

## Understanding Chinese Diplomatic Transformation: A Multi-Actors' Perspective

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### Summary

There is growing interest in the role of sub-central actors in Chinese diplomatic evolution. This study explores Chinese diplomatic transformation from the perspective of so-called 'multi-actors'. It begins with a discussion about the interaction of domestic and international politics, a context where Chinese diplomacy has transformed, and then identifies the roles of local governments, governmental agencies, NGOs and enterprises in China's changing diplomatic system. The article suggests that these new groups of actors (referred to here as multi-actors) have become important factors to be reckoned with in the Chinese diplomatic system, although their roles are still limited compared with the central government. The article concludes that the establishment of a well-organized diplomatic system, which can be used to coordinate different actors and address transnational issues, will be an enduring challenge for the undergoing reform of the Chinese diplomatic system.

### Keywords

diplomatic transformation; local governments; bureaucracies; civil society; enterprise; Chinese diplomatic system

### Introduction

China's deep engagement with international society over the last three decades has generated profound impacts on China's domestic politics as well as on the international system. The high level of interdependence between China and the international system makes it difficult for both sides to isolate each other: China cannot live without the international system; nor can the international system operate without China. The reality of this complex interdependence prompts us to rethink the new meanings of Chinese diplomacy.

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The latest 30 years of transformation in Chinese diplomacy are definitely a rich case study for the diplomacy of transitional states. In terms of the role of actors in Chinese diplomacy, the traditional perspective argues that China is a state-dominated or state-controlled society, and, accordingly, that its diplomacy is simply conducted and dominated by a unitary central actor. However, it would be inadequate for us to think in this old way, in view of the increasing number of actors (non-governmental organizations (NGOs), business enterprises, local governments, and so on) — with their varying access to Chinese diplomatic processes — that have developed their roles in the Chinese diplomatic system. As China has moved towards becoming a global state, all of its governmental departments — not only the Ministry of Foreign Affairs — are bearing more external functions and are widely involved in foreign affairs. Similarly, the growing capacity and willingness of Chinese enterprises, NGOs and local governments to engage in foreign affairs also require us to consider their impact on China's diplomacy. All of these factors prompt us to rethink the roles of these new actors in Chinese diplomatic transformation. Can we learn to perceive Chinese diplomacy with a broader view than the traditional, narrow definition of diplomacy? Will the emergence of these multi-actors affect the Chinese diplomatic system? How will China's central government respond to the increasing number of actors when dealing with diplomatic affairs?

By addressing these questions, this article aims to improve our understanding of the changing nature of the Chinese diplomatic environment, particularly the roles of multi-actors in the dynamic interaction between domestic and international politics. The article begins with an overview of the categories of domestic and international political interaction and its implications for understanding diplomatic transformation. The following four sections will respectively discuss the roles of multi-actors in the context of domestic and international politics: the relationship between central and local government; interdepartmental relationships; the relationship between state and society; and the relationship between state and market. The study suggests that multi-actors have become important factors in the Chinese diplomatic system, although their roles are still not in a position to match that of the central government. The article concludes that the establishment of a well-organized diplomatic system to coordinate different actors and to address transnational issues will be an enduring challenge for the future reform of the Chinese diplomatic system.

### **The Domestic and International Political Framework and Diplomatic Transformation**

Theoretically, and partly because of the increasingly interdependent world, there has been growing interest among students and scholars of international relations in integrating domestic and international politics to analyse the changing

world.<sup>1</sup> The perspective of integrated domestic and international politics in this article includes the following assumptions.

The first assumption is that diplomacy generally operates in different categories of domestic and international political interactions. Three categories — independence, interdependence and integration — could be used to define any particular state's model for domestic and international political interaction. The independence category means that there is a non-cooperative or even conflicting situation between domestic and international politics; it is thereby mutually separated or even confronted, and few linkage agents or institutional arrangements would exist to ease the conflicting situation. The independence category could be used to refer to the form of Chinese domestic politics and diplomacy that existed from 1949-1978, when China was isolated from the international economy. The other extreme side of the spectrum is integration, which means that such a high level of cooperative institutions has been arranged between domestic and international politics that the two forms of politics tend to be merged into one system. Obviously, integration is an ideal category for interaction, and the typical case in reality is probably the experience of the EU. Interdependence is in the middle of the spectrum, which implies that more and more cooperative agreements have been arranged between domestic and international politics.

This article assumes that the category of Chinese domestic and international political interaction could be defined as the interdependence model since 1978, when China opened its doors to the outside world. This was a watershed year for China's relations with the international system, as evidenced by China's rapidly increasing trading size, foreign direct investment (FDI), internalization of international institutions in China's domestic politics, China's participation in numerous international institutions, the relative free flowing of information, trans-governmental linkages, and closer convergence of domestic and international institutions from 1978 onwards.<sup>2</sup>

<sup>1</sup> On the interaction of domestic and international politics, see Robert Keohane and Helen Milner (eds), *Internationalization and Domestic Politics* (Cambridge: Cambridge University Press, 1996); Thomas Risse-Kappen (ed.), *Bringing Transnational Relations Back In* (Cambridge: Cambridge University Press, 1995); and Peter Evans, Harold Jacobson and Robert Putnam (eds.), *Double-Edged Diplomacy* (Berkeley, CA: University of California Press, 1993). On the interaction of domestic and international institutions, see especially Daniel Drezner (ed.), *Locating the Proper Authorities: The Interaction of Domestic and International Institutions* (Ann Arbor MI: University of Michigan Press, 2003). For the interaction of China and international institutions, see Su Changhe, 'China in the World and the World in China: The Domestic Impacts of International Institutions on China', in David Zweig and Chen Zhimin (eds.), *International Political Economy and China's Reforms* (London: Routledge, 2008); Alastair Iain Johnston, *Social States: China in International Institutions, 1980-2000* (Princeton, NJ: Princeton University Press, 2008); and 'International Structure and Chinese Foreign Policy', in Samuel Kim (ed.), *China and the World: Chinese Foreign Policy Faces the New Millennium* (Boulder, CO: Westview Press, 1998).

