

# CHAPTER 5

## FRANCE

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### Introduction

France was ahead of many western countries in establishing diplomatic relations with China in 1964. It was also the first to sign a comprehensive partnership agreement with the PRC in 1997. The partnership was renewed in subsequent years giving it a higher status. Alongside bilateral relations at the state level there was a development of relations at the regional level. The first regional partnerships were established in the 1980s. Nowadays, 11 out of 13<sup>28</sup> regions declare cooperation with Chinese cities and provinces.

The main objective of this chapter is to characterise the activities between French regions and Chinese provinces or cities – their intensity, scopes, advantages and obstacles. Besides, as the context for the paradiplomacy, a broader perspective is briefly introduced focusing on the bilateral state, economic and social relations. An important question arises as to whether the relations at the state level correlate with the relations at the lower, regional, level. Taking

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<sup>28</sup> There is no information about Corsica, and the Hauts-de-France region did not cooperate.

the broader perspective into account, it is worth evaluating how the EU-China relation and the internal situation of China influence paradiplomacy.

The chapter is divided into two parts. The first one starts with some general information on state bilateral relations as well as at the society level. There are also some basic characteristics of paradiplomacy regulations. The second part is dedicated to the research results – data from the survey and case studies. The chapter concludes with some observations and policy recommendations.

## Part I

### Bilateral relations

When Charles de Gaulle established official diplomatic ties with China in 1964, France was ahead of many other western countries (Seaman & Ekman, 2015). Moreover, France was the first Western European country to sign a joint statement, thus agreeing to establish a “**comprehensive partnership**” in 1997 (Zhongping & Jing, 2014). That was during the presidency of Jacques Chirac (1995-2007). In the following years (in 2004) the relationship was raised to the level of “global strategic partnership”. In France it was the president who mainly decided on France’s policy towards China, which is rather different than in other countries. It was connected with the vertical structure of power characteristic the French state (Kumoch, 2013). President Chirac was known for his personal interest in China, he was keen on Chinese culture and history. During his presidency, **France refrained from criticizing the PRC** in exchange for which it obtained economic licenses in the form of contracts for Chinese goods.

Nicolas Sarkozy (2007–2012) tried to find a new path in relations with China. The president wanted to separate politics from economy. Sarkozy called on China to end violence in Tibet through genuine dialogue in reaction to the events in Tibet in 2008, and he threatened to boycott the opening ceremony of the 2008 Summer Olympics in China. The French President also stressed the necessity of the Europeanization of China policy and a more open attitude towards China on issues of global financial governance. However, **after the strong reaction of the Chinese side to France’s stance on the 2008 Summer Olympics, France returned to a more pragmatic policy, concentrated on economy.**

Economic issues have dominated these relations, especially since 2009. After the economic crisis in Europe, the relationship with China was seen as a welcome source of growth for the continent. Moreover, the countries signed bilaterally the “**Comprehensive strategic partnership**” in 2010, which gave their mutual relations a higher status. Between 2010-2011, France was the first destination for Chinese investment in Europe with 70 deals worth 5.7 billion US dollars (Hanemann & Rosen, 2012).

Francois Hollande’s presidency (2012-2017) saw a growing recognition of Asia. Although China remained France’s main economic partner in the region, efforts were made to attain more geographical diversity at the economic, political and security levels. In the case of China, more stabilization in relations was observed and the economic dimension was still the most important feature. During President Hollande’s visit to China in March 2013, the countries agreed to reinforce political dialogue and people-to-people exchanges. What was important, they also underlined the need to work on rebalancing economic relations (reciprocity spirit) (Seaman & Ekman, 2015). The same year, in November, **the China-France high-level economic and financial dialogue** (HED) was established. Meetings started to be organized every year with a summary document, i.e. a review of the main cooperation spheres and challenges for the next year in bilateral relations. As stated in the document from the second meeting, organized in 2014, HED “is an important platform for bilateral communication and policy coordination on strategic, overarching, and long-term issues in the economic and financial fields” (*China-France Joint Fact Sheet on the 6th High Level Economic and Financial Dialogue* | Gouvernement.Fr, 2018).

The year 2014 was the year of the 50<sup>th</sup> anniversary of China-France relations. During Xi Jinping’s visit to France in March, the relations were upgraded to **The French-Chinese Close and Permanent Comprehensive Strategic Partnership of the New Era**. Because of the anniversary, the four-day visit had some cultural and historical aspects, in the form of visiting the site of the former Sino-French University Institute (1921-1946) located in Lyon (‘President Xi Visits Former Site of Lyon Sino-French Institute’, 2014). Traditionally, the high-level meeting was also an opportunity to sign some trade deals.

