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The Provinces and China's Multi-Layered Diplomacy: The Cases of GMS and Africa

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Summary

China's diplomacy has become increasingly multi-layered, as provinces and cities step up efforts to expand their networks and involvement in foreign affairs. This article aims to provide a general picture about how Chinese provinces feature in the overall Chinese foreign policy system. Specifically, the article uses two cases to illustrate how such a multi-layered diplomatic system functions to meet the interests of the national and local governments. The first case discusses the role of Yunnan province in the Greater Mekong Sub-region (GMS) Economic Cooperation. Yunnan's involvement in GMS as a local actor demonstrates how cross-border cooperation has served local developmental interest as well as China's national foreign policy goals. It also gave rise to a new form in China's multi-layered diplomacy, namely multi-layered multilateral diplomacy. The second case is the engagement of China's provinces in Africa. The article identifies Chinese provinces' roles in Africa as traders, investors, aid providers and intergovernmental actors. The article also discusses how foreign countries and China itself should cope with China's new multi-layered engagement in international affairs.

Keywords

China, provinces, foreign policy, GMS, Africa.

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Introduction

Since the early 1980s, local or sub-national governments have emerged as some sort of new international actors in the world.[1] While sub-national governments in federal states have taken the lead in this regard, local governments in decentralized unitary states quickly followed suit. From the late 1970s when China adopted reform and its opening-up policy, 'the twin forces of decentralization and internationalization not only further upgrade the salience of provinces within China, but also turn them into some sort of international actors, particularly in foreign economic relations'.[2] As the provinces became increasingly active in international affairs, the Chinese foreign policy system also witnessed a transformation towards a multi-layered one.

Chinese Provinces as Foreign Policy Actors: An Overview

China administers 31 province-level divisions, which includes 22 provinces, five autonomous regions; and four municipalities in mainland China. This article uses the word 'province' in a broader sense to include all of the provincial-level units mentioned above.

Decentralization, Internationalization and Chinese Provinces

The People's Republic of China (PRC), which was founded in 1949, was seen as a remedy to the miseries that the Chinese people had suffered during the previous century of foreign invasions and internal chaos. China was rebuilt into a unitary state, with foreign affairs' power highly centralized in the central government. According to the Chinese Constitution, the central government in Beijing is empowered to conduct diplomatic relations with foreign countries, negotiate international treaties and agreements and command China's armed forces. The new diplomatic doctrine, put forward by Premier Zhou Enlai, has been that 'there are no small matters in diplomacy' (*waijiao wu xiaoshi*), which gave the central government tight control over foreign policy-making and implementation in all policy domains, as well as at all levels. In addition, in the highly centralized and inward-looking planned economy, provinces had no power to conduct foreign economic relations and had no incentives to do so. As Chu summarized, 'In a word, the first three decades of the PRC saw a tight control over foreign affairs at all levels'.[3]

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[1] See Ivo D. Duchacek, *The Territorial Dimension of Politics: Within, Among, and Across Nations* (Boulder CO and London: Westview Press, 1986).

[2] Chen Zhimin, 'Coastal Provinces and China's Foreign Policy', in Yufan Hao and Lin Su (eds), *China's Foreign Policy-Making: Societal Force and Chinese American Policy* (London: Ashgate Publishing, 2005), p. 188.

[3] Yanli Chu, *Foreign-Related Activities of the Chinese Local Governments and Agents of Globalization:*

Since 1978, under the leadership of Deng Xiaoping, new economic reforms and opening-up started to transform China from a state with centralized authority towards one of decentralization or 'fragmented authoritarianism'[4] and internationalization. The reform process granted the provincial governments a wide range of responsibilities in local affairs. The 1982 Constitution stated that the provincial governments were responsible for the management of local 'economy, education, science and technology, culture, health, sports, urban and rural construction, finance, welfare, public security, judicial administration, supervision, family planning', and so on. This transfer of responsibilities was accompanied by the transfer of power and autonomy, although this was rolled out gradually over the years that followed, and unevenly, with the coastal south-eastern provinces being granted extensive powers before other provinces.

As a result, during the reform era the provinces assumed major responsibility for fostering local economic and social development, providing welfare and employment to local residents. To perform that role, the provinces were granted substantial powers of local discretion in regulating and promoting local foreign economic relations, such as managing local foreign trade companies, promoting foreign trade, and attracting and approving foreign investment projects locally.

In 2007, China's total GDP in nominal terms reached about 3.4 trillion US dollars, ranking below only the United States, Japan and Germany. If China's individual provinces are ranked along with other countries, surprisingly, Guangdong — with mainland China's biggest provincial economy — would stand as the world's 23rd largest economy in terms of market exchange rates (MER), comparable to Norway or Saudi Arabia. If purchasing power parity (PPP) terms are used, Guangdong's ranking would move to fourteenth place, surpassing Indonesia and Australia (see Table 1).

If we add the six coastal provinces together (Guangdong, Shandong, Jiangsu, Shanghai, Zhejiang and Fujian) on a MER basis, they create an economy worth US$ 1,600 billion, bigger than Spain or Canada. China's coast would then be the world's seventh largest economy. According to the PPP method this coastal zone produced US$ 3,534 billion worth of goods and services in 2007, 18 per cent more than all of India, the world's fourth-largest economy in PPP terms.[5]

In 2007, China became the world's third biggest trading state. However, among mainland China's 31 provincial entities, the nine coastal provinces account for

A Case Study of 31 Provinces in Mainland China, dissertation presented to the faculty of the School of Policy, Planning and Development, University of Southern California, in partial fulfillment of the requirements for the degree of Doctor of Planning and Development Studies, August 2008.

4) Kenneth Lieberthal, 'Introduction: The "Fragmented Authoritarianism" Model', in Kenneth Lieberthal and David Lampton (eds), *Bureaucracy, Politics and Decision-Making in Post-Mao China* (Berkeley CA: University of California Press, 1992), pp. 1-24.

5) Standard Chartered Bank, 'China: If Guangdong were a Country', 26 August 2008. Also see Joerg Wuttke, 'Soap Box: Central Provinces Key to Comeback King', *FT.com*, 14 September 2008, available online at http://us.ft.com/ftgateway/superpage.ft?news_id=fto091420081251160206&page=1.

Table 1: China's Top Trading Provinces

Provinces	Population[1] (Million)	GDP[1] (Billion RMB)	GDP[2] (Billion US$) nominal	GDP[3] (Billion US$) PPP	GDP Per Capita[3] (US$) PPP	Trade[4] (Billion US$)	Trade Dependence Ratio (%)
	2006	2007	2007	2007	2007	2007	2007
Guangdong	78.59	3067.37	420.19	861.62	10983	634.06	150.9
Jiangsu	75.50	2556.01	350.14	717.98	9509	349.56	99.8
Shanghai	18.15	1200.12	164.40	337.11	18574	282.91	172.1
Beijing	15.81	900.62	123.37	252.98	16001	192.94	156.4
Zhejiang	49.80	1863.84	255.32	523.55	10513	176.83	69.3
Shandong	93.09	2588.77	354.63	727.18	7811	122.49	34.5
Fujian	35.58	916.01	125.48	257.31	7232	74.45	59.3
Tianjing	10.75	501.83	68.74	140.96	13113	71.52	104.0
Liaoning	42.71	1102.17	150.98	309.60	7249	59.47	39.4
China	1314.48	24953.00	3418.22	6991.04	5318	2173.83	63.6

Sources:
[1] National Bureau of Statistics of China, http://www.stats.gov.cn/tjgb/.
[2] Calculated by the authors, exchange rate of 1 US dollar equals 7.3 RMB.
[3] Calculated by the authors, PPP exchange rate of 1 US dollar equals 3.56 RMB.
[4] Ministry of Commerce, China.

