

# CHAPTER 1

## EU-CHINA PARADIPLOMACY – THE PERSPECTIVE OF CITIES, REGIONS AND PROVINCES

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### Introduction

The main goal of this chapter is to present some characteristics of the cooperation at the regional level from the European local government perspective, including the Chinese attitude to the matter in question. The chapter starts with some basic information about the methodology and the course of the research. Next the two perspectives are presented. The first one will be the characteristics of EU-China paradiplomacy based on the data from the questionnaire completed by the regions and selected cities from the six biggest European Union countries. The second perspective focuses on the paradiplomatic phenomena from the Chinese perspective. The chapter finishes with some conclusions about the EU-China paradiplomacy and general observations.

The questionnaires were sent to all 82 regions of five European countries: France, Germany, Italy, Poland, Spain and to the largest units of local and regional governments of the UK (about 40). It was completed by 63 regions from the first five countries, translating into nearly 82% of all the regions of

these countries. Information was also obtained from 12 local government units from the UK, two regions and 10 cities (See Annex 1).

In the analyses of particular countries in the following chapters of this book, apart from the data from the survey, authors considered also other information sources (such as official websites). In this chapter, only data from the survey is included in order to ensure the comparability of information. Apart from some basic information about the number of partners or activity status of partnerships with China, the analyses cover the characteristics of the areas of cooperation, its forms, engaged local partners, and observed problems. However, it must be underlined that the analyses have a rather qualitative character, so it is difficult to generalise, and the results should not be extrapolated onto other European countries. That is why data is expressed predominantly in numbers, and when it is more appropriate – in percentages.

## **The characteristics of the cooperation between European regions and partners from China**

Among 79 surveyed local units, 63 declared partnerships with Chinese counterparts and 16 did not have any partners in China at the time when the survey was conducted (2017). Among the latter group, five had maintained some cooperation in the past, and further 10 declared the will to establish contacts with Chinese partners (in fact, some of them were in consultations in 2017). Interestingly, all the surveyed local governments from the UK declared partnerships with China. According to the declaration from 2017, only 5 regions did not have any intention to begin cooperation with Chinese partners. Explanations for this lack of interest included: “there is no need” and “the cost of such cooperation would be too high” (Table 1).

Among all the analysed local government units of the six largest EU states, **135 partnerships with China were identified** (Table 2). The representatives of local governments described 107 (79% of these partnerships) as active at the time, 26 (19%) as inactive, and in the remaining cases there was no information. It is worth underlining that the term “inactive” refers to a relationship in which there has been no activity in the last two years, but it is possible that the cooperation will be resumed in the near future.

**Table 1.** Cooperation of the surveyed regions (France, Germany, Italy, Poland, Spain, UK) with Chinese partners

No.	Country	Regions which have currently established cooperation	Regions which maintained cooperation in the past	Regions which want to cooperate in the future	Regions with no intent to cooperate in the future	Local governments studied as part of the project
1	France	10	1	1	0	11
2	Germany	7			1	8
3	Italy	11	1	4	1	16
4	Poland	13	0	2	1	16
5	Spain	10	3	3	2	16
6	The UK	12				12
	<b>Total</b>	<b>63</b>	<b>5</b>	<b>10</b>	<b>5</b>	<b>79</b>

Source: own elaboration

**Table 2.** Partnerships of Chinese Provinces with Regions in Six EU States

Country	Active partnerships	Inactive partnerships	Total partnerships
France	12	2	14
Germany	8	1	9
Italy	27	4	33*
Poland	12	3	15
Spain	18	13	31
the UK	30	3	33
<b>Total</b>	<b>107</b>	<b>26</b>	<b>135</b>

\*In two cases the activity status is unknown

Source: own elaboration

**The first 17 partnerships with China were established in the 1980s.** They represent 14% of all the surveyed partnerships. Cooperation was launched mainly by Germany, the UK and France. Chinese partners were located mostly in the eastern part of that country, on the coast. It seems that the reason for this geographical distribution was the creation of special economic zones (SEZs) in coastal China by Deng Xiaoping as the first step in the country's modernisation after the Mao era. SEZs were granted incentives which facilitated their cooperation with foreign partners.