<sup>2</sup> These indicators demonstrate that China ranked first in export size in 2009 and is one of the largest countries in the absorption of foreign investment. Many measures have been taken by China to reform and adjust its laws and rules domestically in order to meet international norms and rules. Additionally, China has participated in most international institutions. See Gerald Chan, *China's Compliance in Global*

Second, as a consequence of the development of complex interdependence and the relaxation of state control, domestic actors became activated and had strong incentives to access international resources to reinforce their position in domestic bargaining. The ways in which they link up with international society and their new roles in domestic politics would challenge the traditional central government-dominated diplomacy. In other words, the increasing numbers of domestic or even transnational actors in China's diplomatic arena possess growing numbers of channels and resources to affect national diplomacy. We therefore need to explore which actors in Chinese domestic politics have emerged and to what extent they can play a role in diplomatic transformation.

Third, in terms of diplomacy, the interaction between domestic and international politics assumes that diplomacy operates at two levels: domestic; and international.<sup>3</sup> In the interaction of domestic and international politics, two directions of influence can be identified: one is how multi-actors build transnational channels, which on the one hand play a bridging role between domestic and international politics, and on the other hand are used to enhance multi-actors' positions in the diplomatic system; and the other is whether the various actors tend to form domestic or transnational coalitions to assist the central government's diplomacy or to challenge it. Based on these assumptions, this article will argue that the new diplomatic actors and their international activities should be taken seriously when we consider Chinese diplomatic transformation.

### Central and Local Governments

To a mega-state such as China, the relationship between central and local governments<sup>4</sup> is critical to state governance.<sup>5</sup> The relationship between central and local governments has been researched largely in the area of Chinese domestic politics and the economy, with little research being done in the area of diplomacy and international relations. There are at least three reasons why exploring the role of local government is important for understanding Chinese diplomacy. First, the question of how to maintain a flexible and productive central-local relationship is one of the everlasting significant issues in Chinese politics. An ideal central-local relationship should envisage central government controlling the local govern-

*Affairs: Trade, Arms Control, Environmental Protection, Human Rights* (Hackensack NJ: World Scientific, 2006), p. 72. On China's compliance in international institutions, see Ann Kent, *Beyond Compliance: China, International Organizations and Global Security* (Stanford, CA: Stanford University Press, 2007).

<sup>3</sup> On two-level diplomacy, see Evans et al. (eds.), *Double-Edged Diplomacy*.

<sup>4</sup> Local governments in Chinese politics differ from federal states, which include provincial and autonomous regions in China. Generally speaking, provincial and county governments that have a congress are all called local governments in Chinese politics. However, local governments in this article only go as low as the level of provincial governments.

<sup>5</sup> See Mao Zedong, 'Lun Shida Guanxi [On Ten Relationships]', in *Mao Zedong Wenji [Selected Works of Mao Zedong]*, vol. 7 (Beijing: People's Press, 1999).

ments, while local governments could have incentives to play a leading role in improving the local economy and social welfare. However, it seems that it is always a big challenge for Chinese leaders to find a proper balance between the two sides. In a fully centralized model during the years from 1949 until 1978, local governments were not empowered and encouraged to make local decisions in social and economic areas, so local actors were more or less absent in national politics. But after 1978, things changed dramatically. During the late 1980s and early 1990s, a decentralized model emerged in China, with strong local governments becoming powerful players in the Chinese political economy, triggering severe concerns among national leaders that local governments would pursue completely their own interests.

Second, in a globalized and interdependent world, China's central government has been facing demands for simultaneous upward and downward transfer of its authority, which means that the central government has been driven to decentralize and localize its political power on the one hand, while on the other hand it has been persuaded to transfer its authority to regional and global collective institutions in order to address global public issues, such as environmental protection, public health, disasters and terrorism, and so on. Since 1978, local governments have been delegated more authority in social and economic areas than they held before, and China's 1982 Constitution redefined the rights and duties of central and local governments, and decided to give ample rooms for local initiatives.<sup>6</sup> Local governments, particularly the coastal provinces, then received wide authorization, ranging from taxation through approving FDI, which made it possible for them to become deeply embedded in the global economy. With this increased activity of local governments in international relations, local politics became global politics, and vice versa. Therefore, there is a great demand for central government to coordinate central and local relationships.<sup>7</sup> In this sense, the central government will play a key role in coordinating local politics and global politics when it conducts foreign relations.