President **Emmanuel Macron** (from May 2017) announced a change in his policy towards China. The president supports the development of a more

coordinated China policy at the EU level, including the issue of the defence of democratic values (Ekman, 2018). Macron also underlines the need to rebalance trade between the two countries. France supports the screening mechanism at the EU level. Meanwhile, the relations at the state level are quite intense. Macron's first visit to China took place in January 2018, the second was planned for November 2019. The Chinese leader visited France in March 2019. It was a part of a larger European tour by Xi Jinping. Apart from bilateral talks, the Chinese President also met Angela Merkel and the President of the European Commission, Jean-Claude Juncker.

The year 2013, under Hollande's presidency, was the time of launching the Chinese **Belt and Road Initiative** (BRI). At the beginning, France was not considered as a target of the BRI (Nicolas, 2019), but after some time local authorities started to plan some projects. Although the initiative was not among the French government's priorities, the general approach was positive. In 2015 the Minister of European and Foreign Affairs said: "We welcome the New Silk Road Initiative". The positive attitude reasserted France's support for the BRI emphasized during the French president's first trip to China in 2018. However, Macron pointed out that the support is not unconditional. The French president called for reciprocity and stressed that "Silk Road cooperation must work in both directions" (Nicolas, 2019). Despite the support, the French government, like most Western European countries, has not signed the BRI-related Memorandum of Understanding ("BRI MoU").

Nowadays France is interested in cooperation on a project-by-project basis that would stimulate growth in host countries (the cooperation between French and Chinese companies in third countries). However, there was no project established under the BRI by the beginning of 2019 (Nicolas, 2019).

## **Economic and social relations**

Although China is a minor investor in France, its involvement has risen quickly since 2011. China ranks 12<sup>th</sup> among foreign investors, with a stock (FDI) of 5.1 billion euros in 2016<sup>29</sup>, while in 2010, FDI stock was only 1.72 billion euros

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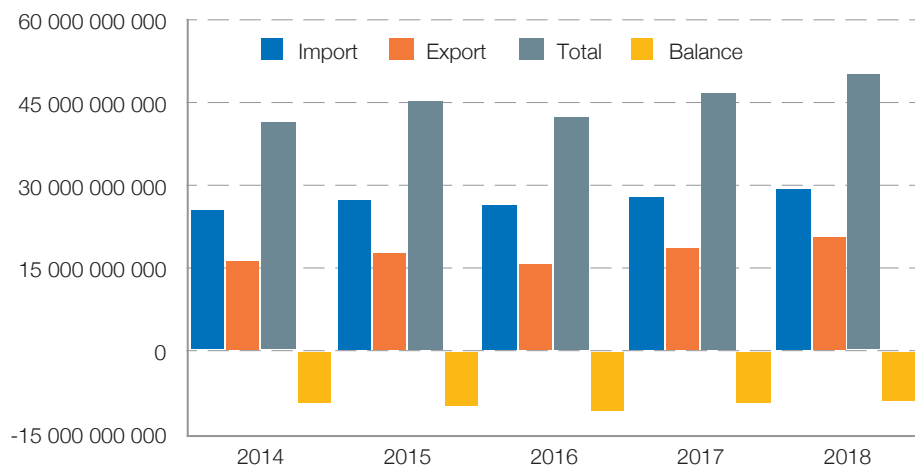
<sup>29</sup> This is not a lot in comparison to Germany with 58.2 billion euros and the UK with 65.9 billion euros.

(Seaman, 2017). Chinese investors were particularly active in the energy, real estate, automotive and tourism sectors in these years.

Similar statistics relate to Chinese cumulative investment in France. As John Seaman (IFRI) notes, according to the data gathered by the Rhodium, China's cumulative investment in France rose from 1 billion euros between 2000-2010 to over 10 billion euros between 2011-2016 (Seaman, 2017).

According to data from 2018, China is 8<sup>th</sup> among the countries investing in France (4%). At the same time the PRC was the leading Asian investor in France with 57 investment decisions. Chinese investment in R&D activities has doubled over the last year. The Chinese telecommunications company Huawei which has chosen Grenoble in Auvergne-Rhône-Alpes as the location for its R&D centre dedicated to sensors and parallel processing software is one of the biggest Chinese investments in France. By then Huawei already had had several R&D centres in France: three in Ile de France and one in Provence-Alpes-Côte d'Azur (*Business France Publishes 2018 Annual Report*, 2019).

As for trade relations, China remains France's sixth largest trading partner. Although some increase in French exports to China has been noted in recent years, France still records quite a large trade **deficit** (approx. 8.5 billion euros in 2018, which gives 17% of total trade) (see Figure 15).



