and Vietnam in particular. Moreover Guangzhou's foreign actions should be understood within domestic affairs. From this perspective the independent role of local authorities in foreign activities should be perceived as limited and centrally driven. In the case of Sino-American relations (Guangzhou-Los Angeles, Michigan, or New York state), these are simply viewed as "public diplomacy channel." The Chinese local authorities compare their own actions on the international arena as a past "ping pong diplomacy." Understanding the role of the visit of US table tennis team in April 1971,

needless to say that paradiplomacy in China tends to be used as a political channel for communication in the time of rising tensions and even open crisis. This implies that even during times when the central government is undergoing certain crises, be it economic, cultural, or social relations, they have been managed at a stable level. Moreover in the era of the Pacific Ocean and China's maritime strategy, the city-to-city diplomacy should be approached as a mechanism for easing tensions and looking for possible solutions in the years of crisis.

References

- Adams Bodomo, "The African Trading community in Guangzhou. An emerging bridge for Africa and China Relations." *The China Quarterly*, vol. 203, no. 4 (2010), 693–707.
- "Asia Pacific City Summit 1996", <http://apcs.city.fukuoka.lg.jp/en/mayor/1996.html> (accessed December 21, 2016).
- "Caiwubu, Waijiao bu: Guanyu yange kongzhi zai Hua juban guoji huiyi de tongzhi". (Ministry of Finance, Ministry of Foreign Affairs: Regulations on strict control on international events organized in China). Ministry of Finance, http://www.mof.gov.cn/zhengwuxinxi/caizhengwengao/2011caizhengwengao/wengao201103/201106/t20110602_556591.html (accessed December 4, 2016).
- Chen Futao, "Tanxi Zhongguo difang zhengfu de duiwaishiwu" (On local governments foreign affairs activities in China), *Xingzhengyu fa*, no. 12, (2003), 28–35.
- "Chen Jianhua baihui waijiao buzhang Yang Jiechi 2012". (Chen Jianhua received Minister of Foreign Affairs Yang Jiechi), Guangzhou Foreign Affairs Office, <http://www.gzfao.gov.cn/Item/5395.aspx> (accessed December 12, 2016).
- Chen Zhimin, "Quanguo duo cengzhi di fang zhang fuyu guoji zuzhi de xianghu guanxi yanjiu" (The Analysis of the relationship between local governments and international organizations), *Guojiguancha*, no. 6 (2008), 4–14.
- Chen Zhimin, "Quanguo duoceng zhili cong di fang zhengfu yu guoji zuzhi" (Research on the mutual relations between local governments and international organizations). Aisixiang, <http://www.aisixiang.com/data/39502.html> (accessed December 1, 2016).
- Chen Zhimin, "Xin jieduan Zhongguo difangzhengfu guoji hua" (China's local governments internationalization challenges and opportunities). Charhar Think-tank, <http://www.charhar.org.cn/newsinfo.aspx?newsid=6179> (accessed December 28, 2016).
- "China Council for the Promotion of International Trade Sichuan Council", <http://www.ccpit-sichuan.org/> (accessed December 23, 2016).
- "China's Local Administration. Traditions and changes in the sub-national hierarchy", edited by Jae Ho Chung and Tao-Chiu Lam. New York, London: Routledge, 2010.
- Cui Shaozhong, Li Shuguang, "Zhongyangzhengfu he difangzhengfu de jingji waijiao zhineng jiqi guanxi – Zhongguo de shijiao he jingyan" (The function of central and local government in economic diplomacy – Chinese perspective and experiences), *WaijiaoPinglun*, no. 3 (2012), 43–46.
- "Development Plan for Guangzhou Airport Economy (2010–2020)". Guangzhou Government, <http://english.gz.gov.cn/gzgovcn/s3711/201109/857177.shtml> (accessed December 31, 2016).

- "Difang guanyu an yingai qunali shang waijiao ke" (Where do the local bureaucrats should take diplomatic class). Sina News, http://news.sina.com.cn/c/2012-04-16/170824280412_2.shtml (accessed 12 December, 2016).
- "Guan yuwaishi guan li gongzuo de guiding" (The regulation on managing foreign affairs). Published in 2003. Fawuzai webpage, <http://www.fawuzaixian.com/wenku/view/id/121211> (accessed January 12, 2017).
- "Guangdong economy and social development 13th Five years plan". Guangdong Government, <http://zwgk.gd.gov.cn/006939748/201605/P020160509516559539121.pdf> (accessed December 13, 2016).
- "Guangdong renmin dui waiyouhaoxiehui" (Guangdong Chinese People's Association for Friendship with Foreign Countries). Baike Baidu, <http://baike.baidu.com/view/8526238.htm> (accessed December 1, 2016).
- "Guangdong sheng wei zhao kai wai shi lingdao xiaozu di sancihuiyi" (The third meeting of Guangdong Party Committee Foreign Affairs Leading Group). People's Daily, <http://leaders.people.com.cn/n/2015/0331/c58278-26777667.html> (accessed November 14, 2016).
- "Guangdong: shuji mei nian chuguo bu chao yici" (Party secretary can only once per year travel abroad). Sina News, <http://news.sina.com.cn/c/2013-12-25/064029074469.shtml> (accessed November 10, 2016).
- "Guangzhou multilateral cooperation". Guangzhou Foreign Affairs Office, http://www.gzfao.gov.cn/Category_269/Index.aspx (accessed December 27, 2016).
- Guangzhou cheng shi guoji hua fazhan baogao. 2016. (The Annual Report on City Internationalization of Guangzhou 2016), Zhu Minghong, Wu Qing (eds.), (Beijing: Shehui kexue wenxuan chubanshe).
- "Guangzhou shi 2015 nianwaishi, Kang Ao gongzuo zongjie he 2016 gongzuojihua" (2015 report of Guangzhou foreign, Hong Kong and Macau activities and working plan for 2016). Guangzhou Government, <http://www.gz.gov.cn/gzgov/s2823/201606/2c1b67f909b14cab9493266e8fe0ed84.shtml> (accessed November 19, 2016).
- "Guangzhou waiban". Guangzhou Foreign Affairs Office, http://www.gdfao.gov.cn/Category_146/Index.aspx (accessed November 27, 2016).
- "Guangzhou International Award for Urban Innovation 2016" Guangzhou Award, http://www.guangzhouaward.org/612/content_756.html (accessed December 31, 2016).
- "Guanyu waishi guanli gongzuo guiding. 2003" Fawuzaixian webpage, (Regulation on management and supervision foreign affairs), <http://www.fawuzaixian.com/wenku/view/id/121211> (accessed November 23, 2016).
- Interviews with local bureaucrats, Guangzhou, October 2016.
- Cheng Joseph, Zheng Peiyu, "Hi-tech industry in Hongkong and the Pearl River Delta", *Asian Survey*, vol. 41, no. 4 (2001), 586–587.
- Cheng Joseph Y. S., "Local Government's Role in a Transitional Economy: The Case of Guangdong," [in:] *China in the Reform Era*, (ed.) Xiaowei Zang, New York: Nova Science Publishers, 1999.
- Li Min, "Zhong Wai difang zhengfu guoji shiwu guanli tizhi bijiao yanjiu" (The comparative research on institutional dimensions of local governments' internationalization), *Guoji xingzheng guanli xue yuan xuebao*, no. 6 (2007), 100–107.
- Li Mingjiang, "Central Local Interaction in foreign affairs", [in:] *Assessing the Balance of Power in Central-Local Relations in China*, (ed.) Donaldson A. John. New York, London: Routledge, 2016.
- Li Xiaolin, "Chengshi waijiao: lilun yu shixian" (City Diplomacy: Theory and Practise), Beijing: Shehui kexue wenxuan chubanshe, 2016.

- Linda Chelan Li, "Provincial Discretion and National Power: Investment policy in Guangdong and Shanghai, 1978–1993", *The China Quarterly*, vol. 152, no 4 (1997), 778–804.
- Luo Musheng, Jingjitequ de "paitoubing" zuoyongjiqi dui Guangdong gaigefazhan de yingxiang (The Special Economic Zones' the pawn role in shaping Guangdong reforms and opening up), *Jingjitequ*, 25.10.1994, 17–19, 1994.
- "Port of Los Angeles enters alliance with Auckland, Guangzhou". Press Telegram, <http://www.presstelegram.com/business/20150612/port-of-los-angeles-enters-alliance-with-auckland-guangzhou> (accessed November 15, 2016).
- "Shenzhen shi zhuhai wai jin mao daibiaochu jigou guanli zan xinbanfa" (The provisional methods of establishing foreign trade offices of Shenzhen municipality). China Law, <http://www.chinalawedu.com/falvfagui/fg21752/98650.shtml> (accessed December 3, 2016).
- "Sichuan sheng renmin dui wai you hao xiehui zhangcheng" (Constitution of Chinese People's Association for Friendship with Foreign Countries, Sichuan Branch). Sifa Webpage, Chengdu Foreign Affairs Office, <http://www.sifa.org.cn/info/detail.jsp?infoId=B000003880> and <http://www.cdfao.gov.cn/detail.asp?ID=1031> (accessed December 20, 2016).
- "Sino-Singapore Guangzhou Knowledge City. 2016". World Cities Summit, <http://www.worldcitysummit.com.sg/media-releases/sino-singapore-guangzhou-knowledge-city-partners-siemens-develop-smart-eco-technology> (accessed December 21, 2016).
- "Statutes of the Chinese People's Association for Friendship with Foreign Countries. 2012". Chinese People's Association for Friendship with Foreign Countries, <http://www.cpaffc.org.cn/introduction/rule.html> (accessed January 15, 2017).
- "Statutes of the Chinese People's Association for Friendship with Foreign Countries, Sichuan Branch (1995)" Sifa webpage, <http://www.sifa.org.cn/info/detail.jsp?infoId=B000003880> (accessed January 15, 2017).
- "Statutes of the Chinese People's Association for Friendship with Foreign Countries, Guangdong Branch. 2009". Baike Baidu, <http://baike.baidu.com/view/8526238.htm> (accessed December 17, 2016).
- Su Changhe, "Zhongguo difang zhengfu yu ciqu cheng hezuo" (The Chinese local governments and regional cooperation), *Shijiejingjiyuzhengzhi*, no. 5, (2010), 4–24.
- "The Public Diplomacy Association Information. PDA, <http://www.chinapda.org.cn/chn/> (accessed December 12, 2016).
- "Transformational Development and Coordinated Planning; Practices of Guangzhou in Village Planning". United Nation Habitat Programme, <http://unhabitat.org/books/transformational-development-and-coordinated-planning-practices-of-guangzhou-in-village-planning/> (accessed November 15, 2016).
- Turley William, Womack Bradley, "Asian Socialism's Open Door, Guangzhou and Ho Chi Minh City", *The China Journal, Special Issue: transforming Asian Socialism, China and Vietnam Compared*, no. 40 (1995), 99–100.
- Wu Jianmin, "Difang zhengfu waijiao queke" (Shortage of diplomatic skills by local governments), Sina News, <http://news.sina.com.cn/c/2012-04-16/170824280412.shtml> (accessed December 23, 2016).
- Xiong Wei, Quan Jiayun, Guangzhou de "difang zhengfu lianheguo" zhi you – Guangzhou jianxuan UCLG lianhe zhu xian lie fenxi, (Guangzhou trip to "local governments United Nation" – Guangzhou as the chair of UCLG case study), in *Chengshiwaijiao Zhongguo shixian yu waiguo jingyan* (City diplomacy. China's practice and foreign experiences), Chao Fanming, (ed.), (Beijing: Xinhua chubanshe, 2014), 8–13, 2010.

- Yang Guangbin, "Dangdai Zhongguo zhengzhi daolun" (Guide to Contemporary Chinese Politics), Beijing: Renmin Daxue Chubanshe, 2010.
- Yang Yong, "Lun Guangzhou chengshiwaijiao" (On Guangzhou city diplomacy), *Yunnan Xingzheng xueyuan xuebao*, no. 1 (2008), 144–148.
- Yao Yi, Guojizuzhi dui tisheng chengshi guo jiying xiangli de zuoyong. Yu Guangzhou wei li (The role of international organization in shaping city international influence – Guangzhou case study), *Zhongguo xueshu zhouban*, no. 9/414 (2015), 36–37.
- Zhang Jinping, "Ci guojia zhengfu waijiao zai "qiaotoubao" kaifang zhanlue zhong de dingwei" (The place of subnational governments diplomacy in "bridgeheads" strategy), *XueLilun*, no. 4 (2010), 4–5.
- Zhang Peng, "Zhongguo dui waiguan xizhan kaizhong de difangcanyijianjiu" (Research on local participation in China's foreign affairs), Shanghai: Shanghai shijichubanshe. 2015.
- Zhao Kejun, Chen Wei, "Chengshi waijiao: tanxun quanqiu dushi de waijiaoqueshe" (City diplomacy: exploring the new diplomatic role of metropolis), *Waijiao pinglun*, no. 6 (2013), 61–74.
- Zheng Yongnian, "De facto federalism and dynamics of central-local relations in China", "Discussion Paper", no. 8, China Policy Institute. Nottingham University, <https://www.nottingham.ac.uk/cpi/documents/discussion-papers/discussion-paper-8-de-facto-federalism.pdf> (accessed December 3, 2016).
- "Zhengxiedishierjie Guangzhou shi GangAoTaiQiao waishi weiyuanhu" (Commission on Hong Kong, Macau, Taiwanese Chinese Overseas and Foreign Relations of Guangzhou People's Political Consultative Commission). Guangzhou People's Political Consultative Commission, www.gzzx.gov.cn/zxkk/zxjg/201201/60981.html (accessed November 15, 2016).
- "Zhongguorenmin dui waiyou hao xiehui zhangcheng" (Constitution of Chinese People's Association for Friendship with Foreign Countries). Chinese People's Association for Friendship with Foreign Countries, <http://www.cpaffc.org.cn/introduction/rule.html> (accessed December 26 2016).
- "Zhujiang san jiao zhou diqu gaige fanzhan guihua gangyao (2008–2020)", (Outline for development plan of Pearl River Delta 2009–2020). Sun Yat-sen University, <http://fzghb.sysu.edu.cn/docs/20130605095011408102.pdf> (accessed December 14, 2016).

Chapter 4
The International Activity of Federal
Subjects of the Russian Federation
on the Case of the Far East

(Małgorzata Pietrasiak, Michał Słowikowski)

Małgorzata Pietrasiak

Michał Słowikowski

University of Lodz

4.1. The significance of paradiplomacy of the Russian Far East

Centre – regional relations are still present in academic and political discourse in contemporary Russia, which is a puzzle taking into the account how the idea of federalism has been devastated in practical terms, over the past 16 years. After seizing political power at the beginning of the 2000s Vladimir Putin and his associates effectively centralized the political system and simultaneously centre – regional relations. The pendulum swung from spontaneous and uncontrolled decentralization under Boris Yeltsin's final years of rule, exceeding the former extreme of centralization, toward a unitary-like model, better corresponding with the new mode of Russian politics – electoral authoritarianism (Petrov 2000, 1; Golosov 2011, 624).

Compared with the 1990s, the international activity of Russian regions is less spectacular nowadays, because of the increased centralization of the federal relations system and due to this, developing electoral consolidation of authoritarianism in Russia (Kuznetsov 2009). It does not develop rapidly and, what is the most important, it does not provide high tension with the federal centre. The regional authorities in legal and political areas have been subordinated to the centre which has resulted in the centralization of regional international cooperation. The Kremlin has now undoubtedly more to say than in the 1990s about a region's interaction with their foreign partners.

The problem of international activity of federal subjects (regions) of the Russian Federation since 1999, which marks the decline of the Boris Yeltsin presidency, significantly lost on its attractiveness in the political scientists community working on modern Russia. However, it does not mean that since 1999 there have been no interesting works in this research area in Russia (Busygina and Lebedeva 2008; Plotnikova 2005), in the Western world, and in Poland (Raś 2013; Rychlik 2014). The problem

of the international activity of federal subjects (regions) of the Russian Federation is analysed in: the legal institutionalization phenomenon (Busygina and Lebedeva 2008); the evolution of classical diplomacy of state and change of function of diplomacy as the exclusive tool in international relations, which means the loss of monopoly in the area of foreign policy by the state (Plotnikova 2005); and the transformation of the idea of federalism in modern Russia and the tension in the centre-regions relations, which regional paradiplomacy was an excerpt (Zacharow 2008). We can also distinguish work concerning the formation of the identities of regional elites, having wider room to manoeuvre in domestic policy as a result of the international activity of the regions that are subordinated to them (Chirikova and Lapina 2001). Furthermore, we can add those putting the “Russian case” in the broader context, i.e. analysing the influence of globalization and regionalization processes on Russia and consequences of regional internationalization from the Russian foreign and security policies perspective (Perović 2000). However, it is problematic to compare the publications in this research area that are related to the Yeltsin presidency to these dealing with issues of the regional international cooperation during the Vladimir Putin era (Chirikova and Lapina 2001; Perović 2000 Makarychev 2000).

Nevertheless, the authors, reporting a fall of interest in international activity of the Russian regions, emphasize that “even under the Putin regime paradiplomacy is still important for both subnational units and Moscow’s foreign policy, even though it has become more routine and less publicized” (Sergunin and Joenniemi 2014, 19).

Despite the decrease in interest, the authors maintain that the internationalization phenomenon of the Russian regions does not lose a practical significance from both the shape of the centre-regions relations and the possibility of promotion by the federal centre of Russian affairs in the international arena. The Far East macro-region has proven to be particularly important, and is given more attention due to its geopolitical situation and changing political environment in Russia (Kurilla 2007; Hale and Kurilla 2011; Karaganov et al. 2015), as well as in Poland (Lubina 2014; Madej 2015).

The analysis of paradiplomacy in modern Russia, which is implemented on the case of the Far East regions, is justified at least for several reasons. First and foremost, the Russian Far East is a macro-region that is marked by negative trends due to socio-economic development. Therefore, the Russian federal elites look on it with special concern. Put simply, the Far East macro-

region has “always” figured prominently in the federal centre’s regional policy. Up till now, it was due to the negative conditions (persistently the worsening social-economic condition of the Far East). However, since 2012, especially after 2014 (Russia – the Western world conflict) the macro-region has been given a new positive role in the “turn to the East” policy (*razvorot na Vostok*).

The Far East has to play a double important role. First of all, it has to modernize through the attraction of domestic and foreign investment without exposing the federal budget to additional costs. Secondly, it has to become the Russian “window on the East” – to integrate Russia with the Asia-Pacific countries.

Considering its strategic situation, structural problems and changed international situation the Russian Far East became part of a geopolitical regional policy model, near to the North Caucasus and Crimea. This model of regional policy is interpreted as: a mechanism that is supposed to preserve territorial integrity of the state and strengthen control over regions that are strategically important (Zubarevich 2015, 1–2).

The authors set themselves a goal to present in this chapter the development of paradiplomacy in the Far East macro-region on the All-Russian trends in this area. First and foremost, the authors will try to prove similarities and differences relating to the evolution of paradiplomacy on a macro-All-Russian and a micro-Far Eastern scale between two political eras in contemporary Russian history, associated with Boris Yeltsin (1991–1999) and Vladimir Putin (2000–2016).

The analysis of paradiplomacy should provide especially additional information about the federal centre perception of paradiplomacy, the centre-regions relations model in regard to regional internationalization and its consequences.

4.2. Research method and chapter structure

This chapter relies on the fact that Alexander Kusnetsov’s research model is relevant and useful with reference to paradiplomacy in Russia (Kusnetsov 2015, 116), but it does not mean that the Russian specificity “will not leave an imprint on” Kusnetsov’s theoretical arrangements.

The authors also adopt that the established research goals will become fully realized on the basis of the “problematic-geographical” method with use of comparative literature elements. As a result, this chapter consists of two major parts: 1. All-Russia and 2. Far East.

The All-Russian part encompasses following issues:

- the general characterization of the evolution of federal relations (federalism) in Russia since 1990;
- the problem of legal-constitutional strengthening of international activity;
- taking up the subject of premises and the forms of commitment of Russian regions in international cooperation;
- the issue of the differentiation of level of the regional internationalization;
- the evolution of federal elites relations to the paradiplomacy issue from the Russian state perspective;
- the attempt to determine what is the centre-regions model in Russia with reference to international activity of these last.

The Far East part includes the parts about:

- the evolution of the federal centre policy towards it (with special regard to the “turn to the East” policy in Russian foreign policy);
- the analysis of the regional internationalization of the Russian Far East (using the regional internationalization index);
- profile of international activity of the most internationalized regions and its institutionalization; using macro-region as a means to an end by federal centre for implementation of determined goals in foreign policy and the perception of centre – macro-region relations by regional administration and academic elite representatives.

Chapter includes also the results of deepen interview with representatives of local administrative and academic elites, concerning the perception of paradiplomacy (international activity) in macro-region of the Far East.

4.3. The evolution of federal relations in Russia

Institutionalizing the international activity of Russia's federal subjects and the federal government between 1991–2015 is an interesting conundrum. This process is in actual fact strongly tied to the evolution of federalism in Russian, namely the transformations that are taking place within the system of centre-region relations.

Assuming a compilation of primary trends as a principal criterion taking place within the system of the centre-regions relations, it specifies two fundamental stages of development of federalism in Russia: level of

the decentralization (1990–1999) and centralization (2000–present). In order to attain a more detailed and deeper model for the analysis of federal relations, including e.g. the problem of asymmetry, the consequences of the Kremlin's centralizing efforts, and of federalist theories, we will take into consideration three periods that are universally accepted by scholars (Petrov 2000; Zakharov 2008): 1) period of sovereignty parades (1990–1993); 2) period of asymmetric federalism (1993–1999); and 3) period of unitary federalism (2000 – present).

The first period is connected with the dissolution of the Soviet Union and the “parade of sovereignty” that was the process of rapid and uncontrolled pursuit of the Russian federal subjects (mainly republics) to gain greater autonomy. This period stemmed from the aftermath of the struggle between Boris Yeltsin and Mikhail Gorbachev.

During the second period, referred to as asymmetric federalism, the Constitution had set out principles of the centre-regions relations and federalism, though it must be pointed out that the principles were laid out in constitutionally and not in treaty form. Regions exploited the constitutional options and established their own model of the system of power. In practice “the worst-case scenario” materialized due to attempts at combining the processes of federalization and democratization of the political system. Regional elites legislated authoritarian systems in many regions, they corrupted federal officials in regions and got out of control. The significant structural asymmetry, which features the Russian federal subjects (including differences in the socio-economic development) made a difference in Russian federalism – regions varied and there were different relations with the centre.

The third period began in 1999, specifically when Vladimir Putin was elected as President of Russia in March 2000. Its distinctive feature is the establishment of the unitary federalism model. In 2000, the process of restoring the constitutional-legal unity, which was undergoing a “dictatorship of law,” began in Russia. It reduced the role of regions on the federal decision-making process (including the change of principles during the election of the Federation Council) and regional decision-making process (elimination of the highest officials of the Russian Federation during general elections). The centre exploited its extensive influence over the regions within the construction program of “vertically integrated structure of executive power” through establishing the accredited representative of the President of Russia in the federal districts. This included several regions, regional political systems “penetration” by

the Kremlin “party of power,” and prohibiting the functioning of regional parties as well as of appropriate salaries for the federal agency workers in the specified regions. Finally, some parts of regional actions and competence were transferred to the federal centre. Then, centre-regions bilateral connections, concluded in the 1990s, about the separation of actions and competence, were terminated. Then they were replaced by federal laws that clarified constitutional provisions of common federal and political entities competence (Starodubrovskaya and Glazychev 2011). Due to the further divergence between formal-legal establishment of federalism in Russia and daily federalist practice (or rather its lack of) connected with the Kremlin’s lack of the readiness to get rid of federal rules from the Constitution, Russia is called a “federation without federalism”. It should be noted that Russian authorities treat federalism as “unitary,” due to the fact that they attempt to reconcile the benefits of federalism with the practices of a unitary state (Zakharov 2008, 114–116).

4.4. The evolution of federal legislation regulating rules of international activity of the Russian Federation’s federal subjects

Due to the international cooperation of the Russian Federation’s federal subjects and relations between the federal centre and regions, these problems are regulated by complex legislative measures, which are: the 1993 Constitution of the Russian Federation, the 1992 Federative Agreement, agreements demarcated mandates and actions, federal agreements, and agreements solely relating to international relations with the Russian Federation and its federal subjects.

