China's Provinces as Global Actors: Evidence from China-Africa Relations

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Analysing Chinese strategy, foreign policy and influence from the inside out.

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Charlotte Lenz is an associate at China Foresight. After studying Chinese domestic politics during her Bachelors, Charlotte Lenz obtained her Master’s degree in International Relations from the London Schools of Economics and Political Science, focusing on the role of Chinese provinces as foreign policy actors. She is currently working for the United Nations Development Programme in the Republic of Moldova.
Since China’s ‘Going Global’ strategy in the early 2000s, Chinese provinces have joined a growing number of actors involved in China's South-South relations, and in China-Africa relations in particular. Each actor is driven by different interests and enmeshed in various partnerships and institutional frameworks.

Despite scholarly work pointing to the contrary, China largely remains seen as a unitary actor; even within studies focusing on disaggregating the Chinese state, little attention has been paid to Chinese provinces and their role in international politics. Despite recognising that provincial governments are involved in China-Africa relations, their interests have not been analysed in depth, unlike inter-ministerial tensions in China or the role of central state-owned enterprises (SOEs).

Moreover, the remaining divide between international studies and Chinese political science has translated into a lack of understanding of China’s central-local relations, and the impact of these dynamics on Chinese actors operating abroad. Even though China Studies has looked at China as a decentralised state since the 1990s and argued this view remains relevant under Xi, the focus on sub-state actors engaged in foreign relations remains on liberal, federal states; the underlying assumption being that non-liberal states do not have sub-state actors influencing their foreign relations.¹ With China’s ever-growing presence abroad, bridging the gap between the two fields of study is certainly needed.
The aim of this paper is to focus on China's provinces and their role in international politics, using conceptual models of central-local relations from Chinese political science. The focus will especially be on China-Africa relations, where Chinese provinces figure as key actors in a wide range of sectors through formal and informal ‘twinning’ and clustering mechanisms influencing China’s aid policy and internationalisation patterns. By understanding provinces as foreign policy actors with distinct interests, levels of autonomy, and policy space—depending on the sector activity—this paper highlights how power distribution remains fragmented in China, despite the authoritarian system and Xi’s centralisation policies.

**Disaggregating China**

Conceptual models based on a rich literature within Chinese political science offers three theoretical models of centre-local relations: provinces as subordinates, provinces as collaborative partners, and provinces as agents and initiators. Applied to provincial governments’ foreign engagement, these models allow for a deeper understanding of provincial governments’ role in China’s international relations.

While the first model would fit within the broader view that China’s authoritarian regime does not give provinces any policy space, upon closer analysis, Chinese provinces have developed distinct international interests; the result of gaining more autonomy through the decentralisation policies of the 1990s and the ‘Going Out’ Policy of the 2000s. These interests have been maintained—despite Xi’s recentralisation—and align or compete with those of the central government, creating a complex landscape of numerous actors engaged in foreign policy. Provinces are pursuing domestically-driven interests and exercising different degrees of agency, depending on the area of foreign policy. Examining Chinese provinces thus provides a richer picture of China’s international relations, while also expanding conceptualisations of sub-state agency in International Relations to include non-Western, non-liberal sub-state actors.

Since China’s fiscal decentralisation in the 1990s, provinces have increased their autonomy in certain sectors. The resulting division of labour between the centre and local authorities leaves the latter to focus on ‘low politics’ sectors: aid policy, health, agriculture, culture, and economics (through provincial SOEs). This fiscal and managerial decentralisation of the 1990s also meant that provincial SOEs are now backed by their respective provincial governments allocating financial funds. Since China’s ‘Going Out’ strategy, sub-state actors—provincial SOEs
and provincial governments—have been pursuing their interests abroad too: the interests of Chinese provinces are thus not only domestic, but global.

China’s decentralisation policies in the 1990s also reflect another characteristic when conceptualising China’s fragmentation: the level of alignment between provincial SOEs and provincial government interests, and thus the extent to which the terms ‘provincial SOEs’ and ‘provincial governments’ can be used interchangeably. With fiscal decentralisation and the transfer of some SOEs to provinces in terms of management and subventions, provincial SOEs have formed stronger bonds with provincial governments than they have with the central government. Although provincial SOEs overall rely on a good relationship with local authorities, each SOE depends upon provincial authorities to varying degrees when seeking new markets abroad.