**Figure 15.** Trade relations between France and China, 2014-2018 (EUR)

Source: own elaboration on the basis of Eurostat data.

France has a **positive image** among Chinese people, and it is one of the most popular destinations for them. In 2016, 13% of “tourism nights” spent by residents of China in the EU were in France. More popular destinations were only the UK (31%) and Italy (18%).

France is also a very attractive country for students. Over 30,000 Chinese students studied in France in 2017 accounting for 9% of all foreign students. Only students from Algeria and Morocco constituted a slightly larger group at the French universities. There are 18 Confucius Institutes in France. Mandarin Chinese is now widely taught in France with 100,000 secondary school students studying the language in 2015, according to the French foreign office. However, its popularity as a second language is dwarfed by English and other major European languages.

On the other hand, China does not have a good reputation in France. The public expects the French government to stress the issues connected with human rights and influence the Chinese state to respect them. In 2017 and 2018 more than 60% of French people had a negative view of China (*Future of Europe. October-November 2018*, 2018; *Future of Europe. September-October 2017*, 2017).

## International cooperation of French Regions

France is divided into 13 metropolitan regions (including 12 mainland regions and Corsica), located on the European continent. There are also 5 overseas regions, located outside the continent. **As a result of the reform in 2016, the number of 27 regions was reduced to 18.** French local government has a long tradition of decentralized cooperation, including development cooperation.

However, **historically France was a centralized state.** The first steps of transferring power from the central to the regional level started at the beginning of France’s Fifth Republic (as of 1958). The decentralization policy launched in 1981, during François Mitterrand’s presidency (1981-1995), marking the beginning of administrative devolution. Regions have increasingly become the main players in the economic development and spatial planning (Duran, 2015). Since the adoption of the law on decentralized cooperation in February 1992, local authorities have been entitled to engage in actions of international cooperation (Tavares, 2016). The legal framework on regional

external relations evolved in the following years. From 2007<sup>30</sup> “territorial collectivities may conclude conventions with local authorities worldwide in order to engage in cooperation actions or development aid” (Duran, 2015). One important caveat is that the agreements must be in line with central government policy.

There are also instruments which enable the state **government and diplomats to support the paradiplomatic activities of regions**. The Ministry of Foreign Affairs (MFA) encourages local government diplomacy by offering the service of its network of embassies and experts from the Ministry. The Ministry can also co-finance decentralized cooperation via the National Commission for Decentralized Cooperation and the Delegation for the External Action of the Local Authorities (Duran, 2015).

The National Commission for Decentralized Cooperation is a space for dialogue between local authorities and the central government, whose aim is to improve the coordination of the international activities of French regions. **The Commission perceives paradiplomacy as a tool to strengthen France’s position in the world.**

As Manuel Duran points out, at the beginning there was a lot of distrust between the state and local government on the decentralized cooperation. The MFA and embassies were reluctant to support or cooperate in the field of paradiplomacy. Over time, the diplomats started to understand that the regions cooperating with foreign partners possess invaluable knowledge and networks. The problem was that **regions did not have the obligation to inform the French ambassadors about their activities** and they usually did not do so. They possessed autonomy in their foreign activities as long as they did not contradict the interests of the French foreign policy. The problem was that there was no top-down hierarchy between the French levels of administration, which caused asymmetries, divergences and overlapping policies (Duran, 2015).

Under the Hollande (2012-2017) administration and, in particular, at the initiative of the Foreign Minister Laurent Fabius (2012-2016), France became inclined towards an approach of decentralized cooperation in an effort to reinforce ties at the regional and municipal levels (Seaman & Ekman, 2015). The

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<sup>30</sup> The Thiollière Law of February 2007 on the external actions of the territorial collectivities (Duran, 2015).

government wanted to strengthen the decentralization system and encourage the local government's involvement in France's economic recovery. A new regulation was enacted, which clearly states and demarcates the exclusive competences of each level of French administration (Duran, 2015). A new regulation N° 2014-58 brought more flexibility and legitimacy to the external action of local authorities. The local government can "implement or support any annual or multi-year international cooperation efforts, development aid or humanitarian action with even more technical and political autonomy" (Tavares, 2016).

Looking from the France – China regional cooperation's perspective, **the idea of strengthening French paradiplomacy was well received in China.** The Chinese government wanted to engage less developed provinces in the cooperation. The French government as well as regions wanted to develop the cooperation on the local democracy in China. However, the centralization process in China and the consolidation of power under Xi Jinping prevented some French regions' initiatives from developing local diplomacy with Chinese partners (Tavares, 2016). Afterwards the cooperation concentrated on the economic area (Seaman & Ekman, 2015).