The international activity of Russian regions had first been included in the Russian legal and political system by the 1992 *Federative Agreement*. At that time, national republics of the Russian Federation were granted special status with reference to international activity.

It was a derivative of accepted establishment: republics (states) are able to dispose of the entirety of state power (judiciary, executive and legislature) on its territory, in the exception of mandates that were given to federal public authorities (Article 3, Section 1, *Federative Agreement*). Republics are considered as independent participants in international affairs and international economic affairs, however, federal public authorities together with republics of the Russian Federation under the *Federative Agreement*

Article 3, Section 1 are able to coordinate the international relations and international economic relations of the republics (Rossiyskaya Federatsiya, *Federativnyy dogovor*).

During the movement of spontaneous and uncontrolled decentralization, which was connected with the inertia of the dissolution of the Soviet Union, the federal centre gave national republics a great deal of autonomy, including international activity, believing it would satiate the appetites of their leaders and fulfil other demands (as well as curtail any pursuit to secession). The last one was treated with great concern as it was a significant attribute of independence and freedom from the Kremlin. When the federal power became strong enough, Yeltsin took control over the centre and the menace of Russia's disintegration disappeared, then all rights given to national republics were taken away. At first, formally then practically, this process ended under the Vladimir Putin's governance.

The 1993 *Constitution of the Russian Federation* gives foreign policy, participation in international relations, conclusion of international agreements, international trade, establishing status and the protection of borders of state, maritime border, air space, exclusive economic zone and the continental shelf to the Russian Federation. The federal centre is responsible for defence and national security, war and peace, defence industry and weapon trade (Rossiyskaya Federatsiya, *Konstitutsiya Rossiyskoy Federatsii*).

In the area of common activity of the centre and federal subjects are the following issues that may partially affect interests of regions: coordination of international relations and economic relations between federal subjects and foreign states as well as execution of international agreements that the Russian Federation has concluded (Rossiyskaya Federatsiya, *Konstitutsiya Rossiyskoy Federatsii*).

Rostislav Turovskiy emphasizes these are features that help the federal centre, provide support of interests of regional companies with foreign states or to attract foreign investors (Turovskiy 2011, 100).

In the 1990s, the process of legally institutionalizing the international activities of federal subjects on the federal level included the adoption of three federal laws: *On the Russian Federation International Agreements*, adopted in July 1995; *On the State Regulation of Economic Foreign Activity*, entered into force in October of the same year; and finally, Presidential Decree *On Coordinative Role of the Ministry of Foreign Affairs of the Russian Federation in the Process of Forming Consistent Foreign Policy*, published in 1996.

The first federal agreement that attempted to regulate mutual relations between the federal centre and federal subjects of the Russian Federation in the area of international activity of the latter was *On Public Regulation of Rules of Economic Cooperation with Foreign States Agreement* adopted in October 1995, which was replaced by *On Elements of Public Regulation of Rules of Economic Cooperation with Foreign States Agreement* adopted in 2003 and *On the Russian Federation International Agreements* adopted in 1995 (Namchak 2012, 76).

The 2003 *On Elements of Public Regulation of Rules of Economic Cooperation with Foreign States Agreement* assumed that federal subjects in the area of international economic cooperation within its competences are able to: 1) negotiate and conclude, under the consent of the Russian government, international economic cooperation agreements with other states' public subjects, with administrative and territorial units of foreign states, and with state authorities of mentioned overseas areas; and 2) hold its own representatives during Russian trade meetings with foreign states, which are funded by the subject's budget after consulting the federal government (Gosudarstvennaya Duma, Sovet Federatsii, *Ob osnovakh gosudarstvennogo regulirovaniya vneshnetorgovoy deyatel'nosti*).

The agreement established the obligation that regional and federal authorities had to negotiate projects with reference to plans and programs of economic development and cooperation that may have influence on the interests of the Russian Federation. The agreement instructs the federal subjects' authorities to inform the federal government of all its activities in the area of mutual international economic cooperation activities.

The law *On the Russian Federation International Agreements* emphasize the problem of mandates of the Russian Federation and its regions in the area of conclusion of international agreements, specifically, if the content of the agreement comes under the scope of mandates of region. In this case authorization must be obtained from the public authority of interested region. Recommendations of regional authorities are examined at designing "content" of agreement under Article 4, Section 2 (Gosudarstvennaya Duma, *O mezhdunarodnykh dogovorakh Rossiyskoy Federatsii*).

The coordinated international cooperation and international economic cooperation agreement adopted in 1999 attempted to develop and structure the constitutional provision (article 72) of cooperation (coordination) of federal subjects and the Russian Federation (Gosudarstvennaya Duma, *O poryadke koordinatsii mezhdunarodnykh i vneshneekonomicheskikh*

svyazey). Section 1 of the foregoing agreement establishes the right of regions to participate in international cooperation and international economic cooperation. The agreement provides a specified procedure in reference to the realization of international cooperation and international economic cooperation of Russian Federation subjects. It assumes, *inter alia*, that the project must be negotiated between subject, federal subjects of other federal states, administrative and territorial units of foreign states, international organizations and public authorities of other states, and the Ministry of Foreign Affairs. After concluding the abovementioned agreement it is registered by the Ministry of Foreign Affairs of the Russian Federation and is in the public legal acts register.

The institutional-legal arrangements in regional international activity area were positively reviewed in the political scientist community. It was indicated that regulation of international activity of regions on the federal level contributed to the fact that the legislative activity of subjects was "well-considered and well-defined in compliance with federal legislation." The same applied to agreements concluded with foreign partners – they became more specific, the rules regulating procedures related to the opening of representative offices of subjects overseas more structured (Rychlik 2014, 277–278). On the other hand, the legal institutionalization of regional international activity on the federal level resulted in substantial limits on the autonomy of regions in this area of Russian federalism activity. Moreover, many problems concerning regional international cooperation have not been regulated. The lack of legal regulation of cross-border (trans-border) cooperation with Russian regions and local authority units is the best example of it. Despite taking longstanding attempts that interested regions and chamber of regions, i.e. the Federation Council of Russia, regulations concerning cross-border (trans-border) cooperation with Russian regions and local authority units has been halted (Rada Europy, *Europejska konwencja ramowa o współpracy transgranicznej*; Mironow and Burbulis 2010).

4.5. Typology of forms of international activity of the Russian regions

By adopting Ivo Duchachek's classical division on regional international activity of national states, also called *paradiplomacy*, Andrey Makarychev believes that in the case of Russia its following

forms may be observed: 1) cross-border (trans-border) cooperation which takes place on the micro-regional level; 2) trans-regional paradiplomacy – the cooperation is implemented with regions that are not neighbours but are part of states of adjacent territories; and 3) the macro-regional paradiplomacy – regional international activity which is unlimited by geographical borders (Makarychev 1999, 508).

Using the abovementioned typology of activity, which provides the way of regional commitment in international cooperation, two types of activity can be specified: direct activity and indirect activity. Direct forms of Russian regions' international activity are as follows:

- Creating the legal basis of international activity, an element of utmost importance and developed rapidly in the 1990s. At that time, Russian regions first approached the opportunity to cooperate with the outside world, and simultaneously, were trying to legitimize their outside activities in formal-legal ways.

- Cross-border cooperation. In Russia, this kind of cooperation is limited as a result of a “vacuum” on the federal level in the area of abovementioned cross-border cooperation (Mironow and Burbulis 2010). However, the lack of legislation does not eliminate the opportunity of Russian regions and local authority units actions in the work of the Euro regions which are considered to be a “central institutionalized form of cross-border cooperation” in Russia. Euro regions with Russian support are members of the Association of European Border Regions (Turovskiy 2011, 101).

- Keeping contacts with foreign states to attract investors and/or raising the level of international recognition of the region. These tasks would be and are made through regional structures but for financial reasons they are made more and more often through federal structures: embassies, consulates, and trade missions. However, the exception is the international activity made by Tatarstan, which opened 16 foreign representative offices in the 1990s (Sharafutdinova 2005, 393) or Saint Petersburg, which retained the network of information and business centre consisting of 13 institutions, mostly based in the Baltic and Nordic countries (Sergunin and Joenniemi 2014, 11–12).

Regional authorities use indirect international activity to influence federal institutions that are responsible for the implementation of Russian foreign policy. In this sense, the Federation Council of Russia (Chamber of Regions) is also involved in the implementation of paradiplomacy, especially when in the 1990s its *ex-officio* members were chiefs of executive and legislative powers of the Russian federal subjects.

Analysing the indirect forms of regional international activity after 2000, on the basis of federal government activity, which uses regions as a means to an end in the process of implementing Russian foreign policy, it may attempt to develop the existing typology to active and passive forms of indirect activities. In the case of passive activities, regions are the centre's matter of interest due to the opportunity of using its resources in the process of goal implementation established in foreign policy. For example the territory of the Russian-Kazakh border provides development of cooperation between Russia and Kazakhstan without the participation of regional authorities while at the same time urging regions to cooperate (Turovskiy 2011, 100–101). However, due to active activities, regions attempt to use federal centre activity in the area of foreign policy. One such example is of regions participating in delegations with foreign federal officials, such as Eduard Rossel, Governor of the Sverdlovsk Oblast, who was a participant during Vladimir Putin's visit to Bavaria (Kuznetsov 2009).

4.6. Conditions of regional international activity

The origins of international activity of federal subjects of the Russian Federation is connected with the simultaneous experiments of the development of a free market economy, democratization and decentralization of power that started in the Russia in the 1990s. Due to these experiments, Russian regions were able to take a change in the globalization and regionalization processes.

Analysing the academic discourse that emphasizes the problem of conditions forcing Russian regions to be involved in international cooperation, it can be easily noticed that it is divided into two periods that are connected with the historical evolution of Russian federalism and the entire political system. The first period is connected with the beginnings of political transformation in Russia. Within the second period the regional activity is perceived in the light of centralization (and de-federalization) of the Russian political system, which began after 1999. An equivalent approach is also used in attempts to define the general model of centre-regions relations due to regional international activity.

The problem of what conditions stimulate Russian regions to approach international cooperation has become the subject of political debate. The authors believe that the abovementioned conditions may be divided into two main categories, on the basis of the following instructions, which

have an influence on the decision making involvement of international cooperation by region (-s) that: 1) are connected with presence and influence of structural and processual factors; and 2) are related to the impact of internal factors (political and socio-economic) as well as external factors (any kind of processes occurring outside the Russian political system).

"Allocating" the above typology in the historical context of political transformation in Russia, it is seen that in the first political transformation period in Russia internal factors (decentralization, democratization, nationalism) came to the fore. However, external factors, like globalization and regionalization also played an important role – they formed a context, they gave the opportunity to free energy which was generated by internal factors. In the second period, connected with centralization and overcoming the legacy of the 1990s decentralization, external factors permanently were set aside. The Kremlin took control of regions and limited their opportunity to react on external impetuses, which is understandable if we consider the Kremlin elites' approach to terms such as globalization, international sovereignty, and sphere of interest (Leichtova 2014, 21–26; Lo 2002, 102–118; Goble 1999).

External conditions of international cooperation with regions, such as globalization and regionalization were considered as a real chance to boost socio-economic development, which was possible through participation in global trade and/or in the regional cooperation processes. Experiences of European regions have become an attractive point of reference and have provided a basis for inspiration and argumentation for Russian regional leaders for the development of cooperation with member states in Western and Central Europe. This kind of activity was free from secession threats and nationalistic appeals.

Analysing the idea of internal factors it can be seen that some subjects of the Russian Federation used international activity as a chance to boost decision-making autonomy, which provided additional (external) resources that allowed further independency from the centre. The development of international cooperation constituted a part in regional emancipation process, starting with the "parade of sovereignty" period, and was evidence of centre-periphery division. This kind of activity was accompanied with mottos and nationalistic and separatist declarations. The international activity of such regions as Tatarstan or Bashkortostan was the logical assumption of their struggle to obtain special status in the Russian Federation.

In keeping with speculations over the external causes of providing international activity, it is worth noting that some Russian regions, whose

geographical location allowed to place them in the periphery, provided international activity despite structural circumstances. It was the will to overcome the periphery complex and the feel of marginality that brought this about. However, in their pursuit periphery, ironically, was their only asset. Peripheral became an asset because regions started playing a unique role as a broker, mediator, and a “platform” between Russia and other players of Northern Europe (Joenniemi and Sergunin 2014, 21).

Many regions, especially from North-western Russia and the Far East, were forced to cooperate with foreign countries because they were not able to provide the financial needs of their citizens. During the deep economic crisis in the 1990s, the federal centre was not able to provide their needs to a satisfactory level.

Occasionally, internal and structural motives, e.g. economic, were accompanied with political ideas – the pursuit for independence in ethno-political and ethno-religious issues. Tatarstan was a splendid example of joint conditions of international activity of Russian regions at that time. Its rational (economic) activities were followed with ambitious to become independent from the centre and to keep ties with the Islamic community (Sharafutdinova 2005, 394).

While analysing the processual conditions of regions’ international activity ideas, it is important to stress that in Russia, at least until the early 21st century, the international activity of regions developed dynamically and unorganized. Sometimes regions knowingly against the Kremlin interests violated federal regulations, delegitimized the Kremlin’s activities in the international area or even took over the centre’s international commitments. The roots of this problem are not located in structural conditions but in political conditions. The activity of some regions on the international area resulted in providing their leaders that were at the forefront of regional “political and electoral machines” functioning under patronal-clientelistic rules with political capital (Chirikova and Lapina 2001, 43).

Since 2000, the group of important internal conditions of regional international activity “increased” through the federal centre’s inspiration to act. Before 2000, the Kremlin was looking at these regional developments with kindness, which corresponds to its interests. However, only since 2000, when it had additional material and immaterial resources (social legitimization for centralization activities), was it be able to effectively stimulate the development of international cooperation of regions with chosen states and/or regions in the most desired shape and areas.

Rostislav Turovskiy suggests a different kind of approach to the problem of international activity of Russian regions. Not only does he focus on the problem of motives of regional activity, but he also points out the subjective expectations of the involved players in international cooperation as a decisive factor causing a certain type of cooperation. Turovskiy specifies three regional contribution models in international activity including subject/subjects stimulating such an activity. These models are defined as: administrative, network, and corporate. It goes without saying that the administrative model was and still is the dominant model in Russian realities. The main characteristic of such a model is that regional international activity is based on activities of institutionalized groups of interests disguised as bureaucratic elites functioning within its formal representatives. The goals of administrative paradiplomacy can make interests of the entire community (region) or can be a mechanism of providing needs for bureaucracy, which are sometimes totally unrealistic (Turovskiy 2011, 100). The ongoing process of centralization of the centre-region relations system leads to the objective usage of regions by the federal authorities in order to provide their own needs at the expense of local elites' needs, including regional bureaucracy (Kuznetsov 2015, 116).

4.7. The level of frequency of international activity of Russian regions

In the literature on the subject we can find elaborated research concerning the difference of the level of frequency of international activity of Russian regions and its origins produced in Russia and overseas. Research data is available and reveals defined patterns of activity regions including their structural characteristics. Russian macro-regions are also compared—this task is simplified due to the institutions of federal oblasts, which were set up since 2000. They are political and administrative links in the vertically integrated structure of executive power by which the Kremlin controls the activity of regional powers and coordinates the actions of federal agencies in the region for the implementation of abovementioned task (Reisinger and Yoo 2012).

In the case of Russia, the level of international activity of regions is associated with their structural features, such as the size of territory as well as socio-economic and cultural abilities. The conditions of a region's involvement in cooperation with the outside world plays an essential

importance here. The wealth of a region determines the financial capability of maintaining assignments and foreign representatives that are supposed to provide needs for the region. There is a strong dependence between economic and political activity of regions in the international area. The increasing economic activity is always accompanied by a significant level of political activity, though on the other hand, some regions, despite political involvement in cooperation with the outside world, do not have much to offer to their trade partners in the economic area. The economic activity does not cope with the political will of cooperation.

The abovementioned statements are not innovative from the point of paradiplomacy comparative studies, however, in the case of Russia, the problem of influence of broadly defined geography is surprisingly developing. At the same time, it can be analysed in different ways.

First of all, ethnic social structure and the legal-constitutional status related to it (a derivative of ethno-territorial model of Russian federalism) play a significant role in the activity in regional international cooperation. The specificity of a subject that is a region, selected on ethnic criteria, is not sufficient enough to guarantee active participation in international cooperation. The examples of Yakutia (Sakha), Tatarstan, and Bashkortan, attest that economic conditions such as the occurrence of natural resources, an industrial park, investment areas, economic diversification and administrative support are additional conditions which are necessary. It has to be said that federal cities take the leading role in concluding international agreements, with a median of 65 agreements. Oblasts and countries (subjects selected on geographical and historical criteria, mostly ethnically Russian) hold a total of 10.1 agreements while republics and autonomous okrugs – 3 agreements (Reisinger and Yoo 2012, 15).

Secondly, the importance of geographical factors can be considered as a cross-border region. In the Russian reality, the border status does not guarantee success in international activity. The proximity of the state border is not always a blessing but a curse for cross-border regions. The ethnic trans-border organized crime is a major threat in Russia (it is determined by history, geography and ethnic structure of modern Russia). In the case of the Russian Far East we are dealing with organized criminal groups of Chinese origins involved in trafficking, bootlegging, and illegal trade such as wood smuggling (Nasyrov 2005, 152).

The problem of borders that influence international activity of Russian regions and its frequency are perceived through the functional theory of border clarification. According to this theory, Russian borders

accomplish many roles but one cannot say for sure that they mostly act as a contact – they are not considered as a place to establish cooperation. The dominant roles played by borders here are filter and barrier functions. Turovskiy also emphasizes that Russian borders will play different roles depending on geographical location – in the case of Belarus, the border plays an integration role but the Kazakhstan border and, until recently, the border with Ukraine have played a uniting role (Turovskiy 2011, 104).

Moreover, the “quality” of proximity plays a significant role in the geographic-border context. The nature and frequency of international activity of a Russian region depends on the placement of the region, if the region is located in European (Northwest), North Caucasian Russian, or in the Far East. In the case of Northwest Russia, these regions were able to embrace the benefits offered by Euro-regions, especially the EU institutionalized forms of support for trans-border (cross-border) cooperation.. Other regions unfortunately were not placed in such a favourable position. As a consequence, not all Russian border regions recognized themselves as the Russian “window to the world.” Some of them recognized themselves as “forward stations,” therefore, they focused on preventing negative influences approaching from the outside world, mainly from direct proximity. This shows obvious (geographical) truth, because the South Russian regions recognized themselves as “forward stations.”

In the case of Russia, the size of the territory (also “extension of territory”) might be a barrier due to international cooperation. It generates considerable costs connected with establishing and sustaining international cooperation, resulting in some groups of regions sustaining cooperation mainly with regions and states that are geographically near. Combining these statements with the fact that Western Europe usually provides many opportunities and different forms of cooperation, it is understandable that: the Northwest Russian regions cooperate with European states, the southern regions cooperate with Kazakhstan and Siberia, and the Russian Far East cooperate with the Southeast Asian countries. When it comes to international cooperation, the following regions have a clear lead: Northwest – 19.8 agreements, South – 13.7 agreements and Central – 13 agreements. The North Caucasian regions with 3 agreements and the Far Eastern regions with 3.2 agreements bring up the rear (Reisinger and Yoo 2012, 15). Some regions like Moscow or Saint Petersburg “boost the average” of its districts. They deform the results due to particular activities and possibilities which are offered by having been a capital city

of Russia.. What is noticeable is that the Russian Far East has a very low internationalization level, which is surprising. In spite of an attractive location regarding economic terms in the Northwest Asian region that is rapidly developing, the Far East does not seem to be internationalizing quickly. It is clear that the Far Eastern region (the Far East Federal District) differs from other macro-regions in the accumulation of foreign investment (5% share of other federal districts) or in export (4% share), which is probably a derivative of the small number of population and modest industrial and agriculture capacity (Ross 2002, 89). The degradation of Siberia and the Far East regions proclaims a geopolitical threat to Russia (Ryzkhov and Turovskiy, 2013).

In the literature on the subject it is often emphasized that democracy (democratization) has a positive influence on the development of regional international cooperation. In the case of Russia, this structural factor, that is, the nature of political system, does not affect the frequency level of international contacts. The experience of international activity of Russian regions in the 1990s showed that the major activity in this area was in both "democratic" regions like Nizhny Novgorod Oblast, under Boris Nemtsov's rule, and "authoritarian" regions like Moscow under Yury Luzhkov. An interesting note regarding Luzhkov, as he keeps highly liberal views in the socio-economic area, while on the other hand he is keen on the traditional model of the power density with Soviet overtones and the creation of a great patronal-clientelistic system (Alexandrov 2001, 13).

Few authors emphasize that regional internationalization and its successes in the paradiplomacy area are mainly the consequences of the centre's will and involvement of activity of the region. Before 2000 both Nizhny Novgorod Oblast and Samara Oblast played particular importance. Both oblasts were considered as pioneers in the development of free market processes and attracting foreign investment. The Kremlin appreciated their value and importance from the possibility to "extend" their experiences to other regions, this resulted in the Kremlin's support in international activity (Chirikova and Lapina 2001, 44). However, the case of Saint Petersburg after 2000 shows that a region can have expanded economic and cultural connections with the world, especially with Europe, because the Kremlin prefers such cooperation. It is advantageous to the Russian Federation as a whole and thus the Kremlin undertakes steps to stimulate this cooperation (Reisinger and Yoo 2012, 23; Joenniemi and Sergunin, 2014, 24). The same will happen to the Russian Far East regions that are encouraged to cooperate with Chinese regions, which

significantly develop their internationalization level (*Assotsiatsiya ekonomicheskogo vzaimodeystviya sub'yektov Rossiyskoy Federatsii "Dal'niy Vostok i abaykal'ye"* 2014). The latter obviously require federal centre support, because, as was mentioned, the regions' modernization seems to be unable to be realized without the involvement of (diversified) investment of Northeast Asia members (Ryzkhov and Turovskiy, 2013).

In Russian literature the problem of different regional internationalization due to cooperation with the outside world in both frequency and nature of these relations is seen in the light of the socio-economic and ethno-cultural diversification of Russian regions. It can be assumed that the level of international activity of regions (their internationalization) shows current differentiation level (asymmetry) of regions, if we consider their economic potential and level of social progress (Zubarevich 2014).

Yuriy Dem'yanenko, indicates three groups of factors that determine the level of regional internationalization:

1) geographic (geo-economic location of the region – central, semi-periphery, periphery, internal and cross-border regions);

2) socio-economic (general development level, potential of natural resources, dominant structure of industry, the presence of export-oriented industries, financial stability, investment activity, regional diversification of the population's income standard, labour market, level of unemployment and the quality of environment);

3) political-legal (the nature of political system, the profile of regional political and economic elites, their lasting and meaning from the regional situation perspective, the population's political preferences views, the presence of political threats and level of regional legislative) (Dem'yanenko 2013, 199).

As a matter of fact, there are four regional groups created – just as there are four regions in Russia (Zubarevich 2012):

1. Regions in the first group (super league) have developed an export-oriented economy and attract a high level of investment, their elites are active and institutionalized, have developed international connections, the regional economy is strong, diversified and export-oriented. This group consists of: Moscow, Saint Petersburg, Tatarstan, Bashkiria, Sakha (Yakutia), Novgorod Oblast, Samara Oblast, Pskov Oblast, Rostov Oblast, Nizhny Novgorod Oblast, Sverdlovsk Oblast, and Khabarovsk Krai. They are sometimes called "globalization islands" in Russia. It should not be misunderstood with the poorer "forward stations" category.

2. In the second group (league one) are regions that have an export-oriented economy or are connected with external economic institutions, have developed legislation in matters of international cooperation, and their elites use regional cross-border status to establish international cooperation. This group consists of: Kaliningrad Oblast, Leningrad Oblast, Volgograd Oblast, Arkhangelsk Oblast, Sakhalin Oblast, Primorskiy Krai, Karelia, and Komi.

3. In the third group (second league), regions have huge natural resources, have a high level of socio-economic progress and a sizeable index of commodity exchange with the outside. This group consists of: Khanty-Mansi Autonomous Okrug, Yamalo-Nenets Autonomous Okrug, Nenets Autonomous Okrug, Tyumen Oblast, and Perm Krai.