This is due to three factors. Firstly, provincial official interests are driven by cadre improvement criteria. Depending on each provinces’ priorities, SOEs could focus on economic growth—being strongly incentivised to make profits—or on providing low unemployment criteria—turning SOEs into job-generating vehicles. Secondly, the provincial supervision over SOEs may be diminished when the latter operate abroad, translating into de facto financial independence and managerial autonomy. On the other hand, provinces can also decide to support SOEs abroad, such as through funds from the central and provincial governments, preferential taxation, or subsidies. Thirdly, China’s patronage networks—with CEOs of provincial SOEs and local officials sharing informal business-political networks—add another layer of complexity to distinguishing between SOEs, personal interests, and provincial interests. The resulting political landscape is a diffusion of power between provincial governments.

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and provincial SOEs, with domestic, international, state and market incentives overlapping, reinforcing or competing with each other.

Provinces under Xi

Despite Xi’s efforts at re-centralisation, provincial governments remain prevalent as foreign policy actors, particularly in South-South cooperation and even more so in China-Africa relations, which have developed rapidly due to China’s interests in the region.\(^5\) While it is commonly understood that policy design and strategy is kept under the control of Beijing, sub-state actors pursue their objectives—including their international interests—through a “dual strategy”: influencing the foreign policy design from within the state, and when implementing global strategies or engaging in international activities.

In the case of Xi Jinping’s flagship project, the Belt and Road Initiative (BRI), provincial governments and SOEs have lobbied key decision-makers to fit their existing interests or to institutionalise already existing practices.\(^6\) Provincial SOEs are also independent with regards to decision-making and financial resources; existing practices by these SOEs are regularly formalised by Beijing, rather than imposed in a top-down manner.\(^7\) Furthermore, since the BRI was initially designed, local governments have leveraged its ambiguity to pursue their own interests, often diverging from the central guidelines but fitting their local economic needs. This has led several provinces to set up funds to save loss-making SOEs, as well as unsustainable sectors such as coal industries, justifying this as exploring overseas opportunities under the BRI.\(^8\) Some have even argued that this divergence between design and implementation, including the use of purposefully ambiguous language, is rooted in the institutional design and implementation of the BRI. While some scholars argue that implementation issues arise from a ‘principal-
agent dilemma’—i.e., the result of distortion or blocked information streams between the centre and the localities—Ye’s field research on BRI implementation in provinces challenges this, highlighting frequent top-down and bottom-up communication.9 Despite re-centralisation efforts under Xi Jinping and the authoritarian system overall, power distribution remains fragmented within the Chinese state and in its foreign relations; provinces seek to achieve their own objectives through implementation of the centre’s ambiguous guidelines, typically reflecting existing policies and practices.

Provinces as collaborative actors: health and agriculture

The collaborative model is particularly apt at describing central-local mechanisms: sub-state agency is not necessarily opposed to central governments’ objectives, but instead a collaborative and overall mutually beneficial labour division between central and local governments.10 Indeed, Chen contends that Chinese provinces adhere to this model, although the centre remains able to remove the provinces’ power at any time.11 In China’s international development policy, labour division is implemented through the mechanism of twinning.12 This twinning mechanism can be found in two areas of China’s aid towards Africa: health diplomacy and agricultural development.

Twinning serves as a framework for decentralised cooperation in China’s foreign aid policy. It allows for a labour division between the centre and the provinces, with central agents designing policies, and provincial government as key actors in executing projects. While the concept of twinning exists in other countries, China’s distinctiveness is the pairing of a sub-state actor (e.g., a Chinese province) with a state (e.g. an African nation). This practice dates from China’s health diplomacy during the Cold War, and has since enabled the institutionalisation of longer-term commitments, more efficiency, and a deeper understanding of local conditions. It also allows broader foreign policy objectives, like implementing guidelines from the Forum on China-Africa Cooperation (FOCAC). Sending medical teams abroad also gives overseas Chinese workers access to free medical care and supports China’s long-term presence in the country, as explained in one report.13 More recently, the COVID-19 pandemic has highlighted the usefulness of such institutional mechanisms, enabling the deployment of rapid medical response teams, with each Chinese province responsible for delivering medical assistance to their twinned African counterpart.14 This has ensured a more effective and efficient promotion of China’s health and vaccine diplomacy.
However, even in the cases of cooperative models—such as health diplomacy—tensions still arise. The twinning mechanism has not evolved since its conception in the Mao era, with contemporary twinning resulting from the institutionalisation of historical pairings. This mechanism does not account for provincial disparities; coastal provinces are increasingly struggling to find willing doctors to work abroad for lower wages and have begun sending less qualified medical staff abroad, disregarding the recruitment criteria set by the centre.\textsuperscript{15} While this does not contradict the overall analysis that health diplomacy follows the collaborative model, the rigidity of the current system creates a “flawed collaboration” which could compromise the central government’s overall health diplomacy.

