



EU-China Hub

Interview Series



JUSTYNA SZCZUDLIK

COLD CENTRAL, HOT LOCAL?
EU-CHINA SUBNATIONAL COOPERATION
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About

EU-CHINA HUB

We are a Brussels-based, private, non-profit initiative pushing forward dialogue on EU-China relations.

Given China's rapidly rising importance on the global stage, it is now more important than ever for EU-China relations to be better understood not only by an inner circle of professionals and enthusiasts, but also by politicians, business people, and the general public.

This is especially true as Europe struggles to embrace the complexity of its relationship with China as a partner, a competitor, and a rival.

We aim to break down this complexity in a digestible format by aggregating the key EU-China news stories and interviewing important players directly involved in EU-China relations.



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Our
GUEST



JUSTYNA SZCZUDLIK

**Head of the Asia-Pacific Programme and a
China analyst at the Polish Institute of
International Affairs (PISM)**

Following a three-year study, she recently co-authored and published a report on EU-China paradiplomacy, "[The Subnational Dimensions of EU-China Relations](#)", which was released by the Institute in cooperation with experts from the University of Lodz in Poland.

More widely, her research interests involve relations between China and Central and Eastern Europe, and Sino-Polish relations.



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COLD CENTRAL, HOT LOCAL? EU-CHINA SUBNATIONAL COOPERATION

Edited by Grzegorz Stec and Michael Durgin

The following interview is based on an episode of "EU-China Podcast" produced by the EU-China Hub in Feb 2020. It has been edited for length and clarity.

Grzegorz Stec: Let's discuss today's general topic: EU-China paradiplomacy. This might be a new term for some of our readers. Can you briefly explain what paradiplomacy is?

Justyna Szczudlik: Paradiplomacy could be defined as international relations between subnational entities, such as between local governments in two countries. The goal of that cooperation is to achieve economic, cultural, or political benefits. Put another way, it is international cooperation between local governments and between other local entities, such as business-related, cultural, and educational organizations.

GS: So, how does paradiplomacy—this local level of international cooperation—fit into the wider scheme of things, like EU-China relations?

JS: Local governments cannot conduct foreign policy; that is reserved for each country's central government. All international activities should be consistent with the central government's foreign policy goals, but local entities are pretty active in international cooperation. This is a kind of public diplomacy, not hot politics or high politics, but low politics. They are engaged in international cooperation, but not foreign policy per se.

This is important because policies set up by central governments are implemented at the local level. Local governments negotiate investments with Chinese partners, or facilitate trade between Chinese or European companies in a particular region, or people-to-people exchange, or cooperation between universities or cultural entities.

It's very important that everything be local. A central government only creates a framework for cooperation; the real content is at the local level.

GS: I'm really happy that we get to cover this topic. In our previous interview, we took a look at the big picture, the geopolitical perspective of EU-China relations. Here, going local, we can look at how that translates into concrete content, a topic of increasing interest to researchers. Your three-year study covered over 75 regions from five EU countries and the United Kingdom, with surveys and follow-up interviews. Why did you decide to run this project?

JS: The initiator of the project was Professor Tomasz Kamiński from the University of Lodz. He came to the Polish Institute of International Affairs with a proposal to conduct joint research. Tomasz, my colleague Adriana Skorupska, and I decided to run this project because we believed that there had not previously been a complex, comprehensive study with research and analysis about the subnational dimension of relations between China and European regions.

China is, of course, important for EU member states, as Brussels has noted. We wanted to know if the EU was aware of what is going on at the local level between Chinese and European regions and if subnational cooperation has any impact on the EU-China level. Are there contacts between Brussels and European regions who can exchange views or information about relations with China?

GS: Based on the report, can you give us a general overview of the state of EU-China subnational-level cooperation?

JS: During our research, we identified 146 partnerships with Chinese regions; 8% of the local governments that responded to our request have cooperated with China at the subnational level. Of these, 77% declared that those partnerships were still active over the previous two years, through joint activities, contacts, or exchanges of delegations.