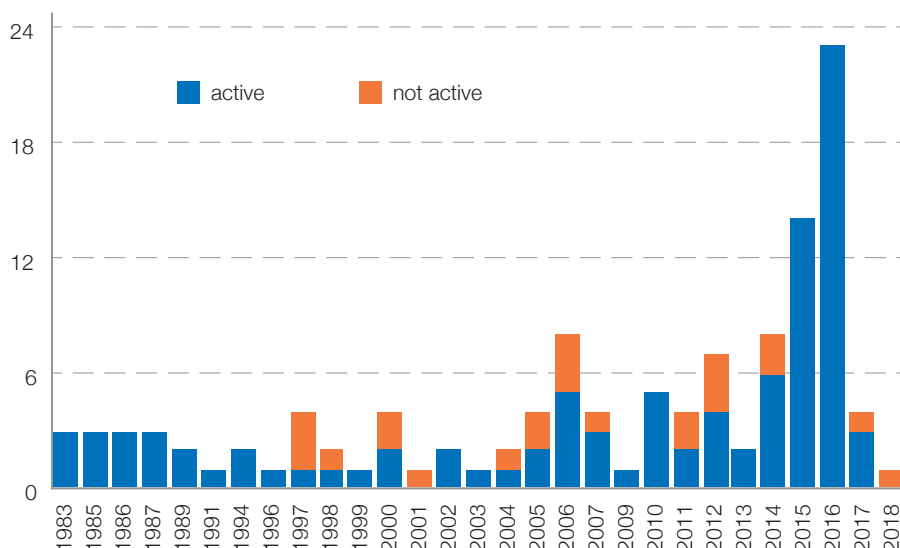
The next phase was the 1990s with 11 new partnerships (9%). Contrary to the previous phase, in this case there is no particular leader on the European side. France established three partnerships, Germany, Spain and Italy two each, while Poland and the UK one each. Supposedly, the reason for a lower dynamic were the events in the PRC in 1989 (Tiananmen Square massacre) and Europe's reluctant approach towards China.

In 2001-2009 there were 27 new partnerships (22%) with Chinese partners, with Spain, Italy and Poland at the forefront, followed by Germany and the UK. Presumably, **a significant increase in contacts may have resulted from an intensive bilateral dialogue between central governments.** For example, in 2004 and 2005 Germany, the UK, and Spain upgraded their relations with China to the strategic partnership level, while Poland joined the EU in 2004 thus becoming more "visible" for the PRC (it is worth mentioning that a month later PRC's Chairman Jiang Zemin visited Warsaw).

In the period 2010-2017, one may notice a significant increase in the number of new partnerships – 70 (56%). New cooperation frameworks were established mostly by Italy, Spain, and then the UK and Poland. Possible reasons include the process of catching up with China. The aforementioned countries had not been very active until then in terms of subnational cooperation with Chinese regions. The other reason might be the announcement of the Belt and Road Initiative of 2013, with Chinese pledges of new investments abroad as well as greater activities of Chinese regions in launching cooperation with other countries under the BRI banner<sup>3</sup>. Figure 1 presents the dynamic of new partnerships between 1980 and 2018, with information about the current status of relations (active or inactive).

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<sup>3</sup> Detailed analyses regarding the periods of establishing partnerships and provinces can be found in the following national chapters.



**Figure 1.** New partnerships with China in 1982-2018 by six Member States

Source: own elaboration

## The areas of cooperation, its forms and local partners

Activities connected with economy are the most often declared sphere of co-operation. Almost **85% of the surveyed regions pointed to general economy as one of the areas where they undertake activities** (Table 3). One of the tasks of regional administration is to promote and support domestic entrepreneurs on foreign markets.

More than **80% of regions organise business missions to China and almost 70% – participate in fairs and economic forums**. More than 1/3 pointed also to their regional offices in China as an important form of cooperation. The main goal of this type of office established abroad is to support different types of entities such as companies, universities and cultural institutions (Table 4). Representatives of business are also among the most often cited local partners in the cooperation with China (Table 5).