4. In the fourth group (third league) regions suffer a low level of legislative development that controls international cooperation, provide limited level of international connections, have a low level of socio-economic progress, and provide limited export opportunities. The Republic of North Caucasus, Chita Oblast, Ulyanovsk Oblast, and Penza are in this category. (Dem'yanenko 2013, 199).

4.8. Russian federal elites' strategic culture and its influence on regions international activity

In order to better understand the evolution of centre-regions relations due to the problem of the Russian regions involvement in international cooperation, we should familiarize ourselves with the main thoughts and views of Russian federal representative elites according to such terms as: sovereignty, globalization/glocalization, and paradiplomacy. Those notions are firmly linked with Russian strategic culture and affect not only foreign and defence policy concepts, but also the development of federal relations—including regions' international activity.

The Russian federal centre embodied by its political elites in the 1990s (mainly connected with the military department) still had a frigid attitude to any activity which might have resulted in the violation of Russian sovereignty. As a result, the Russian federal elite's "power cohort," which was responsible for shaping Russian foreign policy and security policy, perceived globalization with high suspicion. Later, mostly influenced by the involvement of the West in building democracy in states that were denied of it and by the humanitarian intervention, it was rejected as an unacceptable concept of "limited sovereignty" (Makarychev 2001).

Globalization itself was treated as a tool for the US and their allies to put Russia under geopolitical domination. The power centralization, which means taking back regions and their power abilities, even in international activity, seemed to be a beneficial action that strengthened the national security of Russia. It averted the danger of putting Russia under control of one geopolitical power centre (Makarychev 2001).

Finally, the glocalization was also censured. The NGOs' international activity on the regional level in Russia seemed to be treated as a threat to national security and considered it as a responsible factor for the destabilization of world peace. The NGOs involvement in political events within Ukraine and previously within Georgia was taken seriously by Russian leaders and many preventive actions were taken on to stop spreading "the orange virus" (Ambrosio 2009, 45–53).

The protection of the Russian political system against the exogenous promotion of democracy resulted in adopting legislation against "foreign agents' influence," which limited the cooperation possibilities at the regional level and between Russian NGOs and foreign donators (Nikol'skaya and Romanycheva 2015).

In the literature on the subject we can quote many statements of federal officials claiming that in the Russian elites' "strategic thinking culture" exists. Its specified feature has been and still is reluctance towards excessive regional autonomy, including international activity. The 1999 interview with Eduard Kuzmin, a Ministry of Foreign Affairs senior official, deserves special attention (Goble). Kuzmin claimed that Russian foreign competitors are not interested in the integrity of Russia. Some powers, he assumes, do not spare their efforts and resources to achieve many privileges from Russian regions and avoid the federal centre by creating "international attraction zones." He accused foreign (Western) countries of the tendency to make dependencies among Russian regions in natural, financial and technological matters; increasing their foreign debt, decreasing export goods prices and finally disrupting Russian society as a whole (Goble 1999). Some analysts reported that in the time period preceding Vladimir Putin's governance, the Russian federal centre at least had an ambivalent attitude to regional international activity. On the one hand, the Russian Ministry of Foreign Affairs appreciated regions attracting foreign investment and sustaining connections with ethnic Russians in the post-Soviet countries, on the other hand, it was disturbed by misrepresenting the Russian foreign policy message by regional paradiplomacy or supporting the centrifugal trends and separatism in

Russia (Goble 1999). The lack of strict coordination between the centre and regions made for actions and statements by the latter that jeopardized Moscow's interests and actions due to relations with Taiwan as well as the UN and its agencies. The paradiplomacy development should have stimulated increasing separatist trends – many republics definitely have gone beyond the agreed constitutional framework and demanded rights to provide their own foreign policy on issues such as: war and peace, nuclear zones and other zones reserved for Moscow. This attitude had to have a dangerously contagious influence on other regions. "This keeps up, every village may have their own Ministry of Foreign Affairs," claimed Kuzmin (Goble 1999).

Russian authors analysing the problem of regional international activity before and after 2000 formulated statements that ambivalent attitudes on the side of the centre, due to Russian federalism operating on this matter, were accompanied by attempts of regional marginalization from the Russian foreign policy perspective. Andrey Makarychev indicated that before 2001 in Russian documents as warfare doctrine or foreign policy concept, which are important from the national security perspective, there is no mention of regional role in the international area. The further documents also do not provide information about the regional involvement in Russian foreign policy (Makarychev 2001). It is worth taking note on this degradation and marginalization form of regional activity by the Ministry of Foreign Affairs. The information about international cooperation and regional economic cooperation between Russia and the outside world can be found on Ministry of Foreign Affairs' (MOFA's) official site in "economic diplomacy" subpage (Ministerstvo inostrannykh del Rossiyskoy Federatsii, "*Mezhdunarodnyye i vneshneekonomicheskiye svyazi sub'yektov Rossiyskoy Federatsii*").

Rostislav Turovskiy emphasizes that the centre's reluctance to simplify international activity to regions and local authorities units was easily seen when dealing with problems connected with adopting trans-border agreements. It should have resulted in a statism idea of creating Russian foreign policy, which assumed that international regional cooperation is acceptable but it has to include mandatory checks (Turovskiy 2011, 103). The federal centre did not want to simplify the development of regional international cooperation by establishing common and legible rules due to cross-border (trans-border) cooperation. This kind of cooperation had to use only such rules which were appreciated by the Kremlin and would guarantee implementation of Russian goals.

This statism approach to paradiplomacy is in practical usage in Russia at the present time and comprises a derivative of changes, which arose among political leaders since 1999. However, in the 1990s, which should be emphasized, there was a trend to subordinate regional activity to the state and it was strictly sketched in Russian federal leaders' minds. In a wider perspective of political discourse it should be emphasized that "liberal" and a pro-Western approach in the Russian foreign policy scarcely hid strong realism trends (M. Leichtova 2014, 21).

When Vladimir Putin, former Director of the Federal Security Service (FSB), was elected as president, political, business and administrative elites' ranks were filled with so called "siloviki," i.e. members of Russia's state agencies that are authorized to use violence to respond to threats to national security (Soldatov and Rochlitz 2007, 1). As a result, the statism model of foreign policy started developing rapidly.

The increasing FSB significance supported consolidation of the Federal Security Border, which came back into "the lap" of the FSB. Its "interests" were put above needs of the local communities, especially, these near the border. An example of this policy is the extension of the border area regime. The cross-border zone is not considered as a cooperation zone (Turovskiy 2011, 103).

The relation model was created in the legal institutionalization process of regional international activity, which started in the mid-1990s, and it was fully appreciated by the centre. It worked with fears and prejudices regarding the excessive and deprived control of regional autonomy and coordination role of the centre due to their international cooperation. Since 2000, many normative acts were adopted which strengthen the rule to coordinate the regional international activity by the centre (Namchak 2012, 76–78). Examples of such acts include the 2002 *On the Russian Federation Representative of the Russian Ministry of Foreign Affairs Ordinance* act and its later modifications *On the Territorial Body Ordinance* – the RFMOFA representative on 22 November 2011 (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Polozheniye o territorial'nom organe – Predstavitel'stve Ministerstva inostrannykh del*, 2011). The abovementioned ordinance provided on MOFA's regional representative to secure respect for the Russian Federation foreign policy cohesion and to control the implementation of basic coordination of the international activity of FR federal subjects (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Polozheniye o territorial'nom organe – Predstavitel'stve Ministerstva inostrannykh del*, 2011).

4.9. Two models of centre-regions relations due to international activity of Russian regions

While trying to answer what model of centre-regions relations is common in Russia, it has to be emphasized that it has changed and is divided into two historical periods. During the first period, i.e. before 2000, there were many models in the Kremlin-regional authorities relations. This situation emerged from formal determinants (e.g. from centre-regions bilateral agreements) and current (hijacking the centre's competences by regions). the asymmetry between regional relations and between the centre and regions, did not circumvent the international activity area. However, the model of decentralization and parallel practice of international activity played the dominant role. In 1995 and 1996 federal agreements were adopted and a Presidential Decree, which established mutual relations in regional international activity (though this did not change the situation at the time). However, the model of centralized centre-regions cooperation, which was coordinated by the federal centre, should have been in force.

In some cases it showed harmonious cooperation (centre supported regional actions – Nizhny Novgorod) (Chirikova and Lapina 2001, 44) in other, more famous, cases conflict-related situations were dealt with, i.e. regions involved in international cooperation which took a vote during international forums dealing with international policy, in breach of the official line and interests of the federal government. The list of diplomatic “scandals” – the violation of Russian interests, which were considered as a non-conformity of the regional authorities with the Kremlin's official stance, was long in the 1990s. On this list were those regions that held a special status and could afford the insubordination, such as Tatarstan, or were aware of their absolute impunity (Makarychev 1999, 504–506). The international activity, which often is conducted against the Kremlin, violates federal authority, delegitimizes its actions and international commitments, was used as a tool by regional representative leaders to create political capital (Makarychev 1999, 504–506; Chirikova and Lapina, 2001, 43).

In some cases centre-regions conflicts ended “in favour” of the centre. One such case is of Kaliningrad Oblast and its trade agreement with Lithuania, which was revoked in 1995 considering its non-conformity with federal legislation. In many cases region-centre conflicts started because the agreements amended in the mid-1990s were not negotiated with MOFA, which federal authorities obviously did not appreciate. This was the case

of agreement between Kabardino-Balkar and Abkhazia, formally under Georgian rule. In many other cases the problem of non-conformity with federal legislative emerged from not completing the technical requirements connected with its preparation and a lack of MOFA's legal expert's opinions (Joenniemi and Sergunin, 2014, 23). However, in the Tatarstan case, the unappreciated agreements that went against the Kremlin, e.g. with Abkhazia, were not terminated (Sharafutdinova, 2005, 394).

In the second period, that is, after 2000, within the creation of unitary federalism and electoral authoritarianism, began the actual institutionalization of the centralized-coordinative model of centre and regions' actions in the international activity area of the latter. At the present time, in centre-regions relations, a centralized decision-making model in regional policy was observed, which establishes strict coordination in the international area with regions and forced cooperation.

The federal centre, influenced by the negative effects of uncontrolled decentralization that took place in the 1990s, on Putin's initiative started serious actions to deny regions of their rights which were granted too hastily and/or acquired in an unilateral order. The efforts for ongoing legal institutionalization of paradiplomacy, maintained in centralized coordination form, were taken from the centralization program. The concept of federal centre, in discussed aspect of federal relations, assumed organizing a "chaotic environment" in foreign policy, which was formed in Russia due to many regional international activities, e.g. due to proper usage of regional activity in such a way that they could support Russian foreign policy, which represented the interests of the whole country (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Kontseptsiya raboty MID Rossii po koordinatsii mezhdunarodnykh i vneshneekonomicheskikhsvyazey sub'yektov*, 2001).

Despite many doubts and objections to one-sided relations between the Kremlin and regional elites after 2000, what is important is that it should be accepted that presidents, elected in general elections, and governors of the federal subjects of the Russian Federation, who have been (relatively) self-reliant, have become hostages of the Kremlin's will (but taking into consideration formal division of the centre-regions actions they have become "federal government agents"). If Yury Luzhkov or every other region department chief had taken a policy stance in international affairs, the Kremlin would definitely have known about this and appreciated it. Since 2000, all sorts of "political lawlessness," such as Luzhkov's statements concerning Ukraine and Georgia that contested their territorial integrity, must have ended or had the Kremlin's "silent approval" (Kurilla 2006).

4.10. Institutionalization and diversification of the centralized-coordinative model in centre-regions relations due to regional international cooperation

Assuming that in Russia, since 2000, the institutionalization process of centralized-coordinative model has been developing in cooperation between the centre and regions in paradiplomacy, it is worth noticing that it is internally diverse, so it is not consolidated. This diversification is exposed when we ask the following questions:

1. Did centre efficiently and entirely subdue regions?
2. If the reply to the first question is positive, does the centre control model function as one universal model of the relations?

There is surely much truth in the statement that the centre subdued regions and their “foreign policy.” The reorganization process of federal relations (and their centralization), which includes packing regions in a “vertically power structure,” resulted in a severe decrease in the significance of the regional international activity. In practice, international activity did not decrease, but its nature has been changed. Up till now, it corresponds with the unitary federalism model and electoral authoritarianism.

Regional international activity is made with strict cooperation with the centre. The Kremlin supervises international activity of regional authorities and promotes their international cooperation. The best example of the mechanisms that dominate Russian paradiplomacy in the Far East is *The Program of the Far East and East Siberia of the Russian Federation and the Northeast region of the People’s Republic of China Cooperation in 2009–2018* (Правительство Российской Федерации, *Programma sotrudnichestva mezhdru regionami*, 2009). This program was supposed to give a vigorous boost to regional international cooperation of the Russian Far East (which significantly varies from other Russian regions) and, at the same time, support the government program of the Far East’s modernization. Despite the strategic situation that was attributed by the Kremlin in the geo-economic integrity process between Russia and Northeast Asian member countries, this region has immersed in stagnation, suffered from depopulation, while its citizens have suffered from disruptions in energy supply and heating (Karaganov et al. 2015, 6–7).

After 2000, federal authorities have been using the Russian regions as a tool for reaching certain goals, that is, as far as international relations are concerned. The range of formal mandates of regional authorities is restricted, nevertheless, governors and/or regional authorities representatives are included in the Russian foreign official delegations. Regional territories (mostly cross-border territory) serve as a meeting place and interstate consultations take place in a state-to-state form, sometimes even without its regional authorities' participation. The Kremlin pursues international cooperation using regional territories but without their direct participation, which is a common practice whatever the type of cooperation, e.g. cooperation with Kazakhstan or Japan (Turovskiy 2011, 100–101).

Regional activity is, in practice, coordinated and/or stimulated by new federal authority agencies, which developed during the popularity of the centralization of federal relations, through the representative plenipotentiary of the president of Russia. The Bureau of the Representative Plenipotentiary of the President of the Russian Federation in the Ural Federal District is responsible for organizing the international promotion of the Ural and Eastern Siberian regions. Kuznetsov emphasizes that some regions intentionally highlight the important role of the federal centre as an initiator of international endeavours with regions as participants. He mentions the cooperation between Sverdlovsk Oblast and Bavaria and its logical continuation in the official visit of Eduard Rossel to Germany, which was directed by Putin (Kuznetsov, 2009). Since 2007, the Russian MOFA promotes regions by giving information about their economic and scientific potential, investment policy rules, economic connections with outside world, and long-term plans (*Ministerstvo inostrannykh del Rossiyskoy Federatsii, Ob uchastii Ministra inostrannykh del Rossii S. V. Lavrova v prezentatsii Novosibirskoy oblasti*, 2016).

However, in the Saint Petersburg case, after 2000 we can notice that the region may hold a well-developed economic and cultural network with the outside world, including Europe. However, this is only possible if the Kremlin appreciates this kind of cooperation for Russia as a whole country and provides actions to further stimulate such interaction. Sergunin and Joenniemi emphasize that Kremlin will agree to compromise with regions and allow them to conclude agreements with states and ministries including Austria, Belarus, Lithuania, Tajikistan and Turkmenistan in 2010–2012 (Joenniemi and Sergunin 2014, 24). The abovementioned Saint Petersburg case proves that in conditions of definitely greater control

above regional authorities, regions pay a great deal of attention to the Kremlin's expectations and interests in foreign policy. "Vulnerability" on the Kremlin's expectations due to geographical line and cooperation rules between regions and the outside world (mainly with Europe) is emphasized in Saint Petersburg's files, which are mostly about long-term plans for socio-economic development. In other words, Saint Petersburg can "afford more" in international activity, because its actions correspond to the Kremlin's expectations in foreign policy or they are coordinated regional and central policies (Reisinger and Yoo 2012, 22–24.).

Not all regions are equally exposed to the centralized-coordinative model, i.e. they are not used as a tool nor are "encouraged" to international cooperation. Since 2000, regions-centre relations in international cooperation have depended on many factors. They are connected with the region's significance in the Russian political system, political and economic (mainly resources) context and are also linked with geopolitical determinants.

It is noticeable that still there are federal subjects that can afford more due to relations with the centre, and their leaders are able to protest the decision of federal authorities and their regional agencies (Chechnya, Tatarstan). Some regions, e.g. Tatarstan, use their political and economic uniqueness and enjoy a broad autonomy in both internal and external relations in the federal structure system. In the Tatarstan case, there is consistent objection towards official change in the republic, i.e. the disuse of presidential title, which is a blatant violation of federal legislative norm. Moreover, Tatarstan maintains close economic relations with Turkey, which has deteriorated since the shooting down of an Russian attack aircraft that took part in operations in Syria. Tatarstan's actions are a direct contrast to Bashkortostan who stopped maintaining a representative in Turkey. Pro-Russian journalists, such as Rais Suleymanov, who accuse republican authorities of providing Islamists support, extending cooperation with Turkey and taking actions to become independent from Russia, are persecuted by republican authorities (Whitmore 2016; Pertsev 2016).

The other regions, e.g. North-western Russia, are deprived of the abovementioned assets but they do not surrender their ambitions without a fight nor give up their foreign connections. This is more due to the fact that international cooperation takes an essential role in their socio-economic systems, which can operate normally thanks to it. The same case is seen in the Far East where Chinese regions are main source of basic commodities. Chinese goods make share of 60–70% of all goods

available at the local markets. This is quite understandable if we consider that the transport tariff in general cost of goods' transport is 55% to 70% in the Far East Federal District compared to the average Russian at 25% (Zykov 2007, 7–10).

Many analysts dealing with the problem of regional international cooperation in Russia after 2000 believe that regions (especially cross-border ones) in the need to acquire resources, which are dwindling and are necessary to sustain the source of socio-economic development, are looking forward to international cooperation more enthusiastically (Abdrakova and Kurilla 2011, 455). Russian regional political elites retain some independence, in spite of the federal centre's determined actions to put them into a vertical power structure and making, from time to time, anti-corruption "purges" in the gubernatorial body. Abdrakova and Kurilla claim that the centre's influence on regions considering international activity is minimal – however, they are formally under the federal centre's strict control. Regions are obliged to inform the federal centre about their *post factum* international activity – making quarterly reports to MOFA (Abdrakova and Kurilla 2011, 456).

The control over the regions does not remain absolute, as the K1remlin is not able to control the political processes that are developing in regions. This results in the lack of competent staff who can simultaneously and effectively implement gubernatorial duties and guarantee a high level of public support to the Kremlin during federal and regional elections. The matter of federal officials' loyalty is also considered as it was in 1990s, and some authors emphasize that representatives of federal agencies should nominally control and coordinate regional international cooperation. In practice, regional federal agencies are used by regional authorities to put pressure on the centre and the abovementioned officials' dependency plays an important role in the accommodation and provisioning aspects (Joenniemi and Sergunin 2014, 27). Moreover, only "natives" who have close links with local elites can find occupation in regional agencies of federal authorities. So corruption, *zemlyachestvo*, and natural bond with representatives of the local political community and its notables play an important role here.

4.11. Implications of federal centre policy due to international activity from regions and their interest perspective

It should be emphasized that geopolitical and geo-economic issues generate tensions between the Kremlin and regions. The federal centre sometimes shows direct disapproval when Russian regions cooperate with selected outside partners. The Kremlin may have to encourage regions to cooperate with China and may kill the development of cooperation with the EU countries, or even the West on a wider scale. The tension between the centre and regions' goals may be perceived as the result of the needs and expectations of regions and the centre or as evidence that both subject groups are functioning in different realities: regional and global. The Kremlin, playing global geopolitical game, criticizes the enlargement of NATO to the East or isolates the Russian market from Western goods. For example, the enlargement of NATO has caused protests mostly in Moscow rather than in regions that have borders with future NATO member states. The fully negative statement in the mentioned expansion is symptomatic of the federal political elites' "strategic culture", which was analysed earlier. Additionally, and perhaps perplexingly, Moscow ignored enlargement of the EU, which had to have further implications from the Russian perspective than accession of Poland and the Baltic States to NATO.

The tension between the Kremlin's geopolitical and geo-economic preferences and the socio-economic interests of regions has been and still is clearly seen in the case of the north-western regions, especially Kaliningrad Oblast. This region, an enclave, which is distant from Moscow, is 70% dependent on dairy product supplies from Europe, 50% on fruits and vegetables, and 40% on poultry. The Russian goods embargo, which came from the EU, Norway, Australia, Canada, and the US, resulted in prices doubling on these goods, which led to them having to be important from other Russian regions. The Governor of Kaliningrad Oblast has tried to convince federal authorities to lift or at least mitigate the embargo, but this was to no avail. Some food importers even requested assistance from the Russian government, however, it was not provided. As a last resort, the embargo was bypassed with illegal forms and regional authorities obviously and silently appreciated these dealings (Golunov 2015).

Regions that are interested in international cooperation (especially local authority units) without the Kremlin's support will not achieve any

success in this matter or will not take part in such cooperation. Regions are not able to harm the federal centre's interests because there are many legal and political mechanisms which reduce such threats to zero. However federal centre policy may harm the interests of regions. In the Far East case, what causes the most harm are errors in strategic planning, lack of willingness to implement transport allowances, standardization in the approach to differentiation, and finally, colonial approach to the Far Eastern frontiers of Russia, which consists of exploitation connected to the lack of investment (Zykov 2007, 9–10).

In the case of the Russian North-western efforts, Andrey Makarychev recalls that federal authorities discouraged Kaliningrad Oblast to participate in the Niemen Euro-region. Joenniemi and Sergunin indicate a few examples of blocking unusually interesting initiatives in the north-western part of Russia with Murmansk Oblast and Karelia as participants. The Kremlin "has sunk" the project of establishing an industrial park on the Russian-Finnish border between Imatra and Svetlogorsk. Furthermore, it "has sunk" establishing of the Pomor Special Economic Zone on the Norwegian-Russian border with Murmansk Oblast and the Sør Varanger commune (Joenniemi and Sergunin 2014, 22).

As you might expect, regions that were mostly interested in cooperation with West and North Europe were the ones who strongly criticized the federal centre's policy, even their authorities have tried to protect the interests of local societies and business entities, which was proved in the case of Kaliningrad Oblast. Regions have demonstrated their lack of appreciation and trust of the centre. It was emphasized that the extremely centralized and universal model of centre-regions relations should not have occupied regional international activity, because its attitude is unusually inflexible and ineffectual. Regions believe that the federal centre should revalue its attitude to regional paradiplomacy, in order to respond adequately to socio-economic challenges that the regions have to face, and it should understand and adjust to the glocalization phenomenon. The centre should adjust and adequately respond to the needs of regions (Joenniemi and Sergunin 2014, 30). However, the Far East regions claim that regional interests have an economic, and not political nature, if we consider international cooperation. There are no threats to the national interests of Russia, just the opposite: they provide security to them and thanks to international cooperation public tensions, which are financially motivated, are defused (Zykov 2007, 5).

4.12. Conditions, institutionalization and internationalization level of the Far East regions

The Russian Far East operates in the framework of the Far Eastern Federal District administrative division. At 6,215,900 square kilometres, which covers 36.4% of Russian territory, and with a population of nearly 6.6 million it means its density is the lowest in Russia. Regional productivity level compared to Japan or the US or even to the Russian average is very low. The use of energy on a per-regional unit (Gross Regional Product, GRP) is twice as high as the Russian average. The contribution to the domestic economy is small, even though the state obtains 100% of tin, 98% of diamonds, 67% of gold, and 65% of fish resources taken from the area. The Far East covers 1/3 of the Russian territory, yet only has 13.8% of Russian railway lines and 9.5% of paved roadways. The population is successively decreasing (on the contrary to the other countries in this region) – in 2014, 25,000 people left the Far East. According to official sources in the first half of 2016 the territory of the Far East left approximately 2.7 thousand persons that is 4.2 times less than in the same period of 2015. (*Human Development Report 2006/2007 for the Russian Federation 2007*, 96; Madej 2015, 92; *S Dal'nego Vostoka v pervom polugodii uyezhali okolo 2,7 tysyach chelovek*).

