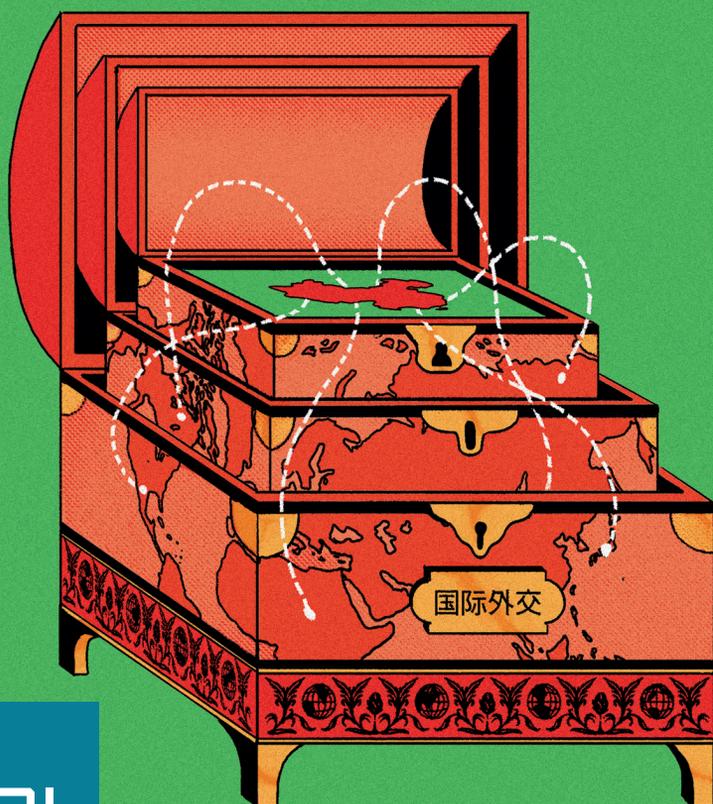


CHINA'S FOREIGN POLICIES TODAY

WHO IS IN CHARGE OF WHAT

edited by **Axel Berkofsky** and **Giulia Sciorati**

introduction by **Paolo Magri**



ISPI

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ISPI

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Introduction

In the decade since Xi Jinping took power in 2012, China's foreign policy has witnessed a significant change, from a defensive to an assertive approach. For decades, while spurring economic growth, Beijing worked to integrate into the liberal international order and present itself as a peacefully rising power. While some elements of this "peaceful rise" narrative persist to this date, under President Xi Jinping's leadership, the country has been projecting the image of a more powerful nation in the international arena. And although Xi's strategy aims to reassure other nations that Chinese intentions are benign, he is also attempting to create a global system that is more favourable to his country's interests. In essence, Xi has shown he is unwilling to adapt passively to the existing order created by Western powers.

The Ukraine invasion is a case in point. The Beijing administration has refused to formally condemn Moscow's actions and to offer solid diplomatic support to the West. This is in line with Xi's global strategy, whereby Beijing has forged stronger ties with countries that support its objectives in international institutions and agree to call for change in the global order dominated by Western powers – a key partner being Russia. However, while Russia has proved to be a key supporter of China's global agenda in recent years, this partnership is risky for Beijing's international relations. In this specific case, Beijing's unwillingness to condemn the invasion of Ukraine has spurred the development of a Western bloc that

is more united and critical of China, while some Asian powers also appear to be accelerating their attempts to reduce their dependence on Beijing. China now faces the arduous task of “saving face” internationally while, at the same time, pursuing a more active and assertive foreign policy for which Moscow’s support remains paramount.

Closer to home, China has tried to consolidate its influence in the Indo-Pacific region by deepening its regional partnership with the Association of Southeast Asian Nations and offering alternatives to US-led initiatives, especially the Quadrilateral Security Dialogue and the AUKUS pact, through the Belt and Road Initiative and the Regional Comprehensive Economic Partnership. Similarly, Beijing has attempted to rebalance the relationship between European countries and the United States via other trade and cultural agreements.