Apart from the economic dimension, **higher education and research is an important sphere of cooperation**. Nearly  $\frac{3}{4}$  of the surveyed regions and

cities declare contacts in this area. Moreover, more than half pointed to general education. Universities are most often cited as local partners for cooperation with Chinese cities and provinces. More than half of the regions also engage other educational institutions in activities with China (Table 6). **Regional authorities promote their universities and encourage Chinese students to study in Europe.**

**Table 3.** The areas of cooperation with Chinese partners

Areas	Number	%
General economy	53	84
Higher education and research	46	73
Sport and tourism	37	59
General education	33	52
Environment	29	46
Administration and region management	25	40
Agriculture and rural development	25	40
Health and public policy	21	33
Culture	19	30
Municipal economy	16	25
Other	11	17
<b>Number of surveyed regions</b>	<b>63</b>	

Source: own elaboration

The economic and academic dimensions dominate the areas of cooperation in all the surveyed countries. The economic entities and scientific units are the most frequently indicated local cooperation partners with China, and, together with regional authorities, create a kind of triangle of cooperation. The three parties obtain the synergy effect in contacts with the Asian partners.

There is no such agreement among the six countries in the next sphere of cooperation. Among the other areas of cooperation also related to the activities focused on the promotion of city regions and local entities there are and

tourism, indicated by nearly 60% of the regions, and culture (30%)<sup>4</sup>. Sporting or cultural events are often organized during meetings and business missions. **More than half of the surveyed regions indicate that cultural institutions are engaged in joint initiatives with Chinese partners.**

In the case of Great Britain, due to the dominance of cities among the surveyed units, the spheres relating to urban management, such as administration, region management, municipal economy and health and public policy, were indicated more frequently. Cities and regions from the UK pointed to institutions related to culture and education as important partners in the cooperation with China more often than in other surveyed countries.

Nearly half of the surveyed regions also indicated municipal authorities among local partners. In some partnerships it is possible to combine regional level cooperation with the cooperation of cities from the same regions. Many regions and cities also note cooperation in the field of environmental protection. **Issues related to climate, low-emission transport and smog have become a very important topic for local authorities in Europe and China.**

**Table 4.** The forms of cooperation with Chinese partners

Forms of cooperation	Number	%
Official visits	61	97
Business missions	52	83
Participation in fairs and economic forums	43	68
Permanent office in China	23	37
Work with official central government delegations	23	37
Global and transnational multilateral regional networks	7	11
Permanent Chinese office in your region	6	10
Cultural events	5	8
Exchanges	5	8
Other	2	3
<b>Number of surveyed regions</b>	<b>63</b>	

Source: own elaboration

<sup>4</sup> Culture was not specified in the survey as a sphere of cooperation, regions indicated it in the category of *Other*.

**Table 5.** Local partners in cooperation with China

Local partners	Number	%
Universities	53	84
Business partners	49	78
Educational institutions	34	54
Cultural institutions	33	52
City authorities	31	49
Other local self-government units	19	30
NGOs	9	14
Other	6	9
None	5	8
<b>Number of surveyed regions</b>	<b>63</b>	

Source: own elaboration

## Benefits and problems

There are no major differences between the surveyed countries in terms of benefits in their cooperation with the Chinese partners. The cited profits can be divided into two groups, which are, however, still related to each other. The first group is connected with promotion; **paradiplomatic activities are treated as a way to promote the region**, cities, local companies, universities, culture and language. Official visits, trade fairs and cultural events are good opportunities to present the region, attract Chinese students to study in Europe and Chinese tourists to come to European regions, beyond those best known and most popular. The second group of benefits is strictly business-oriented. One of the main objectives of the established contacts was **to support domestic companies, promote them in China** and facilitate business contacts for them. This was also connected with **attracting Chinese investors** to the region.

The most frequently indicated obstacles in dealing with China are **the distance and costs** of active cooperation. In all 6 surveyed countries one of these two categories was the most often cited problem. The two indicated obstacles are interrelated. Active cooperation engaging different types of partners



requires a long and costly trip to China. Interestingly, 40% of regions also indicate a language barrier in contacts with Chinese partners as a serious hindrance, and a third – cultural differences. In some cases, problems with engagement of the Chinese side or local partners in the European region also occur.

**Table 6.** Benefits from cooperation with China

Benefits	Number	%
Cultural promotion	49	78
Trade development	46	73
Exchange of experience	46	73
Better position for business	46	73
Attracting Chinese investment	43	68
Tourism promotion	42	67
Other	5	8
<b>Number of surveyed regions</b>	<b>63</b>	

Source: own elaboration

**Table 7.** Problems in cooperation with China

Problems	Number	%
Distance	40	63
Cost	36	57
Language barriers	25	40
Cultural differences	21	33
Low commitment of the Chinese partner	10	16
None	6	10
Low commitment of the local partners in your region	5	8
Other	4	6
<b>Number of surveyed regions</b>	<b>63</b>	