The development of the Far East is slower than in other Russian regions and people are facing a decrease in their wages. The difference between the increasing GDP in the Far East and Trans-Baikal in 2006 was 22.9% to its disadvantage. To eliminate this difference the regional growth should be no lower than 6.5–9.2% per year when compared with other European regions. Inflation also poses a problem, because it lowers real income and increases differences between regions on both sides of the border. There is also a demographic problem at stake. In 1990–2010 Siberia and the Russian Far East lost 3.6 million people. Moreover, the economic crisis caused by the US and EU sanctions, along with fuel oil prices falling, have worsened the situation of the Far East regions. A budget deficit, lower wages, and fall of social security have resulted in an additional rural exodus.

4.12.1. Conditions and determinants of international activity of the Far East regions

The external environment of the Russian Far East is the rapidly developing Asia-Pacific region that generates more than half of the global GDP (54%), 43% of global trade (Yumaguzina 2015), and it is an active international player. It absolutely outdistanced Russia in taking integration initiatives. Admittedly, Russia is a founding member of the Shanghai Cooperation Organization and APEC, has cooperated with ASEAN since 1996, and has participated in the East Asia Summit since 2011. However, since the second decade of the 21st century, Russia sees the region with a great interest and sees for itself a strategic value in this kind of international cooperation.

The idea of strict socio-economic cooperation with the Asia-Pacific region is not new, but so far all attempts to include this region in East Asian integration processes end up in declarations. Nevertheless, this factor may potentially have great significance in the future from the international activity of the Far East regions' perspective.

Geography also plays an essential role in affecting the international activity of this macro-region: the connection length with the capital (federal government headquarters) affects commodity prices due to transport tariffs and geographical location. The development of the Far East was based on trade with the use of geographical location and the accessibility of resources. When in the past it was supported first by tsarist authorities and then Soviet authorities, its economy was based on local initiative, trade cities and railway lines that supported trade and, at that time, its position among other regional players was strong. This factor lost its positive function when diplomatic relations between China and the Soviet Union declined. After the dissolution of the Soviet Union, foreign policy was liberalized. This meant that the trans-border processes were difficult to control, as they developed rapidly as in other parts of the world. The economic activity in the borderlands was rapid, brought immediate benefits, raised entrepreneurship, and motivated people as well as local authorities. On the other hand, the borderlands promoted the increase of illegal migration, expansion of the "grey economy," and allowed for a greater range of smuggling. These pathologies could not have adequately been terminated in legal ways.

The Far East shares the longest border of 4,250 kilometres with China. The proximity of an advanced developing China should be considered

as beneficial for its development. Meanwhile, many expert opinions and academic publications provide a pessimistic image. Progressive political cooperation and close strategic relations do not provide effective economic cooperation – the federal government's actions have not yet resulted in the desired effect, which means that they have not strengthened regions enough in order to make inter-regional cooperation with China advantageous to both sides.

Furthermore, in the general scheme of paradiplomacy, Kuznetsov puts the phenomenon which he calls the mechanism of solving central government dysfunction in state-building process and providing needs of local communities (regions support central government in foreign policy at free will or by force). In Russia it is clearly seen that interests of individual subjects and the federal centre are not entirely coordinated but often differ from each other. It hinders development and participation of the Far East in regional processes (Zykov 2012, 67). It is very important for central authorities to make such programs, which will be a crucial element in the strategy towards them, that will support the increase of external investment and foreign trade on these “lagging behind” subjects. It is clear to see that the central government dysfunction in the state-building process and providing needs of local communities affects the Russian Far East. The regional cooperation of the Far East regions is more connected with federal authorities' policy (they stimulate it) than with their own activity. Since 2000, the centralization of decision-making process can be seen. Separatism may cause a threat but in the case of the Far East and Kaliningrad Oblast these threats have no sufficient justification.

In Kuznetsov's model historical conditions of paradiplomacy development are not enlisted. The Authors claim that the regional international activity arose from their past experiences – skills and tradition in actions outside the country. This problem can be analysed in another negative way – past experiences may discourage the transfer of more power to the provinces. However, the Tsarist Russia extended rule in Siberia and the Russian Far East, which requires a broad discussion, are issues that cannot be analysed. Furthermore, it is worth noticing that in the 17th century, Russia interacted with the Chinese Empire during the Qing dynasty. The Russian land extension and further treaties that regulated relations with a collapsing China at that time caused disputes among both Russia and China and are responsible for creating the difficult Russian-China border conflict. The connection length with the capital of the Empire, the necessity of employing ethnic groups and natives,

caused a chance for region – it was able to create its own statehood or strong autonomy. Catherine II of Russia emphasized the independency of Siberia, but in 1796, Paul I abolished this independency. In 1920, there was an attempt to proclaim the Republic of the Far East, which is a great example of creating autonomy. The Republic would operate as a buffer state separating Russian territory against former Chinese territories controlled by the Japanese at that time. Natural resources, the construction of trade routes, especially the most spectacular Trans-Siberian Railway at the end of the 19th Century and China-oriented trade, showed that the region started to have a greater autonomy than in past periods. It was probably a political effort that supported revolutionary changes rather than creating independence and sovereignty state (Rossiyskiy Dal'niy Vostok 2014, 8).

4.12.2. The problem of internationalization of the Far East regions

The analysis of the statistics shows that despite the same legal terms, on which regional international activity is based on, there are differences in placing regions in the framework of one macro-region – some of them are more “internationalized” than others (see Table 4.1 and Annex 4).

In the conducted research, a large part of the data is based on foreign figures and numbers: foreign investment, value of commodities, and number of tourists – general data as well as *per capita*. The research proves that Sakhalin Oblast, Khabarovsk Krai, and Primorsky Krai are the most internationalized. On the other hand, Chukotka Autonomous Okrug, Kamchatka Krai and Magadan Oblast are the least internationalized. The analysis of federal centre policy towards the Far East macro-region, which is analysed further, will help to give information regarding to what extent is the activity of regional authorities influencing on their (relatively) high level of internationalization, and to what extent is the result of central authorities influence on these important and long-range. It is also worth posing the question as to whether or not it is possible in the future for other regions of the Far East to improve their level of internationalization within the entire macro-region?

Table 4.1. Russian Federation Far East Regions' Internalization Index

Republic/Krai/Oblast/Autonomous Okrug	Students per capita (2013)	Students overall	FDI (incoming per capita) (2013)	FDI (incoming overall) (2013)	Value of goods per capita (E+I) (2013)	Value of goods overall (E+I) (2013)	Number of tourists per capita (2013)	Number of tourists overall (2013)	TOTAL (per capita)	TOTAL overall
1	2	3	4	5	6	7	8	9	10	11
Sakha (Yakutia) Republic	0.9	5.0	14.7	28.9	13.9	27.0	24.7	23.5	54.2	84.4
Khabarovsk Krai	80.0	65.5	3.4	9.5	4.9	13.4	73.3	100.0	161.6	188.4
Kamchatka Krai	15.6	3.0	0.1	0.0	6.0	3.9	9.3	2.9	31	9.8
Primorsky Krai	85.6	100.0	14.9	59.1	16.7	65.8	40.7	77.3	157.9	302.2
Amur Oblast	100.0	48.9	3.4	64.7	3.2	5.2	22.7	18.4	129.3	137.2

1	2	3	4	5	6	7	8	9	10	11
Magadan Oblast	5.2	0.5	1.3	0.4	16.0	4.9	10.0	1.5	32.5	7.3
Sakhalin Oblast	8.6	2.6	100.0	100.0	100.0	100.0	30.7	14.8	239.3	217.4
Jewish Autonomous Oblast	26.7	2.8	1.2	0.4	13.1	4.6	100.0	7.2	141	15
Chukotka Autonomous Okrug	0.0	0.0	18.6	1.9	13.8	1.4	7.3	0.4	39.7	3.7

Source: Own calculation based on data from:
Federal'naya sluzhba gosudarstvennoy statistiki, Регионы России. Социально-экономические показатели – 2014 г. http://www.gks.ru/bgd/regl/b14_14p/IssWWW.exe/Stg/d01/02-01.htm (accessed May 12, 2015).
Ministerstvo kul'tury Rossiyskoy Federatsii Federal'noye agent-stvo po turizmu, Сводные статистические данные за 5 лет (с 2009 по 2013 годы). Численность иностранных граждан, размещенных в Коллективных средствах размещения. <http://www.russiatourism.ru/contents/statistika/statisticheskie-dannye-po-rf/> (accessed November 18, 2016).
Federal'naya sluzhba gosudarstvennoy statistiki, Регионы России. Социально-экономические показатели – 2014 г. http://www.gks.ru/bgd/regl/b14_14p/IssWWW.exe/Stg/d03/25-01.htm (accessed November 18, 2016).
Federal'naya sluzhba gosudarstvennoy statistiki, Регионы России. Основные характеристики субъектов Российской Федерации, 2014. http://www.gks.ru/bgd/regl/b14_14s/Main.htm (accessed November 18, 2016).
Aref'yev, Aleksandr and Shereg, Frants. 2015. *Inostrannyye studenty v rossiyskikh vuzakh*. Moskva: Tsentr sotsiologicheskikh issledovaniy. <http://www.socioprognoz.ru/files/File/2014/full.pdf> (accessed November 18, 2016).

4.13. Case studies – profile of international activity of regions with the highest level of internationalization

4.13.1. The Sakhalin Oblast

The geopolitical location helped the economic development of region. The Sakhalin Oblast develops the faster than other Far Eastern regions. Sakhalin GDP is RUB 647.8 billion, *per capita* RUB 1,316.3 thousand – 2.8 more than the rate of the rest of Russia. Industry is based on three main sectors: fishing, forestry, and fossil fuels, in the last one the most important is oil extraction. This branch develops rapidly and in 2015 currently the industry accounts for 70.7% of GDP, when in 2006 it accounted for 30.8% of GDP. In addition, natural gas and coal are also exploited. Alarmingly, in the mentioned industries there is 93.4% (72.9% in 2006) of extraction, but only 4.3% of processing (16.2% in 2006), 2.3% (10.9% in 2006) of production and sale. It can be noticed that the oil industry is the most important for Sakhalin's development. At the present moment, the extraction of newly discovered sources of good-quality oil on Sakhalin Island has begun. There are 15 sources of oil and gas, and in terms of amount – eight are big and two are unique. Moreover, there is ongoing work on Sakhalin-1 and Sakhalin-2, which are also connected with oil extraction. Gas is another important raw material. Liquefied gas production has taken place for five years and is efficient on Asia-Pacific markets, amounting to 5% of global production of this raw material. In 2014, the oil and gas condensate extraction was 14.5 million tons, gas – 28.2 billion cubic meters, petroleum-derived products – 54.1 thousand tons. In 2014, the liquefied gas production (in the framework of "Sakhalin-2") was 10.7 million tons (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Pasport Sakhalinskoy oblasti*, 2015). In 2014, the sale of oil and gas condensate was 14.4 million tons, of which 12.8 million tons were export-oriented. In 2014, in Sakhalin Oblast 4,541 thousand tons of coal were extracted, which is 704.6 thousand tons more than in 2013. In 2014, the export of coal amount to 3,183.7 thousand tons, of which 3,134 thousand tons was sent abroad. The largest importers are Japan – 781.0, China – 1,055. 3, and Korea – 1,297.7 thousand tons, respectively.

The Sakhalin infrastructure is well developed. Considering the oblast's location, maritime transport provides 66% of regional trade with Kholmsk

and Korsakov being the main trading ports. The Sakhalin transportation infrastructure consists of 8 ports, 11 terminals, which are part of the ports, passenger ferry service, and the Khomsk-Vanino sea railway. There are also seven airports in Yuzhno-Sakhalinsk, Okha, Yuzhno-Kurilsk, Shakhtiersk, Nogliki, Zonalnoye, Iturup and six helicopter landing pads. In December 2013, Vladimir Putin signed the bill through which all airports are at the jurisdiction of Sakhalin Oblast. The government of Sakhalin is planning further construction, reconstruction, and modernization of its airports, which will cost RUB 7,783 billion and will be funded with oblast budget funds. Therefore, as well as inter-Russian connections, the airports also handle the Asia-Pacific region: Sapporo, Tokyo, Harbin, and Seoul. Considering the Sakhalin oil and gas infrastructure, pipeline transport, e.g. the pipeline located between Northern Sakhalin and Komsomolsk-on-Amur is 1.3 thousand kilometres length and is used to transport oil and gas, plays an important role. In Sakhalin Oblast the fishing industry, after the raw materials industry, is second in the hierarchy. The huge wealth of Sakhalin Oblast is its forest, which covers 82.2% of region.

In 2014, regional trade amounted to USD 18 billion, of which export was at 92.8% and import at 7.2%. The balance was positive at USD 15.4 billion (in 2013 – USD 15.8 billion). Sakhalin cooperates mostly with states of the Asia-Pacific region. Japan's share is 43.4%, South Korea – 40.2%, and China – 9.8%. The fuel-energy complex has the largest share in exports at 95.7%. In 2014, 12.8 million tons of fuel, which cost USD 10.6 billion, were exported. The huge oil importers are South Korea (57.8%), Japan (29.0%) and China (13.2%). As for liquefied gas, "Sakhalin-2" provides this natural resource. The remaining export products are: coal (1%) as well as fish and sea products (3.1%). The main importers are Japan (81%), South Korea (16.1%) and China (1.4%). Import remains one of the main investment resources and helps in the development of the upstream sector.

As for investment, considering the geographic location and specificity of natural and climatic conditions, Sakhalin's assets are: 1) natural resources: oil, gas, coal, water and forest conditions; 2) tourist conditions and the presence of unique biotopes; and 3) geographical location – proximity to the Asia-Pacific region.

Compared with other subjects of the Far East, Sakhalin is the undisputed leader in investment. Sakhalin-1 and Sakhalin-2 and of course the oil-gas industry, are the most important ones, attracting 66–75% of all investments coming to the region. There are currently 82 planned investments involving

private capital, estimated to cost RUB 2.1 trillion. These investments are supported by state policy, moreover, in 2010 an agreement *On the Sakhalin Oblast Support for Investment Agreement* was adopted which provides granting credits and subsidies, support in organizational and information aspects, tax exemptions, and budgetary funds.

As for foreign direct investment (FDI), the FDI value was USD 44.9 billion on January 1, 2013. The main investor states were: the Netherlands (79.2% FDI general value), Japan (7.5%), Bahamas (6.6%), and India (4.7%). The primary target investment sector was the oil-energy sector (98.1% FDI total) (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Otchet o mezhdunarodnykh i vneshneekonomicheskikh svyazyakh po linii Pravitel'stva i oblastnykhorganov ispolnitel'noy vlasti Sakhalinskoy oblasti*, 2013). At the same time, further development of regional cooperation with neighbours should be connected with the development of investment potential.

Considering regional internationalization, the annual conference on *Sakhalin's Oil and Gas*, organized in Yuzhno-Sakhalinsk, is a very important initiative. The forum is organized by the Adam Smith Institute, and companies and ministries from Russia, the Netherlands, China, Korea, Japan and the Far East regions participate in this conference (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *O mezhdunarodnoy koferentsii „Neft' i gaz Sakhalina”*, 2015)

Japan is the most significant trade partner for Sakhalin Oblast. The Russian MOFA report shows that in 2013 many events that deepen cooperation took place, e.g. the 19th Far East-Hokkaido common plenary meeting; 14th Consultative Board on *The Sakhalin Oblast and Hokkaido Prefecture Friendship Economic Cooperation Agreement* which provides a five-year plan of cooperation; dialogue concerning a visa-free regime between the Kuril Islands and Japanese inhabitants; and meetings between Sakhalin and Hokkaido Prefecture citizens. On April 22–24, 2013, the region was presented in Tokyo, which was a very important event. It was the third event since 2010 that had taken place in Asia-Pacific countries with Russian MOFA, business, and regional authorities representatives. During the event the Japan-Europe transcontinental connection through Sakhalin Island was presented.

South Korea is the second most important partner. In 2013, both sides had talks about transport cooperation and Sakhalin concluded an agreement with the Korean Transport Institute on transport development concept concerning not only air transport, but also road and rail transport – this

included a bus route from Selikhino, Khabarovsk Krai to Nysh, Sakhalin. This line would provide a positive impulse for the Oblast's development and commodity transport to the Asia-Pacific region. According to Russia, the most important joint motion is building a Perinatology Centre in Yuzhno-Sakhalinsk with help from Korean capital. Russia and Korea also cooperate on humanitarian and scientific affairs – the most interesting one is the common debate of both MOFAs on the fate of Koreans who were exiled to Sakhalin by the Japanese.

4.13.2. Khabarovsk Krai

In Khabarovsk Krai there are four accredited diplomatic missions. These include Japan and the People's Republic of China's Consulate-Generals, the Embassy Agency of the Republic of Belarus, and the Economic Advisory Agency of the Embassy of the Democratic People's Republic of Korea. China is the trade leader and main partner of Khabarovsk Krai, followed by Korea, Japan, Thailand, the Philippines, Vietnam, and Singapore. Western countries such as Germany, Cyprus, and the US are also trade partners. Khabarovsk cooperates with six twin cities: Niigata (Japan), Portland (US), Victoria (Canada), Harbin (PRC), Bucheon (Republic of Korea), and Sanya (PRC).

As for the regional natural resources, these include: forest (Khabarovsk Krai is third in wood production in Russia) and natural resources – (third in precious metals production). Khabarovsk Krai has reserves of platinum – 50% of all Russia's reserves, gold – 8%, lead – 20%, copper – 50% and coal – 7.5%. There are also rare metals, gemstones, and thermal water. Tungsten, oil and gas were also discovered and will be exploited; in Khabarovsk Krai fish resources are third in terms of volume in the Far East.

The transport system plays a significant role in the Far East and in Russia. There are two important railways in Khabarovsk Krai: the Trans-Siberian Railway and the Baikal-Amur Mainline, which provide the access to trading ports in the Pacific Ocean. Vanino is the main trade port. The technical conditions allow for the unloading of 10 million tons of cargo per year. The SUEK company utilizes the terminal, which is used to reload 12 million tons of coal per year. In Khabarovsk there is an important (transit) airport that connects Russia with America and Asia-Pacific countries (China, Korea, Japan). This location allows the region to plan significant investment connected with the development of Khabarovsk metropolitan area and the development of the Vanino-Sovetskaya Gavan

transport node, which in future may connect Europe and the Asia-Pacific region. Here – on the basis of the Sovetskaya Gavan port – came to life the first economic port zone, which provides port services, constructing ships and containers, as well as the development of fish and sea food processing. Businessmen, who are treated with special conditions, including tax exemption, work here. There is also a duty-free zone.

Considering investment, Khabarovsk Krai is one of the most attractive subjects of the Far East. There is a special program supporting the investment development, which provides tax exemption and the credit guarantees of regional government. There is also an agency specialized in canvassing foreign investors.

In contrast to Sakhalin Oblast whose extractive industry is dominant, Khabarovsk Krai has a well-developed processing industry, which is 60% of total industry production. Khabarovsk Krai produces one-quarter of the Far East industry production. The largest share of industry production in Khabarovsk Krai are: machinery– 33%, fuel-energy– 23%, metallurgical– 18%, forest and wood processing– 13%, and agricultural– 13%.

In 2009, trade amounted to USD 1.65 trillion. The main trade partners are China, Japan and South Korea. Their share in regional commodity exchange is 70%. As for investment, in the 2005–2009 period these three countries amount to USD 1,196.2 million – 2.8 times more than in the 1989–2004 period. At the moment there are 600 companies with share of foreign capital, mainly in extractive, transport and processing industries. There is also a well-developed market for services.

Khabarovsk Krai tries to provide suitable investment conditions for foreign capital and among instruments supporting the canvass of FDI there are: agency, which is the first one in the Far East, that provides creating and monitoring suitable conditions for investment; sustaining direct relations with foreign contractors; establishing of an Advisory Council as an open dialogue with foreign investors; concluding the *On Khabarovsk Krai Investment Activity Agreement*, which provides uniform investment rules for Russian and foreign investors; organizing meetings, forums and international conferences; and publishing in Japanese, Chinese, and Korean bulletins about regional investment conditions (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Паспорт Хабаровского Края*, 2014).

China is the most important economic partner of Khabarovsk Krai. The dialogues are about mutual cooperation concerning construction projects, exchange of information in the framework of the Coordination Council, interregional and cross-border exchanges, and dinghy crossings

on the Amur. Russia invites China to cooperate in: constructing the mining-metallurgical cluster in the Amur territory, extraction of resources, wood processing, furniture production, as well as the agricultural and food industry. Russia emphasizes trade and business cooperation interest but comments on the relatively small investment activity from China (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *O mezhdunarodnykh svyazyakh i vneshneekonomicheskoydeyatelnosti Khabarovskogo kraya i Yevreyskoy avtonomnoy oblasti*, 2013). The Russian-Chinese EXPO in Harbin plays a significance role in bilateral trade relations. In 2014, it held a meeting between the Ministry of Development and Foreign Relations of Khabarovsk Krai and the Investment and Development Agency of Khabarovsk Krai with authorities of Yanbian Korean Autonomous Prefecture in Jilin Province. In 2013, Chinese investments amounted to USD 13 million.

Khabarovsk Krai cooperates also with the Republic of Korea, with trade amounting to 20.4% of the total regional trade. Korean investments are subordinate only to Chinese investments. The most significant Korean investment in the region will be the modernization of Khabarovsk airport. Korea and Khabarovsk Krai also cooperate in modern medicine techniques. There is also some small cooperation with the Democratic People's Republic of Korea – 15 companies with North Korean capital, located in the region. It is considered to invite 2 thousand Koreans to work in Khabarovsk Krai (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *O mezhdunarodnykh svyazyakh i vneshneekonomicheskoydeyatelnosti Khabarovskogo kraya i Yevreyskoy avtonomnoy oblasti*, 2014).

In Khabarovsk Krai almost half of all investment are from the EU member states. Two countries above all are interested in Khabarovsk Krai: Sweden (there are plans to open a representative of a company which provides road-constructing techniques) and France. France cooperates as effectively as possible in plane construction (e.g. Russian Saturn and French Snecma Moteurs cooperate to produce the Sukhoi Superjet 100 engines). The Russian, Belorussian and Kazakh customs union provides interests to cooperate with Kazakhstan. The US investments are not huge – USD 25 million, however, before 2014 there were talks that were to revive the US investment spirit. These talks are currently suspended and are as a result of the annexation of Crimea by the Russian Federation.

4.13.3. Primorsky Krai

In Primorsky Krai there are 226 companies of the extractive industry, 4,899 companies of the processing industry, production and distribution of electric energy, gas, and water. The most competitive are the forest, wood processing, food (mainly fishing), coloured metallurgy, chemical, and oil industries. As for natural resources, Primorsky Krai boasts: lead, lead-zinc ores, tungsten, coal and lignite, peat, and building materials. The main industry is based on construction and renovation of ships as well as the extraction of resources.

In 2014, trade in Primorsky Krai amounted to USD 12,917.8 billion, export was USD 5,260.4 million and import was USD 7,657.4 million. The important trade partners are China – 49.2% (export USD 2,423.9 million, import USD 3,935.9 million), Republic of Korea – 15.3% (export USD 1,059.4 million, import USD 927.3 million), and Japan – 15% (export USD 308.9 million, import USD 1,638.3 million).

The main export-oriented products of Primorsky Krai are: mineral products – 68.8%, food and agricultural products – 18.9%, wood and woodworks – 7.2%, metals and metal products – 3.6%, and means of transport – 0.71%. The main import-oriented products are: machines, equipment and means of transport – 49.2%, food – 13.2%, chemical products – 10%, as well as metals and metal products – 8%. Transport, connection, agriculture, forest industry, processing industry and trade were popular areas of investment. The most prospective domains are transport, connection, oil industry, forest industry, and wood processing industry.

Until 2013, the Program of Vladivostok Development as a Centre of Asia-Pacific Region was adopted in the framework of the Program of the Far East and Trans-Baikal Socio-Economic Development. The APEC summit took place in Vladivostok in 2012. Russia took this opportunity to build two large cable-stayed bridges – the Zolotoy Bridge across the Zolotoy Rog and the Russky Island Bridge, which connects the mainland with the Russky Island and is the longest cable-stayed bridge in the world. The organization of the APEC summit in Vladivostok cost some USD 20 trillion (RUB 670 trillion) (Ministerstvo inostrannykh del Rossiyskoy Federatsii *Pasport Primorskogo kraya*, 2013).