The first such partnerships were established in the 1980s, mostly by German, French, and British regions with regions in the Eastern coastal part of China. At the time, China, under Deng Xiao Ping, was opening up and this part of China had special economic zones. In the 1990s, there were not many new partnerships, probably because of what happened in Beijing's Tiananmen Square, in 1989.

At the beginning of the 21st century, some new partnerships were formed, again mostly by German, French, and British regions, once again with the coastal part of China. Starting in 2008 or 2009, because of the financial crisis, there were fewer new partnerships until about 2010-2012. We also see countries like Poland, Italy, and Spain starting to cooperate at this time with Chinese partners.

And we found 47 new partnerships formed since 2014, probably because of the launching of China's Belt and Road Initiative.

A few Chinese provinces have partnerships with all six member states that we surveyed. There are four important Eastern coastal regions: Shandong, Shanghai, Jiangsu, and Guangdong. Then we have Hunan and Hubei, also Eastern provinces but without access to the sea. And from central China, two areas, Sichuan and Chongqing. This is the landscape of the cooperation.

GS: What are the motivations for local governments in Europe to seek cooperation with China in the first place?

JS: The first, most important driver is the economic dimension: expand exports, as all EU member states have trade deficits; expand investment; and attract Chinese investment. The second driver is cultural or educational cooperation, with political reasons or rationales. Scotland is a very good example. It is trying to have very close relations with China to be more independent and more visible, because of its specific place within the United Kingdom. There are other reasons in different regions, but these are the two most important drivers.

GS: Which European regions have the most active cooperation with China? Is there a pattern to why they are successful?

JS: Frankly, it's difficult to measure. In the eighties, the Germans, French, and British launched cooperation with China's Eastern coastal regions. But it's difficult to say which of the European regions are very active now.

We have noticed, though, an interesting effective cooperation triangle: In most cases, three entities cooperate with each other to go to China to initiate cooperation. These three entities are local governments or local authorities, local business, and local educational institutions, mostly universities. It is most effective if these three entities cooperate first with each other and then launch cooperation with China.

GS: Can you give us a couple of success stories of European regions cooperating with China?

JS: The Polish case of the Lodz region could be perceived as a success story. Lodz and its region are visible now in China because of very active cooperation on the Polish side, because of this triangle. Meaning that we can observe cooperation between the local government, business, and universities, specifically the University of Lodz.

GS: Can you tell us a little bit more about the specific benefits and challenges of working with China at the subnational level?

JS: In addition to the visibility and recognition of the city and region of Lodz, there are economic benefits. For example, I was told in Liverpool that they know how much money Chinese students and visitors spend per year in the city. This is then a concrete amount of money that they would like to earn from Chinese individuals. Another benefit is the exchange of experience in the process of doing something within a city. In Liverpool it's important to exchange experiences on things like how to run port facilities.

When we ask a question about challenges or problems with cooperation, almost 100% told us that the biggest problems are distance, costs, and understanding China. Some of the time, because of a lack of human resources, one person is responsible for their country's cooperation with many other countries.

There's also a problem with different understandings of needs. Let's say that a Chinese delegation is coming to a city, to a region, and they have some kind of MoU. The European region believes that what is written will be implemented, and they are then waiting for the next step.

GS: I think we can see this also at the central level. When Chinese delegations engage with foreign counterparts, they tend to sign MoU's rather than concrete agreements. The Europeans, in this case, would expect the MoU's to be a step toward implementation and would wait for further actions from the Chinese. This often does not happen because, for the Chinese, signing an MoU is more akin to giving a general political blessing or creating a space within which relevant, implementing entities can then act. Whether they will or not is a whole separate matter. Also, Chinese delegations want to report "success" to their superiors without waiting to complete the details of actual deals and taking the risk if the deals don't materialise. So, for them, MoU's seem like the perfect solution here. I think that such a misunderstanding on what signing an MoU means inflates expectations on the European side, which can lead to frustration with China and, ultimately, either disengagement or tensions.

JS: Yes, with symmetries of scale and expectations, it can be difficult to find synergy between what the Chinese side wants and what the European region is expecting from the cooperation.

GS: I want to ask you about the Chinese perspective. When Chinese provinces and cities are looking for local level cooperation partners, do they target specific sectors or geographical regions?