Source: own elaboration

## Paradiplomacy in China

In China, paradiplomacy – international activities of regions (provinces, counties, cities) and cooperation with foreign partners – is perceived as **public diplomacy, soft power or people-to-people contacts**. In that sense, emphasis is put on the economic and social cooperation, without the political context, which means political-related initiatives undertaken independently by the local authorities. In the PRC, the institutions responsible for international contacts at the local level are state entities, such as the foreign affairs committee of the Chinese parliament and international departments within the local government structures. A special role is assigned to the China Council for Promotion of International Trade (CCPIT) and the Chinese People's Association for Friendship with Foreign Countries (CPAFFC). This institutional framework **reflects the unitary character of the Chinese state, which means that local governments execute central authorities' policy goals**. Therefore, Chinese experts and decision makers do not use the term paradiplomacy (a notion popular in the West), but rather subnational governments' foreign affairs activities or local government actions in foreign affairs (Mierzejewski, 2018a, pp. 104–105).

Chinese style paradiplomacy should be understood as a **division of labour**. In other words, Chinese regions play the role of **transmission belts** for the central government's policy. It is openly admitted by Chinese experts that, for example, the diplomatic goals of cities are to enhance and support China's neighbourhood diplomacy (with particular regions dedicated to cooperation with selected countries or organisations, such as the Guangxi province with ASEAN), the idea of a "network of partnerships" (a Chinese diplomatic slogan), and the "hosting diplomacy" concept – organizing international high-level events in China (Wei, 2017).

The overall **goals of Chinese paradiplomacy** are to move up the value chain, attract foreign capital, internationalize local government capabilities, share experience (e.g. provide advice for the local business) and to contribute to economic growth and stability. It is also a means of disseminating a positive image of China abroad and building up a good rapport with other countries. Paradiplomatic ties might also be used by both local and central governments as a useful channel for business, people-to-people, as well as

political contacts when the central authorities' relations are becoming sour. What is more, since Deng Xiaoping, regions have also been testing grounds for their central governments.

When it comes to **tools** used by regions in cooperation with foreign partners, they include opening representative offices, organizing fairs and exhibitions dedicated to the partner regions, twinning processes, direct passenger and cargo connections (both flights and trains), mutual visits of provincial high representatives, as well as participation in regional forums, both bilateral and multilateral.

The aforementioned division of labour approach is not a new phenomenon in China. Moreover, the **PRC's regional policy is domestic-oriented**. Since the very beginning, the regions have been used for executing central government policy. Tim Summers highlights the Third Front idea (Summers, 2018a): In the 1960s, Mao's foreign policy was based on the mindset known as "fighting on two fronts" (with the U.S. and the USSR seen as enemies). At that time, due to security reasons, heavy industry and military facilities were transferred from the coast to the central provinces which thus became more relevant in terms of state security and economic growth. Another example is the "reform and opening-up" era of Deng Xiaoping, with a focus on coastal regions where special economic zones were set up to attract foreign capital and absorb knowledge and experience from abroad, e.g. Hong Kong, Taiwan and South Korea. The third example is the programme of China's Western Development (1999/2000) – a consequence of uneven development resulting from focusing predominantly on coastal regions. Concerns about domestic stability (or even territorial integrity) due to the development gap triggered the central government to provide landlocked regions with new incentives. As a result, previously neglected regions have overhauled their position within the country.

An example of the **top-down character of Chinese paradiplomacy** is the fact that the central government grants specializations to selected regions. Specializations can be sectorial (trade, investment, production, logistics, culture, ecology, agriculture, etc.) and geographical (cooperation with selected countries). For example, Chongqing is responsible for inland transport, logistics and trade processing, Kunming is known as a garden city, Qingdao as a centre for home appliances, while Guiyang – a big data pilot zone (*Interview with the Liverpool City Council Representative*, personal communication,

May 2018). When it comes to geographical designation, Sichuan province, responsible for contacts with Central Europe or Xinjiang and Heilongjiang cooperating with Russia and Mongolia, is a good example.