Xi’s foreign policy has thus emerged as being characterised by more significant frictions with Western powers in matters considered “core issues” for China—above all, territorial integrity, national sovereignty, and non-interference in domestic affairs. Under Xi, responses to criticism over human rights violations in Xinjiang have been harsh, with China imposing sanctions against Western companies, research institutes and individuals. A less direct – but still similar – approach has been used against states voicing support for Hong Kong’s or Taiwan’s claims. In the same vein, during the outbreak of the Covid-19 pandemic and with China’s reputational damage growing worldwide, diplomacy in Beijing has assumed more colourful tones in what scholars have dubbed the birthing moment for “wolf warriors”.

Given this newfound approach to foreign policy, maintaining positive diplomatic relations with China implies that its core interests need to remain a central consideration. Beijing’s relations with partners such as the European Union, Japan and South Korea continue to be safeguarded as much as possible, despite their contrasting political ideologies. However, the country’s foreign policy also includes economic goals. Indeed, one of China’s significant challenges is pursuing a more active

foreign policy while maintaining open and solid economic relations with the West.

Rooted in these and other considerations, the Report examines China's current approach to foreign policy and the drivers of the country's dramatic shift away from tradition. The study complements theoretical analyses on the inner workings of Beijing's foreign policy decision-making processes with empirical evidence drawn from China's stance towards the Russia-Ukraine war and foreign conflicts in general.

In the first chapter, Niklas Swanström walks us through the numerous state and Party agencies influencing China's foreign policy process today, challenging the oversimplified notion that the country operates through an unwaveringly unitary front. The author considers the sub-groups that lobby China's foreign policy-making, at the same time pointing to the role played by Xi as an influential actor detached from the state and the Party. Swanström underscores that, after Xi's reforms, the Communist Party of China (CPC) continues to trump the state when foreign policy is involved, but warns that the extent of the Party's control over foreign policy actors is limited and that the current frenzy for centralising power is counterproductive.

The second chapter expands on Xi's impact on China's foreign policy process. Hongyi Lai recognises the President's unique imprint on the country's decision-making, while identifying the transmission of Xi's goals and style to the highest levels of the country's diplomatic force. This element ensures that some form of collegiality remains in the foreign policy process. According to Lai, this collegiality still plays a crucial role in foreign policy deliberations – especially in critical cases like the Ukraine invasion – thus constituting a limit to Xi's power centralisation.

The subsequent chapter unpacks the role and status of the interest groups identified by the previous authors, arguing that three macro-categories make up China's overall foreign policy process. According to Yanzhuo Xu, foreign policy-making in fact consists of foreign policy decision-making, policy suggestion and policy implementation. While the first is

ascribed to the centralisation processes of Xi's presidency, policy suggestions and execution are considered moments during which stakeholders have a say in how foreign policies unfold. However, the author argues against those studies that treat the foreign policy process in China as a form of bargaining between interest groups, tracing foreign policy back to the country's decision-making system.

Following up on Xu's argument, Flavia Lucenti and Alice Politi detail two specific interest groups. In particular, Lucenti analyses the People's Liberation Army (PLA) as a stakeholder traditionally involved in how foreign policy decisions are taken. The author traces the different reform phases through which the PLA acquired interest-group status throughout history, focusing on the Central Military Commission and the impact of Xi's recent power centralisation efforts on the military's ability to continue playing this particular role. Lucenti concludes that military renovations have drastically diminished the extent to which the PLA continues to have a say in foreign policy.

Politi, in contrast, investigates the role of Chinese private and State-Owned Enterprises (SOEs) in foreign policy decision-making. The author builds her argumentation on the notion that today China's leadership is forced to coordinate a wide array of actors pursuing at-time-conflicting interests. In contrast with Xu's rebuttal of bargaining between interest groups, Politi argues for foreign decision-making processes to emerge from a negotiated consensus among different stakeholders. To support her argument, the author stresses, first, the structure of SOEs and their commercial interests as factors that are crucial in supporting the country's international economic goals and, second, the minor but key role of private companies in sustaining the country's economic growth and the related supervision they are subjected to from the Chinese government.