Primorsky Krai has signed nine agreements and three memorandums of friendship and cooperation with Chinese, Japanese, and Mongolian provinces. Vladivostok is a twin city of San Diego, Tacoma, Juneau (USA),

Niigata, Akita and Hakodate (Japan), Dalian (China), Busan (South Korea), Wonsan (North Korea), Manta (Ecuador), Kota Kinabalu (Malaysia), Yanbian (Yanbian Korean Autonomous Prefecture in China). However, constant cooperation has not been provided (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Pasport Primorskogo kraya*, 2013). There are six accredited Consulate-Generals: Vietnam, the Democratic People's Republic of Korea, the Republic of Korea, the USA, Japan, and one agency of PRC's Consulate-General; 2 Consulates – Australia and Canada, in which Honorary Consuls are in charge, 12 Honorary Consulates: Bangladesh, the United Kingdom, New Zealand, Thailand, the Philippines, Chile, South Africa, Germany, Laos, South Ossetia, Malaysia, and Indonesia. There is also a representative of the European Bank for Reconstruction and Development. In 2014, Vladivostok was visited by the ambassadors of Germany, New Zealand, Latvia, India, Luxemburg, Slovakia, Ecuador, Guatemala, and Uruguay, as well as the EU Special Representative, delegation of diplomats of the Shanghai Cooperation Organization, Deputy Ambassador of Australia, Counsellor of the Embassy of Denmark, Minister of Trade and Industry of Singapore, and Deputy Prime Minister of Vietnam.

Primorsky Krai provides strict connections with Japanese prefectures (Niigata, Hokkaido, Akita, Toyama, Kyoto), Chinese provinces (Heilongjiang and Jilin), South Korea (Gangwon province), and North Korea (North Hamgyong province). Taking into consideration Japanese delegations, it is clear to see that Japan wants to maintain the current level of relations, however, Japan does not plan new initiatives. China mainly supports the development of logistics and agriculture (the most prospective cooperation areas). South Korea often discusses the inconvenient topic about establishing a Korean Autonomous Unit, which is an obstacle in the further development of Primorsky Krai and South Korean relations (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Pasport Primorskogo kraya*, 2013). However, there are more contacts with North Korea, which are often in the framework of transit. In general, from 2013 to 2014 there were 40 visits, meetings and initiatives on the international level and 113 on the regional administrative level (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Pasport Primorskogo kraya*, 2013).

4.14. Geopolitical dimension of the far eastern policy of the federal centre

The international activity of the Far East regions is more and more dominated (stimulated) by the federal centre's actions and is subdued to accomplish certain goals, both in foreign policy and in domestic policy. Both aspects are connected with each other and cannot be treated separately. This macro-region can boast its longstanding tradition considering the centre's influence and attempts to plan its development.

The strategy of planned economic development of the macro-region began in the 1930s, when the Soviet Union was preparing for war against Germany and was building its military potential. At that time, significant resources were allocated to the development of the defence industry, which also led to the extraction industry being developed at the same time. After World War II the situation was more stable and the Soviet Union positively tried to attract foreign capital, mainly from Japan, and tried to develop border trade. It should be emphasized that all projects, according to single plan, were controlled by the state. During the conflict with China, the interest of the Far East was developed by the centre, however, five-year plans concerning this region were not achieved. In the second half of the 1980s there was an attempt to establish a development model from the 1920s and 1930s in the Far East when economic and social development were perceived as a chance to cooperate with Asia. The beginnings of the disintegration processes in the USSR and deep economic crisis doomed that plan to failure.

At the end of the 1980s, Soviet scientists created their own concepts of economic policy and relations between federal government and regions. The resources sector had to be the basis for economic development. Then again, relations with regions were strict and the geographical aspect – border location – had to help. The attractive conditions should have attracted domestic migration. At that moment, it was claimed that separatisms, decentralized trends in the Soviet Union, were permanently irreversible, and that the region would be able to take care of migrants. Thus, the region would develop – the Far East and Trans-Baikal areas would become attractive for representatives of other nationalities. The defence sector along with the resource sector, was important considering the development of the Far East. The abovementioned plan contained the opportunity to develop independent cooperation with East Asia – both in the framework of the Federation and the international system. The plan

did not work due to the crisis that the Soviet Union and then the Russian Federation fell into. However, that period is characterized by enhanced individual activity, development of border trade, open borders, and a visa-free regime with China. The visa-free regime between China and Russian cross-border areas was abolished in 1994. It resulted in rapid and drastic reduction in trade, e.g. in Khabarovsk Krai – 7.5% decline, Amur Oblast – 5.5% decline, and Primorsky Krai – 3.6% decline since 1992.

In 1996, Boris Yeltsin signed a document which the charted rules of implementation of the government program of development of the Far East between 1996–2005. On the basis of that concept was the assumption that the Far East should develop as a special economic zone. So special instruments that would boost economic development had to be created. The idea was not implemented as the region did not have its own resources – it was dependent on federal government policy, which at that time was neglecting relations with Japan, Korea, and ASEAN members, concentrating rather on diplomatic relations with the EU.

Technically, region “collapsed”. Between 1989–2010, 20% of the Far East population left the region. To prevent further migration, it was proposed to use more money from the federal budget on healthcare and education. However, according to public opinion polls, 40% of population wants to leave. The financial crisis inhibited the funding of projects adopted within the framework of *The Program of the Far East and Trans-Baikal Socio-Economic Development to 2013*. They were reduced by 62%, except for the preparation of Vladivostok for APEC summit. In 2013, another federal program was adopted – *The Far East and Trans-Baikal Socio-Economic Development Strategy to 2025*. An agreement was also signed with China about cooperation between the Russian Far East, East Siberia, and Chinese North-eastern regions within 2009–2018. The program implementation was coordinated with the Far East and Trans-Baikal development strategy. In *The Russian Federation Energy Strategy to 2030* many projects are mentioned which may have influence on regional economic development.

Natalia Zubarevich emphasizes that the Far East case shows that in modern Russia along with two classical models (mechanisms) of regional development policy: centralistic and compensatory (considering compensating levels of economic development as a primary political goal), decentralized and pro-competitive (considering boosting regional competitive ability as a regional policy primary goal (Hausner 2001, 9)) a third geopolitical model exists. This third model is interpreted as

a “mechanism that is supposed to preserve territorial integrity of state and strengthen control over regions that are strategically important” (Zubarevich 2015, 1–2). Nevertheless, as Zubarevich notices, this mechanism provides state governing using geopolitics from the 21st century – in the first decade of this century, this model has had a priority for Russia. “In order to implement geopolitical priorities, there can be used compensating and competitive instruments, however, if geopolitics is a goal itself, the mentioned mechanisms have supportive and additional nature – political decisions are undertaken to stand up against the disintegration of state and preserve control over selected regions” (Zubarevich 2015, 2).

The previous attempts of macro-region modernization, which included many ambitious investments, have not had the anticipated effects. Also the latest governmental attempts to boost development of the macro-region, which were mentioned, had to wait for changes in the political and economic situation. These programs are: *The Program of the Far East and Trans-Baikal Socio-Economic Development to 2013*, *The Far East and Trans-Baikal Socio-Economic Development Strategy to 2025* (Pravitel'stvo Rossiyskoy Federatsii, *Strategiya sotsial'no-ekonomicheskogo razvitiya Dal'nego Vostoka i Baykal'skogo regiona*, 2013), *The Program of the Far East and East Siberia of the Russian Federation and the Northeastern Regions of the People's Republic of China Cooperation in 2009–2018*.

There is no doubt that the Western states' sanctions were the catalyst of the new approach to socio-economic regional development. The conflict with the West (with a particular mention of Ukraine) resulted that the East, mainly China, was perceived as the most prospective Russian partner on international area. Vladimir Putin as a “main playmaker” left his euro-centrism, according to Alexander Gabuev, and permanently accepted the important role of the Asian (Chinese) vector in political and socio-economic development in Russia in the foreseeable future (Gabuev 2015).

The macro-region has been strengthened in institutional the hinterland of regional modernization, with the participation of foreign investors. In Khabarovsk the special Ministry of the Far East Development (*Ministerstvo po razvitiyu Dal'nego Vostoka*) was established in 2012. In 2014, the analogous ministries were established in Crimea and Northern Caucasus, and the Agency for Canvassing Investment and Supporting Export in the Far East was established on the basis of it.

Regions of the Russian Far East in the framework of the new (geopolitically determined) approach, benefit from compensatory model used by federal centre. It is mostly connected with the difficulties faced due

to the implementation of investment projects (further on in the chapter). Its modernization is happening both thanks to budgetary funds of the Development and Foreign Economic Cooperation Bank (*Bank razvitiya i vneshneekonomicheskoydeyatelnosti*) as well as state companies' investments.

The Far East is the second largest beneficiary of the federal budget, however, the North Caucasian Federal District, which is another geopolitically important macro-region for the Kremlin, "treads on its toes." In 2008–2014, the Far East's participation in general subsidies from the federal budget was not below 11%, in 2014, the macro-region was given 12.2% of total expenditures from the federal budget to implement regional policy. At the same time, the Northern Caucasus was given 12.3% of total expenditures. As a consequence, it gave the following amounts: RUB 243 trillion in 2013 and RUB 211 trillion in 2014 (Zubarevich 2015, 6). The federal budget funds were used to implement preparations for APEC summit in Vladivostok.

The representatives of federal government, in the framework of new development actions of the macro-region, have made bold statements that it was considered as a priority for Russia, and that is why it required special investment (Yumaguzina 2015). Vladimir Putin's statement on that matter, which was delivered during the Federal Assembly on December 2013, was the formal confirmation of the centre's determination to construct and implement a new development model of the Far East "on rules of strict integrity and development of economic and trade relations with Asia-Pacific states." The reconstruction of Siberia and the Far East was announced as a national priority for the 21st century (Pravitel'stvo Rossiyskoy Federatsii, *Proyekt Federal'nogo zakona O territoriyakh operezhayushchego sotsial'no-ekonomicheskogorazvitiya*, 2014).

Federal officials have found an excellent formula that translates the necessity of the intensification of efforts for economic development of the Far East. The structural "weaknesses" of the macro-region were hidden, and at the same time, its unused potential was emphasized. The current geopolitical motivation to financially support the macro-region, which had a negative basis (China threat), has been modified. Now it has a positive basis – the macro-region still is a problem for Russia, however, if its potential is properly used, its geo-economic specificity will become an asset, which will be beneficially utilized by state.

Above all else, it is a unique region (apart from the socio-economic problems that it has had since the beginning of the 1990s), it connects the

two great Eastern-Western civilizations and plays the role of the “Eastern gates of Russia.” According to Alexander Galushka, the Chief of the Ministry for Development of the Russian Far East (*Minvostokrazvitiya*), the life-blood of global economy in the 21st century will be the Asia-Pacific region and the development of the Russian Far East is an inseparable part of this process. The cooperation with regional states may provide investment *boom* in Russia. It will be beneficial for Russia, because some of them have access to new technologies or significant industry and financial potential. The majority of regional states did not join the anti-Russian sanctions but simultaneously were interested in enlarging their influence. The Far East has a unique chance of becoming an integral institute that will connect the West with the East (Yumaguzina 2015).

The region had to be properly infrastructurally prepared for the investment influx. The two transport corridors, “Primor’ye –1” and “Primor’ye –2,” which cost RUB 200 trillion (Yumaguzina 2015), are good examples of these endeavours, as are the infrastructure investments, construction of the pipeline through “Transneft,” which provides cooperation with Eastern customers, and finally the modernization of the Baikal-Amur Mainline (BAM), which cost RUB 300 trillion (funded by Russian Railways Company), which will increase its capacity and will make roads to seaports (Zubarevich 2015, 6).

At the same time, many administrative and practical actions were adopted for canvassing domestic and foreign investors. First and foremost, “the institution of accelerated growth area” (*territoriya operezhayushchego razvitiya* [TOR]), was stabled, which was called a “modern and reasonable system of preferences for investors” in selected regions of the Far East. It had to include: de-bureaucracy of business actions, tax exemptions, and investment protection. A similar basis was a must for the free-port zone project in Vladivostok. There was an assumption that investors would be provided tax exemptions, customs tax, and visa simplifications. The mechanism of a free-port zone should have been similar to the TOR Institution. There were plans to increase the concept of free-port zone to all important ports located in the Southern Far East: from Zarubino to Nakhodka (Yumaguzina 2015). In 2016, it was published that free-port zone will be established in Chukotka Autonomous Okrug, Kamchatka Krai and Sakhalin Oblast (Kryuchkova and Sapozhkov and Yedovina 2016). All these actions were accompanied by promotional endeavours like the APEC summit or Eastern Business Forum.

4.15. Centralized-coordinative model due to the Russian Far East

The roots of the current, centralized, magisterial and uncompromising approach to the macro-region might be in the experiences of centre-regions relations from the 1990s, with the special involvement of Primorsky Krai. Yevgeny Nazdratenko, the longstanding Governor of Primorsky Krai, is partially responsible for the disastrous regional condition. In the mid-1990s, he effectively blocked the free-market modernization process in the region and its internationalization process, which was initiated by Vladimir Kuznetsov, by the establishing well-developed patronal-clientelistic system, PAKT. This system united representatives of 36 important regional companies. In addition, Nazdratenko is known as an anti-Chinese politician who counteracts against the Russian-Chinese approach (Alexseev 2002, 7–8).

There is no doubt that there is a clear relation between the geopolitical approach to the implementation of regional policy due to selected regions and of centralized-coordinative model, or statism in Kremlin's approach to regions' international activity) due to centre-regions relations in regard to international activity of the latter. Zubarevich notices that ministries such as the Ministry for the Far East Development should implement boosting policy in cooperation with both domestic and foreign investors and should strictly cooperate with regional authorities. However, the reality is quite different.

Instrumentalism in the centre's approach to regions is manifested in many levels and it surely is connected to either geopolitical regional specificity, All-Russian political and socio-economic trends, and finally, the abovementioned negative experiences in centre-regions relations. What is most important, is that the centre has at its disposal mechanisms of enforcing acquiescence on regional authorities. However, it does not mean they are effective in terms of achieving the centre's goals, even when they cooperate with regions.

The macro-region was repeatedly under pressure from the central government. The pressure had to eliminate competitive subjects for domestic manufacturers from the Russian market. In 2004–2005, the centre conducted informal pressure on the Governors of the Far East to eliminate Chinese businessmen in cross-border regions. It was done with the knowledge that it will negatively affect local economies. The centre claimed that budget revenues (and their generous re-distribution)

would reduce public tensions in the Far East. And it was not wrong. The revenues of pension resources has helped the centre to mitigate the shock of the “grey zone” shutdown in the macro-region. This zone included the import of cars and trucks from outside (mainly from Japan), fishing, and wood industries. The Far East was given huge funds – in 2007 Khabarovsk Krai was given more in one year than it had received during 10 years when the *Program of the Far East and the Trans-Baikal Development* was in force (Blyakher and Vasil'yeva 2009, 68). The abovementioned the “grey zone” phenomenon requires great carefulness in dealing with the problem of regional internationalization in the Far East – its significant part can get out of any data.

At the beginning of the new decade, the federal centre undertook actions for further institutionalization of coordinated-cooperation model with regions in international cooperation and international economic cooperation. In 2001, guided by *The Concept of the Russian Federation Foreign Policy* the Russian MOFA determined its priorities in this area in “Asian and the Far Eastern regions” (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Kontseptsiya raboty MID Rossii po koordinatsii mezhdunarodnykh i vneshneekonomicheskikh svyazey sub'yektov Rossiyskoy Federatsii*, 2001). These were: actions to enlarge cooperation between Russian regions and partners in China and Japan as an integral part of Russian cooperation with these countries and actions providing solutions to socio-economic problems of Siberia and the Far East (Ministerstvo inostrannykh del Rossiyskoy Federatsii, *Kontseptsiya raboty MID Rossii po koordinatsii mezhdunarodnykh i vneshneekonomicheskikh svyazey sub'yektov Rossiyskoy Federatsii*, 2001). So, the idea to “harness” the outside to the modernization of the eastern border of Russia is not new.

Due to the Russian regions of the Far East, especially, these bordering with China, there is a common belief that Yury Trutnev, the Deputy Prime Minister of Russia and Presidential Envoy to the Far Eastern Federal District is in charge of their international activity. Trutnev was a curator of the Eastern Business Forum organized in Vladivostok in 2015. The regional territory is used to implement “great geopolitical projects” by the centre. Through the territory of the Far Eastern Federal District there are, inter alia, hydrocarbons transport networks, which are responsible for creating strategic partnership with China.

The regional authorities are still an important element in the modernization and internationalization process in the macro-region, even if they are presented with a *fait accompli* by the centre. Unfortunately, the

regions are the weakest link for implementation of this process. Gabuev emphasizes that regions' attitude and involvement are important to succeed in business endeavours and projects of trans-border cooperation, which are approved on the authority level. *The Program of the Russian Far Eastern and Chinese Northeastern Regions Regional Cooperation* concluded by Dmitry Medvedev and Hu Jintao in 2009 (Pravitel'stvo Rossiyskoy Federatsii, *Programma sotrudnichestva mezhdu regionami*, 2009), failed in the end due to the regions, more than 100 projects were not achieved (Gabuev 2015).

Regional activity in the international area is undertaken with strict cooperation with the centre. The Kremlin supervises the activity of regional authorities in the international area and is also a supervisor of their international cooperation. The best example of mechanisms that rule the Russian paradiplomacy is *The Program of the Far East and East Siberia of the Russian Federation and the Northeastern Regions of the People's Republic of China Cooperation in 2009–2018*.

On September 23, 2009, leaders of both states agreed on *The Program of the Far East and East Siberia of the Russian Federation and the Northeastern Regions of the People's Republic of China Cooperation in 2009–2018*. In this document there are 205 joint projects. It was assumed that the coordination of development plans of trans-border regions would be the main goal to achieve. One of them is *The Far East and the Trans-Baikal Economic and Social Development to 2013* and the second one is *The Program of the Northeastern China Revival*. In the program there are many actions connected with opening border posts, constructing roads, bridges and railways, humanitarian cooperation, environment protection, creating special scientific-technical cooperation areas, exchange of employees and tourism. The mentioned program has to boost international cooperation of the Far East regions (which differ from other Russian regions due to their dynamism) and supports governmental programs of the Far East's modernization. At that time, this region had been collapsing, suffering from depopulation, its citizens suffered from power cuts and interruptions of heating supplies, in spite of putting down as being strategically significant by the Kremlin in the process of geo-economic integrity between Russia and Northeast Asian states (Karaganov et al. 2014, 6–7). Preparation and implementation of the program provide exemplifications of the many negative aspects that grieve the centralized approach to animation attempts of regional international cooperation. Simultaneously, its previous results are the example of existing strong

interest divergences between Russia and China in economic cooperation (Pravitel'stvo Rossiyskoy Federatsii, *Programma sotrudnichestva mezhdru regionami*, 2009; Assotsiatsiya ekonomicheskogo vzaimodeystviya sub'yektov Rossiyskoy Federatsii "Dal'niy Vostok i Zabaykal'ye", *Informatsiya o khode realizatsii Programmy* 2014).

First of all, it should be mentioned that *The Program of the Far East and East Siberia of the Russian Federation and the Northeastern Regions of the People's Republic of China Cooperation in 2009–2018* should boost contacts between the regions of both states. It was arranged at the central level and, from the Russian perspective, it was subordinated to implement tasks, which had been formulated by the Russian federal government, i.e. supporting the implementation of regional policy in the framework of *The Far East and the Trans-Baikal Economic and Social Development*. The program's investment and infrastructural character was clearly and strongly emphasized – from the intensification of trade between Russia and China's perspective, development of border crossings and connections with China are treated as priority, however, currently it is absolutely inadequate and disproportionate on the length of the borderline between both countries. The infrastructural collapse of the Russian Far East blocks development of trade dynamism with Northeast Asia. The Ministry of Economic Development of the Russian Federation was supposed to coordinate the implementation of the mentioned program in Russia. In the short term, the Russian federal government decided to use China to solve its own problems and obligations by portraying it as an activity for the development of regional cross-border cooperation between Russia and China (Assotsiatsiya ekonomicheskogo vzaimodeystviya sub'yektov Rossiyskoy Federatsii „Dal'niy Vostok i Zabaykal'ye", *Informatsiya o khode realizatsii Programmy*, 2014).

The analysed problem of international activity of federal subjects of the Far Eastern Federal District shows that the attitude of regional authorities is also important, because they are credited for the failure of this project. Anna Madej writes: "The negative attitude of Chinese investors was the result of the absence of a mechanism that negotiates the list of projects between China and the Ministry of Economic Development of the Russian Federation, which is the program coordinator. Individual federal subjects are independently and freely changing the list [...]. Moreover, the task force for the program implementation, which was established 2 years after it was announced, consisted only of regional officials and did not include any expert for Chinese affairs. In 2013, the Ministry of the Far East

Development was established in Khabarovsk but it did not improve the situation – central authorities only obtained greater control to implement their plans (but rather its lack of control)” (Madej 2015, 90).

The program’s destiny requires the critical analysis of regional authorities capabilities. It also should be asked why the centre did not use their significant capabilities to influence governors? The centralized-coordinative model showed its immaturity. As with other macro-regions, it can be said that the Kremlin is not almighty, it makes mistakes and does not have managerial staff – it is not effectively enforcing its goals in regards to regional policy, the demonstrative dismissals of governors, who are accused of sabotaging the centre’s policy or corruption, does not solve the long-term problems of regional policy.

4.16. Critical analysis of the centre’s policy to the Far East

By analysing the criticism of federal centre’s activities towards the Far East regions, it should be emphasized that it has an All-Russian aspect (due to the interests of the whole state and/or other regions) and local aspect (from perspective of macro-regions interests). However, the thesis about the geopolitical approach to development of selected macro-regions in the same propagator (N. Zubarevich – M. P., M. S.) elicits doubts.

When looking at the transfers structure due to the Far East in more detail, it can be noticed that financial resources are redistributed according to a certain pattern, which has less in common with stimulating infrastructural development and acquiring investment, but it has more in common with retaining settlement in Northern parts of the Far East at all costs. Instead of investing in the development of regions bordering with China, the centre expends more funds on the needs of such regions as Kamchatka Krai. So, it is not a geopolitical model but “a manual control of depopulation threat and confirmation of existing inertia of the Soviet policy due to Russian eastern borders” (Zubarevich 2015, 7).

However, considering the creation of 23 “accelerated development zones” or TOSER (its Russian acronym, also referred to as TOR) for stimulating economic development by way of tax preferences and exemptions (DAVE 2016, 6), the federal government is criticized for e.g. the absence of establishing clear and permanent investment rules; arbitrary and less considered (extremely subjective) selection of regions

that have to be included in the program – there are those that are more deprived of infrastructure; and concentrating efforts on the development of industry branches that are the least competitive, like in the case of the Far East – the processing industry due to the highest costs of electricity and transport tariff in the whole state. In 2016, from the investors perspective, the electricity tariff should be between 29–71% of current prices from region to region; in Primorsky Krai kWh cost should be RUB 2.03 not RUB 3.38 (Fomicheva 2016; Bashkatova 2016).

It is worth noticing that Russia pinned all its hopes on Chinese investors but they have failed. The federal centre, due to the “turn to the East” policy, concentrated mostly on cooperation with China with all the negative consequences. The share of Chinese direct investments in Russia is 1.3% of their total in 2012–2013. In the case of the Far East, China is definitely one of the most important investors and trade partner.¹ Considering the West’s sanction’s conditions and the Kremlin’s absolute will to cooperate with China at the expense of South Korea and Japan, China has the ability to dictate the cooperation conditions (Korostikov 2016). Contrary to the expectations of the federal centre, foreign investments are not coming in to the Far East. It is taking place on grounds of general regional financial crisis, including investment, in the whole Russia and in the Far East.

In 2013–2014, the general level of investment in the region showed a declining trend. In 2013, the decline was 20%, in 2014 – 5%. In the first quarter of 2015, there was an increase only to foreign investment in the gas and oil extraction sectors in Sakhalin Oblast (Zubarevich 2015, 8).

In the case of foreign investment in the macro-region, the situation is very confused. There is no doubt that foreign investors, including Chinese investors, show quite careful interest in the Far East. The state budget (and connected with its Russian companies) is the main investor in region but extraction industry is the most attractive.