Third, in China's border areas, local politics is in itself a part of national diplomacy. China shares land borders with fourteen neighbouring countries; there are nine provinces and autonomous regions that have trans-border ties with one or more Asian countries. The trans-border economic cooperation zones that have been established between Chinese provinces and China's neighbouring countries since the 1990s have prompted border provinces to be significant actors in setting, framing and initiating agendas of sub-regional governance.<sup>8</sup>

<sup>6</sup> See Article 3, Chapter 1, China's 1982 Constitution, available online at [http://www.npc.gov.cn/wxzl/gongbao/2000-12/26/content\\_5001301.htm](http://www.npc.gov.cn/wxzl/gongbao/2000-12/26/content_5001301.htm).

<sup>7</sup> See Su Changhe, 'Guojihua yu Difang de Quanjie Lianxi: Zhongguo Difang de Guojihua Yanjiu [Internationalization and Global Linkage: A Study of China's Local Internationalization, 1978-2008]', in *Shijie Jingji yu Zhengzhi [World Economic and Politics]*, no. 11, 2008.

<sup>8</sup> Especially see Chen Zhimin, 'Coastal Provinces and China's Foreign Policy', in Hao Yufan and Lin Su

A typical example that illustrates the impact of central-local arrangements on Chinese diplomacy is the growing difficulty of China's central government to ensure that international agreements that it has reached are accepted and implemented by the local governments. Over the last three decades, China has joined most international institutions, increasingly shapes international agendas (jointly with other countries), and has even begun to initiate international institutions. Generally speaking, cooperative compliance has been maintained between China and these institutions,<sup>9</sup> but the growing role of local governments in international affairs may pose a challenge to the central government. Even when China's central government and the National People's Congress have signed an international agreement, a conflict of interests between the central and local governments may cause problems in implementation, as local governments may openly or secretly ignore the agreement. In other words, if little or no consensus exists between central and local governments, a coherent external diplomatic policy would be difficult to reach, and in the long term this may undermine China's diplomatic capacity. A good example is the case of intellectual property rights' protection. China has joined the relevant conventions for intellectual property rights' protection, but even while the central government and judiciary system do their best to implement these conventions from the top downwards, local governments may resist the policy, the simple reason being that they could benefit more from violation of intellectual property rights than from protecting them.<sup>10</sup>

The incentives for local governments to pursue their own policies are complex and could also be examined from the perspective of changes since 1978 to the factor of fiscal system change since 1978 in central-local relationships. From 1978 to 1994, because of the system of financial contracts and the decentralization movement, the fiscal capacity of China's central government was seriously undermined. In 1993, the central governmental fiscal revenue comprised only about 25 per cent of the total national fiscal revenue.<sup>11</sup> This serious situation prompted scholars to claim that China's national capacity was too weak to take a positive role in the process of modernization.<sup>12</sup> This situation was reversed, however, after

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(eds.), *China's Foreign Policy-Making: Societal Force and Chinese American Policy* (London: Ashgate Publishing, 2005).

<sup>9</sup> This does not mean that China always maintains cooperative relations with international institutions. Many factors could affect China's compliance performance; one may originate from the domestic arena, as this article shows, and the more that conflicting situations arise between the central government and other actors, the more defective situations could be happening in terms of China's attitude to international institutions.

<sup>10</sup> In China's current judicial system, the local courts depend financially on local governments to a great extent, and this fact — that is, the common interests between courts and governments — reduces the efficiency of local courts' actions against the violation of intellectual property rights.

<sup>11</sup> See *Zhongguo Tongji Nianjian 2007 [China Statistical Abstract 2007]* (Beijing: China Statistics Press, 2007), p. 68.

<sup>12</sup> In the early 1990s, Wang and Hu asserted that China's national capacity was declining greatly, just

the tax system was reformed in 1994<sup>13</sup> and centralization became a trend in terms of the fiscal system. In 1994, the central government's fiscal revenue hence jumped to over 50 per cent of the total national fiscal revenue,<sup>14</sup> and in 2008 the central and local governments were still about equal in the fiscal revenue pool. This fiscal comparison is one of the key factors in understanding the behavioral logic of Chinese local governments, whether in domestic or in international areas. Because of their relative declined capacity in absorbing fiscal resources and increasing pressure in providing local public goods, local governments have to seek extra revenues, frequently by violating national policies of the central government, in order to sustain their expenditure.

On a superficial level, the improvement of the central government's fiscal revenue means that China has more financial resources to exercise its diplomatic programmes. That is really the case. But on a deeper level, local governments that have been faced with the relative reduction of their fiscal revenues since 1994 have had to look for other measures to increase their extra-budgetary revenues,<sup>15</sup> and in extreme situations the measures that they have taken are even in conflict with national laws and policies. This leads to two consequences: one is that stiff competition among local governments is rising; the other is decreased efficiency of the Chinese state's capacity for macro-control on local politics.<sup>16</sup> In this sense, local governments are inclined to be an indispensable domestic veto power for national diplomacy.

But there are two sides to every question. As sub-national actors, local governments in China are also playing a bridging role in sub-regional economic cooperation. As a result of the nearly simultaneous development of China's opening-up policy and the policy to develop Western provinces, many provinces and autonomous regions have become involved in transnational sub-regional economic zones around the border areas. Nearly all border provinces and autonomous regions now participate in sub-regional cooperation regimes, such as Yunnan and Guangxi in the Greater Mekong Sub-region (GMS), Xinjiang's external economic ties with Central Asian countries in the framework of the Shanghai Cooperation Organization (SCO), and north-eastern provinces' link to North-East Asian countries in the Tumen River Delta Economic Region, which was proposed by the United

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because of the decreasing financing capacity of the central government; see Wang Shaoguang and Hu Angang, *The Political Economy of Uneven Development: The Case of China* (New York: M.E. Sharpe, 1999).