The Business France (BF) agency established in 2015 plays an important role in the development of the economic diplomacy of the state and local governments. According to its website the agency is "responsible for fostering export growth by French businesses, facilitating international investment in France. It promotes France's companies, business image and nationwide attractiveness as an investment location". Business France is an important partner for French regions in other countries. Although some French regions still maintain **regional representations** in the partner provinces, there are instances of a changing formula in their cooperation in the Chinese regions. They have closed offices, and instead cooperate with French entities that have delegated bodies in China, such as Business France (BF). The first region to sign an agreement with BF was Pays de la Loire.

In the case of French-Chinese relations, the regional contact, especially in the economic dimension, is meant to strengthen the comprehensive strategic partnership (*China-France Joint Fact Sheet on the 4th High Level Economic and Financial Dialogue*, 2016). Every two or three months there are meetings of regions and cities in Paris with a representative of, among others, the Minister of Foreign Affairs. Projects, regional cooperation strategies and



current events are discussed. For example, BF offers the regions its exhibiting pavilions at trade fairs (*Interview with a Representative of the Auvergne-Rhône-Alpes Region*, personal communication, 2019).

**The French regions also participate in projects which are part of the Chinese BRI.** In April 2016, the first train from the Chinese city of Wuhan (Hubei province) reached Lyon, inaugurating a freight **railway connection** between the metropolises (11,300 km in 16 days). In tandem with the BRI, Normandy included its ports, along with the largest French port of Le Havre. Local governments look for ways to attract Chinese investments to the French regions and build links with the Chinese market (Seaman & Ekman, 2016).

French regions and cities have their own **cooperation platforms for units engaged in foreign contact**. One example is Cités Unies France, a federation of cities and regions involved in international cooperation. It is responsible for, among other things, organising meetings with the countries where the French regions have contacts. This kind of cooperation platform is also organised for local governments cooperating with China. In November 2018, in Toulouse, the capital of Occitania, six French-Chinese meetings concerning decentralised cooperation were held. The contact with Chinese provinces and cities is also supported by the Association of French Regions.

## Regional partnerships with China

According to data collected in 2017, 10 out of 11 surveyed French regions declare active cooperation with Chinese partners. Only the Hauts-de-France region, which had previously worked with the city of Tianjin, declared the end to the former partnership. The cooperation was finished because of political matters. However, the region declares its interest in cooperation and admits that it looked for a partner in 2017. From other sources, it is known that Normandy has one partner from China, the Fujian province. **In total, 15 partnerships were identified among the surveyed regions.** All partnerships have a formal basis (an agreement signed between partners). Most of the declared partnerships were assessed as active in 2017 (any activity in the two preceding years) and only two relations forged by the Grand Est region were not active.

The first four partnerships were established in the 1980s. **French regions, along with British and German local governments, were among the first that started cooperation with the Chinese.** Bretagne was the initiator was, launching the collaboration with Shandong in 1985. Most of the Chinese partners were eastern provinces. Only Sichuan, the partner of Occitanie, was an interior province. Some agreements from the 1980s were later renewed, for example, Occitanie signed another agreement with the province of Sichuan in 2014. Three partnerships from the 1990s were also established with the provinces from the central part of China (Hubei, Hunan). The partnership between Provence-Alpes-Côte d'Azur and Guangdong dates back to 2000 and the rest began after 2005 (Table 19).

**Table 19.** French regional cooperation with Chinese partners (2017)

1	Ile de France	Beijing	1987	active
	Ile de France	Zhejiang	2018	active <sup>31</sup>
2	Grand Est Region	Sichuan	2010	active
	Grand Est Region	Jiangsu	2005	not active
	Grand Est Region	Hubei	1998	not active
3	Occitanie	Sichuan	1987	active
4	Bourgogne-Franche-Comté	Hong-Kong	2010	active
5	Bretagne	Shandong	1985	active
6	Pays de la Loire	Shandong	2006	active
7	Provence-Alpes-Côte d'Azur	Guangdong	2000	no data
8	Auvergne-Rhone-Alps	Shanghai	1986	active
	Auvergne-Rhone-Alps	Hebei	2017	active
9	Nouvelle-Aquitaine	Hubei	1996	active
10	Centre-Val de Loire	Hunan	1991	active
11	<i>Hauts-de-France</i>	<i>Tianjin</i>		<i>finished</i>
12	Normandy	Fujian	no data	no data

Source: own elaboration

<sup>31</sup> Data from Île-de-France were obtained in 2018, it was also the year of establishing the partnership with Zhejiang.