According to the Central Bank “the investment boom” in macro-region, which was noticed by Yury Trutnev and Alexander Galushka (Grishina 2016), was rather a careful growth. It started in 2014, when the annual balance of direct investment in the Far Eastern Federal District was USD 3.9 trillion (in 2011, 2012, 2013 was USD 0.95 trillion, USD

¹ China was in 2012 the largest trading partner for the Russian Far East’s border regions and the second largest partner (after South Korea) for the Russian Far East macro-region as a whole (Lee 2012).

0.56 trillion and USD 1.4 trillion, respectively). In the third quarter of 2015, the balance of investment exceeded the level from 2014 and was USD 4.2 trillion. Interestingly, most foreign investment in the Far Eastern Federal District has come recently from *offshore* (Bahamas, Bermuda, Cyprus and the Virgin Islands). It was interpreted as the possible investments of the Russian companies (Kryuchkova and Sapozhkov and Yedovina 2016).

4.17. The international activity of the Far East's regions due to regional elites

There is a common belief that regions are ignored in the process of establishing strategy against the macro-region. Investors use regional tax exemptions (ground and estate) and no one consults these decisions with regional authorities.

Some of the Far Eastern political and economic scientists criticize the centre for subordination of infrastructural plans for cooperation with China, which places Russia in the hands of China and their local economic situation and deprives Russia from freedom in foreign policy. Russia subsidizes its gas trade with China and at the current gas prices, the financial requirement for the implementation of "The Strength of Siberia" project will not be given back in 30 years, according to Yuriy Moskalenko, the Far Eastern economist and publicist. The concentration of efforts to deepen cooperation with China is damaging for the economic interests of the macro-region. However, it should be noticed that trade with China (27%), Japan (25%), and South Korea (25%) also plays an important role for this macro-region (Moskalenko 2015a).

Moreover, the centre's efforts in acquiring investments, even Chinese, does not have the expected results. The depopulation process in the Far East has been slowed down, however, the number of foreign immigrants has been increasing. In 2005 the increase of migration was 3.3% of the total people migrating to the macro-region but in 2014 it was 12.8% (Kryuchkova and Sapozhkov and Yedovina 2016).

Moskalenko, generalizing a little bit, indicated that the most serious issue, which the Far East and its inhabitants have in common, is only the federal centre, which is not able to solve its structural issues, because the federal elite concentrates on geopolitical competition and preserving power. "The Far East, just like other Russian regions, needs

real not declaratory federalism," as the abovementioned Amur was quoted saying. Now, as before, the Kremlin instrumentally uses the macro-region and does not allow the development of independent and local entrepreneurship and ignores the interests of the local community (Moskalenko 2015b).

The significant problem from the point of (not) increasing the level of internationalization of the macro-region (evident in the case of limited investment growth in macro-region, which is noticed only in Magadan Oblast and Sakhalin Oblast) is tax policy. More generally the problems are: the adverse investment approach, which is common in Russia, the criminalization of economic life (especially fishing and wood industry) and finally, the extreme politicization of principles of the local government functioning in Russia, especially in Primorsky Krai and Vladivostok (Samokhina and Sergeyev 2016). The endless reshuffling of the Mayor of Vladivostok, who officially has connections with corruption/mismanagement/exceeding the authorities, but in practice – the continuous struggle between the Governors of Primorsky Krai and Mayors of Vladivostok that started at the beginning of 1990s, makes regional authorities hardly credible to investors (Zheleznova 2016).

The results of an in depth interview (survey later in the text), which was conducted due to the perception of paradiplomacy (international activity) in the macro-region of the Far East by the authors with representatives of local administrative and academic elites, provides interesting knowledge for this topic.² The knowledge attained provides confirmation of previous observations on the basis of analysis of scientific literature and press. The research has been accomplished thanks to the use of Alexander Kusnetsov's research matrix. First, the questions were only related to the situation in regions of the Russian Far East, secondly, the term of paradiplomacy was understood as diplomatic activity of regional authorities and their international activity. The participants of the research have answered the questions, however, they were able to treat them as open questions.

The first question concerned the cause of development of international activity. From many various answers, respondents mostly indicated that border location is an essential motive of international cooperation and provides support to it. Globalization processes were often indicated as natural and objective conditions of development of regional international

² Interviews were held between 2015–2016 with 12 people.

cooperation. All the rest were extremely rare, however, regionalization processes and external incentives can be distinguished.

The question about the legal basis of regional international activity consisted of two parts: the first part concerned the level of negotiations between the federal government and regional authorities, the second part tackled the problem of legal determinants for negotiations with regional authorities, if the project of international cooperation was related to regions.

In the case of the first issue, the most common answers indicated that the level of negotiations between federal and regional authorities is not sufficient. Some respondents assumed that there is strict control by the centre and regional international activity completely depends on interests or is controlled from above and "great international projects" that include regions must be reconciled between regional and central authorities.

Considering the second part about legal determinants for negotiations with regional authorities, if the project concerned international cooperation that includes regions, respondents seemed to be surprised at being asked such questions – the awareness of existing similar solutions must be low. They do not know, they have no idea, they cannot answer or they do not have information on that subject – these are the most common answers.

Considering the main reasons (motives) that lie at the heart of establishing international cooperation by regional authorities the vast majority of respondents indicated economic motives or cross-border location, which had to be a natural condition of regional internationalization. The political or cultural cooperation motives were of minimum importance.

Putting the problem of institutionalization of paradiplomacy of the Far East regions was an excellent opportunity to become better informed about the main international cooperation channels with the outside. Respondents mostly indicated the vital importance of such endeavours: exhibitions and forums. The important communication channel, deduced on the basis of answers, were official visits of regional authorities abroad or finally, participation in the activities of the official delegations of the Russian government. Surprisingly, a significantly lower role is attributed to both domestic institutions, which are specialized in such activities (Regional Minister of Foreign Affairs, permanent representation in foreign states) and the structure of international cooperation (global and trans-border networks).

The issue of paradiplomacy due to interests of the whole state and the connected issue of forming a model of centre-regions relations due

to international cooperation of the latter, did not trigger problems in the surveyed representatives of administrative and academic elites of the macro-region. The answers correspond with their previous answers concerning the dependence between the federal centre's policy and regional activities. The general feeling is that paradiplomacy is a "common issue," a chance for development of the whole state. However, considering the relation model, the majority of respondents indicated on the internationalization of the coordinated-cooperative model or coordinated-joint activities model that they accepted as appropriate that international activity of federal subjects is coordinated by the centre both formally and informally and they themselves take part in the implementation of Russian foreign policy. There were also suggestions, which confirm the general feeling, that regional international activity depends on the current political situation and "Moscow's" interests.

The last issue concerned the consequences of implementation international activity by regions. The internationalization of federal subjects of the Russian Federation did not trigger any threats that it will cause the dissolution of the state due to increasing separatism trends. This problem does not exist in the minds of the governing bodies and researchers of the problem on regional level. Paradiplomacy had to foster the democratization of rules in taking state decisions into the international cooperation area and further general regionalization of Russian foreign policy.

4.18. Conclusions

Analysing forms, conditions and frequency of international cooperation of federal subjects of the Russian Federation in historical-comparative view, it should be emphasized that:

- conditions of international cooperation will become more and more determined by economic conditions but will be less determined by political (geopolitical, ethno-political, personal-ambitious) conditions;
- regions extensively use state support in the process of sustaining international cooperation;
- there is still deep diversification in the socio-economic development of Russia, some regions despite its potential and geo-economic attractive position are not able to use it in international cooperation.

The internal environment has been diametrically changing (centralization of federal relations), it has impact on trends and forms of

regional international cooperation in Russia after 2000. After this date, the federal centre is important and unusually active – comparing to the previous decade – it became a moderator of socio-political, economic, and regional international activity changes in Russia. As a result, further research on the internationalization phenomenon of the Russian regions should be implemented with the use of the state centric paradigm. The internationalization of regions that is viewed through the prism of the “realism” trend in federal officials’ minds, which is adapted to the needs of Russian domestic policy, provides the answer why it is consistently owned by federal centre. This process has pros and cons from the Russian statehood perspective; the pros are coordination and orderliness of the sometimes chaotic regional paradiplomacy, and supporting regions that need state assistance; the cons are division of cooperation trends for good (China, CIS) and for bad (Western Europe), blocking development of cross-border (trans-border) cooperation.

At the moment, we are facing the process of institutionalization of the centralized-coordinative model due to regional international cooperation in Russia. This term fully reflects the character of relations, which have been in creation in Russia since 2000 due to the regional internationalization and federal centre’s policy towards this phenomenon. Referring to Soldatos’ concept mentioned in Kusnetsov’s research matrix: *cooperative-coordinated* and *cooperative-joint*, the Russian model (clearly seen in the case of the Far East) is an amalgamation of both. The federal subjects international activity is coordinated by the centre both formally and informally, they themselves are included in the implementation of the Russian foreign policy. It should be emphasized that there is a constitutional-legal basis of this model.

It can be assumed that interlacement of classical models of centre-regions relations in the case of paradiplomacy is expressed on the level of perception of regional international activity from the whole state interests’ perspective. The federal centre influenced by the negative experiences from the 1990s, in which there was the uncontrolled development of regional international cooperation, (often against the official position from the federal government) sees paradiplomacy as a threat to Russia. However, this threat may be eliminated and become an asset, if regional activity in the international area is skilfully coordinated with the centre’s policy and/or regions are indirectly or directly included in the implementation of Russian foreign policy.

The federal centre’s approach to autonomy, including international activity of federal subjects of the Russian Federation, resulting in forming

a centralized-coordinated model, may be viewed through the prism of existing theories in international relations. In this sense the forming of the mentioned model of centre-regions relations is an example of realism's "triumph" in Russia, after 1999. The presence of realism in the case of the analysed issue, i.e. Kremlin's attitude to regional international activity, comes into play in all aspects of the analysed phenomenon at both the conceptual level (due to the concept of location and role of regions in the strategy of development of the Russian foreign policy) and practical level (the way of using regions and their international contacts by the centre to promote Russian national interests).

The nature of the Russian political system corresponds with the nature of centre-regions relations: Yeltsin's anocracy period – i.e. polity, where elections were utilized in order to maintain the pretence of legitimacy, but the political leader is forced to obtain resources from various political and economic elites, in order to maintain power (Schofield and Gallego 2001, 17) – corresponded with asymmetrical federalism. Putin's electoral authoritarianism is harmoniously compatible with the unitary federalism. This also applies to the regional international activity model, the decentralized model dominated before 2000 and since that year the centralized model started its consolidation. The authoritarian nature of the Russian political system (not of many regions) in the 1990s was not and is still not a barrier in the development of regional international activity.

The Russian regions due to the realization of the concept of centralized federal relations (de-federalization) receive less autonomy in the decision-making process. Regional political elites have been politically pressured by the Kremlin – they have been "squeezed into the straightjackets" of a vertical power structure and operate in the strict institutional-legal frames considering their participation in international economic trade and international cooperation. The federal centre has an open tendency to use regions instrumentally in the process of realizing its goals in foreign policy, sometimes, however, to their mutual benefit.

Federal elites, under Vladimir Putin's governance and despite formal subordination of regions to centre, still (irrationally) suspiciously look at regional elites and picture them as a threat to their domination in the political system or look at them in fear of increasing separatism trends. They do so due to the experiences from the 1990s, when actions of some regions resulted in the dissolution of the uniformed political-legal area of the Russian Federation. Additionally, their specific approach to the concept

of sovereignty formed by domestic political experiences, “expansion policy to the East” of European political-economic structures (the EU), political-military structures (NATO), penetration of the post-Soviet area by the USA (Membership Action Plan), and the EU (Eastern Partnership) further fuel their suspicions. The centralization of federal relations in legal and political areas were accompanied by an anti-Western vector in Russian foreign policy, which was developed gradually but resolutely. However, the Russian federal elite was successively joined by individuals who represented a specific type of strategic culture that affirms ideas of indivisible sovereignty of the nation state, which perceive globalization/globalization as a source of threats to national interests of Russia or national security and search bad intentions in players who get involved in cooperation with regions.

The process of internationalization of the Far East regions (or rather to be precise the pattern of relations between regions and centre) seems to be perfectly suited in a certain model of centre-regions relations in the international activity area of the latter in the whole state.

Taking into consideration the level of internationalization of the Far East regions, it can be seen that they diverge from other macro-regions as a result of their concluding international agreements, which is logically connected with a low level of international economic cooperation. The low level of internationalization of the macro-region is not an anomaly but results from general regularities that increase the internationalization level of the Russian North-western and Central regions in a natural way. They are connected with direct proximity of the macro-region in both geo-economic and political-historical areas. As it was shown in case of the Far East regions, with the highest level of internationalization they benefit from their natural resources: gas, fish, timber, border status, and vicinity of the rapidly developing Chinese economy. So, their successes are determined economically and geographically.

Taking into consideration the conditions of establishing international cooperation, it can be seen that there was a significant change due to the 1990s. In the past, acquiring essential resources for the functioning of local economies and providing decent living standards (resulting in the development of the “grey zone”) were the main issues to fulfil. Nowadays, the exploitation of natural resources and boosting nature of the centre’s policy, which usually has an instrumental nature, play an important role. The instrumentalism in the federal centre’s approach to regional international activity in conjunction with the centralization of the system

of federal relations and with the centre's clear activity due to forming regional international cooperation allows to formulate a thesis that in the Far East the centralized-coordinative model exists.

It should be assumed that activities of federal authorities within the so-called geopolitically-oriented Far Eastern regional policy, which includes involvement of regions in international activity, give interesting information about (in-)effectiveness of this kind of policy. The geopolitical approach to regional policy in the case of the Russian Far East intertwined with the instrumental approach to forming regional international cooperation – have not produced the expected results.

The Kremlin's policy towards the Far East does not improve the socio-economic requirement of the macro-region and in addition, it activates criticism in the region, deepens alienation and confirms the inhabitants' beliefs that there is a colonial approach to the Far East, i.e. the excessive exploitation of the macro-region without any concern for the living conditions of its inhabitants. The centre's actions improve the level of regional internationalization, however, the process is mostly connected with: 1) export of fossil fuels or the broad export of resources (wood, fish); or 2) actions of the Russian Federation in the international area and involvement of regions in state foreign policy. What is even worse, the federal centre while trying to form a regional international activity – in the framework of the centralized-coordinative model – cannot control their actions. Secondly, by implementing "great projects," it marginalizes the opinions and interests of regions. The centralized-coordinative model is consolidated neither in the Far East macro-region nor in the whole country. It is connected with problems which the centre faces during the implementation of personnel policy in regions, political conflicts in provinces and general weakness in affecting the socio-political processes in regions.

Despite the centre's great advantage over regions in available resources and due to the established formal-legal rules of operating federal relations, regional elites have power with which centre authorities must take into account in the negative aspect (sabotaging the centre's policy/inability to implement it) and in the positive aspect (mobilization of "administrative background" during election campaigns, which are important for the Kremlin). Some of the strongest regions use this situation in their favour, other regions, which are deprived of political and economic assets but have positive experiences in cooperation with Western countries in the 1990s, try in every possible way to defend their autonomy. All this makes

that centralized-cooperative model is not internally consistent and thereby consolidated. The international activity of the Far East regions shows that centralized-cooperative model has many gaps.

Looking back at the international activity of the Russian regions, after 2000, regarding its impact on the Russian statehood, it is alarming that in some cases the centralized-cooperative model of actions of regions may be extremely unfavourable for regions. In a wider view, its consolidation may result in a challenge for the stability of the Russian political system. As it stands, it generates dissatisfaction and protest sentiments in regions that are mostly interested in international cooperation – which is one of the significant sources of socio-economic development for them. Forms of international cooperation enforced by the Kremlin have not produced the expected results. The experience of international activity of regions of the Russian Far East or broadly Russia-China economic cooperation, which had to substitute economic contacts between Russia and the West after 2014, are the best examples (Korstikov 2016).

The experiences of the 1990s in regional international activity strengthened the feeling of urgency in the orderliness of the centre-regions relations for the sake of the development of Russian statehood. However, the “fruits” of international cooperation, which are the involvement of the Russian regions after 2000 (including the Far East), argue that the centralization of federal relations blatantly harms Russian statehood, Russian international profile, interests of regions and federal subjects, ordinary citizens and the stability of authoritarian system, established around Vladimir Putin.

References

- Abdrzakova El'vira, Ivan Kurilla, “Vneshnyaya politika i mezhdunarodnyye svyazi regionov”, [in:] *Rossiya „dvukhtsyachnykh”: stereoskopicheskiy vzglyad*, (eds.) Henry E. Hale, Ivan Kurilla, 437–462, Moskva: Planeta, 2011.
- Alexandrov Oleg “The City of Moscow in Russia's Foreign and Security Policy. Role, Aims and Motivations.” *Russian Study Group at the Centre for Security Studies Working Paper* 7 (April): 1–27. Zürich: ETH Zentrum, 2001, <http://e-collection.library.ethz.ch/eserv/eth:24073/eth-24073-01.pdf> (accessed November 18, 2016).
- Alexseev Mikhail A., “Instrumental Internationalization: Regional Foreign and Security Policy Interests in Primorskii Krai.” *Russian Study Group at the Centre for Security Studies Working Paper* 18 (March): 1–32. Zürich: ETH Zentrum, 2002, <http://e-collection.library.ethz.ch/eserv/eth:25408/eth-25408-01.pdf>, (accessed November 18, 2016).

- Ambrosio Thomas, *Authoritarian Backlash: Russian Resistance to Democratization in the Former Soviet Union*. Abingdon, Oxon, Ashgate, 2009.
- Anosova Lyudmila (eds.), *Rossiyskiy Dal'niy Vostok: strategiya razvitiya v XXI veke*. Moskva: Institut ekonomiki RAN, 2014.
- Aref'yev Aleksandr, Sheregi Frants, „Inostrannyye studenty v rossiyskikh vuzakh.” Moskva: Tsentr sotsiologicheskikh issledovaniy, 2015, <http://www.socioprognoz.ru/files/File/2014/full.pdf> (accessed November 18, 2016).
- Assotsiatsiya ekonomicheskogo vzaimodeystviya sub'yektov Rossiyskoy Federatsii “Dal'niy Vostok i Zabaykal'ye”. *Informatsiya o khode realizatsii Programmy sotrudnichestva mezhduraznitsami Dal'nego Vostoka i Vostochnoy Sibiri RF i Severo-Vostoka Kitayskoy Narodnoy Respubliki (2009–2018 gody) v 2014 godu*. <http://assoc.khv.gov.ru/regions/foreign-economic-activities/russian-chinese-cooperation-program-monitoring/788> (accessed November 17, 2016).
- Bhavna Dave, “Russia’s Asia Pivot: Engaging the Russian Far East, China and Southeast Asia”. *RSIS Working Paper 297* (May): 1–22, 2016. S. Rajaratnam School of International Studies Singapore, <https://www.rsis.edu.sg/wp-content/uploads/2016/05/WP297.pdf> (accessed December 30, 2016).
- Bashkatova Anastasiya, “Dal'niy Vostok razvivayut bez yasnoy biznes-modeli. L'gotnyye tarifnyye mestnyye predpriyatiya, pokhozhe, oplativtsya strana.” *Nezavisimaya gazeta*, March 17, 2016.
- Blyakher Leonid, Ludmila Vasil'yeva, “Dal'niy Vostok Rossii v rezhime konservatsii: mezhduraznitsami ‘global'noy ekonomiki’ i ‘gosudarstvennoy opekoy’.” *Politiya 2*: (2009), 60–71.
- Busygina Irina, Yelena Lebedeva, “Sub'yekty federatsii v mezhdunarodnom-sotrudnichestve.” *Analiticheskiye Zapiski Nauchno-koordinatsionnogo soveta po mezhdunarodnym issledovaniyam* 3(32): (2008), 1–31.
- Chirikova Alla, Natalia Lapina. “Regional Elite. A Quiet Revolution on a Russian Scale.” *Russian Study Group at the Centre for Security Studies Working Paper 4* (February): 1–39. Zürich: ETH Zentrum, 2001, <http://e-collection.library.ethz.ch/eserv/eth:24052/eth-24052-01.pdf> (accessed November 18, 2016).
- Dem'yanenko Yuriy, “Mezhdunarodnoye sotrudnichestvo sub'yektov Rossiyskoy federatsii v kontekste federativnogo stroitel'stva strany.” *Vestnik Pskovskogo gosudarstvennogo universiteta* 3: (2013), 195–203.
- Federal'naya sluzhba gosudarstvennoy statistiki. Регионы России. Основные характеристики субъектов Российской Федерации, 2014. http://www.gks.ru/bgd/regl/b14_14s/Main.htm (accessed November 18, 2016).
- Federal'naya sluzhba gosudarstvennoy statistiki. Регионы России. Социально-экономические показатели – 2014 г. http://www.gks.ru/bgd/regl/b14_14p/IssWWW.exe/Stg/d01/02-01.htm (accessed May 12, 2015).
- Federal'naya sluzhba gosudarstvennoy statistiki. Регионы России. Социально-экономические показатели – 2014 г. http://www.gks.ru/bgd/regl/b14_14p/IssWWW.exe/Stg/d03/25-01.htm (accessed November 18, 2016).
- Fomicheva Anastasiya, “Dal'nemu Vostoku daleko do subsidiy. Ideya snizheniya tarifov na energiyu zavvazla v soglasovaniyakh.” *Kommersant*, February 19, 2016.
- Gabuev Alexander, “Russia’s Policy towards China: Key Players and the Decision-making Process.” The Asan Forum, March 05, 2015, <http://www.theasanforum.org/russias-policy-towards-china-key-players-and-the-decision-making-process/> (accessed November 18, 2016).

- Goble Paul, "Every Village With Its Own Foreign Ministry?" *RFE/RL Russia Report* March 31, 1999, <http://www.rferl.org/content/article/1344562.html> [accessed March 12, 2016].
- Grigorii Golosov, "The Regional Roots of Electoral Authoritarianism in Russia." *Europe-Asia Studies* 63 (4): (2011), 623–639.
- Golunov Sergey, "Torn Between Patriotism and Economic Necessities: Russia's EU Borderlands after the Food Embargo." *PONARS Eurasia Policy Memos* 360, 2015, <http://www.ponarseurasia.org/memo/torn-between-patriotism-and-economic-necessities> [accessed March 12, 2016].
- Gosudarstvennaya Duma, Sovet Federatsii. Federal'nyy zakon ot 08.12.2003 N 164-FZ (red. Ot 13.07.2015) "Ob osnovakh gosudarstvennogo regulirovaniya vneshnetorgovoy deyatel'nosti". <http://kremlin.ru/acts/bank/20277> [accessed November 17, 2016].
- Gosudarstvennaya Duma. Federal'nyy zakon „O poryadke koordinatsii mezhdunarodnykh i vneshneekonomicheskikh svyazey sub'yektov RF" ot 04 yanvarya 1999 N 4-FZ. <http://www.kremlin.ru/acts/bank/13347> [accessed November 17, 2016].
- Gosudarstvennaya Duma. Federal'nyy zakon ot 15 iyulya 1995 g. № 101-FZ (s izmeneniyami ot 1 dekabrya 2007 g.). "O mezhdunarodnykh dogovorakh Rossiyskoy Federatsii". <http://www.kremlin.ru/acts/bank/8063> [accessed November 17, 2016].
- Grishina Tat'yana. "Dal'niy Vostok uzhe s trillionom. Vladimiru Putinu dolozhili o masshtabnykh investitsiyakh v region." *Kommersant*, May 04, 2016.
- Hale Henry H., Ivan I. Kurilla, Rossiya "Dvukhtsyachnykh": *Stereoskopicheskiy Vzglyad*. Moskva: "Planeta", 2011.
- Hausner Jerzy, "Modele polityki regionalnej w Polsce." *Studia Regionalne i Lokalne* 1(5): (2001), 5–24.
- Ivanov Ivan (ed.) "Rossiysko-kitayskiydialog: model' 2015." *Rossiyskiy sovet po mezhdunarodnym delam, Institut Dal'nego Vostoka RAN, Institut mezhdunarodnykh issledovaniy Fudan'skogo universiteta*, 18. Moskva, Spetskniga, 2015, http://russiancouncil.ru/common/upload/RIAC_Russia_China_Report.pdf [accessed November 18, 2016].
- Joenniemi Pertti, Alexander Sergunin, "Paradiplomacy as a Capacity-Building Strategy, The Case of Russia's Northwestern Subnational Actors." *Problems of Post-Communism* 61 (6): (2014), 18–33.
- Karaganov Sergey (ed.), "Toward The Great Ocean-3. Creating Central Eurasia. The Silk Road Economic Belt and the Priorities of the Eurasian States' Joint Development.", *Valdai Discussion Club Analytical Report*, June. Moscow, 2015, <http://karaganov.ru/content/images/uploaded/a7a117d7310c6e15bf14bf0f6d2f56ae.pdf> [accessed November 18, 2016].
- Konstitutsiya Rossiyskoy Federatsii (prinyata vsenarodnym golosovaniem 12 dekabrya 1993 g.); [pervonachal'naya redaktsiya, deystvovavshaya s 25 dekabrya 1993 g. po 13 yanvarya 1996 g.]. *Rossiyskaya gazeta*, 237 (853), 25 December 1993.
- Korostikov Mikhail, "Rossiya povorachivayet v Aziyu so skripom, 'Valdaiskiy klub' rekomenduyet izbavit' Dal'niy Vostok ot 'kvazikolonial'noy nalogovoy sistemy'." *Kommersant*, June 02, 2016.
- Korostikov Mikhail, "Uroki kitayskogo. Pochemu za proshedshiy god Rossii ne vpolne udalsya 'povorot na Vostok'." *Kommersant' Vlast'*, February 8, 2016.
- Kryuchkova Yevgeniya, Oleg Sapozhkov, Tat'yana Yedovina. "Dal'niy Vostok razmenyal rubl' na dvenadtsat'. Prezidentudolozhili ob investitsionnom bume s gospodderzhkoy." *Kommersant*, May 05, 2016.
- Kurilla Ivan I. (ed.), *Mezhdunarodnaya Integratsiya Rossiyskikh Regionov*. Moskva: Logos, 2007.