Lastly, based on the work presented by previous contributors, Axel Berkofsky and Giulia Sciorati, draw some conclusions on the main characteristics of China's foreign policy today,

which the authors argue will be decisive in shaping China's future stance. Berkofsky and Sciorati's chapter plays on the two authors' different perspectives, highlighting three aspects of the country's foreign policy – namely activism, compliance with the baseline and predominance of publicly voiced strong opinions – as the elements that are primarily bound to affect the country's foreign decision-making processes especially after the Ukraine crisis. Indeed, the authors suggest that the Russo-Ukrainian conflict has been a critical juncture in the evolution of China's decision-making system, as the war has uncovered the structural weaknesses of this centralised system that merely echo domestic status-quo opinions.

Paolo Magri
ISPI Executive Vice President

1. The Party-State Dichotomy: Convergence and Divergence in China's Foreign Policy

Niklas Swanström

Xi Jinping has consolidated much of the power in the Chinese system, and his foreign policy is no different from other areas. On the contrary, President Xi has been very involved in foreign policy issues, and he has made a personal commitment to this sphere. Since he took power in 2013, there have been reforms in most areas of the Chinese State, with the regions, armed forces, and State functions increasingly subordinated to the Party and Xi's power. With China increasingly assertive, and even aggressive, towards foreign states and their sovereign decisions that China interprets as going against Chinese interests, China's foreign policy has increased in importance. Foreign affairs have become a more crucial power base, not least since the establishment of the Belt and Road Initiative (BRI) and the economic and political gains that could be carved out for individual actors.

In a state such as China, where policy often operates out of a black box and is based on personal connections, it is relevant to understand how decisions are taken, who takes them, and how they are executed. It is essential to understand that organisations and individuals are always driven by their interests and profits, maybe even more so in a totalitarian state such as China. There are different perspectives on who runs the Chinese State and its foreign policy, but generally, it is always a simplified view,

much out of the need to make it possible to analyse or single out the most important actors or key aspects. In an article in the *Diplomat*, Fiddler outlines that the three pillars of Chinese foreign policy are the State, the Party (also referred to as the Communist Party of China - CPC), and the people.¹ Fiddler identifies the Ministry of Foreign Affairs, the International Liaison Department, and the United Front Work Department (UFW) as crucial in assisting the CPC in formulating and executing foreign policy. We also have Franz Schurmann, among many, that has outlined the Party, the State, and the People's Liberation Army (PLA) as the main structures behind ideology and organisation in China.² Much has changed since Schurmann's book came out in 1968. Still, the primary system remains, and he focuses on a critical actor: the People's Liberation Army. The PLA has often been neglected in more modern texts. Still, with the strengthening of the armed forces, assertive Chinese behaviour in disputed areas such as the South China Sea, threats to Taiwan, construction of maritime bases in foreign states, and so on, the PLA and military security will undoubtedly become more important once again.

I would agree with the general outlines proposed above but would also add a variety of subgroups that all impact decisions in one way or the other. China is not, and has never been, a unitary actor, very much like any other state. Through the modernisation of Chinese society, "new" actors have emerged as significant sources of input in the formulation and implementation of foreign policy. What comes to mind immediately are the private entrepreneurs and a population that has been – more than in the past – exposed to foreign countries and public opinion that is much more vocal and knowledgeable than before, but one should also think about expertise in and use of modern technology, such as cyber actors

¹ C. Fiddler, "The 3 Pillars of Chinese Foreign Policy: The State, the Party, the People", *The Diplomat*, 3 February 2021.

² F. Schurmann, *Ideology and Organization in Communist China*, Berkeley UC, University of California Press, Originally published 1968, First Edition, 2022.

(both private and military), a research community that is at the international forefront, and so on. Each one of these groups is a potential advocate of China's foreign policy but could also be a hinderance for the Party line if their interests were to be neglected.