90 per cent of China's total trade, with Guangdong alone contributing 30 per cent of China's foreign trade. As an indicator of economic internationalization, China's trade dependence ratio reached 63.6 per cent in 2007, which is much higher than the United States and Japan, and is only comparable to the EU's big member states. Looking at the provincial figures, we could find that the high trade dependence ratio is mainly a result of the booming trade of six coastal regions, namely Guangdong, Shanghai, Beijing, Jiangsu, Tianjin and Zhejiang.

Although decentralization and internationalization produced unprecedented economic success in China, in terms of China's foreign relations, the late Gerald Segal argued in the early 1990s that these twin forces had played a role of 'deconstructing foreign relations' of China, turning Chinese coastal provinces into some sort of independent actors aside from the central government, and rendering the central government in Beijing unable to make full use of its growing economic power to pursue its own agenda.[6]

6) See Gerald Segal, 'Deconstructing Foreign Relations', in David S.G. Goodman and Gerald Segal (eds), *China Deconstructs: Politics, Trade and Regionalism* (London: Routledge, 1994), pp. 322-355.

Provinces and China's Multi-layered Foreign Policy System

Segal's argument articulated a competitive version of a new multi-layered foreign policy system where the provinces' growing autonomy in international affairs has eroded the central authority of the Chinese state. While such a scenario is not unprecedented in Chinese history, it is rare to find in the contemporary world. Even in the federal state where competition between sub-national and national government is more common than in the unitary state, competition in foreign affairs has been very much constrained. Price contended that the states are actively seeking out and promoting international economic activities, while the federal government is either neutrally 'facilitating' or actively promoting these activities.[7] When there is competition, Kline argued that state involvements in highly politicized aspects of US foreign policy have been isolated incidents.[8] In the most high-profile case, the state of Massachusetts enacted its Myanmar law in defiance of federal policy, and in the end the state law was declared unconstitutional by the US Supreme Court in 2000.[9]

If a competitive approach is not viable for us to understand the multi-layered diplomacy in federal states, it is more problematic for us to understand the situation in unitary states, particularly in contemporary China. Acknowledging this fact in his study of the 'localization of foreign policy', Brian Hocking argues that local or sub-national governments' involvement in foreign affairs is part of the evolution of the national foreign-policy process, and 'represents the expansion rather than the rejection of foreign policy'.[10] For Brian Hocking, local or sub-national governments should not be regarded as autonomous actors acting independently from national governments. Rather, they act within a newly emerging multi-level political structure and processes that embrace all levels of political activities from the local, through national, to the international. To achieve their respective goals, actors at different levels should operate in a number of political arenas simultaneously.

The rise of local or sub-national foreign policy actors in China indicates that a new multi-layered foreign policy system has (re)emerged in China. Within it, the central government remains as the dominating actor in China's foreign relations; nevertheless, the provinces have raised their profile on the international stage, and made themselves important foreign policy players in low-politics areas. Certainly, friction and competition do arise in the process, but it seems that in the past three

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7) Thomas J. Price, 'State Development Agencies as International Actors and the Decentralization of United States Foreign Economic Policy', *Publius: The Journal of Federalism*, vol. 11, no. 1, 1981, pp. 46-47.

8) John M. Kline, 'Continuing Controversies over State and Local Foreign Policy Sanctions in the United States', *Publius: The Journal of Federalism*, vol. 29, no. 2, 1999, pp. 11-134.

9) Peter Howard, 'The Growing Role of States in US Foreign Policy: The Case of the State Partnership Program', *International Studies Perspectives*, vol. 5, 2004, pp. 179-196.

10) Brian Hocking, *Localizing Foreign Policy: Non-Central Governments and Multi-Layered Diplomacy* (London: Macmillan, 1993), p. 26.

decades, sufficient institutional arrangements have been developed to contain the inter-governmental competition, and in most cases the provinces appear to act as the agents and partners of the Chinese national government in foreign policy.

To pursue their interests abroad, Chinese provinces have developed a sophisticated local foreign affairs management system. It is usually led by a Small Leading Group on Foreign Affairs, headed by either the governor or the provincial party secretary. Under provincial leadership, the provincial Foreign Affairs Office (FAO) and the Foreign Trade and Economic Cooperation Commission (FTEC) are the two major bureaucratic organs dealing with local foreign relations. FAO, which is under the dual leadership of provincial leaders and the Ministry of Foreign Affairs in Beijing, deals with political affairs at a local level and coordinates overall local foreign relations. FAO has responsibility for implementing the national foreign policy locally; arranging for the reception of foreign VIPs and for the overseas visits of local leaders; administering passport and visa matters for local official business travel abroad; organizing and promoting activities with sister cities and provinces of other countries; administering consular affairs and foreign media affairs; and guiding foreign affairs-related work of other local government departments, etc.[11]

The FETC, which in some provinces has been reorganized as the Department of Commerce, is mainly in charge of local foreign economic relations, with its overarching purpose being to advance local international economic interests. A typical provincial FETC would be responsible for implementing national policies, laws and regulations regarding foreign trade, economic cooperation, foreign direct investment and economic zones; drafting, making and implementing local regulations and policies in the above-mentioned fields; drafting and implementing local foreign economic development strategies, including trade and foreign direct investment (FDI) attraction strategies; guiding the work of economic development zones; examining and approving foreign investment projects; directing local enterprises to obtain and manage foreign construction projects; and conducting overseas market exploration and trade promotion through various trade fairs.

The system also includes a variety of other prominent government organs dealing with foreign relations. Since 2003, with the reorganization of China's central government and the establishment of the powerful National Development and Reform Commission (NDRC), provincial Development and Reform Commissions (DRCs) were also formed to assume the overall management and regulation tasks of the local economy, with power to approve or reject major investment projects. The Yunnan case shows how important a provincial DRC could become in local foreign affairs. On the other hand, as local-international

[11] Shanghai FAO website, http://www.shfao.gov.cn/.

links have expanded from the economic realm, almost all other functional departments at a local level have engaged in foreign affairs. Lampton discussed the 'decentralization' trend in the Chinese foreign policy system, meaning the 'gradual decentralization of power (occasionally in policy formulation and more often in implementation), both within the central bureaucracies and from Beijing to the rest of the country'.[12] It is safe to argue further that decentralization is also taking place at the provincial level, where with the rise of all functional departments in external relations, the central role of provincial FAOs is in the process of decline. Last but not least, attention should also be paid to the role played by the provincial government-owned companies.