<sup>13</sup> In 1994, a new tax-sharing system was introduced.

<sup>14</sup> *Zhongguo Tongji Nianjian 2007 [China Statistical Abstract 2007]*, p. 68.

<sup>15</sup> According to recent research, extra-budgetary revenue accounted for around one-third of local fiscal revenue during the 1990s; rent-seeking and license fees are the principal source of extra-budgetary revenue at local levels. See Yang Zhiyong and Yang Zhigang, *Zhongguo Caizheng Zhidu Gaige Sanshinian [China's Fiscal System Reforms, 1978-2008]* (Shanghai: Shanghai People's Publishing House, 2008), pp. 44-46.

<sup>16</sup> See Zhou Li'an, *Zhuanxing zhong de Difang Zhengfu [Local Governments in Transition: Governmental Officials Incentives and Governance]* (Shanghai: Shanghai People's Publishing House 2008).

Nations Development Programme (UNDP). A major point requiring attention is that these local governments have been more or less delegated by central government and/or recognized by international organization to be as agent for promoting sub-regional cooperation.<sup>17</sup>

### Interdepartmental Relations<sup>18</sup>

The discussion above was about vertical diplomatic decentralization between central and local governments, but another diplomatic decentralization has occurred horizontally among governmental agencies. After the open policy was introduced, two transformations occurred in Chinese governmental agencies. First, as assumed above, high-level interdependence between domestic and international politics has brought about closer ties among governmental agencies. Foreign affairs' power is increasingly shared among domestic governmental departments, which have been girded with external functions.<sup>19</sup> China's traditional diplomatic actor — the Ministry of Foreign Affairs — is absolutely no longer the sole one involved in diplomatic affairs. The issue of public health security, for example, touches upon the jurisdictions of the Ministry of Health, as well as the State Administration of Quality Supervision, Inspection and Quarantine, the Ministry of Foreign Affairs, the Ministry of Agriculture, State Food and Drug Administration, and other ministries. It means that all of these ministries are possibly drawn into diplomatic activities. In order to ensure a coherent Chinese policy, domestic interdepartmental coordination mechanisms are required.

The other transformation is a consequence of the growing entanglement of global public issues with domestic issues. Extra agency should be built in a specific department in order to deal with the increasing number of transnational issues that require trans-governmental coordination at the state level.<sup>20</sup> The issue-oriented diplomacy that has become a revealing feature of the current global

<sup>17</sup> For detailed analysis of Chinese local governments as actors in the international arena, see Chen Zhimin's article in this special issue of *The Hague Journal of Diplomacy* on China's diplomacy.

<sup>18</sup> In China's hierarchical levels of the governmental bureaucratic system, excluding the Communist Party, the top-bottom ordering is briefly: State Council (premier); Ministry or Committee (minister); Department; and Division. The governor of a province is in principal equal to minister in terms of official position.

<sup>19</sup> For the English-language website of China's governmental agencies list, see 'The Organizational Structure of the State Council' at <http://english.gov.cn/links.htm#1>; on bureaucratic reforms in China so that it quickly adapts to the global economy, see Zheng Yongnian, *Globalization and State Transformation in China* (Cambridge: Cambridge University Press, 2004), pp. 83-108; and information about the State Council's organizational reforms in China since 1978 can be viewed online at [http://www.gov.cn/test/2009-01/16/content\\_1206928.htm](http://www.gov.cn/test/2009-01/16/content_1206928.htm).

<sup>20</sup> On the role of trans-governmental coalitions in world politics, see Robert Keohane and Joseph Nye, 'Trans-governmental Relations and International Organization', in Cyril Black (ed.), *Comparative Modernization* (New York: Free Press, 1976).



public administration produces a cluster of relevant governmental agencies from different countries to address transnational public issues.<sup>21</sup>

These transformations have two consequences. One is the ongoing development of coordination mechanisms between government organizations that are involved in Chinese diplomacy. The negotiations leading to China's accession to the World Trade Organization (WTO), for example, involved more than twenty Chinese governmental agencies.<sup>22</sup> As each governmental agency had its own interests and preferences with regard to WTO accession, hard work had to be done at the national level to bring them all in line. China's central government also had to ensure that the international agreement that was reached could, and would, be implemented well by all of the departments involved. In the case of climate change governance, more than 28 governmental agencies were reportedly brought together to discuss China's policy.<sup>23</sup>

Another consequence of the transformations is the establishment of a growing number of networks between Chinese governmental agencies and their foreign counterparts to address issues such as public health, anti-corruption, drug-trafficking, piracy and illegal immigration. The first China-US Strategic and Economic Dialogue (SED) in 2009 was probably the best case to demonstrate the importance of these trans-governmental linkages. Among its participants were senior Chinese officials (ministers or vice-ministers) from thirteen ministries or ministerial-level agencies (including Finance, China's Central Bank, the Banking Regulatory Commission, Securities Regulatory Commission, Foreign Affairs, Human Resources, Transportation, Agriculture, Commerce, Health, and the Export and Import Bank) and their American counterparts.<sup>24</sup>

These two developments — the changing interdepartmental relationship and the growing transnational networks of Chinese governmental agencies — raise areas of concern for China's central government. One is the coordinating capacity of the central government; the other is control over the expanding external functions of government agencies.