A further example of twinning can be found in China’s Agricultural Technical Development Centres (ATDC). These ATDCs—between selected provinces and African countries—are a central aspect of China’s agricultural development policy, serving the dual objectives of bolstering diplomatic relations and providing a platform for increased economic relations. The development of an ATDC follows three phases: design and construction, technical cooperation, and business operation. The first and second phases showcase the abovementioned ‘dual strategy’. Project design is given to central bodies (ministries), which plan and select the province, and the provincial SOE, which implements the ATDC. The provinces exert influence and lobby during the selection process which, while institutionalised, remains neither open nor competitive. Chongqing, for example, successfully lobbied the Ministry of Commerce to be granted the ATDC in Tanzania.\textsuperscript{16} Moreover, provincial agency starts in the first phase, when the selected province chooses the Chinese company which will construct the ATDC; the project simultaneously facilitates first-entry into a new market for the selected company.

In phases two and three, provincial implementation allows further policy space to pursue other economic interests, but also supports a broad range of relations beyond agricultural development. The ATDC twinning can be leveraged to support further investments by other provincial businesses, and implementation also provides a platform for political linkages beyond agriculture, such as governance, education, culture or health.\textsuperscript{17} For instance, it can provide the basis for institutionalising regular economic exchanges, personnel exchanges and training between legislative bodies.

However, challenges in implementation can jeopardise the success of the ATDC—particularly its economic sustainability—and thus compromising
Beijing's goals of technology transfer and commercial viability of the ATDC. Lack of coordination and clear distribution of roles between Chinese actors—alongside a lack of capabilities, experience and understanding of local conditions by provincial SOEs—are problems found in several ATDCs, such as in Togo or Equatorial Guinea. As such, agricultural twinning presents central-local relations as collaborative, even if conflicting priorities between the two may result in implementation issues.

Conceptualising provinces as collaborative actors—whose interests mostly align with those of the centre even in case of implementation issues—does not discredit the idea that there is a need to disaggregate the Chinese state, nor the validity of understanding sub-state actors as distinct foreign policy actors. The emphasis on the ‘province as collaborator’ model concerns the synergic nature of local-centre relations: sub-national involvement is perceived as a necessary labour division for a successful implementation of agricultural and health cooperation. Local provinces also do not have strong incentives to go against the centre, as the latter sustains the cooperation programmes, financial benefits, and political ties necessary for overseas activities.

Provinces as initiators: economic relations

Although formal twinning does not take place within provinces’ economic policies, informal twinning mechanisms—or provincial ‘clustering’—occur. In these cases, the province and its SOEs play a more proactive and initiating role in shaping international economic relations. Sectorally-defined patterns of economic investment and relations can be found in China-Africa relations, with companies from the same province locating their operations within the same African country. This encourages provincial interests to focus on...
on these specific states, strengthening and broadening their engagement in these countries.  

One case-study of this informal twinning and the resulting ‘provincial clustering’ is Zambia’s construction sector: leading provincial SOEs—ZIEC, Zhongding and Zhongmei—have strategically positioned themselves in Zambia, and have helped in lowering first-entry barriers for smaller firms by supporting them, chiefly through sub-contracting. In turn, provincial governments have supported this clustering, referred to as ‘join forces to go to sea’ ("抱团出海" baotuan chuhai) or ‘group to go to sea’ (集群“出海” jiqun chuhai). In fact, domestic factors, such as party objectives of high employment and economic growth, have led Jiangxi province to favour the construction industry as a backbone industry, as it promotes economic growth and helps alleviate unemployment.