- Kurilla Ivan, "Russian Regions and International Systems: A Trajectory of Post-Soviet Interaction.", *PONARS Policy Memo* 422, 2006, http://csis.org/files/media/csis/pubs/pm_0422.pdf (accessed March 12, 2016).
- Kuznetsov Alexander, *Theory and Practice of Paradiplomacy. Subnational governments in international affairs*. Routledge, 2015.
- Kuznetsov Alexander, "Paradiplomacy as the Domestic Source of Russian Foreign Policy An Analysis on the basis of theoretical framework." Paper Prepared for the 50th Annual International Studies Association Meeting, New York, February 15–18, 2009.
- Leichtova Magda, *Misunderstanding Russia Russian Foreign Policy and the West*. Ashgate Publishing, 2014.
- Lo Bob, *Russian Foreign Policy in the Post-Soviet Era. Reality, Illusion and Mythmaking*, Palgrave Macmillan, 2002.
- Lee Rens, "The Far East Between Russia, China, and America." *Foreign Policy Research Institute E-Notes* (July): 1–5, 2012, https://www.files.ethz.ch/isn/153942/201207_lee_fareast.pdf (accessed December 29, 2016).
- Madej Anna, "Chińska obecność na rosyjskim Dalekim Wschodzie: uwarunkowania i stereotypy.", *Bezpieczeństwo Narodowe* 4: (2015), 81–101.
- Makarychev Andrei S., "Islands of Globalization. Regional Russia and the Outside World." *Russian Study Group at the Center for Security Studies Working Paper* 2 (August): 1–39. Zürich: ETH Zentrum, 2000, <http://e-collection.library.ethz.ch/eserv/eth:23597/eth-23597-01.pdf> (accessed November 18, 2016).
- Makarychev Andrey, "Russian Regions as International Actors.", *Demokratizatsiya* 7 (4): (1999), 501–526.
- Makarychev Andrey, *Rossiyskiye regiony i globalizatsiya*, Nizhniy Novgorod, 2001, <http://www.policy.hu/makarychev/rus21.htm> 10.03.2016 (accessed March 12, 2016).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Pasport Primorskogo kraya*, <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/ae7427668a29de83c32575fc00433b33!OpenDocument> (accessed November 17, 2016).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Polozheniyeo territorial'nom organe – Predstavitel'stve Ministerstva inostrannykh del Rossiyskoy Federatsii na territorii Rossiyskoy Federatsii, Prilozheniye No 1 k Prikazu MID Rossii ot, 22 noyabrya 2011 g. No 21341*, http://www.mid.ru/activity/shots/service/law_on_service/-/asset_publisher/s6NLVAIqZ3pG/content/id/158530 (accessed November 17, 2016).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Kontseptsiya raboty MID Rossii po koordinatsii mezhdunarodnykh i vneshneekonomicheskikhsvyazey sub'yektov Rossiyskoy Federatsii. Utverzhdena na заседании Коллегии МИД России 13 июня 2001 года*, <http://archive.mid.ru/bdomp/sbor.nsf/c0f6d9b35443256c8a004e8835/6e5367d4d98d2f7a43256c8a0047bc48!OpenDocument> (accessed November 18, 2016).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Mezhdunarodnyye i vneshneekonomicheskiye svyazi sub'yektov Rossiyskoy Federatsii*, <http://archive.mid.ru/bdomp/sitemap.nsf/kartaflat/03.02.02.07> (accessed March 03, 2016).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *O mezhdunarodnoy koferentsii „Nef't' i gaz Sakhalina”*, <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/c2f1b1d2fdea0c00c3257d8d0027c3cf!OpenDocument> (accessed March 13, 2015).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *O mezhdunarodnykh svyazyakh i vneshneekonomicheskoydeyatelnosti Khabarovskogo kraya i Yevreyskoy avtonomnoy oblasti vo vtorom kvartale 2013 goda, (Spravka)*, <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/ae7e4fa4bbfe103f44257bab004ead6c!OpenDocument> (accessed March 13, 2015).

- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Ob uchastii Ministra inostrannykh del Rossii S. V. Lavrova v prezentatsii Novosibirskoy oblasti*, http://www.mid.ru/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/1937988 (accessed November 18, 2016).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Otchet o mezhdunarodnykh i vneshneekonomicheskikh svyazyakh po linii Pravitel'stva i oblastnykh organov ispolnitel'noy vlasti Sakhalinskoy oblasti za I-oye polugodiye 2013 goda*, <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/ed4653d1d1d2a1b-244257be300299975!OpenDocument> (accessed March 13, 2015).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Pasport Khabarovskogo Kraja*, <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/d6f3ab7911d27e3143257e220034d949!OpenDocument> (accessed March 13, 2015).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Pasport Sakhalinskoy oblasti*, http://www.mid.ru/maps/ru/ru-sak/-/asset_publisher/TN1gchAvCvDG/content/id/127826 (accessed March 13, 2015).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Soglasheniya Sakhalinskoy oblasti*, <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/ed-437c682b206f04c32576500022188d!OpenDocument> (accessed November 17, 2015).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Soglasheniya Khabarovskogo kraja*, <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/b8b37ee72da4cb9ac32576500023753b!OpenDocument> (accessed November 17, 2015).
- Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Перечень и тексты соглашений по развитию международных и внешнеэкономических связей*, <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/692b2beb44ebda1cf-c325765000211091!OpenDocument> (accessed November 17, 2015).
- Ministerstvo kul'tury Rossiyskoy Federatsii. *Federal'noye agent'stvo po turizmu. Сводные статистические данные за 5 лет (с 2009 по 2013 годы). Численность иностранных граждан, размещенных в Коллективных средствах размещения*, <http://www.russiatourism.ru/contents/statistika/statisticheskie-dannye-po-rl/> (accessed November 18, 2016).
- Mironov Sergey, Gennady Burbulis (eds.), *Doklad Soveta Federatsii Federal'no Sobraniya Rossiyskoy Federatsii 2009 Goda. O sostoyanii zakonodatel'stva v Rossiyskoy Federatsii. Monitoring pravovogo obespecheniya osnovnykh napravleniy vnutrenney i vneshney politiki*. Moskva: Sovet Federatsii, 2010.
- Moskalenko Yuriy, "Zachem Dal'nemu Vostoku kosmodrom Vostochnyy?" *Novaya gazeta* April 7, 2015a.
- Moskalenko Yuriy, "Dal'niy Vostok kak vyzov." *Novaya gazeta*, September 21, 2015b.
- Namchak Svetlana A., "Regiony Rossiyskoy Federatsii kak sub'yekt mezhdunarodnykh otnosheniy." *Novyye issledovaniya Tuvy* 1: (2012), 71–81.
- Nasyrov Il'dar R., "Federalizm i politicheskiye mekhanizmy koordinatsii vzaimodeystviya regionov i Tsentra v oblasti mezhdunarodnogosotrudnichestva." *Federalizm* 3 (39): (2005), 149–176.
- Nikol'skaya Polina, Aleksandra Romanycheva, "Sud'ba agenta. S nachala 2015 goda v Rossii priznali inostrannymi agentami desyatki nekommercheskikh organizatsiy." *Kommersant' Vlast'*, May 18, 2015.
- Perović Jeronim, "Internationalization of Russian Regions and the Consequences for Russian Foreign and Security Policy.", *Russian Study Group at the Center for Security Studies Working Paper* April 1: 1–29. Zürich: ETH Zentrum, 2000, <http://e-collection.library.ethz.ch/eserv/eth:23569/eth-23569-01.pdf> (accessed November 18, 2016).

- Pertsev, Andrey. 2016. "Bashkirskiyе vlasti otkazalis' ot turetskogo predstavitel'stva. V Tatarstane sledovat' primeru Rust-ema Khamitova ne namereny." *Kommersant*, March 24.
- Petrov Nickolay, "Broken Pendulum: Recentralization Under Putin." *PONARS EURASIA Policy Memos* 159: (2000), 1–8, <http://www.ponarseurasia.org/memo/broken-pendulum-recentralization-under-putin> (accessed December 29, 2016).
- Plotnikova Olga, *Mezhdunarodnoye sotrudnichestvo regionov kontseptual'nyye podkhody*. Novosibirsk: Izd-vo SO RAN, 2005.
- Pravitel'stvo Rossiyskoy Federatsii. *Programma sotrudnichestva mezhduraznitsami*, <http://archive.mid.ru/bdcomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/ae7427668a29de83c32575fc00433b33!OpenDocument> (accessed March 13, 2015).
- Pravitel'stvo Rossiyskoy Federatsii. *Proyekt Federal'nogo zakona "O territoriyakh operezhayushchego sotsial'no-ekonomicheskogorazvitiya i inyykh mera gosudarstvennoy podderzhki regionov Dal'nego Vostoka"*, http://cdnimg.rg.ru/pril/article/94/81/91/Poiasnitelnaia_zapiska_k_tekstu_proekta.doc (accessed March 26, 2014).
- Pravitel'stvo Rossiyskoy Federatsii. *Strategiya sotsial'no-ekonomicheskogo razvitiya Dal'nego Vostoka i Baykal'skogo regiona naperiod do 2025 goda*, <http://assoc.khv.gov.ru/strategy-for-socio-economic-development-of-the-far-east-and-the-baikal-region-until-2025> (accessed March 13, 2015).
- Rada Europy, *Europejska konwencja ramowa o wspólnym transgranicznej między wspólnotami i władzami terytorialnymi, sporządzona w Madrycie dnia 21 maja 1980 r.* Dz.U. 1993 nr 61 poz. 287. <http://isap.sejm.gov.pl/DetailsServlet?id=W-DU19930610287> (accessed November 17, 2016).
- Raś Maciej, "Regiony Federacji Rosyjskiej w stosunkach międzynarodowych.", [in:] *Poziomy analizy stosunków międzynarodowych. Tom I*, (eds.) Edward Haliżak, Marek Pietraś, 409–423. Warszawa: Rambler, 2013.
- Reisinger William M., Hyemin Yoo, "Russian Regional Foreign Policy Looking East And West." Prepared for presentation at the 53rd Annual Convention of the International Studies Association San Diego, CA, April 1–4, 2012.
- Ross Cameron, *Federalism and democratisation in Russia*. Manchester University Press, 2002.
- Rossiyskaya Federatsiya, *Federativnyy dogovor*, Moskva, 31 marta 1992 goda, <http://base.garant.ru/170280/#ixzz3qLgNXRff> (accessed November 17, 2016).
- Rostislav Turovskiy, "Subnatsional'nyye regiony v global'noy politike (na primere Rossii)." *Polis. Politicheskiye issledovaniya* 2: (2011), 99–117.
- Rychlik Jerzy, "Wybrane zagadnienia działalności międzynarodowej podmiotów Federacji Rosyjskiej." *Przegląd Prawa Konstytucyjnego* 2(18): (2014), 275–288.
- Ryzhkov Vladimir, Rostislav Turovsky, "Rise of the Regions." *Russia in Global Affairs* 4, 2013, <http://eng.globalaffairs.ru/number/Rise-of-the-Regions-16281> (accessed February, 2015).
- Samokhina Sof'ya, Nikolay Sergeyev, "Privychka sadit'sya. Ocherednogo m-era Vladivostoka obvinayut v zloupotreblenii sluzhebnyimi polnomochiyami." *Kommersant*, 2016.
- Schofield Norman, Gellego Maria, "Autocracy and Anocracy", 2011, <https://polisci.wustl.edu/files/polisci/imce/17.xxxanocracies-sept7-final-2011.pdf> (accessed December 30, 2016).
- Sergunin Alexander A., Pertti Joenieni, "Paradiplomacy as a Sustainable Development Strategy: The Case of Russia's Arctic Subnational Actor." *Eurasia Border Review* 5 (2): (2014), 1–17.
- Sharafutdinova Gulnaz, "Opportunities and Limits of Self-Creation and Identity Politics: Tatarstan's Paradiplomatic Project.", [in:] *Emerging Meso-Areas in the Former Socialist Countries, Histories Revived or Improvised?*, no. 7, (ed.) Kimitaka Matsuzato, 387–408, Hokkaido: Slavic Research Center, Hokkaido University, 2005.

- Soldatov Andrei, Rochlitz Michael, "The Siloviki in Russian Politics." Paper prepared for the Russia Political Insight Project, forthcoming in *Arrested Development: Rethinking Politics in Putin's Russia*, (ed.) Daniel Treisman, 2007, <https://sites.google.com/site/michaelrochlitz/publications> (accessed December 30, 2016).
- Starodubrovskaya Irina, Glazychev Vyacheslav, "Federalizm istinnyy i mnimyy, Stat'ya yavlyayet-sya fragmentom doklada 'Strategiya-2020: Novaya model' rosta – novaya sotsial'naya politika', podgotovlennogo gruppoy rossiyskikh ekspertov." *Moskovskiyе novosti*, September 09, 2011.
- The United Nation. *The United Nations Development Programme. Human Development Report 2006/2007 for the Russian Federation*, http://www.undp.ru/nhdr2006_07eng/Chapter7.pdf (accessed June 08, 2016).
- Whitmore Brian, "What Do Tatarstan And Belarus Have In Common?" *The Power Vertical Blog*, January 14, 2016, <http://www.rferl.org/content/what-do-tatarstan-and-belarus-have-in-common/27487602.html> (accessed March 12, 2016).
- Yumaguzina Lyaysan, "Dal'nevostochnaya mudrost'." *Kommersant* Review "Dal'niy vostok", September 4, Prilozheniye 24, 2015.
- Zakharov Andrei, *Unitarnaya federatsiya. Pyat' etyudov o rossiyskom federalizme*, Moskva: Moskovskaya shkola politicheskikh issledovaniy, 2008.
- Zheleznova Mariya, "Istoriya odnogo goroda. Pochemu vse glavy Vladivostoka stanovyat-sya figurantami ugovolnykh del.", *Vedomosti*, June 03, 2016.
- Zubarevich Natalia, "Geopoliticheskiye priority v regional'noy politike Rossii: vozmozhnosti i riski." *Kontrapunkt 1*: (2015), 1–11.
- Zubarevich Natalia, "Four Russias: rethinking the post-Soviet map." *openDemocracy: Russia and beyond*. March 29, 2012, <https://www.opendemocracy.net/od-russia/natalia-zubarevich/four-russias-rethinking-post-soviet-map> (accessed December 30, 2016).
- Zubarevich Natal'ya, "Regiony stali tupymi privodnymi remnyami partii." *Slon.ru*, September 9, 2014, <http://slon.ru/calendar/event/1162927/> (accessed March 7, 2016).
- Zykov Aleksandr, "Integratsionnyye perspektivy i vozmozhnosti strategicheskogo razvitiya Dal'nego Vostoka Rossii, Territorial'nyye issledovaniya: tseli, rezul'taty i perspektivy." Materialyiv region. shk.-seminara molodykh uchenykh, aspirantov i studentov, Birobidzhan, November 13–15, 2007.
- Zykov Aleksandr, "Dal'niy vostok Rossii kak aktor transgranichnogo sotrudnichestva." *Vestnik Chelyabinskogo gosudarstvennogo universiteta* 12 (266): (2012), 60–65.

5. Conclusions

The most important research problem undertaken in this study was an attempt to decide what determines the scale of international activity of regional and local authorities in China, India, and the Asian part of Russia. We have analysed different types of correlation such as the political system and decentralisation level, internationalization of the region, its economic potential, authorization granted by the central political power and effective law regulations.

Additionally, one of the tasks accomplished within the framework of the research project was the verification of Alexander Kuznetsov's explanatory model (Kuznetsov 2016). We have tried to confirm the relevance of researching paradiplomacy, understood as "the international activity of the regions," based on the motivational factors introduced in the model. Kuznetsov's model proved to be useful for examining paradiplomacy, and its components turned out to be universal enough to be applied in every country we examined. At the same time, we have identified various elements that were overlooked in the model, which in turn were found to be essential for the study. Some of the identified issues are as follows: the influence of internal policy, bottom-up business initiatives that encourage local authorities to develop international contacts, and the importance of historical issues.

Another task of the research team was to analyse the correlation between internationalization of the regions and the scale of international engagement of the local authorities. In order to differentiate these regions, the Regional Internationalisation Index was created. The Index was based on statistical data which are relatively easy to acquire and, in our belief, it allows to classify the regions in accordance with their internationalization level.

The findings of the comparative analysis

The comparative analysis of the three researched countries was based on seven variables, which enabled the team to create a comprehensive evaluation of the international activity of the regions:

- 1. Goals of the paradiplomatic activities
- 2. The attitude of the central government towards the international activities of the regions
- 3. Potential of the regions (geographical location, the level of development)
- 4. The legal framework (normative limits of paradiplomatic activity)
- 5. The importance of different types of territorial systems
- 6. Major geographical destinations of the paradiplomatic activities
- 7. The development of paradiplomacy in the three researched countries

In the tables below, please find the results of the examination of the countries in question and the similarity and dissimilarity patterns among them.

Table 5.1. Comparison of paradiplomatic activity goals carried out at the regional level

	Paradiplomatic activity goals
Russian Far East	a) Cross-border initiatives aimed at maintaining socio-cultural cooperation and satisfying the material needs of the Russian Far East population; b) Execution of the strategic goals of Russian foreign policies; c) Integration of the Russian Federation with the Asia-Pacific region; d) Protecting the interest of “state corporations.”
India	a) Most of the goals are of economic nature and are aimed at attracting foreign companies to invest in the region; b) Occasionally, the paradiplomatic goals serve other political purposes of the state/federal government (mainly in border states or states with access to the sea). Local governments often participate in the process of achieving foreign policy goals set by the central government. One can also find cases where regional interests are in conflict with the central foreign policy goals, which negatively affects the country’s foreign policy.
China	a) Socio-economic development of particular regions; b) Access to an additional international communication channel by the central government, which enables the state to maintain cordial relations with foreign partners even in situations of conflict.

Source: Own elaboration

In each of the three countries, the international activity of local authorities is mainly motivated by their economic interests. Hence, the activities aimed at attracting foreign investments and the development

of trade are dominant. Furthermore, paradiplomacy is treated as one of the foreign policy tools of the central government which uses regions instrumentally to implement its own policies. The situation in Russia is particularly interesting since the activity of the local authorities is closely related to the international operations of state corporations and private-public companies, mostly at the expense of resources of the Far East region¹. In no other analysed country does this situation occur on such a scale.

Table 5.2. Comparison of regional potential

	Region's potential (geographical location, level of development, resources)
Russian Far East	a) The Russian Far East geographically belongs to the rapidly developing region of Asia and the Pacific. The cooperation with the regional powers (China, Japan, ROK) may provide both an investment inflow and an access to attractive markets; b) The Russian Far East region is rich in energy resources, however, most of them are located outside the populated areas. Therefore, mining operations provide income for the entire Federation rather than contribute to the region's development; c) A small population and low population density have a negative effect on the internationalization processes.
India	a) The states with international land borders or sea access are far more engaged in international cooperation than central regions which do not have such a favourable geographical location from the perspective of foreign economic relations; b) Both scale and importance of international contacts depend to a large extent on the will of regional administration (human factor) to engage in such a policy.
China	a) The influence of the central government on the international initiatives of each province depends on its geographical location; b) More developed coastal regions serve as China's natural liaisons with foreign countries; c) In the less developed regions of China's interior, where the experience in international cooperation is not as extensive, the central government actively organizes various initiatives and tries to stimulate the region's international activity.

Source: Own elaboration.

¹ This may be exemplified by the following projects: Sachalin -1 (Exxon Mobil, ONGC); Sachalin -2 (Shell, Mitsui, Mitsubishi); Sachalin -3 (CNPC).

In all the researched countries, geographical location and the region’s economic potential influenced the development of paradiplomacy. In particular, the near-border location and sea access contribute to such development. Nevertheless, in each country, one can observe interesting differences. In the case of India, the human factor (the personality and preferences of regional political leaders) plays a significant role. Political elites have a decisive impact on the shape of international cooperation, since they are the ones who stimulate it. In China, the influence of the central government is much more visible, since it uses a range of incentives for peripheral or less developed regions and provinces with less experience in international cooperation. The Russian Far East, as a whole, can be described as a peripheral and less developed region. One of the most unfavourable factors is a low population number and density. The population of the entire region amounts to only six million. Nevertheless, close vicinity of large Asian economies, which concerns China in particular, creates a large potential for cooperation. Theoretically, natural resources should count as one of the region’s main assets. However, in reality, the resources are concentrated predominantly outside inhabited areas and the system of mining operations is constructed so as to benefit the entire federation and mining companies, rather than regional development.

Table 5.3. Comparison of legal regulations limiting local international activities

	Legal regulations (normative limits of paradiplomatic activities)
Russian Far East	a) In Russia, paradiplomacy is regulated on the constitutional and legislative level and by a range of ministerial regulations (Ministry of Foreign Affairs, FSB); b) There are no legal regulations on cross-border cooperation including the regions and local government units in Russia; c) Paradiplomatic initiatives are restricted to a greater extent by the informal limitations rather than the legal boundaries, which is characteristic of the Russian political system.
India	a) The Republic of India has not yet introduced a unified set of regulations binding throughout the country, regarding the international activities of states and union territories; b) The researchers who analyse the subject of paradiplomacy in the Indian context, who are still few in number, point to the constitution as the main source of regulations on the issue. Even though the document itself does not contain the term “paradiplomacy” or “regional diplomacy”, it provides general framework regulating the scope of the state governments’ activities outside the country;

India	c) As a result of growing importance of paradiplomacy, in the near future, one can expect attempts to introduce specific legal framework on the subject of local governments' international activities.
China	a) The actions of the local governments are often described by the term "limited participation" in terms of country's foreign activities; b) One can observe a lack of general regulations and cases of very specific rules such as limiting the number of foreign delegations of province-level bureaucrats; c) The regional development roadmaps for each city, province or a designated area are a significant element in shaping the direction of the regional international activities.

Source: Own elaboration

The analysed countries are significantly different in terms of the legal framework regulating international engagement on a regional level. In compliance with the Russian law, those issues are regulated by the constitution as well as legal acts of the lower level, explicitly describing the approved forms and the range of international activities conducted by the Federation units. In the two remaining countries which are the subject of research the situation is visibly different. China's system lacks legal regulations on paradiplomacy. There are very few provisions of law which address specific issues for example: the Regulation of the Ministry of Foreign Affairs (2001) on the procedures for requesting central government's authorization of international events, or the Regulation of the Ministry of Foreign Affairs and the Ministry of Finance (2011) on financial limits on international activities as well as a special supervision of financing such events. Thus, due to the lack of the legal framework, the paradiplomatic activities are directly influenced by political decisions, especially those taken at the central level, which lay down desirable actions and the scope of cooperation. In practice, the regional administration maintains some degree of freedom in contributing a local input to the political framework.