However, it must be underlined that **the first initiatives of cooperation were established between cities in the 1980s**. According to data gathered by the European Commission (*List of Chinese-European Twin Cities*, 2012), the first partnership was launched in 1981 by Montpellier (Occitanie) and Chengdu (Sichuan Province). The following year there were two more agreements – between Chongqing (a city with provincial status) – Toulouse (Occitanie) and Luoyang (Henan) – Tours (Centre-Val de Loire). The correlation of partnerships between cities and regional cooperation is clearly visible even on these few examples. Six years after the beginning of the partnership between Toulouse and Luoyang, the regional authorities also decided to forge a partnership. The same situation applies to the cooperation between the cities from the Centre-Val de Loire region and the Hunan province. The cities' partnerships stimulated the regional cooperation. French cities were very active in their cooperation with Chinese partners. In the 1980s, as many as 13 partnerships were established. This dynamic cooperation was maintained in the 1990s and later. Unfortunately, there is no information if these partnerships are still active and what the sphere of cooperation was.

The high dynamics of regions, provinces and cities in the 1980s were probably connected with the situation in China and the opening-up policy implemented by the Chinese leader – Deng Xiaoping, which began in December 1978 (Skorupska et al., 2019). The dynamics of new paradiplomatic relations between cities and regions were maintained in the 1990s and later.

### **Areas, forms of cooperation and local partners<sup>32</sup>**

Looking at the spheres of cooperation, there is a **domination of general economy** and then education and research (Table 20). However, many regions (4-6) also declare activities in the spheres connected with sport and tourism, environment, agriculture/rural development and health and public policy. The indication of the main areas of cooperation is also confirmed by the forms of activities and local partners who are engaged in common initiatives. The most often cited local partners are representatives of **businesses, universities and educational institutions**. When asked about the form of cooperation,

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<sup>32</sup> The analysis relates to 11 regions which sent back the questionnaire.

the respondents indicate first business missions and official visits, then participation in fairs or economic forums. Four regions use a permanent office in China to conduct some activities.

**Table 20.** The areas of cooperation between French and Chinese regions

Areas of cooperation	No. of responses
General economy	10
Higher education and research	9
General education	6
Environment	6
Other	6
Sport and tourism	6
Agriculture and rural development	5
Areas-Health and public policy	4
Administration and region management	1
Municipal economy	0
<i>Number of regions answering the question</i>	<i>10</i>

Source: own elaboration

## Benefits and obstacles

The activities are primarily undertaken to **support French enterprises**. A better position for business, attracting Chinese investment, and trade development are among the most often declared benefits of paradiplomacy with China. As many as nine regions naming **tourism promotion** as one of the main benefits shows how important tourism is for local authorities in France. They probably treated tourism and cultural promotion as a way to attract Chinese tourists and investors. Traditionally, some regions indicate the general exchange of experience as one of the benefits (Table 21).

**Distance, cultural differences and language barriers** are the most often declared obstacles in partnerships with China. These problems may result in not-active or finished cooperation. Against the background of the rest of

the researched countries, **the low number of regions indicating the cost as the main obstacle is interesting**. Only two regions point to costs as a barrier, while in other cases costs are first or second among the main obstacles. Some surveyed regions also point out the low commitment of Chinese partners.

**Table 21.** The main benefits of the cooperation with China indicated by French regions

Benefits	No. of responses
Better position for business	9
Attracting Chinese investment	9
Tourism promotion	9
Cultural promotion	7
Trade development	7
Exchange of experience	5
<i>Number of regions answering the question</i>	<i>10</i>

Source: own elaboration

**Table 22.** The main obstacles in the cooperation with the Chinese indicated by French regions

Distance	6
Cultural differences	6
Language barriers	5
Low commitment of the Chinese partner	4
Cost	2
Other	1
<i>Number of regions answering the question</i>	<i>10</i>

Source: own elaboration

Looking at the basic characteristics of the regional cooperation, it is difficult to find any specific features which distinguish Sino-French paradiplomacy from the other five surveyed cases. The cooperation based on economy and universities is crucial in all six countries. This also determines other aspects as regards the form of cooperation and benefits. Similarly to the regions from Germany and the UK, the first partnerships were established in the 1980s by cities. Regions engaged somewhat later, but in France the cooperation of cities stimulated the regional authorities to establish the relations.

## Case studies

To obtain more information about the China-France paradiplomacy, in the second phase of the project two French regions were selected as examples to illustrate further details and specific features. The regions were selected because of their very active cooperation with Chinese partners but also due to its quite differentiated character.