Yunnan and China's Multi-layered Multilateral Diplomacy in the Greater Mekong Sub-region (GMS)

From 1992 when the Chinese government relaunched and upgraded the reform and opening-up policy that had been initiated in 1978, opening up the border regions became the new priority of China's central government, which allowed China's land border provinces to start enjoying preferential foreign economic policies to promote foreign trade and attract foreign investment. Since then, Chinese border regions have initiated and participated in at least four major sub-regional cooperation mechanisms with neighbouring countries:

- Tumen River Area Development Programme (TRADP) was proposed and funded by the United Nations Development Programme (UNDP) in 1991, and endorsed formally in 1995 by the Democratic People's Republic of Korea, Mongolia, China, Korea, and the Russian Federation, with China's Jilin province as the core participating region, along with three other north-eastern provinces, namely Heilongjiang, Inner Mongolia and Liaoning.
- Greater Mekong Sub-region (GMS) cooperation mechanism was initiated by the Asian Development Bank (ADB) in 1992, and is comprised of the six countries of the Mekong River Basin — Cambodia, China, People's Democratic Republic of Laos, Myanmar, Thailand and Vietnam — with China's Yunnan as the main participating region in the beginning, only later in 2005 joined by Guangxi.
- The Central Asia Regional Economic Cooperation (CAREC) Programme was also initiated by the ADB and was established in 1997 to encourage economic cooperation among countries in the Central Asian region. The

12) David Lampton, 'China's Foreign and National Security Policy-Making Process: Is It Changing, and Does It Matter?', in David M. Lampton (ed.), *The Making of Chinese Foreign and Security Policy in the Years of Reform, 1978-2000* (Stanford CA: Stanford University Press, 2001), p. 19.

eight CAREC countries are Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan. From China's side, Xinjiang Uygur Autonomous Region is the sole participating region.

- The Pan-Beibu Gulf Economic Cooperation (PBGEC) forum held its first conference in 2006, sponsored by the Chinese central government, Guangxi Zhuang Autonomous Region of China and the ADB. It has now developed into a regular inter-governmental forum with the participation of China and six Association of South-East Asian (ASEAN) countries: Brunei, Indonesia, Malaysia, the Philippines, Singapore and Vietnam. Guangxi acts as the host of the forum and is the central participating region of China, although Guangdong and Hainan province are also partially associated.

Among all of these cross-border sub-regional cooperation mechanisms, the GMS in which Yunnan participated has the longest history and best-developed mechanism, and hence could be a showcase to demonstrate how the Chinese border regions develop their transnational links and contribute to the innovation of China's neighbourhood diplomacy.

The GMS Mechanism

The six GMS nations are brought together by the Mekong River, which runs through all of them. The Mekong River is an important transnational river in Asia, with a total length of 4,880 kilometres, whose upper section within the Chinese border is called the Lancang River. GMS covers an area of 2.57 million square kilometres, with a total population of approximately 320 million. As a sub-region, in the original plan GMS only included Yunnan Province as the participating region of China. Yunnan, with an area of 394,000 square kilometres, is the eighth largest province in China. Situated in China's south-western frontier, Yunnan shares a 4,060 kilometre-long border on the west and the south with Myanmar, Laos and Vietnam. It has fifteen ethnic minorities that live across the border between Yunnan and its neighbouring countries.

Although rich in resources, the GMS area was extremely underdeveloped in the early 1990s, except newly industrializing Thailand, and Yunnan and Laos were land-locked, Vietnam had just ended its decade-long military invasion of Cambodia, and Myanmar was stymied by internal political turmoil.

In order to develop its own economy and deal with cross-border issues such as drug-trafficking, Yunnan needed to step up its cross-border cooperation, to promote two-way trade and investment, obtain international capital and establish relevant policy coordinating mechanisms to address the various cross-border issues. The ADB's GMS initiative provided a timely opportunity for Yunnan to engage China's central government in addressing its concerns.

Since the first ministerial meeting in 1992, GMS countries have established a three-level institutional mechanism to sustain cooperation and ensure effective project implementation. At the highest level, the first GMS summit was held in Phnom Penh, Cambodia, on 3 November 2002, which approved the Strategic Framework for the Next Ten Years' Development in the GMS, and determined that the GMS summit would be held once every three years and that the member countries would take turns in hosting the meeting. At the policy level, the annual Ministerial Conference coordinates sub-regional cooperation and provides overall guidance and support. At the operational level, GMS has established sector-specific Forums and Working Groups to discuss and recommend approaches to solving problems that arise from the implementation process.

GMS has contributed to the development of infrastructure to enable the development and sharing of the resource base, and to promote the freer flow of goods and people in the sub-region. It has also led to international recognition of the sub-region as a growth area. Since 1992, GMS has sponsored 41 credited projects, with a total project cost of 10.1 billion US dollars, with 3.8 billion from the ADB, 3.3 billion from each member state that hosts the projects, and an additional 3.8 billion from other matching sources. China contributed 50 million US dollars as support for the Northern Economic Corridor project in Laos.[13]

Yunnan as a Direct Participant in GMS Multilateral Diplomacy

GMS was designed as a multilateral inter-state cooperative mechanism, with all other nations represented by their national governments. In the case of China, as the main participating region of China was mainly Yunnan province,[14] Yunnan was able to occupy special status in China's involvement in the GMS mechanism.

In the annual ministerial meeting (the main decision-making body of the GMS), the Chinese delegation is usually headed by a senior official from the central government, while a Yunnan provincial representative was appointed as vice-head of the Chinese delegation. This role was performed by the secretary-general of the Yunnan Provincial Government for the first five years, and later by a vice-governor of Yunnan. On a number of occasions, the Yunnan representative was invited by the conference to speak at the meeting on behalf of Yunnan, usually after the head of the Chinese delegation had spoken.

The unique configuration of the Chinese delegation in GMS sets an early example of a central-local partnership in China at an intergovernmental multilateral institution. Yunnan, a province of China, is allowed to hold important

[13] Asia Development Bank, 'Summary of GMS Loans, by Country, 1992-2008', 16 January 2009, available online at http://www.adb.org/Documents/Others/GMS/GMS-Loans-2008.pdf.
[14] Guangxi Zhuang Autonomous Region was only accepted as the second participating region of China in the GMS in 2005.

status in a Chinese state delegation, and is thus provided with an official capacity to be involved in inter-state multilateral diplomacy, creating a new dimension in China's multi-layered diplomacy — that is, multi-layered multilateral diplomacy.

In 2002, when the six nations decided to hold a GMS summit every three years, Yunnan's governor was included as a formal member of the Chinese delegation, which was headed by the Chinese premier. At the GMS senior official meetings, local officials from the various functional departments also join the Chinese delegations to the meetings. On at least one occasion, China's central government even allowed Yunnan's provincial representative to lead China's participation in a GMS-related intergovernmental organization. The Mekong Institute (MI), which was founded in 1996 and is situated on the campus of Khon Kaen University in Thailand, is an independent intergovernmental organization (IGO) working in the GMS. MI's main mission is to develop and deliver high-quality, appropriate and timely human resource development (HRD) programmes, so as to eradicate poverty through sustainable economic and social development, regional cooperation and integration. It comprises middle- to senior-level governmental, private sector representatives and individuals involved in regional development. MI's Council is its highest decision-making body, comprised of representatives appointed by six GMS countries. The chairman of the Council is currently Mr Gu Zhaoxi, vice-governor of Yunnan province.[15]

During the past eighteen years, Yunnan has hosted the second GMS summit in 2005, and the fifth and twelfth ministerial meetings. Apart from that, Yunnan has also worked with China's central government, such as the Ministry of Commerce, which co-sponsored the first GMS Economic Corridor Forum (ECF) in Kunming, the capital of Yunnan, in 2008. Also in 2008, after some major infrastructure projects were completed, such as the Kunming-Bangkok highway, Yunnan found that the economic potential of the transportation corridor was not being fully utilized because of various border and local policy restraints. Therefore, working with the Ministry of Commerce, Yunnan advanced the idea of 'transforming the transportation corridor into an economic corridor'. The Chinese government later proposed the idea of creating a new GMS forum at a ministerial level to address the issue at the third GMS summit in March 2008, which was endorsed by other GMS members.[16] After hosting the first GMS-ECF, and apparently aiming to make the forum sustainable in the future, Yunnan made an offer that was recorded in the final Joint Ministerial Statement:

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[15] See the official website of the Mekong Institute, available online at http://www.mekonginstitute.org/index.php?option=com_content&view=article&id=76&Itemid=101.