JS: The Chinese central government mostly designates the specialities of the particular regions in terms of areas of cooperation (such as logistics, trade, or high tech cooperation), but it also gives geographical guidance. For example, Sichuan Province and the city of Chengdu were assigned by the Chinese central government to work with the Central and Eastern European region. And this is one of the reasons that motivated them to pursue close cooperation with the Lodz *voivodeship* [administrative region in Poland] and Lodz city, which I already referred to.

Liverpool, for one, is aware of the fact that the different provinces have different specialisations. If they need something and would like to cooperate on specific areas with Chinese regions, they know where to go. Sometimes, though, other regions from the European Union try to connect to the wrong province.

GS: So can we say that the blueprint as to who the Chinese provinces are going to work with is still driven by the central government?

JS: Yes, because the Chinese state is unitary. Provinces and local governments are a means of transmission for achieving the goals set up by the central government. Now we are observing the process of centralization under Xi Jinping.

Even though the central government decides what local governments should do and what kind of goals they should achieve, some provinces are particularly strong economically. These regions are very well integrated into the global economy because they were opened in the 1980s. In the second stage of globalisation, the creation of supply chains and transnational companies further improved their position, as they had already been deeply involved in the process. Some are even so strong that they can negotiate with the government. But the general trend is centralization to the unitary state.

GS: So, the relationship between the central government and local governments in China on paradiplomacy is very complex. I suppose that's also true on the European side. Can you tell us a little bit more about how those local level relations are used and can impact central level relations?

JS: In our report, we assume that the subnational level could be a channel used when relations at the central level are getting worse.

At the central level it is cold politics, but at the local level it is hot economics or hot cultural exchange, hot scientific cooperation, with people-to-people exchanges.

However, relations at the central level also impact relations on the local level. So if everything is okay at the central level—let's say Poland and China decide to upgrade relations to a comprehensive strategic partnership—then everything will be okay at the local level. Given a signal from the top that China is worth cooperating with, local governments then decide whether to launch cooperation with specific regions. But when the situation is getting worse, like in the Czech Republic or in Sweden, we see local governments becoming pretty active in limiting cooperation and sometimes even cutting ties with Chinese partners.

In the United States, as an example, the Trump administration is not very happy with climate change policy and the United States is now no longer part of the Paris agreement. But we can still communicate and cooperate with local US governments dealing with climate issues. So, the local level could be a channel to maintain contacts, despite the fact that central government relations are not very good. It's the same situation in the case of relations between China and the EU.

GS: I want to ask you about the recent row between Prague and Beijing. What is the situation? Is it a case that shows how subnational actors can have an impact on national relations? Or was the situation in Prague the effect of central-level ties and relations getting weaker?

JS: The new mayor of Prague—who is from another party than the previous mayor, who had signed a cooperation agreement with Beijing—decided to get rid of the statement from the agreement about the one-China policy. Of course, Beijing was not very happy so Prague decided to sever ties with Beijing and then upgraded relations with Taipei, the capital of Taiwan. Shanghai then decided to cut ties with Prague.

This was an aftermath of activity at the central level. The current Czech government is cautious, so relations with China have been getting worse. This is a good example of how the central level impacts the local level. A signal is sent from the top to the local level that something is going wrong.

The human factor is also very important. This mayor of Prague is very outspoken in underscoring cooperation with Taiwan. He would like to be perceived as following Vaclav Havel's agenda: on human rights, Tibet issues, Taiwan issues. But Prague wasn't the initiator of weakening relations with China. It was the central government.

GS: It's a very interesting case with implications for the debate about the 17+1 framework.

I want to ask you about recommendations. What lessons can be learned from the EU-China subnational level that might be important for other levels of EU-China relations?

JS: Central governments and Brussels should use human resources at the local level. Some say that European local governments are not aware of what is going on in China; that governments, business circles, and academic circles in the European regions are not experts on China and do not know what to do. I do not fully agree. We should use local-level experts and the experiences of local governments cooperating with China, even if this cooperation is not highly successful. I think that it's very useful to look below the central level.





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