A similar situation can be found in India, where specific regulations aimed at stimulating the international activities of states can hardly be found. Regional diplomacy is a result of interpretation of those articles of the Constitution of the Republic of India which regulate the division of executive and legislative powers between the central and state governments.

The factors analysed above illustrate that mere existence of a set of legal regulations is not a decisive factor in the process of shaping international

activities of each region. The lack of such a framework in the PRC is by no means a factor that may paralyze international cooperation. In Russia, the legal provisions have a minor influence on the dynamics of development of paradiplomacy.

Table 5.4. Comparing the significance of the form of territorial system for the development of paradiplomacy

	Significance of the form of territorial system
Russian Far East	a) The federal structure is a façade for stark centralization (the federation without federalism, unitarian federalism); b) In practice, the process of central and regional governing is poorly institutionalized; there is considerable domination of direct governance (micromanagement) also in the case of paradiplomacy; c) In the Russian Far East, a significant role is played by the federal ministries (including the Ministry for the Development of the Russian Far East), state corporations and the Plenipotentiary Representative of the President of the Russian Federation in a Federal District.
India	a) The Indian Federation is more homogeneous than most of the unitary states; b) Especially after 2014 in a hitherto centralized political system, one can observe more extensive decentralization processes. The gravity of changes is still difficult to determine, but advancing “federalization” should considerably influence international activities of each state in the future.
China	a) China is a unitary state, however, if it wants to develop an effective international cooperation, the central government must guarantee the local administration some degree of freedom of action and at the same time take into consideration the specificity of each region; b) China’s economic development model is to a large extent based on competition among the local administrative units, which is authorized by the central government (e.g. competition among cities to attract airline companies); c) The central government supervises this local competition only in so far as it publishes economic and social development roadmaps which define the role of each territorial unit (e.g. Yangtze River Economic Belt program).

Source: Own elaboration

The outcomes presented above show that the shape and form of the territorial system have little influence on the development of paradiplomacy. Therefore, in the case of Asian political systems, there is no correspondence

with the trends visible in Western economies, where regional diplomacy is expanding faster in federal states rather than in the unitary ones. The effects vary according to the model of federalism introduced in each country. The changes introduced in Russia by the Vladimir Putin’s administration led to stark centralization and resulted in using the federal system as a mere façade. The similar situation can be observed in India. The only difference is that federalization processes are moving into the opposite direction. Decentralization is pushing the system closer to the model of Western federalism. At the same time, China, which theoretically is a unitary state, is developing paradiplomacy much faster than its neighbouring countries, and the Chinese regions have more independence in their international activities.

Table 5.5. Comparison of main geographical directions of paradiplomatic activities

	Main geographical directions of paradiplomatic activities
Russian Far East	a) For the regions located in the Russian Far East, the most important partners are China, Japan, and South Korea; b) One can observe that a significant amount of Russian assets “laundered” in tax havens is used in investment projects co-funded by foreign partners.
India	a) In the case of Indian states, it is difficult to determine a dominant trend.
China	a) Emphasis on global initiatives; b) Priority treatment of developed economies and developing countries from South-East Asia and South America.

Source: Own elaboration

A comparison of the directions of foreign activities in each state show different characteristic features of paradiplomacy. In the case of China, one can observe global cooperation initiatives developed by the province administration. It is the result of relatively large assets of Chinese regions, but also of strong correspondence with central government’s foreign policy, which also has a global scope. Since the central government engages in “One Belt One Road” initiative aimed at the entire Eurasian region, local governments attempt to align their activities with it. If developing relations with the United States is the priority of the government’s foreign policy, similar priorities will be observed in cooperation initiatives developed by the cities and the provinces. African states are an interesting exception since they are completely omitted in official paradiplomatic activities, despite being important partners for the central government. It may be the result

of the institutional weakness of sub-national units on the continent, which makes the process of establishing international cooperation more difficult.

In the case of the Russian Far East, one can see a strong concentration on neighbouring countries and the lack of global ambitions. Weak federal units do not possess sufficient assets and potential to develop cooperation on a broader scale, so they constrict their activities to economic initiatives with neighbouring states. Cooperation is often conducted in the shape of trans-border initiatives.

India is also an interesting example where paradiplomatic relations are sporadic in many regions and often random. Due to large differences between Indian states, it is difficult to determine common features and draw a coherent picture of regional diplomatic directions, which would be characteristic of the entire country.

Table 5.6. Comparing the level of development of paradiplomacy in the researched countries

	The level of development of paradiplomacy in researched countries
Russian Far East	a) Paradiplomacy is not a term commonly used, but in practice, the activities of regional governments fit the definition; b) The international activity of the regions cannot be of a political character and is “reduced” to economic and socio-cultural initiatives; c) Compared with other Russian macro-regions, the level of development of paradiplomacy in the Far East is relatively lower, despite the fact that political elites and local societies are aware of the potential benefits of increased international activity.
India	One can distinguish three periods: a) 1947 – 91: paradiplomatic activities were almost non-existent; b) 1991 – 2014: a steady growth of paradiplomacy; c) After 2014: the development of regional diplomacy is recognized as one of the priorities of the central government and it seems that in the near future it will become one of the main factors contributing to India’s regional growth.
China	a) Paradiplomacy is a rapidly developing phenomenon which progressively plays a more important role in China’s foreign policy; b) Despite the fact that the term is not used by members of the government and Chinese academics, the actions of local government fit the definition of paradiplomacy.

Source: Own elaboration

The last part of the comparative analysis focuses on determining the level of development of paradiplomacy in the chosen regions. The research also tries to verify in which of the three countries regional diplomacy contributes the most to overall diplomatic strategy. China seems to be the most eligible candidate since almost all of the Chinese provinces are engaged in international cooperation, and some of them have been developing intensive paradiplomatic activities for many years. Interestingly, the term “paradiplomacy” is hardly ever used in China.

A similar situation can be observed in India where regional diplomacy has been only vaguely recognized or researched, and the term “paradiplomacy” is not used even by the people engaged in such activities. The situation in the country has been dynamically changing as a result of political reforms introduced by the Modi administration. His government aims at transforming sub-regional cooperation into one of the pillars of India’s foreign policy.

In the case of the Russian Far East, the process of implementing the mechanisms of centralization of federal affairs (“defederalisation”) results in constraining regions’ autonomy in the decision-making process. Regional elites, facing political pressure from the Kremlin and constrained by the top-down governing practices, have to follow strict institutional and legal regulations controlling their international cooperation initiatives and their participation in international trade. Those limitations combined with the peripheral location of the Russian Far East, low demographic potential, and low development level, are the most important factors explaining relatively weak international engagement of the regions in spite of the favourable legal regulations.

Last words

In the early phase of our research, we presented three hypotheses on the international engagement of regions in the analyzed Asian countries:

H1. Paradiplomacy developed by the regions is also a tool of shaping foreign policy by the central government that utilizes it in the pursuit of strategic political goals;

H2. The international engagement of regional administration correlates with the level of decentralization in each country, but also with the suitable conditions created by the central government (incentives, consent) which stimulate such activity;

H3. Economic potential, as well as the level of regional economic internationalization, stimulates the international engagement of regional administration.

The first hypothesis was proved to be correct. In all the analysed countries there is a tendency to treat paradiplomatic activities conducted by regions instrumentally. Such an attitude was the most evident in China and the least apparent in the case of India. Moreover, while the regions of Spain and Canada are more than sufficiently covered in literature on the topic, one can hardly find evidence of utilizing international initiatives as means of supporting separatist processes in Asia. Instead, one can detect the particularly strong influence of the central governments, which try to coordinate paradiplomatic initiatives with national foreign policies.

The second hypothesis has been proved partially. While it is crucial to create suitable legal conditions for international activity of the regions by the central government, in the case of the analysed countries suitable political environment is of bigger importance. The central government's approval, as well as a clear policy framework for such activities seem to be key in this respect. The issue of correlation with the level of decentralization is much more complicated. In China, which in theory is a unitary state, paradiplomacy is developing very rapidly, whereas in the federal Russia the pace is much slower. Hence, it seems that the level of decentralization stemming from the political system has a relatively small influence on regional diplomacy. Such a correlation might be proved by examining the actual level of decentralization expressed for example in the sizes of the budgets of each region in relation to the central budget. However, such examination is yet to be conducted.

The third hypothesis has not been fully proved either. A strict correlation between paradiplomatic activities of local governments and the level of internationalization in each region could not be demonstrated. The results of the examination show that the globalization processes are decisive for internationalization, whereas the initiatives of local administration may contribute substantially to the process, but are not indispensable. In the analyzed countries, one can find regions that are particularly internationalized (eg. Goa in India), but their local governments are unwilling to engage in a broader paradiplomatic activity. The correlation between the level of economic development and participation in regional diplomacy is much more visible. The economically developed regions have more assets for international activities at their disposal than those that are less developed or peripheral.

The analysis confirmed a well-known regularity that urbanization processes stimulate the international activities of regions and cities. It is clearly visible in the case of Chinese metropolises, which are always at the vanguard of globalization as well as the international cooperation between sub-national actors. An adequate description of such correlations requires further examination and taking into account the cases of city-to-city diplomacy, which goes beyond the scope of our research.

The phenomenon of international engagement of regional and local governments in the Asian countries is still not sufficiently described and recognized in the scientific literature. So far, the research on paradiplomacy mostly concentrated on Europe and North America. However, as shown in this study, the regularities present in Western economies are not necessarily universal. The distinctive features of each Asian country create quite unique contexts, in which sub-regional actors have to develop their international strategies. Some of those contexts were presented in this study in order to provide a better understanding of the conditions of paradiplomacy in Asian. We hope to have inspired other researchers to further the field by including other Asian countries in their work.

Annex 1. Guangzhou sister cities (2015)

City	Country	Time
Fukuoka	Japan	1979.05.02
Los Angeles	USA	1981.12.08
Manila	Philippines	1982.11.05
Vancouver	Canada	1985.03.27
Sydney	Australia	1986.05.12
Bari	Italy	1986.11.12
Lyon	France	1988.01.19
Frankfurt am Main	Germany	1988.04.11
Auckland	New Zealand	1989.02.17
Gwangju	Republic of Korea	1996.10.25
Linköping	Sweden	1997.11.24
Durban	South Africa	2000.07.17
Bristol	UK	2001.05.23
Ekaterinburg	Russia	2002.07.10
Arequipa	Peru	2004.10.27
Surabaya	Indonesia	2005.12.21
Vilnius	Lithuania	2006.10.12
Birmingham	UK	2006.12.04
Hambantota	Sri Lanka	2007.02.27
Recife	Brazil	2007.10.22
Tampere	Finland	2008.12.02
Bangkok	Thailand	2009.11.13
Buenos Aires	Argentina	2012.04.16
Dubai	UAE	2012.04.18
Kuwait City	Kuwait	2012.04.25
Kazan	Russia	2012.07.06
Istanbul	Turkey	2012.07.18
Harare	Zimbabwe	2012.09.03
San Jose	Costa Rica	2012.09.11
Noboribetsu	Japan	2012.11.15
Valencia	Spain	2012.12.29
Rabat	Morocco	2013.10.03
Lodz	Poland	2014.08.20
Ahmedabad	India	2014.09.17
Pokhara	Nepal	2014.11.29
Quito	Ecuador	2014.11.29

Annex 2. Comparative Analysis for Guangzhou's Sister Cities

Table 2. Comparative Analysis for Guangzhou's Sister Cities			
Type	City	Characteristics	Remarks
Mature	Fukuoka, Japan	1. The two sides attach importance to city leaders, senior leaders maintain regular contacts.	Fruitful, promoting both social and economic development. The two sides are harvested and efforts to actively promote bilateral exchanges and cooperation.
	Frankfurt, Germany		
	Auckland, New Zealand	2. With a special department responsible for international exchanges. 3. For maintaining smooth communication and relationships, and actively support each other's exchange programs.	
Stable	Gwangju, South Korea		
	Linköping, Sweden Los Angeles, United States	1. Both leaders attach importance to relations, the two sides can maintain a certain touch.	With a relatively stable outcome, both sides are willing to continue the exchange.
	Vancouver, Canada		
	Lyon, France	2. Appropriate government agencies or private organizations responsible for communication is relatively smooth.	

Development	Bristol, United Kingdom			
	Yekaterinburg, Russia	3. The two sides willactively explore exchange programs, but there are exchange fluctuations.		
	Durban, South Africa	1. The two sides have exchanged visits.		Not yet achieved the results of substantive exchanges that would allow for the relationship to be open.
Loose	Arequipa, Peru	2. Bilateral relations not long ago, still in the honeymoon period.		
	Surabaya, Indonesia			
	Sydney, Australia	3. The mission sent more, less visitors. 1. The two-side substantially exchanges less.		Less substantive outcome of the exchange.
	Manila, Philippines	2. The other party is not responsible for the international exchange department, or has been cancelled.		
	Bari, Italy			
		3. No annual exchange programs, exchange randomly.		

Annex 3. International Activity of Regions of the Far Eastern Federal District Survey

International agreements of selected regions of the Far Eastern Federal District (Sakhalin Oblast, Primorsky Krai)

Subject of the Russian Federation	Partner state	Document
1	2	3
Sakhalin Oblast	Korea	The Agreement between the Government of the Sakhalin Oblast of the Russian Federation and the Jeju Special Self-Governing Province in Republic of Korea on Friendship and Economic Cooperation
Sakhalin Oblast	Japan	The Agreement between the Administration of the Sakhalin Oblast of the Russian Federation and the Governor of Hokkaido Island to Open Delegation of Hokkaido on the Sakhalin Oblast Territory
Primorsky Krai	Vietnam	The Protocol of Development Directions of Cooperation between Administration of Primorsky Krai of the Russian Federation and the People's Committee of Khanh Hoa Province of the Socialist Republic of Vietnam
Primorsky Krai	China	The Agreement between the Government of Primorsky Krai and the People's Government of the Heilongjiang Province on Trade-Economic Cooperation
Primorsky Krai	Korea	The Protocol of Development Directions of Cooperation between Administration of Primorsky Krai of the Russian Federation and the Government of Gyeonggi of Republic of Korea

1	2	3
Primorsky Krai	Mongolia	The Agreement between the Administration of Primorsky Krai of the Russian Federation and the Administration of Töv Province of Mongolia in Culture, Education, Physical Education and Sport
Primorsky Krai	Japan	The Agreement between the Administration of Primorsky Krai of the Russian Federation and the Authorities of Tottori Prefecture in Japan on Friendly Relations and Cooperation
Primorsky Krai	Japan	The Agreement between the Administration of Primorsky Krai of the Russian Federation and the Authorities of Akita Prefecture in Japan on Friendly Relations and Cooperation
Khabarovsk Krai	Belarus	The Agreement between the Government of Khabarovsk Krai of the Russian Federation and the Government of Republic of Belarus on Trade-Economic, Scientific-Technical and Cultural Cooperation
Khabarovsk Krai	China	The Agreement between the Khabarovsk Krai and the People's Government of Guangdong Province of the People's Republic of China on Establishing Friendly Relations

Source: Ministerstvo inostrannykh del Rossiyskoy Federatsii. *Soglasheniya Sakhalinskoy oblasti*. <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/ed437c682b206f04c32576500022188d!OpenDocument> (accessed November 17, 2015).

Ministerstvo inostrannykh del Rossiyskoy Federatsii. Перечень и тексты соглашений по развитию международных и внешнеэкономических связей. <http://archive.mid.ru/bdomp/ns-dipecon/1517c199eb1da84743256a420049024a/692bbeb44ebda1cfc325765000211091!OpenDocument> (accessed November 17, 2015).

MinisterstvoinostrannykhdelRossiyskoyFederatsii. *SoglasheniyaKhabarovskogokraya*. <http://archive.mid.ru/bdomp/ns-dipecon.nsf/1517c199eb1da84743256a420049024a/b8b37ee72da4cb9ac32576500023753b!OpenDocument> (accessed November 17, 2015).

Annex 4. Regional Internalisation Index for China, India and Russia

The Regional Internalisation Index¹ includes the following four subindexes: the number of foreign students, the number of tourists who visit a particular region, the value of foreign trade as well as the rate of foreign direct investment (FDI) in a particular region. The region in which the value of a given index is the highest is acknowledged as 100% and this region scores 100 points, whereas the points awarded to other states constitute a percentage of the point value of the region with the highest index value. The point values of subindexes are added up to determine the total of the Regional Internalisation Index. The Regional Internalisation Index may be calculated in two different manners to show either the value of the index per capita or the overall value. The data which were used to calculate the index come from the most recent period for which they were available.

INDIA*

State (per capita)	Index value	State (overall)	Index value
1. Maharashtra	203.22	1. Maharashtra	317.70
2. Karnataka	171.17	2. Tamil Nadu	176.54
3. Gujarat	126.30	3. Karnataka	161.72
4. Tamil Nadu	101.93	4. Gujarat	95.71
5. Andhra Pradesh	64.14	5. Uttar Pradesh	86.03
6. Kerala	43.88	6. Andhra Pradesh	81.64
7. West Bengal	22.24	7. West Bengal	53.88
8. Rajasthan	17.46	8. Rajasthan	49.74
9. Uttar Pradesh	14.58	9. Kerala	35.77

* The regions which play an infinitesimal role in the sphere of politics, tourism and education as well as those in case of which it was impossible to find authoritative statistical data were excluded from the research. (b) In the calculations concerning trade

¹ The Regional Internalisation Index was developed for the purpose of carrying out research by Grzegorz Bywalec. The values of the said Index for India, China and Russia were calculated by Grzegorz Bywalec on the basis of original methodology developed by the aforementioned researcher. The statistical data pertaining to India were gathered and elaborated on by Grzegorz Bywalec, the data concerning China were gathered and elaborated on by Dominik Mierzejewski, the data regarding Russia were gathered and elaborated on by Małgorzata Pietrasiak and Michał Słowikowski.

only the value of exports of selected states was taken into consideration. It was impossible to obtain authoritative data regarding the volume of imports by states.

Dataforexports: http://dea.gov.in/sites/default/files/RevivingAcceleratingIndiaExports_Issues_Suggestions230317.pdf (06.06.2017).

Data on foreign students in India (2010-1011): https://data.gov.in/catalog/state-wise-and-level-wise-foreign-student-based-actual-response#web_catalog_tabs_block_10 (they include students of all levels) (06.08.2015).

Population data by state (the latest census conducted in 2011) which constituted the basis for calculations: http://censusindia.gov.in/2011-prov-results/data_files/india/Final_PPT_2011_chapter3.pdf (06.08.2015).

DFI data by state (2011 – 2012): https://www.rbi.org.in/scripts/bs_viewcontent.aspx?Id=2597 (06.08.2015).

Data on foreign students by state (2012): <http://tourism.gov.in/writereaddata/CMSPagePicture/file/marketresearch/New/DTVs%20&%20FTVs%202013.pdf> (06.08.2015)

CHINA

Province (per capita)	Index value	Province (overall)	Index value
1. Beijing	352.81	1. Jiangsu	281.68
2. Shanghai	334.99	2. Guangdong	268.94
3. Tianjin	192.49	3. Shanghai	248.29
4. Jiangsu	135.66	4. Beijing	247.61
5. Guangdong	95.79	5. Zhejiang	156.26
6. Zhejiang	92.33	6. Liaoning	113.65
7. Liaoning	77.52	7. Shandong	109.20
8. Fujian	71.42	8. Tianjin	88.68
9. Shandong	36.99	9. Fujian	81.58
10. Heilongjiang	25.87	10. Hubei	45.52
11. Hubei	20.77	11. Heilongjiang	40.58

Investment data: <http://images.mofcom.gov.cn/wzs/201312/20131211162942372.pdf> (Data for 2011 r., source: China National Tourism Administration)

Data on tourists: <http://www.cnta.gov.cn/html/2012-2/2012-2-28-15-48-77926.html>

Data on students: <http://www.moe.edu.cn/publicfiles/business/htmlfiles/moe/s5987/201503/184959.html>

Population data: https://en.wikipedia.org/wiki/List_of_Chinese_administrative_divisions_by_population

RUSSIA

Administrative Districts (per capita)	Index value	Administrative Districts (overall)	Index value
1. Sakhalin Oblast	239.30	1. Primorsky Krai	302.20
2. Khabarovsk Krai	161.60	2. Sakhalin Oblast	217.40
3. Primorsky Krai	157.90	3. Khabarovsk Krai	188.40
4. Jewish Autonomous Oblast	141.00	4. Amur Oblast	137.20
5. Amur Oblast	129.30	5. Sakha Republic (Yakutia)	84.50
6. Sakha Republic (Yakutia)	54.20	6. Jewish Autonomous Oblast	15.00
7. Chukotka Autonomous Okrug	39.70	7. Kamchatka Krai	9.80
8. Magadan Oblast	32.50	8. Magadan Oblast	7.30
9. Kamchatka Krai	31.00	9. Chukotka Autonomous Okrug	3.70

Source: Own calculation based on data from:

Federal'naya sluzhba gosudarstvennoy statistiki, Регионы России. Социально-экономические показатели – 2014 г. http://www.gks.ru/bgd/regl/b14_14p/IssWWW.exe/Stg/d01/02-01.htm (accessed May 12, 2015).

Ministerstvo kul'tury Rossiyskoy Federatsii Federal'noye agent'stvo po turizmu, Сводные статистические данные за 5 лет (с 2009 по 2013 годы). Численность иностранных граждан, размещенных в Коллективных средствах размещения. <http://www.russiatourism.ru/contents/statistika/statisticheskie-dannye-po-rf/> (accessed November 18, 2016).

Federal'naya sluzhba gosudarstvennoy statistiki, Регионы России. Социально-экономические показатели – 2014 г. http://www.gks.ru/bgd/regl/b14_14p/IssWWW.exe/Stg/d03/25-01.htm (accessed November 18, 2016).

Federal'naya sluzhba gosudarstvennoy statistiki, Регионы России. Основные характеристики субъектов Российской Федерации, 2014. http://www.gks.ru/bgd/regl/b14_14s/Main.htm (accessed November 18, 2016).

Aref'yev, Aleksandr and Sheregi, Frants. 2015. *Inostrannyye studenty v rossiyskikh vuzakh*. Moskva: Tsentr sotsiologicheskikh issledovaniy. <http://www.socioprognoz.ru/files/File/2014/full.pdf> (accessed November 18, 2016).

List of Figures and Tables

Figure 1.1. The Kuznetsov's explanatory framework.....	33
Figure 2.1. Chart outlining the administrative structure in India.....	47
Figure 2.2. The organisation of government at the federal tier and the state tier in India.....	50
Table 1.1. The two-dimensional explanatory framework of the attitude of central government to paradiplomacy of its constituent units.....	32
Table 2.1. Indian Chief Ministers and Foreign Policy	47
Table 2.2. Percentage of shares of the major sectors in the GSDP at 2004/05 prices....	50
Table 2.3. Percentage of population below poverty line (Tendulkar Methodology)	80
Table 2.4. Literacy rates by gender in Gujarat and All-India, 1961 to 2011 (in %)....	81
Table 2.5. The share of Indian states in the inflow of FDI in the years 2000–2016 in billions USD	82
Table 2.6. FDI inflow in 2015 (in billions USD) – country breakdown in the Asia- -Pacific region and region breakdown in China and India.....	82
Table 2.7. The number of tourists in Gujarat in the years 2009–10/2013–14 (in millions).....	87
Table 3.1. The Structure of local and central governments.....	98
Table 3.2. Direction of foreign visit of Guangzhou government and Guangdong Party Secretary.....	115
Table 3.3. Number of buyers and countries at “Canton Fair”	126
Table 4.1. Russian Federation Far East Regions’ Internalization Index	173
Table 5.1. Comparison of paradiplomatic activity goals carried out at the regional level.....	210
Table 5.2. Comparison of regional potential.....	211
Table 5.3. Comparison of legal regulations limiting local international activities.....	212
Table 5.4. Comparing the significance of the form of territorial system for the development of paradiplomacy	214
Table 5.5. Comparison of main geographical directions of paradiplomatic activities ...	215
Table 5.6. Comparing the level of development of paradiplomacy in the researched countries	216