[16] China News Agency, '*GMS Jingji Zoulang Luntan de Beijing ji Youlai*' [The Background and Origin of the GMS Economic Corridor Forum], 3 June 2008, available online at http://www.newsyn.com/html/other2/20080603/59620.html.

> We agreed that the venue of subsequent meetings shall be rotated among the GMS countries or as agreed to by the GMS countries. We also took note of the wish expressed by the Chinese Government that Yunnan Province is willing to collaborate with any future host in providing the venue for the ECF Meeting.[17]

Furthermore, in order to remove the obstacles from local governments along the various transportation lines connecting GMS countries, Yunnan also initiated the Governors' Sub-Forum under the GMS-ECF in 2008. Bilaterally, Yunnan has established a number of mechanisms for bilateral cooperation with other GMS countries, including 'Yunnan-Northern Thailand Working Team', the 'Economic Consultative Conference between the Five Cities of Yunnan Province and Vietnam', 'Yunnan-Northern Laos Working Team', and 'Yunnan-Myanmar Cooperation Business Forum'.

Yunnan's direct participation in GMS is led by the provincial leaders, and is coordinated through the Foreign Affairs Office of Yunnan, which should answer to both the governor of Yunnan and China's foreign ministry in Beijing. Specifically, these coordinating works are carried out by the Provincial International Regional Cooperation Office (PIRCO) under the FAO. PIRCO is the specific implementation office of the provincial government's sub-regional economic cooperation guidance. Its roles are to manage GMS cooperation, to be responsible for and carry out related policies and regulations on participation and promotion for GMS cooperation issued by the Central Party Committee and the provincial government, to coordinate cooperation and exchange between the province and the ADB and other international financial organizations and institutions, to assist related departments in receiving foreign experts and officials for cooperation programmes, to be responsible for management and arrangements on ministerial conferences, programme working meetings and various symposiums in regard to regional cooperation, and to assist with issues concerning the Mekong Institution.[18]

Yunnan as the Main Implementer of GMS Projects

By participating in the GMS, Yunnan has benefited immensely over the past eighteen years. Besides many small-sized ADB-supported technical assistance grants, Yunnan has received financial support of at least 3 billion US dollars for major GMS loan projects, with a total ABD loan of US$ 1.03 billion, and about US$ 2 billion from the Chinese government and other matching fund sources.[19]

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17) 'Establishing the Economic Corridors Forum for the Sustainable and Balanced Development of Economic Corridors in the Greater Mekong Sub-region', Joint Ministerial Statement of GMS-EFC, Kunming, Yunnan Province, People's Republic of China, 6 June 2008, available online at http://www.nesdb.go.th/Portals/0/HighLight/gms/ecf-KunmingConsensus.pdf.

18) Information available online at http://www.yfao.gov.cn/EnShow2.aspx?id=17.

19) Asia Development Bank, 'Summary of GMS Loans, by Country, 1992-2008', 16 January 2009, available online at http://www.adb.org/Documents/Others/GMS/GMS-Loans-2008.pdf.

Most of the GMS projects are infrastructure projects, such as the expressway system in Yunnan, railways connecting cities within Yunnan, and the new airport in Kunming.

Yunnan has also benefited from the cross-border transit corridor project — including waterway, road and railway projects — which enabled Yunnan to expand its export market in GMS countries, and has promoted inbound and outbound direct investment. As a landlocked and underdeveloped province in China, the GMS projects have contributed immensely to Yunnan's internationalization strategy.

With the smooth construction of infrastructure within the GMS framework, such as roads, railways, navigation facilities, airports, ports, and power and telecommunications facilities, at present eleven international passenger and cargo transportation lines have been established across the border between Yunnan and Vietnam, Laos and Myanmar, and passenger transportation between Yunnan and the capital of Laos, Vientiane, has also entered into operation.

Under the GMS, Yunnan also developed cooperation projects in the sectors of agricultural development, environmental protection, tourism, health and human resource development with GMS countries. Yunnan has signed agreements with Laos, Myanmar and Cambodia on establishing agricultural technology model parks, and Yunnan has been active in training various technicians for the neighbouring countries, with 70 per cent of its overseas students coming from GMS countries. In the area of drug prohibition, Yunnan has worked with other GMS countries in fields such as cracking down on drug trafficking, training drug-prohibition officers, replacing opium crops and information exchange. For the key agendas — that is, green drug-prohibition and opium-replacing crop substitution — Yunnan province has tried many development models, one of which is to encourage and support local enterprises to undertake crop substitution abroad, and has achieved a preliminary success. As of July 2007, Yunnan province had a total of 135 enterprises engaged in overseas crop substitution, 84.9 per cent more than the 73 enterprises in 2005.[20]

While the provincial leaders, assisted by the Provincial International Regional Cooperation Office, are responsible for participating in the various decision-making and coordination mechanisms, at the stage of project initiation and project implementation, another internal system has been developed to perform the task.

In 2002, to cope with the acceleration of the GMS process, Yunnan established the provincial Coordinating Small Group of Lancang-Mekong Sub-regional Economic Cooperation, headed by the governor, with the participation of various

[20] 'The Country Report on China's Participation in Greater Mekong Sub-region Cooperation', jointly issued by China's National Development and Reform Commission, Chinese Ministry of Foreign Affairs and Ministry of Finance, 27 March 2008, available online at http://news.xinhuanet.com/english/2008-03/28/content_7871939.htm.

departments. This body's permanent office is situated within the Yunnan Provincial Development and Reform Commission, which is in charge of planning and macro-management of Yunnan's overall economic development. The office is responsible for day-to-day coordination within the Yunnan government, proposes concrete policies, measures and mid-term and long-term plans for Yunnan's participation in the GMS, selects and recommends major projects for GMS funding, organizes research on GMS countries, puts forward proposals for strengthening bilateral or multilateral cooperation with individual GMS and ASEAN countries, contacts national ministries to obtain central support, and contacts GMS countries and relevant international organizations.[21]

Provinces and China's Multi-layered Engagement in Africa

In the early stage of China's reform and opening-up period, Chinese provinces mainly sought relations with developed countries to bring home the necessary foreign capital, technologies and market access to facilitate local development. While such relationships still dominate in overall provincial international engagements, it may be interesting to look at the growing interest of Chinese provinces in expanding their engagements in Africa, a distant continent that was long ignored by them in the past. Although Africa still appears to be a remote continent for all of the Chinese provinces, the attention that it receives from the Chinese provinces is a good demonstration of how the provinces are becoming global actors. As non-sovereign and low-politics actors, China's provinces can be seen as traders, investors, aid providers and sub-national intergovernmental actors in Africa.

Chinese Provinces as Economic Players

In recent years, economic relations between the Chinese provinces and Africa have been growing at a rapid pace. From 2001 to 2008, in just eight years, China's two-way trade with Africa increased ten times, from US$ 10.8 billion in 2001 to US$ 106.8 billion in 2008. As China's trade surplus with its traditional overseas markets such as the United States and the EU widens, and protectionism seems to be on the rise, provincial governments and business communities in China increasingly see Africa as a region to sustain trade expansion and promote trade diversification.