**Nevertheless, this does not mean that regions are only “blind” executors of the central government agenda** and do not have any impact on central decision makers. Despite the unitary character of the state, and the process of centralization under Xi Jinping, the position of a particular region (province, county or city) in the sense of its political and economic relevance differs from that of others. The position of the region depends mostly on its economic clout (e.g. its share in China’s total GDP), the personal factor – how influential a provincial leader is, and how the leader may use the current situation in the region (both good and bad – by comparing it to other regions as evidence of unequal treatment by the central government) as a leverage for more concession from the central authorities or more room for manoeuvre. For these reasons, **full and strict control over the regions by the authorities in Beijing is not possible**. What is more, the growing role of Chinese regions is also a result of such processes as globalization. As Tim Summers argues, a new phase of globalization, which includes the growing role of multinational enterprises, change of the mode of production from manufacturing products in one place to the development of supply-chains, and outsourcing and international division of labour, dilutes the ability of the national government to set the policy agenda and limits control over local governments (Summers, 2018a). In that sense, one may observe the process of growing independence of selected Chinese regions. Summers also argues that the Belt and Road Initiative was in fact a bottom-up idea, initiated by Chinese local authorities to designate themselves their own specializations based on their current comparative advantages (e.g. excelling at manufacturing, maritime transport, etc.). He says explicitly that the BRI does not represent any fundamentally new policy content, but the evolution of long-standing approaches to global interactions of at least some of Chinese regions. “(...) Provincial agency has been instrumental in creating the foundation on which the national-level silk road vision sits” (Summers, 2018a, p. 87). While Dominik Mierzejewski argues, that “the BRI was not about central government action, but also allowed local government to be active in China’s external actions” (Mierzejewski, 2018b, p. 143), he also states that “after the years of decentralization, the BRI plays

a role of centralizing power over the local authorities” (Mierzejewski, 2018b, p. 149). **The latter statement stresses the fact that greater independence of the regions does not, however, change their dependence on the policy of the central authorities** and the “division of labour”. Mierzejewski also says that “the BRI should be understood as a new mechanism of coordination of relations between central and local authorities” (Mierzejewski, 2018b, p. 137).

**Currently, the Chinese government’s attention is concentrated on assigning new roles to regions** due to the ongoing process of globalization, regionalization, informatization, new industrial revolution, etc. The government focuses on greater regions rather than administrative structures (however, this is not a new idea either). The best example is the Great Bay Area which encompasses the Pearl River Delta region with an idea to create a cluster with special roles assigned to particular cities or parts of the region to set up an integrated economic and business hub. It may be exemplified by Shenzhen serving as a technological, start-up, telecom hub and Hong Kong designated as a financial centre. It should be noted that, despite the fact that the GBA is a central government’s idea, it is impacted by the local governments and the overall globalization process.

In that sense, despite Xi’s centralization course, the role of Chinese regions will be growing, or at least Beijing may not be able to entirely control local authorities. At the same time, in the face of an expected protracted stand-off in US-China disputes and a sharpening of the EU policy towards China, the local authorities and paradiplomatic channels might become more crucial in maintaining day-to-day contact with foreign partners.

## Conclusions

Cooperation with partners from China seems to be an important direction of international activities for cities and regions in the six surveyed countries. Partnerships with China are declared by 80% of the regions in France, Spain, Germany, Poland, and Italy.

In all the surveyed EU regions, the cooperation is dominated by the economic and academic dimensions. Active cooperation is ensured by the inclusion of local partners, such as regional agencies, chambers of commerce,

universities, and tourist agencies. The regions support the internationalisation of their local enterprises and promote themselves to Chinese investors, tourists, and students.

There are **no major differences between the surveyed countries** in terms of areas, benefits, or even obstacles in their cooperation with Chinese partners. In all six countries the so-called cooperation triangle can be observed. It refers to the inextricably intertwined cooperation of three local (or regional) institutions: the government, businesses, and academic entities which undertake initiatives together with partners from China. In the wider economic and academic domain, the European regions also see the greatest benefits. Regardless of the number of partnerships or the degree of activity, the most frequently indicated obstacles in dealing with China are the distance and related costs of an active.

The role of Chinese regions is growing, despite Xi Jinping's attempts at expanding control over local authorities. Chinese regions are trying to be more independent using their comparative advantages such as economic "weight" and relevance. Their authorities are focused primarily on the economic with foreign partners. This may lead to a conclusion that **Chinese regions will maintain or even expand paradiplomatic activities, even though bilateral relations at the government level are deteriorating**. When it is in the interests of local authorities, they can distance themselves from Chinese central policy or exert pressure on the government in Beijing. The pressure of the regions will depend on the degree of economic connection with foreign countries and the importance of the region in the Chinese economy.