As such, the presence of provincial SOEs in Zambia seems to be the force behind the province’s own economic policy, rather than the other way around: the role and interests of the province is to strengthen existing economic interests and encourage more investment. Broader engagement can now be found between Jiangxi and Zambia—includes SOEs and the private sector—with activities promoted by the province in facilitating access to finance and strengthening linkages between local and central banks, and the establishment of trade-facilitating platforms in Zambia—such as provincial Chambers of Commerce. Jiangxi-Zambia economic relations were further reinforced by a Jiangxi Multifunctional Economic Zone in 2018 supporting further investment and cooperation in other sectors and justified as an implementation of the BRI. Additionally, two of the major private Chinese construction firms are owned by settlers from Jiangxi. As a result, Zambia’s construction sector is dominated by SOEs and private businesses from Jiangxi, which account for a fifth of all Chinese companies investing in the country. Finally, provincial SOEs remain crucial actors in China’s foreign relations with that country, even representing the province in some instances and acting as key partners in the development of the new Special Economic Zone (SEZ).

Provincial governments, following interests driven by domestic factors, thus influence the internationalisation patterns of Chinese SOEs in Africa: future foreign investment flows, economic policies and sectorally-defined migration and investment. This dynamic—expanded institutional engagement of provincial authorities in international affairs through the support of provincial SOEs—is supported by other studies. Informal twinning via clustering underlines the important role of provinces in shaping foreign investment, sectorally-defined investment, economic relations and migration. Moreover, it
also illustrates how central guidelines and policies (such as the BRI), are used to promote provincial interests. This reflects the ‘province as initiator’ model as well as the alignment of interests both of provincial SOEs and provincial officials’, with central policy being utilised to justify previous and future presence, but not necessarily shaping the pattern and location of economic engagement towards Africa.

Moreover, China’s international economic relations is the area where inter-provincial competition and misalignment between the centre and the provinces are most prevalent. With more autonomy to pursue economic interests abroad, local agents can possibly act against the interests of Beijing. One stark example is the 2013 Galamsey Crisis in Ghana, which highlighted how Chinese officials from Guangxi Province’s Shanglin County supported around 15,000 Chinese between 2008 and 2012 to participate in illegal gold mining in Ghana; this negatively impacted Sino-Ghanaian relations and complicated Beijing’s overall foreign policy towards Ghana.27 While the tension has receded, it remains an issue, as some Chinese in Ghana still pursue illegal gold mining. Decentralisation has thus internationalised provincial interests, in some cases to the detriment of China’s overall state interests.

**Conclusion: the continued role of provinces**

While Chinese provinces are more limited than sub-state actors in many other states due to the nature of China’s political regime, they nevertheless play a central role in China’s engagement across the Global South, particularly in Africa. Their presence facilitates and sustains close engagement with specific African countries through twinning and has contributed to China’s overall foreign and economic policy footprint. Moreover, through China’s decentralisation policies and its ‘Going Out’ strategy, provincial governments have developed distinct interests overseas through the lens of provincial SOEs. These economic interests have resulted in an indirect twinning clustering, with certain provinces forming closer and more diverse relations with specific African countries. The resulting political landscape is complex, because provinces pursue domestically driven interests overseas and compete with one another. Provincial SOEs are driving and/or benefitting from provincial governments’ policies, which can align, compete or conflict with central government’s interests depending on their priorities. As China’s international engagement grows, provinces remain part of China’s fragmented power distribution. ■
Endnotes


Kernen, 2014; Shi & Hoebink, 2020.

With the launch in the early 2000s of China's ‘Going Global’ Strategy, Chinese provinces became one group of actors participating in China's South-South relations. In this Strategic Update, Charlotte Lenz investigates the role of Chinese provinces as foreign policy actors and explains their internationalisation strategies, challenging the prevalent perception of China as a unitary actor on the world stage. Drawing on evidence from Africa-China relations, the report identifies two strategies employed by Chinese provinces in pursuit of their foreign policy interests: (1) Formal and informal “twinning” as a collaborative model between central and local actors, wherein central actors design policies and provincial governments execute projects; (2) and “clustering” according to a sectoral logic of investment and diplomacy in which a certain Chinese province engages a certain foreign country. Despite ongoing bureaucratic centralisation under Xi Jinping, provinces continue to pursue their own internationalisation strategies to help meet local economic and employment targets. Understanding their agency, interests and limitations is thus key to deriving a better understanding of China’s evolving global presence.