Almost all of China's provincial governments have adopted systemic measures to promote trade with Africa. Provincial leaders have begun to lead local trade delegations to Africa, a fairly new phenomenon compared with a few years ago, when trade delegations mostly went to Europe, North America, Japan and other

[21] See online at http://www.ynf.gov.cn/canton_model44/newsview.aspx?id=260665.

developed countries. For example, the former party secretary of Guangdong, Zhang Dejiang, led a high-profile delegation to Africa in October 2004. The delegation included more than 80 Guangdong businessmen, visited South Africa, Egypt and Algeria, and concluded trade contracts worth US$ 1.2 billion. The delegation organized Guangdong Economic and Trade Cooperation Fairs in the three countries.[22]

In 2006, trade between the province of Guangdong and Africa reached US$ 7.9 billion, up from US$ 2 billion in 2002. Trade data from Zhejiang province also shows that its trading volume with Africa dramatically increased from US$ 1.31 billion in 2001 to US$ 6.68 billion in 2006. Chinese provinces' exports to Africa are mainly manufactured goods — ranging from machinery, electronics, textiles and clothes to high-tech products — while imports from Africa are mainly cotton, diamonds, raw materials and other primary goods. For those African countries that do not have much oil or raw materials to export, trade with the Chinese provinces usually resulted in a rise of their trade deficits.

China's overseas investment started only recently, but it has been growing very rapidly. This also applies to Africa. In 2003, China's FDI in Africa was just US$ 74 million, with an accumulated volume of US$ 285 million. In 2007, annual investment reached US$ 1.57 billion, while the accumulated volume stood at US$ 4.46 billion. South Africa, Nigeria, Sudan, Zambia, Algeria and Niger were the six biggest recipients of China's FDI in Africa.[23] While most of China's outward FDI was channelled through big state-owned national companies, one-quarter of these investments was from companies in the Chinese provinces, many of which were state-owned companies at a provincial or local level.

In 1998, the government of Shanghai issued a decree, proposing an investment strategy for Africa, and specified a series of measures to encourage local companies to invest in Africa. The document identified South Africa as both the key market for investment and an investment springboard for Shanghai companies to expand gradually to the rest of Africa. The document also insisted that investment should be focused on the textile, home appliances, medicine, food and mechanical sectors, to be expanded to electronic and chemical sectors at a later time, and that initial projects should be small, quick to operate and in manufacturing sectors. It was quite cautious with regard to investments in resource and commercial projects, in that such investments can only be made under suitable conditions. To encourage local companies to invest in Africa, a special fund of 100 million RMB was set up to support local companies with low interest-rate loans. The Shanghai government also sent permanent staff to be stationed in South Africa, to assist local companies on the ground.[24]

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22) *Nanfang Daily*, 8 October 2004.
23) Ministry of Commerce, *2007 Statistical Bulletin of China's Outward Foreign Direct Investment.*
24) Shanghai FTEC, '*Guanyu benshi jinyibu kuoda qiye duiwai touzi jiakuai tuozhan guowai shichang de ruogan yijian*' [Several Suggestions about Further Expanding Local Enterprises' Overseas Investment and

In February 2000, when visiting Guangdong province, China's President Jiang Zemin laid out the 'Going Out Strategy', to encourage Chinese companies to invest in overseas markets. With encouragement from the central government, a growing number of provinces started to take measures to encourage provincial and local state-owned companies and private companies to invest in Africa. For example, in July 2003, under the framework of the national 'Going Out Strategy' and the 'Fujian Provincial Governmental Suggestions on Carrying Out Going Out Openness Strategy', Fujian province listed South Africa and Nigeria as favoured overseas investment destinations, targeting resource development and labour-intensive industries. Meanwhile, the Zhejiang government developed a comprehensive subsidy system to encourage its enterprises to invest in Africa. For example, in 2002 a Zhejiang government decree specified that the government would subsidize 300,000 yuan (about US$ 40,000) to companies with investments exceeding US$ 3 million in Africa; the government would also reward companies that expanded trade with Africa, and would financially support local companies to participate in overseas trade fairs organized by the provincial FETC.[25]

During the 2006 Beijing Summit of the Forum on China-Africa Cooperation (FOCAC), China's President Hu Jintao announced eight measures to forge a new type of Sino-African relationship, which included setting up a China-Africa development fund of US$ 5 billion to encourage Chinese companies to invest in Africa, and establishing three to five trade and economic cooperation zones in Africa in the next three years. China's provincial governments acted quickly to utilize the central government's policy to advance their African strategy.

TEDA Investment Holding Co., Ltd., a Tianjin government-controlled company, has successfully set up an industrial zone in Egypt that it hopes will attract US$ 2.5 billion of Chinese investment. The zone will receive favourable loans from the central government, as well as capital injections from the China-Africa Development Fund. The five square kilometre park in the Suez area will be built in phases during the next ten years. To encourage Tianjin companies to invest in the TEDA-Egypt industrial park, Tianjin government will subsidize the investors with 5 per cent of their total investment, buy an insurance policy against investment risks, and provide 10,000 RMB for each Chinese employer working in the park every year. The subsidy ceiling for each company is set at 10 million RMB.[26]

Speeding Up Developing Overseas Markets], 20 February 1998, available online at http://smert.shqp.gov.cn/gb/content/2003-03/16/content_2997.htm.

25) Zhejiang provincial government, '*Zhejiangsheng caizhengting, zhejiangsheng jingmaoting guanyu shishi 'zouchuqu' zhanlue zhuanxiang zijin shiyong guanli ruogan yijian de tongzhi*' [Communication from Zhejiang Finance Department and Foreign Economic and Trade Department Regarding Several Suggestions about Special Grant Management to Implement the 'Going Out' Strategy], 14 December 2002, available online at http://wjc.zftec.gov.cn/main/ztzl/zcq/zcfg/T181327.shtml.

26) Tianjin Government File, no. 46, 2008, issued on 24 April 2008, available online at http://www.tj.gov.cn/zwgk/wjgz/szfwj/200805/t20080527_58735.htm.

In Guangdong, Guangdong Xinguang International Group (hereinafter referred to as GDIG), which is mainly controlled by the Guangdong government, concluded an agreement with Nigerian authorities in 2006 to set up the Nigeria (Guangdong) Economic and Trade Cooperation Zone. The zone was selected as a state-level overseas economic and trade cooperation zone, and will therefore obtain favourable loans from China's central government as well as favourable policies from Guangdong province. The zone is located in Igbesa, Ogun State, with an initial investment of US$ 500 million. The Nigerian government had already put in place a local policy to ensure that local people can reap maximum benefits from the zone in terms of jobs and business opportunities. The project expects at least US$ 2 billion worth of investment in agriculture, health, education, transport, industry, commerce and housing sectors of the economy.

Chinese Provinces as Aid Providers

Aid is one of the key components of China's African policy. For decades, China's provinces have acted as agents of China's central government in the implementation of this aid policy. It is often the central government that decides the policy and provides the fund, and provincial governments or actors play the role of delivering the aid, such as sending medical teams, building aid projects, sponsoring training programmes, etc. Since the 1960s, China has sent medical teams to 48 African countries, with a total of 16,151 doctors who have treated 170 million African patients. In 2007, there were 39 medical teams operating in 38 countries, providing free treatment for African patients.[27]

Most of the medical teams were sent by Chinese provinces, according to a pairing arrangement under which one province is responsible for providing medical teams for one specific African country. Shanghai is requested by China's central government to provide medical teams to Morocco. One data source shows that from 1975-2005, Shanghai sent 114 medical teams with 1,203 doctors to Morocco, and that Shanghai doctors have treated 4.4 million local patients and have done 250,000 surgical operations. In 2006, there were still twelve teams with 121 doctors working in Morocco.[28] Another Chinese province, Gansu, has been paired with Madagascar for over 30 years. During that period, Gansu has sent 444 doctors, providing medical services at four points in Madagascar, and has treated 12.7 million patients. In 2005, 51 Gansu doctors won medals for their service from Madagascar's president.[29] Also in 2005, to celebrate the thirtieth anniversary of China sending medical teams to these two countries, Shanghai

[27] *Renmin Ribao [People' s Daily]*, 5 November 2007.