I would also put President Xi as an independent force outside of the Party and the State, integrating all the different functions of the Chinese decision-making process and with the power to direct policy formulations in a specific direction. He is the last and most important pillar of foreign policy formulation and a bridge with other actors. The central and unifying controlling force exerted by President Xi has been extensive. Before Xi took power, the situation was more fragmented and arguably moving in a more democratic direction. Now, it has been centralised under a single leader to the extent that has not been seen since Mao. The formal structures have not changed markedly during Xi's terms of power; much of the changes have been informal and geared towards centralisation. This is not to say that China's foreign policy formulation is unitary below Xi. On the contrary, there is a myriad of actors that have an impact.³ Still, the consolidation of foreign policy under Xi has been evident, and the power of independent units has decreased significantly. A case in point is Yunnan, and many border provinces, which were allowed to, or at least could, operate more independently before Xi's reforms. This was true in the grey economy and informal contacts over the border, such as illegal logging and mining in Myanmar. This has significantly changed during the last few years with more control, despite regional attempts to resist the directives from Beijing. Still, the mountains are no longer as high, and the emperor is closer to home under Xi. That is not to say that people follow major decisions blindly. In all states and organisations, organisations and people are motivated by personal greed, political positions, convictions,

³ Y. Jie and L. Ridout, *Who decides China's foreign policy*, Chatham House Briefing, 1 November 2022.

etc. What will be looked at here is limited to who takes the lead, formulates, and executes foreign policy outside these special interests. I will limit myself to the relationship between foreign policy and Party and government institutions; others have looked at alternative structures and organisations within China and their impact on foreign policy.

Decision-Making and Centralisation

This contribution will not be able to flesh out every organisation and informal connection tied to the Party and foreign policy. Still, a rudimentary outline will be given, covering the most critical aspects of Xi Jinping's attempt to centralise foreign policy and control the agenda. With the increased internationalisation of China's interest and interference in other states' internal affairs, politically, economically, and militarily, other institutions have grown in importance significantly, especially in terms of implementation but also considering that the Party does not have the expertise that is needed to handle all aspects effectively. This is not least true considering the impact of the Central Military Commission (CMC), the National Security Commission (NSC), the Central Foreign Affairs Commission (CFAC), State-owned enterprises (SOE) and the People's Bank of China (PBC), to mention a few. China does not distinguish between government resources, private companies, and Chinese citizens. They are all components that the State uses to its advantage, even if the aim might vary between different interest groups within the State.⁴ This is not least the case in the indoctrination and influence campaigns that China has been conducting internationally. The UFWD is a crucial component here, but other forms of intelligence

⁴ The Editorial board, "China blurs the lines between private and state business", *Financial Times*, 8 October 2020; M. Anglivié de la Beaumelle, "The United Front Works Department: 'Magic Weapon' at Home and Abroad", *Chine Brief*, vol. 17, 6 July 2017.

work and Chinese companies and students play a critical role in the implementation and, to specific degree, the formulation of Chinese foreign policy.

It is essential to note that the Foreign Ministry is not, by far, the most crucial body for State lead Chinese foreign policy and Foreign Minister Wang Yi does not have the political prestige in the Chinese system, as we will see, that other leaders have. The CPC Central Committee (Central Committee) is the leading Party structure. Still, it is the CPC's Central Foreign Affairs Commission (CFAC) under the leadership of Yang Jiechi that deals with oversight of foreign policy, along with the State Council, which the Central Committee has granted the power for the the day-to-day administration of the country, pulling a great deal of the foreign policy weight.

Another fundamental organisation is the National Security Commission (NSC), created in 2013. Due to the overlap between foreign policy and security in the Chinese system, this is one of the more influential organisations. It has been given a mandate to examine all foreign policy issues through a security lens. This enables it to exert influence on plenty of topics, such as the cases of the South China Sea, Ukraine, and North Korea, to mention three examples.⁵ It is not only the organisation's mandate that makes it crucial for foreign policy decisions, but also the seniority of the participants. Xi Jinping heads it, and in addition to the vice-chair Premier Li Keqiang, there are ten politburo members involved whose memberships make it central in dealing with any security questions related to foreign policy decisions.⁶

Higher party ranks outrank higher official ranks in State institutions. In most cases, this complicates any analysis as the Foreign Minister and State Councillor Wang Yi are outranked by at least 20 people in the Party system and respective positions.