Basically, barriers between departments as well as inter-provincial protectionism would diminish the national diplomatic capacity. Public Choice Theory<sup>25</sup>

<sup>21</sup> A useful example to understand the importance of issue-area diplomacy (such as environmental diplomacy, ODA diplomacy, cultural diplomacy, energy diplomacy, economic diplomacy, and so on) is offered in a speech by Chinese President Hu Jintao in 2009, where he unprecedentedly talked about the significance of issue-area diplomacy in current Chinese foreign relations. See 'President Hu Jintao's Speech at the 11th Chinese Ambassador Meetings', available online at [http://www.gov.cn/ldhd/2009-07/20/content\\_1370171.htm](http://www.gov.cn/ldhd/2009-07/20/content_1370171.htm).

<sup>22</sup> See Wang Yi, *Shiji Tanpan [Century's Negotiation: During the Days of Accession to WTO Negotiations]* (Beijing: Chinese Communist Party School Press, 2007), p. 40.

<sup>23</sup> From the author's interview with a Chinese governmental official.

<sup>24</sup> See 'The First US-China Strategic and Economic Dialogue Economic Track Joint Fact Sheet', available online at <http://www.chinaconsulatesf.org/eng/xw/t576913.htm>.

<sup>25</sup> Public Choice Theory uses modern economic tools to study, in particular, the behaviour of politicians and government officials as self-interested agents in which material interests are assumed to predominate.

tells us that it is rational for each governmental agency to maximize its power by any means in any bureaucratic system. It means that departmental rationality matters. Obviously, however, over-extended departmental self-interest would reduce Chinese national diplomatic capacity, as the logic of power-seeking would direct different departments to struggle for more power in influencing central government decision-making processes. While no serious problem arises if departmental interests are in line with national interests, central government may be in trouble and challenged when those interests are in conflict. Furthermore, the different interests of different departments increase the total transaction costs of domestic bargaining before a foreign policy decision can be made. The more segmentation exists among departments, the less room for manoeuvring the central government will have in the international bargaining process and the more difficult it will become to have an international agreement accepted and implemented by domestic departments. Furthermore, there is the risk that the preference of one specific department will prevail and become the national policy. In this situation, diplomacy in that area will become the instrument of one particular departmental interest group.

In response to these challenges, measures to coordinate and unify interdepartmental activity are critical to the improvement of national diplomatic capacity. Two actions that were taken in 2009 and 2010 respectively have reflected the Chinese government's ongoing efforts to deal with this issue. One occurred in the international arena, as was mentioned above in the case of trans-governmental agency linkages in the Strategic and Economic Dialogue with the United States; the other occurred in the domestic arena and pertains to the founding of the National Energy Commission (NEC) in January 2010. This new commission consists of more than twenty departments, and according to the State Council's announcement, one of its goals is to 'coordinate major programmes for domestic energy advancement and global cooperation'.<sup>26</sup> Another institutional innovation in response to the need for strengthened national coordination is the establishment of the position of special envoy at national or ministry levels to address issues that span over many agencies. In recent years, special envoys have been appointed for the Middle East, climate negotiation, trade negotiation African affairs, Sudan's Darfur issue and the North Korean nuclear issue. Interestingly, the envoy option is not limited to the Ministry of Foreign Affairs; high-level officials from other ministries may be appointed to this position.<sup>27</sup>

Its body of theory was first developed by James Buchanan and Gordon Tullock to try and explain how public decisions are made; see James Buchanan and Gordon Tullock, *The Calculus of Consent: Logical Foundations of Constitutional Analysis* (Ann Arbor MI: University of Michigan Press, 1962).

<sup>26</sup> See 'National Energy Commission Started', available online at <http://english.cctv.com/program/bizchina/20100128/103874.html>.

<sup>27</sup> On China's diplomacy by special envoys, see Li Zhifei, 'Lengzhan hou Zhongguo de Teshi Waijiao [China's Special Envoy Diplomacy in Post-Cold War Era]', in *Guoji Guanxi Xueyuan Xuebao [Journal of International Relations College]*, no. 3, 2008.

As stated above, the second development related to Chinese diplomatic transformation concerns the external functions that have been distributed among a growing number of Chinese governmental agencies. This is not only the result of the aforementioned growing linkage between domestic and international politics, but also of China's growing sense of international responsibility. As an emerging power with global concerns, China increasingly needs to shoulder international responsibilities. These responsibilities cover a wide range of issues, including peacekeeping operations (PKO), currency cooperation, free trade, international judicial assistance, climate change, and the fight against transnational organized crime. As a responsible state, China needs to take cooperative action in supplying international public goods, either solely or jointly with other countries, which demands quite a number of Chinese governmental agencies to be involved in providing global public goods. For example, the role of China's Ministry of Finance and the Central Bank in financial stability are critical to regional and international financial stabilization. Thus, with China's rapidly growing involvement in international institutions, close organizational linkages and working relations between Chinese governmental agencies and their counterpart international organizations have been formed. Furthermore, the Chinese central government pays increasing attention to the policy reports that are debated and reached within these transnational organizational frameworks.

To sum up, China's diplomatic transformation in terms of interdepartmental relationships has led to the emergence of diplomatic actors other than the Ministry of Foreign Affairs. China's Ministry of Foreign Affairs is too small to address the many complicated transnational issues on its own and the first responsibility for many specific issues in international cooperation lies with other departments or agencies. It remains an outstanding issue as to whether or not all Chinese governmental agencies are prepared for the rising role that China should play in the world, but in any case, improving the efficiency of China's domestic and global governance through reforming governmental organizations is a pressing task for the Chinese government.