### Pays de la Loire

Pays de la Loire is one of the 13 French regions. It is located in the western part of the country and has nearly 3.8 million inhabitants. It is the fifth-largest region in France in terms of GDP per capita. Its largest cities, besides the capital of Nantes, include Angers and Le Mans. In 2015, after the election of new local authorities, the region's approach to external contacts changed. Pays de la Loire adopted an international cooperation strategy for 2016-2021 (*Feuille de Route Internationale Pour La Periode 2016-2021*, 2015). The related document stressed the importance of economic cooperation leading to the development of the region, and three priority geographic directions were specified: North America, East Africa, and Asia. Although the document does not indicate the exact country, the representatives of the region underline that Chinese partners are very important for the international cooperation of Pays de la Loire.

“China cannot be ignored because China is more than a billion people. Today we have at least 500 million people who can spend money, travel to

other countries. We cannot ignore it, but at the same time we must be realistic” (*Interview with a Representative of the Pays de La Loire Region*, personal communication, 2019).

**Pays de la Loire has cooperated with the province of Shandong since 2006**, when the regional representation in the city of Qingdao (capital of Shandong) was opened. After the change of the executive of the region in 2015, the perspective on the international cooperation of the regions changed. New state regulations gave regions more power in terms of economic development. Pays de la Loire decided to define its new paradiplomatic policy in a kind of road map (*Feuille de route internationale pour la periode 2016-2021*). As a result of the new policy, the region closed the representative offices in China, in Qingdao and in Beijing (also the offices in India were closed), since the offices were deemed to be ineffective in regard to the assumed goals and too costly.

“We have very close links with them but it is more like a gate to all China. We closed the office (...) we decided to focus on the economic development and the office was not good at it”. (*Interview with a Representative of the Pays de La Loire Region*, personal communication, 2019)

Authorities decided to **move away from formalised cooperation within the framework of partnerships to informal contacts with various provinces**. Although it is not formal cooperation (there have been no official visits of regional authorities or signing of subsequent agreements), the region did not give up on the cooperation with Shandong and other provinces. It is particularly interested in investing in relations with the regions in China’s east. The country is treated as one large market which can be entered by companies from Pays de la Loire.

“We no longer maintain a relationship that could be called ‘cooperation’. Now, it is an “economic partnership” with all of China” (*Interview with a Representative of the Pays de La Loire Region*, personal communication, 2019)

The region’s authorities, in their relations with China, **focus on economic aspects**. Their goal is to develop local business and the region. An important

partner here is the Chamber of Commerce. This is a local organisation operating in different countries. The regional enterprises are engaged in activities towards China. Entrepreneurs participating in economic missions (on average twice a year) or other events organised by the region are offered co-financing of travel costs.

“We are business-oriented now. Our main target is to develop business.”  
(*Interview with a Representative of the Pays de La Loire Region*, personal communication, 2019)

Business France (BF), a national agency for the promotion of exports and investments, established in 2015, has become another crucial associate. A representative of the region joined the BF office in Hong Kong to maintain contact not only with Chinese cities and provinces, but also with partners from other Asian countries.

“We decided not to open an office, but to put somebody inside the organisation Business France based in Hong Kong (...). From Hong Kong you can easily go to China, but also to Japan, Korea, Indonesia or Singapore”  
(*Interview with a Representative of the Pays de La Loire Region*, personal communication, 2019).

Organizing the mission abroad, the region cooperates with French embassies which facilitate this kind of activity and are a very good source of information on the country. In Pays de la Loire there is also an Ambassador who at the same time is the Counsellor to the Prefect. Their role is to facilitate relations with all the national structures if need be. As the region's representatives emphasise, the attitude of French embassies has changed in the last years: they have become more business-oriented.

In terms of investment, the Regional Development Agency plays an important role in the region, the aim of which is to attract foreign investors to Pays de la Loire. As part of economic relations, there is also know-how support. The authorities gather the information on conditions for business activities. Recognizing that an important type of support for entrepreneurs is to provide them with relevant information, the region prepared a guide, a kind of



strategy for business in China. There is also the “BOOK” database for entrepreneurs and regional authorities on Chinese investment in Pays de la Loire and on French investment in China.

Although economic aspects dominate, there are also **activities engaging universities**. When on a mission, the region’s representatives contact French students for networking. The region also supports cooperation with Chinese universities, prepares programmes to attract foreign students, and organizes student exchanges.

“Our students can spend from six months to one year in China and Chinese students in our country can do the same” (*Interview with a Representative of the Pays de La Loire Region*, personal communication, 2019).

Looking into a specific area of economic cooperation, it can be observed that there are some encouraging prospects. In June 2018, China abolished its embargo on beef imports from France, which is important for a region specializing in livestock breeding. Seeing the changes in Chinese society (e.g., ageing population, the problem of care for the elderly), the region now also promotes its experience in **healthcare** and the **senior economy** (“silver economy”).