[28] *Shanghai dazhong weisheng bao [Shanghai Public Health Weekly]*, 28 April 2006.

[29] Website of the Chinese Government, '*Zhongguo yu madajiasijia yiliao hezuo sanshi zhounian qingzhu huodong kaimu*' [Celebrating Activities Inaugurated to Commemorate the Thirtieth Anniversary of the China-Madagascar Medical Cooperation], 9 December 2005, available online at http://www.gov.cn/gzdt/2005-12/09/content_125747.htm.

and Gansu both sent a provincial delegation to Morocco and Madagascar, respectively, to attend the state ceremonies organized by the host countries.

China's provinces also work with the central government to develop training programmes for African officials and technicians. For example, about 30 participants attended a training programme in China in 2005 regarding poverty reduction in Africa. Zhejiang sponsored this programme, whose participants came from 21 African countries, including Sierra Leone, Libya, Ghana, Nigeria, Tanzania and Zambia.

One interesting development is that China's provinces also started to provide aid to their African counterparts in their own capacity. For example, in September 2004, Gong Xueping, the chief of the Shanghai People's Congress representing the government of Shanghai, donated 50 wheelchairs to KwaZulu-Natal province in South Africa during a visit. Interviews with provincial foreign affairs officials indicate that some Chinese provincial governments are using local funds to aid their counterparts in developing countries, including African countries, to show their commitment to friendly relations with twinned partners. Some of these aid programmes could be more than US$ 100,000 each.[30]

Chinese Provinces as Intergovernmental Actors

Chinese local governments started to establish friendship city (sister-city) relationships from 1972, but until 1978, only six such relationships had been established. It was the opening-up policy in 1978 that prompted the rapid development of twinning activities. By 2009, 1,683 twinning relationships had been established. In the beginning, Chinese local governments were mostly eager to seek partners in developed countries. The first provincial-level twining relationship in Africa was formed only in 1986 between Shanghai and Casablanca in Morocco. According to data provided by the China International Friendship Cities Association (CIFCA),[31] by 2009 there were 92 twinning relationships built between Chinese local governments and their counterparts in 30 African countries, with 32 at the provincial level and 60 at city level. Obviously, the number of African twinning relationships with Chinese local governments is less than one-fifth of the number of relationships with the other three major regions around the world, indicating less interest in general from Chinese local governments in building relations in Africa (see Table 2 below). Nevertheless, Chinese local governments could also be seen as quite active in twinning with African counterparts if compared to the numbers of twinning relationships between Africa and the United States. American states and cities, because of their African-American links with Africa, are active players in forming links with African regions and cities, but

[30] Interviews with local foreign affairs officials, 25 April 2009.

[31] See online at http://www.cifca.org.cn/web/YouChengTongJi.aspx, accessed on 6 April 2010.

Table 2: Twinned-City Relationships between China and Africa and Other Regions (2009)

Regions	Countries	Provincial level	City Level	Total
Asia	32	104	433	537
	Japan	32	209	241
Africa	30	32	60	92
	South Africa	11	12	23
	Egypt	10	2	12
	Namibia	1	8	9
	Morocco	2	3	5
America and Oceania	24	106	358	464
	United States	36	155	191
	Australia	8	70	78
Europe	39	174	416	590
	Russia	23	63	86
	Germany	18	49	67
Total	125	416	1267	1683

Source: China International Friendship Cities Association (CIFCA).

recent data indicate that there are only 89 such twinning relationships, and mostly at the city level.[32]

Among the 32 Chinese provincial-level twinning relationships, Shanghai stands out with five relationships, followed by Gansu and Henan with four relationships each, and then Ningxia and Beijing with three relationships each. There are at least eleven provincial entities that do not maintain a single relationship in Africa. If we include the city-level relationships, then Jiangsu tops all of the rest with ten relationships, Guangdong and Shandong each have seven relationships, followed by Shanghai, Gansu and Henan with six relationships each. Five provincial entities — Xinjiang, Tibet, Hebei, Guizhou and Yunnan — have not developed any single relations at any level.

It is difficult to offer a general explanation of the disparities among the different provinces in the development of their African twinning relations. CIFCA, which regulates the twinning relationships of Chinese local governments on behalf of the Chinese Ministry of Foreign Affairs, has laid out three guiding principles: 'friendship, mutual benefits and real results'.[33] The first principle demands

[32] US Africa Sister Cities, 'US Sister Cities by State with Affiliated African Countries', available online at http://www.usasc.org/search/US-directory.html, accessed on 6 April 2010.

[33] China International Friendship Cities Association, 'Regulations Regarding the Management of Friendship Cities', 27 May 2005, available online at http://www.cdcity.gov.cn/cdswqb/129816259258954 5472/20050907/66395.html.

that local international twinning activities should assist the overall Chinese foreign policy through promoting people-to-people friendship. The last two principles address local incentives in their international activities. Clearly, Chinese local governments have overwhelming incentives to twin with local governments in developed countries, because such relationships could help them to attract foreign technologies and capital, expand exports and learn advanced foreign practices to modernize all aspects of local governance. Certainly, because of the African countries' underdevelopment, Chinese local governments have been less enthusiastic about developing twinning relationships in Africa. Very often, they did so in the past because of encouragement from the Ministry of Foreign Affairs in Beijing for the purpose of promoting friendship rather than real social and economic benefits. This is apparently the case for Shanghai. As noted above, Shanghai's first twinned city in Africa was Casablanca, Morocco, and although Shanghai has been sending medical teams to Morocco for decades, the twinning with Casablanca was promoted by the Chinese Embassy in Morocco. Shanghai's other four twinning relationships in Africa were formed either under strong recommendations from the Chinese embassies there, or because of direct requests from African leaders.[34] Over the years, Shanghai has been seen as a showcase of China's economic success and a 'must-see' place for most African delegations coming to China, which might explain why Shanghai has attracted more attention from African countries than any other Chinese city. On the other hand, a small number of inland provinces, such as Gansu, have seen Africa as a place of economic opportunity for their less-competitive local products and companies, as well as a continent where it is easy to expand an international profile. For example, Gansu has built provincial twinning relationships in four African countries where its provincial government-owned companies have intensive business operations.

In recent years, most Chinese local governments have been stepping up their efforts to develop twinning relationships in Africa. On the one hand, since the 2006 FOCAC summit, Africa has become a new foreign policy priority for the Chinese government and the central government has urged its local governments to expand their twinning relations in Africa. On the other hand, as economic relations boom between China and Africa, Africa is increasingly seen by a growing number of Chinese local governments as a land of opportunity, thus providing real incentives for them to develop twinning relationships. CIFCA data shows that since the FOCAC summit in late 2006, within just three years, 23 new twinning relations have been added, an increase of one-third compared with before the FOCAC summit. At the same time, twinning partners are mostly found in those countries with stable governments and strong economic potential, such as South Africa, Egypt and Namibia.

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[34] See the China Radio International website, http://gb.cri.cn/other/zhongfei/05.htm, accessed on 6 April 2010.