### **State and Civil Society**

Diplomacy in the contemporary world is not only limited to state-to-state relations; it is also displayed and extended through non-state actors. At least since the 1980s, the worldwide movement of NGOs has been a significant phenomenon in international relations and NGOs have become important non-state actors in diplomacy. Nearly every central government in the current globalized world seems to be in the paradoxical situation that it is too small to address the newly extensive range of non-traditional security issues, while it is too big to deal with its intensive range of traditional security issues. For reasons of finance and size, governments are confronted with limits in addressing global public issues. NGOs

can therefore play a supplementary role, in particular in areas where governmental agencies feel less comfortable or less competent to act.

To understand the diplomatic transformation from state-state relations to state-civil society relations in the case of China, it is necessary to understand state-society relations in China. In China, a consultative political culture forms the basis of state-society relations. Political thinking in China maintains that NGOs should maintain close ties with governmental organizations (GOs). The most influential NGOs in China, which are often defined as quasi-governmental organizations, thus always maintain friendly ties with GOs. Furthermore, NGOs in China are not supposed to be anti-governmental organizations. Only consultative and cooperative relations between the two sides, and the constructive role of Chinese NGOs in political and social development, are acceptable to China's central government.<sup>28</sup> The better the cooperative relationship is maintained, the more consensus can be reached between state and society, and the more capacity the state can build for domestic or foreign endeavours. In the Chinese context, a conflicting state-society relationship would be unacceptable, as it would be difficult for the state to maintain a strong capacity. As conflicts of interests between GOs and NGOs in domestic politics cannot be avoided, cooperation and complementarity constitute the main features of the ideal relationship between GOs and NGOs in a well-organized state. Only then can NGO activities favour the construction of China's diplomatic strategy. In summary, in a state in transition such as China, a constructive role by NGOs — rather than an oppositional critical role in state-building — may be more sustainable and feasible.

This being said, sea changes have taken place in state-society relations in China since 1979. In the period from 1949 to 1979, China's model was that of a strong state versus a weak society. After 1979, however, with the gradual evolvement of the socialist market economy and the emergence of multiple social agents and a plural social structure, societal actors began to play growing roles in domestic governance and diplomacy. Two general results of this societal transformation are of interest here: the size of China's middle class, which increased enormously and is now estimated at 20 to 25 per cent of the total population;<sup>29</sup> and the number of NGOs, which increased from around 200,000 in 1997 to more than 400,000 NGOs that were registered in China in 2007.<sup>30</sup>

<sup>28</sup> A political concept that prevails in current political life and political science research in China is consultative democracy, which emphasizes the importance of a consensus reached among different actors through a consultative process. On the latest discussion about consultative democracy in China, see Chen Jiagang, *Xieshang Minzhu yu Dangdai Zhongguo Zhengzhi* [*Consultative Democracy and Contemporary Chinese Politics*] (Beijing: Chinese People's University Press, 2009).

<sup>29</sup> Xia Xiaohong, *Zhongguo Zhongchan Jieceng Diaocha* [*Survey of the Chinese Middle Classes*], (Beijing: Social Science Academic Press, 2005), p. 5; and Lu Xueyi, *Dangdai Zhongguo Shehui Jieceng Yanjiu Baogao* [*A Research Report on Contemporary China's Social Classes*] (Beijing: Social Science Academic Press, 2002), pp. 254-256.

<sup>30</sup> The number is fully based on the NGOs registered by China's Ministry of Civil Affairs in 2007, cited

Although it is hard for us to evaluate in detail what effects civil society has exerted on Chinese diplomatic transformation, some brief points could still be raised. In the first place, there are several indications that Chinese NGOs, especially international NGOs (INGOs), can no longer be ignored as actors in diplomacy. China's NGO have built transnational channels of exchange, shaped agendas, promoted governance values, and they have resources that they can mobilize. As China's GOs can no longer cover every area of diplomacy on their own, NGOs have become very suitable actors in China's diplomacy. It is important to note that not all of China's NGOs engage in international activities,<sup>31</sup> but more and more NGOs tend to go out or to establish transnational advocacy networks. In 2005, an NGO named China NGO Network for International Exchanges (CNIE) was formed to promote Chinese NGOs' cooperation with international partners.<sup>32</sup> Most of the internationally active NGOs are concentrated in the area of low politics, such as environmental protection, business and cultural promotion, public health, scientific research, poverty relief work, food security, and so on.<sup>33</sup>

The NGOs, however, are allowed to share governance burdens with GOs only on the promise that both sides maintain friendly relations. For example, the involvement of NGOs as agents of public diplomacy, in particular in the area of people-to-people diplomacy, is increasingly appreciated by the Chinese government. Furthermore, NGOs play a role in China's track-II diplomacy, which is a new form of diplomacy in contemporary China. For example, among the package of economic cooperation agreements between China and countries of the Association of South-East Asian Nations (ASEAN) that were reached in 2002, the East Asia Think Tank Network has been a useful channel for track-II diplomacy aimed at facilitating governmental cooperation through policy discussions between scholars from China and ASEAN countries.