⁵ Y. Sun, *Statement before the U.S.-China Economic & Security Review Commission Hearing on "CPC Decision-Making and the 20th Party Congress" Panel on "Foreign Policy and National Security Decision-Making"*, 27 January 2022

⁶ Ibid.

Li Keqiang's position as the Premier at the State Council is subordinated to his position as number two on the Standing Committee of the CPC Politburo. It is often the Party position that empowers decision-makers in the Chinese system. The single most crucial decision-making body is the seven-member Standing Committee of the CPC Politburo. This body carries the most weight under the Central Committee because the larger bodies meet less frequently. The power to manage policy has been delegated to the seven most influential members of the 25-member Politburo, selected from the Central Committee.

To explain everything with rank is, of course, a simplification. The personalities play a central role as well. Qian Qichen's and Yang Jiechi's more significant influence on foreign policy than Wang Yi is also a result of the formers' networks, ambitions, and personalities and not only Party rank. President Xi's advisors, such as Li Zhanshu and Wang Huning, could also be a case in point. Their influence and rapid rise in the ranks are very much dependent on their relationship with President Xi. Wang Huning, dubbed China's Kissinger, is particularly interesting. He was instrumental in turning away from collective leadership and, maybe more importantly, in constructing *Xi Jinping's Thought* and an assertive foreign policy.⁷ Wang has been crucial in formulating China's ideological reforms and the impact on foreign policy. Wang lies in the shadows of every central decision-making process, and it is very much based on his ambitions and knowledge, and not his rank.

The State Council is the highest body of the State administration and is responsible for carrying out the principles and policies of the Party. Its tasks are widely defined but include diplomacy, national defence finance, etc.⁸ It is one of the more critical government bodies but it is much less relevant than the Party structures. It implements and submits proposals to the National People's Congress or its standing committee, among

⁷ N.S. Lyons, "The Triumph and Terror of Wang Huning", *Palladium*, 11 October 2021.

⁸ The State Council, The State Council, [The Peoples Republic of China](#).

other tasks, but it is mainly reduced to adopting administrative measures and implementing Party decisions. The State Council has attempted to increase its influence, but its role has somewhat decreased in relevance under Xi. Similarly, the Foreign Ministry is primarily reduced to representation internationally, negotiating foreign treaties and implementing the Party's decisions and its role has decreased during Xi's rule. This could partly be explained by the "Partyisation" of Chinese politics, but also to some extent by the fact the State administration and especially the Foreign Ministry have been deemed too liberal and international by Xi and his closest aides. In the case of the Foreign Ministry, this can be explained by the fact they have been increasingly educated and worked in foreign countries and more liberal institutions, especially the US, but also the China Foreign Affairs University. Maybe Wang Yi's training at Georgetown University has made him less trustworthy than, for example, Li Keqiang, who was educated at Beijing University. This clash between more liberal and international views, political centralisation and "Chinese" values creates an interesting dynamic that the Party attempts to contain.

The CFAC was created in 2018 by Xi Jinping to control and exert more influence over the creation of foreign policy and consolidate the leadership of the CPC and President Xi personally. There has been a gradual centralisation of foreign policy power, especially the overview and long-term policy goals of the Party. There are some important exceptions to unipolar control by the Party, with some implementation and policy implementation falling under specialised government institutions, the military, SOEs, and provincial governments.⁹ The CFAC has become a central instrument for Xi but operates on the Party's instructions and does not have the seniority and member base of, for example, the NSC. Leading small groups (LSG) are the *ad hoc* groups used by the CPC to analyse and comment on significant issues. The CFAC replaced the LSG in

⁹ Y. Jie and L. Ridout (2021).

foreign affairs as the primary institution to coordinate China's foreign policy in 2018, making it a more formal structure with more bureaucratic power and more centralised under Xi.¹⁰

The CFAC, State Council, NSC, and especially the Standing Committee of the CPC Politburo (PSC), which might arguably be the most significant structure and takes the lead on formulating China's foreign policy, do not have the depth of knowledge required and rely on the expertise of other organisations and departments when formulating and implementing foreign policy. This reliance on other systems is also primarily engaged in China's broader brushes and direction, especially as the context has expanded quickly in recent decades. There has also been a specialisation of abilities and responsibilities.