Other industries interested in the Chinese market include companies related to **sports**, and **smart green** and **smart factories**. In Pays de la Loire, an international “smart factory” conference, Laval Virtual, is held every year. In 2017 the French co-organised the conference Laval Virtual Asia in Qingdao (Shandong Province) for the first time. The region’s authorities are also looking at the development of the BRI, which they perceive as an opportunity for new economic ventures, not only in China, but also in other parts of Asia.

“What we call ‘the Silk Road’ is a new link to business organisation. We need to look at this because it’s a new way of doing business, not just business, but I think it’s a way to control the rest of Asia” (*Interview with a Representative of the Pays de La Loire Region*, personal communication, 2019).

The changes are not only on the French side. Recent years have seen changes in the organisation of Chinese delegations as well. The visits are better prepared, the topics raised by the Chinese party are more specific.

However, despite these changes, there are still some problems and challenges in the cooperation with China. The representatives of the regional authority underlined that a large number of Chinese delegations, discussions, and **actions taken do not necessarily translate into specific results** (investments, contracts). Over the years, the region has intensively promoted its own enterprises and culture, but that has not brought results either, especially not an increase in exports. The partners from China were focused on gathering information and knowledge, and not necessarily interested in sharing.

“We have spent a lot of money as a region promoting our production, culture and so on. In our opinion, we’ve spent too much money, we’ve lost too much time, and we have no benefit. The Chinese eagerly collect information, but they do not share it with us. That’s why we changed our point of view a bit” (*Interview with a Representative of the Pays de La Loire Region*, personal communication, 2019).

With regard to the interest and support from the EU, Pays de la Loire has not previously benefited from the EU programmes which could develop its relations with China. The representatives of the region were not sure if there were programmes that could be used for such cooperation. In addition, they point to difficulties, such as complicated and lengthy procedures, in using European funds. The region does not, however, exclude the possibility that if such support aimed at cooperation with China accompanied by friendly procedures appeared, they would benefit from it.

## **Auvergne- Rhône -Alpes**

This region was created as a result of the territorial reform in France in 2016. It was a merger of the two regions of Auvergne and Rhône-Alpes. Lyon is the capital of the new unit. The major cities include Grenoble, Saint-Etienne, and Clermont-Ferrand. The number of inhabitants (nearly 8 million) makes it the second-largest region in France (behind Île -de-France). It also ranks second in economic importance, with 11.4% of the country’s GDP and is a foreign investment and research centre. With more than 600 laboratories and 40,000 scientists, the region “has created an innovative ecosystem” of 18

inter-connected clusters, French “tech cities” and competing centres (*Mapping France. The Dynamism of France’s Regions through Investment by French and Foreign Companies*, 2019).

**The region perceives China as a strategic partner for cooperation.** The first contact was made in 1986 with Shanghai at the initiative of the president of Rhône-Alpes at the time. The formalisation of contact was supposed to facilitate economic relations of local entrepreneurs as well as academic cooperation. Researchers from the region, especially from Grenoble, had already established relationships at universities in Shanghai. Moreover, in 1991, the regional government of Rhône-Alpes decided to open an economic agency there to set up enterprises in Shanghai. It was important because it allowed many French companies to enter the Chinese market. The partnership was then renewed.

The new authorities of the Auvergne-Rhône-Alpes region signed an agreement with Shanghai again in 2017. However, because of changes in France and the new decentralized policy, the regional government decided to close the office in Shanghai in the same year. A different formula was planned to support the entities from the French region. The authorities intend to cooperate with a single French entity which will represent Auvergne-Rhône-Alpes in China (it will probably be the BF or the French Chamber of Commerce).

In 2017, a new partnership was established with Hebei Province as well. The initiative was born in connection with the preparation of China for the 2022 Winter Olympic Games and the desire to use the experience of the French region in the organisation of such a global event. Joint activities also concern healthcare, environmental protection, academic cooperation, and the development of new technology.

The main focus of the cooperation of this French region with the Chinese partner is **academic** in nature. Contact between researchers from Grenoble and their counterparts at the universities in Shanghai formed the beginning of years-long cooperation, which the regional representative assessed in 2018 as an example of a successful project. Every year, the region holds competitions for students and researchers from Auvergne-Rhône-Alpes with its own resources and runs several projects in cooperation with Shanghai. For example, the stays of French doctors to teach medical French language at the Jiaotong University in Shanghai are funded.

“It has been a big project that continues now, that we still support. It is our best example of cooperation” (*Interview with a Representative of the Auvergne-Rhône-Alpes Region*, personal communication, 2019).