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from Wang Ming, 'Minjian Zuzhi de Fazhan ji Tongxiang Gongmin Shehui de Daolu [The Growth of NGOs and the Road to Civil Society in China]', in Wang Ming (ed.), *Zhongguo Minjian Zuzhi Sanshi Nian [Emerging Civil Society in China, 1978-2008]* (Beijing: Social Science Academic Press, 2008), p. 10. Wang Shaoguang estimates that the number of NGOs in China is over 803,100; see Wang Shaoguang, 'Zhongguo de Shetuan Geming [The Association Revolution in Contemporary China]', in Wang Shaoguang, *An Bang Zhi Dao [The Wisdom of Governance]* (Beijing: Joint Press, 2007), p. 461. The definition of NGOs that they used are non-profit, non-governmental and societal. It should be noted that the nature of Chinese NGOs is still a matter of academic debate in China.

<sup>31</sup> On the middle-class attitude to international affairs in China, see Alastair Iain Johnston, 'Chinese Middle-Class Attitudes towards International Affairs', in *The China Quarterly*, 2004, pp. 603-628.

<sup>32</sup> For the English-language website of CNIE, see <http://www.cnie.org.cn/english/index.asp>.

<sup>33</sup> The Chinese NGOs' activities areas could be divided into fourteen sections, and their proportions are: (1) science and research, 6.9%; (2) environmental protection, 1.5%; (3) education, 26%; (4) public health, 10.4%; (5) social assistance, 13%; (6) cultural exchange, 5.8%; (7) sports, 4.2%; (8) legal, 1.1%; (9) business, 5.1%; (10) religious, 1.0%; (11) rural and agriculture, 9.6%; (12) career training, 4.2%; (13) international and foreign affairs, 0.12%; and (14) others, 11.9%. See Wang Ming, 'Minjian Zuzhi de Fazhan ji Tongxiang Gongmin Shehui de Daolu [The Growth of NGOs and the Road to Civil Society in China]', p. 8.

The Chinese government has come to advocate the growth of civil society and NGOs and seems to be willing to incorporate NGOs' diplomatic actions into its diplomatic strategy on the premise that the NGOs maintain friendly relations with the government. This does not mean, however, that civil society and NGOs in China always have the same line of policy as the government. Environment-oriented NGOs in China, for example, represent a rising domestic audience with different policy preferences and are playing an indispensable role in adjusting China's policy from the previous focus on development to a focus on sustainable development.

### State and Enterprise

Diplomacy is an extension of domestic politics and economics, and government and enterprise are the two respective agents of the state and market. In the domestic arena, the government aims to provide a fair and open platform for enterprise competition; in other words, government defines and protects property rights. At the international level, governmental diplomacy aims peacefully to maximize the conditions for enterprises' international business. The enterprises' transnational business activities, in their turn, also strengthen the interdependence between domestic and international politics.

Over the last three decades, the size of Chinese overseas investment has rapidly increased and it is safe to say that a Chinese global business network has been established. Two events of the past two decades that pertain to the Chinese political economy and are related to China's accession to the WTO need to be emphasized here: the 'socialist market economy' system that was initiated at the beginning of the 1990s, and the 'go-out strategy for enterprises' that the Chinese government put forward at the turn of the century. As a result, China's international business grew rapidly. In 2007, more than 10,000 Chinese enterprises had invested in 171 countries and regions, and the total amount of FDI was up to US\$ 118 billion.<sup>34</sup> The number of Chinese super-large enterprises that rank in the global top-500 list has been steadily increasing, with 37 Chinese companies listed in the 2009 list.<sup>35</sup>

These developments highlight the role of economic diplomacy in China's diplomatic transformation. In economic diplomacy, enterprises are important actors. Because of the socialist system, super-large enterprises in China are dominated by, or subject to, the state. More than 150 extremely large state-owned enterprises (SOEs) are controlled by the National State-Owned Assets Supervision Commis-

<sup>34</sup> See the Institute of Research at the Chinese Ministry of Commerce (ed.), *Zhongguo Duiwai Jingji Hezuo Sanshinian [China's External Economic Cooperation, 1978-2008]* (Beijing: China's Commerce and Trade Press, 2008), pp. 32-35.

<sup>35</sup> See online at <http://money.cnn.com/magazines/fortune/global500/2009/countries/Australia.html>.

sion (SASC), alongside a large number of SOEs that are controlled by local governments. The decline of SOEs in China in terms of numbers has been incontrovertible, but in terms of influence and size, SOEs still maintain an unshakable position in China's current national economy. In overseas purchases, SOEs are usually the major players. When considering the relationship between state and enterprises in diplomacy, one should thus keep in mind that the state-controlled economy is still an important fundament of China's political and economic system.

The relationship between state and enterprises in China is rather complex, but several aspects of relevance for China's diplomatic transformation can be identified. First, the rise of enterprises has an impact on the material dimension of Chinese diplomatic capacity. In theory, national diplomacy can be taken hostage by a number of super-large enterprises that are strong enough to monopolize politics and prompt the state to use military power to protect their interests. In practice, however, it is unlikely that Chinese enterprises would urge the government to take coercive diplomacy to protect their overseas business interests, as relations between the state and market are state-dominated. Moreover, the representative position of enterprises in China's political system is weak and there is no coalition of business and military powers. Similarly, state power in the Chinese political system is not dominated or controlled by specific economic interest groups, which also ensures that the super-large enterprises are unable to hijack the state to undertake radical diplomatic policy to serve corporate self-interests.