The National Development and Reform Commission (NDRC) of the Party has an extensive administrative and planning function for the economy, sometimes referred to as a "mini-state council," because of its day-to-day responsibilities.¹¹ Apart from the overall impact on the economy, significantly it also leads overall coordination of the BRI, together with the Ministries of Commerce, Finance, and Foreign Affairs, but also keeps a guiding role over these ministries.¹² The NDRC has become increasingly powerful in many aspects, with the creation of foreign policy one such area. This not least as the BRI has been the main instrument in engaging with, and economically and politically influencing and controlling the states it collaborates with.¹³ However, the organisation has less than 1000 staff and is not heavily involved in the implementation of decisions, but works through directives, analysis, and reviews of policy decisions.

¹⁰ H. Legarda, "In Xi's China, the Center Takes control of Foreign Affairs", *The Diplomat*, 1 August 2018.

¹¹ B. Woodall, *The Development of China's Developmental State: Environmental Challenges and Stages of Growth*, China Research Center, 29 May 2014.

¹² National Development and Reform Commission (NDRC) of the Party, <https://en.ndrc.gov.cn/aboutndrc/mainfunctions/>

¹³ S. Cornell and N. Swanström, *Compatible Interests? The EU and China's Belt and Road Initiative*, Swedish Institute for European Policy Studies, 2020.

Apart from the above groups that are critical in the formulation and overview of policy, two more institutions of many should be mentioned as they figure in the media frequently. The first is the CPC International (liaison) department (CPCID), which operates with “behind curtain diplomacy” between the CPC and other political parties. The CPCID has increased in importance as China increasingly engages non-democratic states. Today’s unfortunate trend is that many states have decreased their democratic credentials and *ipso facto* the CPCID has increased its influence. The CPCID is not formulating policy but has effectively extended the message to other party states and like-minded states. The CPCID has also been tasked with creating popular support for the BRI and has therefore been much more notable in states where the BRI has been more active, such as the 16+1 framework.¹⁴ They are also behind China’s soft power and have consistently organised conferences, workshops, and trips to China to increase the optimistic view of China, its foreign policy, and the BRI.

The second organisation that needs to be mentioned is the UFWD, which has been mandated to control the narrative in Chinese newspapers and lead activities in foreign states. The UFWD’s objectives are not only to coordinate influence campaigns in foreign states and report directly to the Central Committee of the CPC but also to work to engage and infiltrate ethnic Chinese communities in foreign countries. It has a variety of organisations it collaborates with, such as Chinese Students and Scholars Associations, Confucius Institutes, etc.¹⁵ It should be noted that not all Chinese-related organisations work with the UFWD. Still, they would all be a target for its operations. President Xi even went so far as to call on the United Front to use a “magic weapon” that is important for bringing

¹⁴ Connor Fiddler, *The 3 Pillars of Chinese Foreign Policy: The State, the Party, the People*, *The Diplomat*, February 3, 2021. C. Fiddler (2021).

¹⁵ A. Bowe, *China’s Overseas United Front Work: Background and Implications for the United States*, U.S.–China Economic and Security Review Commission, Staff Research Report, 24 August 2018.

about “the great rejuvenation (*weida fuxing* 伟大复兴) of the Chinese nation”. And it has been effectively propagating Xi Jinping’s thoughts all over the world.¹⁶ Much of its work could be considered legit. Still, a significant portion of its position is directly connected to threats, pressure, intelligence operations, and interference in the affairs of independent states and is therefore highly problematic.