In connection with the academic cooperation, the region places a great emphasis on innovation, especially in environmental protection, including the involvement of regional companies and clusters. The representatives of the clusters, including Lyonbiopole (a global cluster with a medical profile), have established partnerships with entities from China. They have started a project in the field of air pollution with an observatory of air quality and the Shanghai Environmental Monitoring Centre.

**The regional government also supports local enterprises, including clusters, in their contact with Chinese partners.** It co-finances their participation in economic missions to China from its own resources. Until now, the funding for trips or calls for proposals by entrepreneurs have been easier to organise with their own resources rather than with EU funding.

“We think, our cooperation opens some door for the companies, especially in the field of environment. If the local government supports the project it is easier for the Chinese institution to go ahead and work with us (*Interview with a Representative of the Auvergne-Rhône-Alpes Region*, personal communication, 2019).

For the region’s authority, cooperation with the state plays an important role, especially in dealing with China. The representatives of the region participate in **regular consultations with central entities**, also on the occasion of subsequent visits of Chinese delegations. They look for some knowledge and opinions.

“Sometimes we ask the national government to help us evaluate the Chinese delegation’s offer to identify ‘a good delegation’ because sometimes we devote a lot of time to the organisation of Chinese partner programs” (*Interview with a Representative of the Auvergne-Rhône-Alpes Region*, personal communication, 2019).

Cooperation with Chinese partners encounters some problems and challenges connected with the political circumstances in French local government. The various political parties governing the region and its capital make it difficult to synergise the activities of Auvergne-Rhône-Alpes and Lyon towards China. **The city and regional authorities organise trips and meetings with foreign partners independently, without combining or coordinating their initiatives.**

There are also different circumstances on the Chinese side which influence the partnerships. One difficulty in the relations is the lack of continuity in the contact of officials from both countries. Departments change as do the people responsible for cooperation on the Chinese side. Different people come to subsequent meetings as part of ongoing cooperation endeavours. There are also difficulties in keeping current contacts related to the policy in China and the interference of the central authorities, who decide, for example, to withhold permits for foreign delegations. What is more, the region's representatives are not always able to assess the goals of subsequent visits of Chinese delegations, which often visit a number of regions from different countries during one trip to Europe.

Another problem is also China's changing approach to cooperation. Chinese delegations are less likely to visit, they are also less numerous, but more focused on specific activities. Representatives of the region are aware of the changes and challenges posed by cooperation with partners in China (e.g. concerns relating to the transfer of their own technologies to China). However, they believe that joint initiatives should be undertaken. It is important to acquire knowledge of the partners and ensure that the cooperation brings benefits to both parties.

“We must continue to cooperate with them, but we must strongly defend our interests. So I think that in the future we will continue to maintain relations, but we will be more aware. Before the delegation goes to China, it prepares, it is a question of mutual knowledge [...]. We must go to China to understand it. The more we get to know each other, the more we find solutions for good cooperation” (*Interview with a Representative of the Auvergne-Rhône-Alpes Region*, personal communication, 2019).

According to the region's representatives, **there is a need for a coherent EU policy towards China, which will also translate into the activities of individual regional authorities from the EU countries.** The Chinese market should be more open, and Europe should define its goals clearly.

“I think it must be a strategic policy towards China in the field of investment, the European Union must look at this project [the Chinese investments in the EU], explain to the Chinese government what we need and defend our interests, including European strategic companies from each Member State, because I think we all have the same problem” (*Interview with a Representative of the Auvergne-Rhône-Alpes Region*, personal communication, 2019).

## Conclusions

The analyses show the important interplay between the state level relations and regional contacts between France and China. The opening-up policy of the Chinese leadership after 1978 resulted in partnerships between Chinese and European partners at the local and regional level. The changes in domestic policies of the countries also influence the sphere of cooperation.

French regions, along with British and German local governments, were among the first that started cooperation with China. Decentralized cooperation in France is understood as a way to develop the regions and the whole country. The state government supports and facilitates the international activities of local and regional authorities. The regular meetings within the National Commission for Decentralized Cooperation create an opportunity to exchange information, discuss ongoing projects and analyse how to make this activity more effective. Regions and cities are also engaged in French economic diplomacy (BF network).

Looking at the decentralized cooperation of French regions with China, in all the surveyed regions the emphasis is put on the economic and academic dimension of the relation. However, the two presented case studies show that priority can be accorded differently. It depends on the region, its resources, but also the local government. The French enterprises, universities and business

environment organisations are among the main local partners in cooperation with China. However, it depends on the region what type of local partner is the main subject of cooperation and which is the supporting one.

Despite the great opportunities for cooperation, the regions are also aware of the threats that may result from China's foreign policy and Chinese investment. The representatives know that cooperation with China is a rather long-term investment, they must care about the reciprocity rule and look for synergy with the state government policy and activity towards China.