Second, the interests of enterprises do matter in China's diplomacy. With lots of Chinese enterprises developing a 'go-out' business strategy, Chinese diplomacy will have to deal with unprecedented demands from the business sector to protect and promote corporate interests overseas that are now considered an aspect of national interest.<sup>36</sup> China and its enterprises seem to be learning to pursue their interests through abiding international economic law and norms that are of great benefit to the cultivation of a consultative diplomatic culture between China and the world.

Another aspect that is related to Chinese overseas business activities is that of consular protection. This is a major task of the Chinese diplomatic or consular mission. 300,000 cases were reportedly handled by China's Ministry of Foreign Affairs and the Chinese diplomatic or consular missions in 2006 alone. In 2007, the Chinese Ministry of Foreign Affairs even established a Centre for Consular Protection.<sup>37</sup> These wide-ranging consular tasks are regarded as an important part of China's diplomacy, prompting the reiteration of the term 'diplomacy for the people' (Waijiao Weimin).

<sup>36</sup> See Su Changhe, 'Lun Zhongguo Haiwai Liyi [On Chinese Overseas Interests]', in *Shiji Jingji yu Zhengzhi* [World Economic and Politics], no. 8, 2009.

<sup>37</sup> See 'Zhongguo Jiaqiang Lingshi Baohu Cuoshi [China Reinforcing its Consular Protection Measures]', available online at <http://news.sohu.com/20070828/n251817024.shtml>.

Lastly, in a cooperative relationship between government and enterprises, SOEs and NSOEs (non-state-owned enterprise) are frequently required to play a role in Chinese official development aid (ODA) diplomacy. In the traditional socialist planned economy, it was considered a political task for SOEs to take ODA programmes at their own expense, for example in cases of medical and construction enterprises.<sup>38</sup> In spite of the transformation from a planned economy to a market economy, SOEs and NSOEs are still the key actors in fulfilling ODA diplomatic tasks.<sup>39</sup> Furthermore, with the extension of the 'go-out' strategy, Chinese enterprises are strongly recommended to be socially responsible when they do business abroad. This is regarded as an important way to improve China's national image abroad.

## Conclusion

This article explores Chinese diplomatic transformation from the angle of the new groups of sub-state actors in China's diplomacy. It started with an exploration of the context of domestic and international politics in diplomatic transformation, and then discussed the roles of local governments, different governmental agencies, NGOs and enterprises in China's changing diplomacy. The following tentative conclusions can be drawn from this research.

First, the increasing level of interdependence between China and the international system is the context in which Chinese diplomacy has transformed. In terms of the Chinese political economic system, consensus, consultation and cooperation between central government and other emerging actors have always been, and are still seen as, essential political requirements for state-building. It seems that as long as these requirements are being met, China advocates the incorporation of these so-called multi-actors into its diplomatic system.

Second, this article shows that the role of local government and non-state actors in the international arena has not risen to the level at which the central government conducts its diplomacy. The role of the newly emerging actors is still of limited importance to diplomacy, as the core power of diplomacy is still in the hands of the central government. However, the article also shows that newly emerging actors do contribute to Chinese diplomatic transformation and progress. In particular, new forms of diplomacy — such as track-II diplomacy, public

<sup>38</sup> Li Anshan, 'Zhongguo Yuanwai Yiliaodui de Lishi, Guimo jiqi Yingxiang [Chinese Medical Teams Abroad: A History of Medical Cooperation]', in *Waijiao Pinglun [Foreign Affairs Review]*, vol. 26, no. 1, 2009. See also Zhou Hong, 'Zhongguo Duiwai Yuanzhu yu Gaige Kaifang Sanshi Nian [China's Foreign Aid and 30 Years of Reform]', in *Shijie Jingji yu Zhengzhi [World Economic and Politics]*, no. 11, 2008.

<sup>39</sup> Over 90 per cent of China's ODA programmes are currently managed in the Department of Aid to Foreign Countries of China's Ministry of Commerce; see the Institute of Research at the Chinese Ministry of Commerce (ed.), *Zhongguo Duiwai Jingji Hezuo Sanshinian [China's External Economic Cooperation, 1978-2008]*, p. 224.



diplomacy, economic diplomacy and local diplomacy — could not occur without the engagement of these new actors. What is more, closer relationships between domestic and international politics lead to easier access by international actors such as INGOs, foreign multinational enterprises, foreign local governments and governmental agencies to Chinese domestic politics. These international actors increasingly establish coalitions with like-minded Chinese domestic counterparts, thereby influencing the diplomatic policy-making process. In this era of globalization, the traditional view of the central government as a unitary diplomatic actor needs to be reconsidered.

Third, although central government now incorporates multi-actors into its national diplomatic system, it cannot afford to ignore the possibility of competition among different actors. Local and non-state actors do not always keep pace with central government in diplomatic areas and this may pose a risk to the coherence and integrity of the central government's policies.

Finally, this research suggests that the Chinese diplomatic system is under great demands to reform itself to coordinate better the multi-actors' activities, domestically and internationally. More challenges will appear, as China is expected to play a greater role in the future in the management of an interdependent world. Efforts, for example, such as the establishment of trans-governmental coordination mechanisms reflect the importance of organizational innovations to meet the ongoing challenges. This article illustrates that coordinating mechanisms for national diplomacy have been gradually constructed. However, concerning China's rapid rise in the global arena, the deficit of these efforts will remain a major constraining factor for China's ongoing 'go-out' strategy in the future.

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