Assessing China's New Multi-layered Diplomacy

The Initiating Role of the Provinces in China's Diplomacy

The developmental drive of the Chinese provinces has turned them into international actors. Such a development has been encouraged by China's central government since the beginning of the reform era. While major policy initiatives are a top-down phenomenon in most cases, provincial governments do display certain roles of policy initiation, particularly in China's economic diplomacy.

Through formal political institutions, a province could influence national policy-making through its presentation in the National People's Congress, National Congress and the Central Committee of the Communist Party of China (CPC). More importantly, provincial leaders can make a policy impact through their formal and informal connections with key decision-makers and/or the relevant functional ministries, thus translating local preference into national policy.

After the political turmoil of 1989, China's temporary retreat from economic opening-up policies raised concerns in the coastal provinces that had benefited from that policy in the 1980s. By allying with Deng Xiaoping, the retired but still powerful Chinese leader who in 1992 gave the signal to end the period of retreat in his so-called 'Southern Tour', the coastal provinces made their impact on the relaunching of the new wave of economic opening up in 1992.[35]

In the Yunnan case, Yunnan province played an important role in the launching and later development of the GMS project with its initiatives both within China and in the GMS framework. In August 1992, the ADB sent a delegation to Yunnan to conduct a feasibility field trip for the GMS project. The delegation was deeply impressed by the strong desire from Yunnan for the GMS project, and the existing cross-border cooperation projects. Later in 1992, the first GMS conference was held in Manila, the Philippines. China appointed a low-ranking official of the People's Bank of China to head its delegation, with the secretary-general of Yunnan's government, Wu Guangfan, as the deputy head of the delegation. Realizing that the conference organizers did not include him to speak on Yunnan's behalf, Mr Wu made a request to the head of the Chinese delegation. Next day, during the plenary session, the head of the Chinese delegation spoke for 20 minutes and gave Mr Wu one hour to elaborate Yunnan's vision for the GMS project. Mr Wu stressed the importance of cross-border transportation projects and proposed the building of the Kunming-Bankok highway, which was later written into the conference's official documents and set the priority of later GMS-funded projects.[36]

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[35] See Chen, 'Coastal Provinces and China's Foreign Policy', pp. 187-208.

[36] '*Kun-Man Gonglu Qianshijinsheng*' [The Past and Present of Kunming-Bangkok Highway], *Yunnan Xinxi Bao [Yunnan Information Daily]*, 1 April 2008.

In recent years, Yunnan — through its local-central coordination mechanisms such as between provincial FAOs and the Ministry of Foreign Affairs, provincial FTEC and Ministry of Commerce, provincial DRCs and the National DRC and its direct participation in GMS mechanisms — has been able to exert its influence on the Chinese GMS policy and GMS project planning.

The Provinces' Facilitating Role in China's Diplomacy

Provincial governments operate in China's unitary, although decentralized, system. This has shaped the two main features of the international 'actorness' of the provinces: as both agent and partner of the central government. As a unitary state, the power of the province comes from the central government and can be retrieved by the latter. The central government and National People's Congress could also dismiss local policies and statutes that are deemed as in conflict with national laws or policies. In terms of policy-making, every provincial-level functional department has to accept policy guidance from the same national ministry in Beijing, which ensures that local policy is consistent with national policy.

At the same time, as China's international involvements have proliferated, provincial governments have been granted considerable leeway to manage their international activities, and the central ministries have delegated a number of powers and responsibilities to provinces, to be undertaken locally and with the support of local resources. In that way, China's central government can reduce its workload but retain its overall policy authority.

With these institutional arrangements, provincial governments most often act as agents and partners of the central government, assuming a facilitating role in China's diplomacy.

First, Chinese provinces facilitate China's deepening economic relations with foreign countries. The trade and investment promotion efforts of the Chinese provinces and the foreign economic engagements of local state-owned companies — albeit for their own economic interests — have helped to strengthen China's relations with foreign countries. In the case of Africa, while the role of provincial actors, be they local governments or local state-owned companies, is still limited compared with that of China's national government and national state-owned companies, it is growing in importance. Certainly, because of the long distance and undeveloped market, no Chinese province has put Africa as its top priority so far.

Comparatively speaking, because other GMS countries are the nearest foreign markets for the land-locked Yunnan province, expanding economic cooperation with the GMS is regarded as a top priority for Yunnan. With the establishment of high-profile provincial institutions and the deployment of substantial resources, Yunnan can pursue a proactive policy towards GMS countries, and through the building of transportation and economic corridors, Yunnan has contributed to the visible improvement of China's relations with GMS countries.

Chinese provinces also facilitate societal relationships with foreign countries. It is true that because of the Chinese government's long-time support for African national liberation movements and their efforts to safeguard their sovereignty and development, most African governments tend to regard China as their friend. Yet, at the societal level, there is an obvious lack of knowledge about China and few direct contacts with Chinese people. The provinces, by sending their medical teams, developing sister-city relationships and sponsoring various cultural exchange programmes, can reach out to local governments and the general public in Africa and help to consolidate a grassroots base for a state-to-state relationship between Africa and China. In the GMS case, Yunnan's efforts to help local farmers in neighbouring countries to grow cash crops instead of opium poppy, the establishment of trans-border local government networks, such as the governors' forum, and the facilitating efforts for freer cross-border movement of people, have strengthened the societal base of China's relations with other GMS countries.

Occasionally, the provinces — through 'informal diplomacy'[37] — could facilitate China's political relationship with foreign countries. This is particularly evident when the provinces engage in informal diplomacy at times when formal inter-state diplomacy is difficult or inappropriate. Although the People's Republic of China supported Nelson Mandela's African National Congress (ANC) during the apartheid era, the Mandela administration maintained diplomatic relations with Taiwan when the ANC came to power. Prior to the establishment of formal diplomatic relations between the PRC and South Africa in 1997, at the beginning of 1995 the premier of the Free State was invited to Hainan province, in March 1995 a Beijing municipal government delegation visited Gauteng, and when the premier of Gauteng went to Beijing in May 1995, Politburo member Wei Jianxing was present at the premier's meeting with Beijing's Mayor. Finally, in December 1995, the vice-president of the Chinese People's Friendship Association led a provincial-level trade delegation to South Africa, consisting of provincial representatives from Jiangsu, Tianjin, Ningxia, Qinghai and Sichuan.[38]

The Provinces' Complicating Role in China's Diplomacy

As public and private actors at the provincial and local levels expand their overseas involvement, they can sometimes become new sources of problems in China's foreign relations, when the pursuit of provincial economic aims runs into conflict with national foreign policy objectives.

As aggressive traders, most of the provinces are the generators of China's trade surplus with Africa and GMS countries, which brings fierce competitive pressure

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37) Peter T.Y. Cheung and James T.H. Tang, 'The External Relations of China's Provinces', in David M. Lampton (ed.), *The Making of Chinese Foreign and Security Policy in the Era of Reform, 1978-2000* (Stanford CA: Stanford University Press, 2001), p. 105.