Finally, we must address the panda in the room. Xi Jinping is and has been, for a long time, the single most important source for foreign policy decisions and decisions in general. President Xi has effectively broken with the traditional consensus and power-sharing strategy, especially between the Party and the State Council, that was strengthened under Deng Xiaoping, and moved towards a model based on “decision by one authority” (*dingyu yizun* 定于一尊) as a part of the centralisation of power under Xi.¹⁷ It is beyond doubt that Xi has taken personal responsibility for China’s foreign policy, including Taiwan, the South China Sea etc. Much of the foreign policy power has been centred around his personality and China’s rise in international politics, something that has enjoyed widespread popularity. There is a risk, already noted in 2016, to his political power if mistakes are made.¹⁸ Up to date there have not been mistakes that could have threatened his position or been allowed to become official, even if supporting Russia in its invasion of Ukraine could very well develop to become one. It would however be dangerous to underestimate the popularity of Xi’s new direction in international politics. It seems to have support both among the public and the leadership,¹⁹ as long as it is successful at least.

¹⁶ M. Angliviél de la Beaumelle (2017).

¹⁷ Y. Sun (2022).

¹⁸ L. Jakobson and R. Manuel, *How are Foreign Policy Decisions Made in China?*, Asia & the Pacific Policy Studies, vol. 3, no. 1, 2016, pp. 101-10.

¹⁹ T. Chhabra and R. Hass, *Global China: Domestic Politics and Foreign Policy*, The Brookings Institution, September 2019.

Xi has outlined that “foreign policy reflects the nation’s will and, therefore, its authority must be controlled by the Central Committee of the Communist Party”.²⁰ This is, of course, the authority of the Chairman of the Party, Xi himself. There are some concerns about Xi’s direction, and you could hear some disgruntled voices in private. Still, there is very little open opposition to his thoughts that are outlined in, for example, *Outline on the Study of Xi Jinping Foreign Policy Thoughts* (*Xi Jinping Waijiao Sixiang Xuexi Gangyao* 习近平外交思想学习纲要) and *Selective Collection of Xi Jinping’s Elaboration on Great Power Diplomacy with Chinese Characteristics* (*Xi Jinping Guanyu Zhongguo Tese Daguo Waijiao Lunshu Zhaibian* 习近平关于中国特色大国外交论述摘编). That is not to say that there are no discussions or even tensions between interest groups below Xi that would be pushing for different directions within Xi’s framework; plenty of interest groups compete for influence. There is no doubt that there are differing views in the Chinese system of the CPC and within the Party. Still, the overview of the Party and its direct involvement in the formulation and execution of foreign policy has arguably never been as noticeable. This is not to dismiss other centres of power or alternatives to foreign policy, and the Party itself realises that there are differing views within China.

Control of Divergent Views

The prevailing and overwhelmingly correct view is that China has a wildly divergent and complex system of actors when deciding and particularly implementing foreign policy. This has been a concern for President Xi, who has been concerned with special interests taking over China’s long-term needs, with

²⁰ *People’s Daily*, “深入学习习近平外交思想，努力开创中国特色大国外交新局面” [“In-depth study of Xi Jinping’s diplomatic thought and strive to create a new situation of major-country diplomacy with Chinese characteristics”], *CPC News*, 5 January 2020; Y. Sun (2022).

decreasing the threat to his position, and with increasing control over decision-making processes. That has led to an attempt by the Party and Xi to exert as much control and oversight as possible, something that has been relatively successful, even if the power of the Party should not be exaggerated in all aspects. Xi did not initiate Party control over regions, companies, or government organisations. As early as 1993 Company Law required all companies, foreign and domestic, to allow the Party to “carry out the party’s activities,” and companies were mandated to provide the “necessary conditions” for such units to function.²¹ Consolidation of control has increased under Xi, but it is not correct to assume that this is a construct of his administration only.