38) Cheung and Tang, 'The External Relations of China's Provinces', pp. 106-107.

on the less-competitive local industries. Faced with the growing trade-restriction measures taken by African and other developing countries, China's provincial governments tend to be champions of free trade, hoping that China's central government could protect their trading interests. For instance, during the first half of 2006, seventeen trade investigation cases were launched by foreign countries against exports from Guangdong province. Among them, ten were launched by developing countries, including an investigation case about Guangdong porcelain exports to Egypt, while cases raised by developing countries totalled just four out of a total of nine cases in the same period in 2005, the previous year. The Fair Trade Bureau of Guangdong government conducted an investigatory field trip to Egypt and other countries. The Bureau found that some of the measures taken by developing countries were discriminatory and arbitrary, and called for local Chinese enterprises to respond proactively to foreign countries' dumping accusations according to World Trade Organization (WTO) rules.[39] The central government, meanwhile, has to consider the negative impact of Chinese exports on the economic interests of developing countries, hence the intention to maintain overall friendly relationships with developing countries may sometimes override economic interests. In June 2006 when Chinese Premier Wen Jiabao visited South Africa, he therefore announced that China would suggest a voluntary export control of textile products to South Africa.[40]

At the same time, as numerous state-owned and private companies from the provinces competed with each other in investing and bidding for local construction projects in foreign countries, some of them are unable to undertake their social responsibilities, ensure the quality of their products, or maintain healthy labour relationships, either between Chinese employers and Chinese employees, or between Chinese employers and local employees. Such behaviour can, and in some cases has, produced a negative image of China, thus weakening national efforts to win over friends abroad. In these cases, it is not a deliberate provincial intention, but rather the provinces' inability to control the activities of public and private actors originating in their jurisdictions that causes problems for the government in Beijing.

For instance, in March 2002, 1,500 female Chinese workers in a textile company in Mauritius went out into the streets of Port Louis and demonstrated in front of the Chinese Embassy, chanting the slogan 'Overwork leads to Chinese workers' deaths'. The non-violent protest soon escalated into a confrontation

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39) Che Xiaohui, Li Jia and Li Qian, '*Fazhanzhong zuojia dui wo fanqingxiao zengduo, jiji yingsu shi yingdui zhidao*' [Facing Growing Anti-dumping Cases from the Developing Countries, Proactive Response is the Way to Deal with Them], *Xinhua News Agency*, 9 July 2006, available online at http://news.xinhuanet.com/newscenter/2006-07/09/content_4809283.htm.

40) Xinhua News Agency, 'Restrict Textile Exports to South Africa', *China Daily*, 22 June 2006. However, the South African government imposed an import quota system a few months later, before the Chinese government took its own measures.

between the Chinese workers and local police. The police fired tear gas and several Chinese workers were badly injured during the melee. The Chinese workers complained that they were forced to work until midnight and that they had been brought to Mauritius by a Chinese government-controlled company in Ningbo City in Zhejiang Province.[41] In a recent and bloodier case, more than 100 Chinese workers went on strike in Equatorial Guinea, claiming that their Chinese employer mistreated them. They had been brought to Equatorial Guinea by a subcontractor of Dalian International Cooperation (Group) Holdings Ltd., a company controlled by the Dalian city government of Liaoning province, to construct a housing project there. As local police intervened, two Chinese workers were shot dead and four were badly injured during the clash. The accident later became a diplomatic issue between China and Equatorial Guinea, and the Chinese government made a solemn representation to the Equatorial Guinean government, demanding a serious investigation into the causes of the accident.[42]

In June 2008, China's Ministry of Commerce, Ministry of Foreign Affairs and State-owned Assets Supervision and Administration Commission of the State Council (SASAC) jointly sponsored a national conference, with participation by more than 1,000 officials, including trade, foreign affairs and SASAC officials at provincial levels. China's Deputy Minister of Commerce, Chen Jian, briefed the conference participants that there are some 'acute problems' in the process of 'going out' and that these problems should be 'high concerns'. He pointed out that as more and more Chinese companies operate overseas, there are increasing cases of group protests rising from bad labour relations; some companies are adopting illegal and unethical business conduct; a number of projects are severely delayed; accidents are on the rise; and that some construction projects are exposing quality problems. To cope with these new problems, Chen Deming, the Minister of Commerce, proposed a number of measures to strengthen the monitoring and regulating systems, and he also demanded that local governments should take more responsibility in regulating local companies and in strengthening local capacity to tackle these problems, such as establishing local centralized mechanisms for ensuring that the various functional departments are able to enforce the national policies, laws and regulations.[43]

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41) *Beijing Qingnian bao [Beijing Youth Daily]*, 24 May 2002.

42) *Jingji Guancha Bao [Economic Observer Weekly]*, 30 April 2008.

43) Website of China's Ministry of Commerce, '*Quanguo chuli jingwai jiufen ji tufa shijiandianshi dianhua huiyi zhaokai*' [The Nation held TV and Phone Conference on Coping with Overseas Disputes and Abrupt Incidents], 11 June 2008, available online at http://chinca.mofcom.gov.cn/aarticle/zhongyswhd/200806/20080605595539.html.

Conclusion: Coping with China's Multi-Layered Diplomacy

Several conclusions can be drawn from the two case studies explored in this article. First, China's provincial engagement mostly takes place in the area of low politics. Second, the globalization process means that not only border and coastal regions but also inland provinces are engaging in foreign affairs. Furthermore, with the development of a modern state structure and the revolution in transportation and communication, China's central government has been in an even stronger position to exert direct control over provincial external activities, making it possible for centralization of Chinese foreign policy and proactive provincial international involvement to be achieved at the same time, ensuring that provincial international ties would not erode central authority and state unity, and that local governments can have enough room to act internationally in order to meet the demands of local social and economic development.

China's multilevel diplomacy implies opportunities as well as challenges, both for China and foreign countries. For China, provincial interest in foreign economic opportunities has brought provinces onto the international stage, bilaterally and even multilaterally. China's central government obviously sees this as a positive development, since the provinces, with their own interest in expanding their overseas presence, could in general facilitate the rapid realization of China's overall foreign policy goals. As agents, provinces continue to follow orders from the central government, such as the order to send medical teams to Africa. What have driven them to act more proactively over recent years are their own developmental interests. To manage this new multi-layered diplomacy, it is becoming increasingly important and urgent that an effective intergovernmental coordination mechanism within China should be formulated. In Yunnan's case, as the provincial government is taking a leadership role within Yunnan, the need for China's participation in the GMS has produced a more effective and institutionalized internal coordination and central-local partnership. However, in the African case, as multiple actors — both government-controlled and private — from various provinces come to Africa, the underdevelopment of a comprehensive and effective coordination mechanism — vertically between central and local, horizontally between various functional departments at the provincial level, and societally between public and private actors — has produced problems for China's foreign relations. In the wake of several incidents of Chinese labour unrest in Africa, China's Ministry of Commerce and Ministry of Foreign Affairs jointly held a national conference with the aim of creating a comprehensive management system composed of the functional ministries of the central government, embassies overseas, local governments and enterprises, to ensure that all of the investment and construction projects in Africa are under comprehensive supervision.

For foreign countries, it is becoming important that developing partnerships with Chinese provinces should be an integral dimension of their engagement with China. Certainly, this is not easy to realize. As one African diplomat in Beijing indicated, 'Africa has a limited awareness of the importance of China's provincial governments in the continent'. From his point of view, there are four main factors to explain this fact:

> Sino-African relations have been predominantly at a state-state level; twin cities between China and Africa are few and their activities limited; the organization, economic strength and political power of China's provinces are not known to Africans, including some African leaders; and Chinese provincial enterprises operating in Africa are seen by Africans as national enterprises of the People's Republic of China.[44]

Nevertheless, as China's diplomacy has shown its multi-layered feature, it also demands that foreign countries develop a multi-layered engagement approach towards China.

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44) Interview with Dr Karim Bathily of the Embassy of the Republic of Senegal in China, 11 September 2008.