The political control and power of the communist party over SOEs, private companies, and other government and decentralised institutions should not be underestimated. The CPC has actively increased its control, not least in terms of SOEs that have been guided by Party influence for a long time.²² Interim regulations put Party officials in a position of power above the board of directors to limit their independence further.²³ In 2020, the General Office of the Central Committee of the CPC issued an “opinion on strengthening the United Front Work of the Private Economy in the New Era” (*Zhonggong Zhongyang Bangong Ting Yinfu Guanyu Jiaqiang Xin Shidai Minying Jingji Tongzhan Gongzuo De Yijian* 中共中央办公厅印发关于加强新时代民营经济统战工作的意见) that mandated the UFWD to strengthen the CPC’s ideological work and influence in the private sector.²⁴ This is an attempt to

²¹ J. Doyon, *Influence without ownership: the Chinese Communist Party Targets the Private Sector*, Institute Montaigne, 26 January 2021.

²² J. Wang, “The Political Logic of Corporate Governance in China’s State-Owned Enterprises”, *Cornell International Law Journal*, 2014, vol. 47, no. 3, pp. 632-69.

²³ O. Wang and Z. Xin, “China cements Communist Party’s role at the top of its SOEs, should execute the party’s will”, *South China Morning Post*, 8, January 2020.

²⁴ S. Livingston, *The Chinese Communist Party Targets the Private Sector*, Center for Strategic and International Studies, 2020.

ensure the same control over private companies as over SOEs to ensure the strategic objectives of the Party and the State, something that Ye Qing, Vice-Chairman of the All-China Federation of Industry and Commerce, quickly endorsed. This was followed by a thrust against private companies that were either independent of the party-state or too outspoken; the most notable case was the attack on Jack Ma after his criticism of State dominance of the banking system.²⁵ The UFWD has a leading position in the CPC structure, approximately at the level of the International Liaison and Propaganda departments.²⁶ Still, in the implementation of the Party line, the UFWD has become particularly relevant, with oversight of ideological compatibility and propaganda. With Xi's ideological positioning and the return to a more centralised system, the UFWD has become the intellectual, and ideological, watchdog internally and the wolf that identifies and targets foreign scholars, politicians, or ethnic Chinese individuals.

It could be noted that the earlier meaningful relationship between foreign policy and provincial structures in the provinces bordering foreign states has been centralised in President Xi's effort to consolidate power. Despite the importance of many other State institutions, President Xi has effectively assumed direct or indirect control over many essential functions. The Party has attempted to strike a delicate balance between ensuring compliance with the Party's visions and giving provincial level governments flexibility and autonomy in executing Beijing's orders;²⁷ this flexibility has been reduced since Xi took over, even if local governments still maintain some autonomy.

Xi's leadership will most likely be consolidated during the Party Congress in autumn 2022, where he is expected to be

²⁵ J. Doyon (2021).

²⁶ M. Angliviél de la Beaumelle (2017).

²⁷ J. Donaldson, "China's Administrative Hierarchy: The Balance of Power and Winner and Loser Within China's Levels of Government", in J. Donaldson (Ed.), *Assessing the Balance of Power in Central-Local Relations in China*, London, Routledge, 2016.

elected for a 3rd term. The plenum of the CPC in 2021 was essentially a justification for selecting Xi once more due to the “worldwide changes of a scale unseen in a century” and the need for a solid leader to steer China through the instability.²⁸ All this said, 1.4 billion citizens and an economy that reached almost \$16 trillion in 2020 cannot be seen as monolithic. There will always be smaller or larger pockets or even segments of diverging views regarding foreign policy and any other issue. Not even the CPC and Xi can control all aspects of Chinese foreign policy. Still, the influence of the Party has grown under Xi, and this is a development that is not only dependent on Xi himself but also quite popular among large strata of the CPC.

Ukraine as a Factor

These days it is impossible not to include a segment on how the Russian violation of international law and its full-scale invasion of Ukraine and its people affects Chinese foreign policy and the Party. Whether or not China likes it, Ukraine has had a real impact on Chinese foreign policy, especially trade and the BRI, and it is not a positive impact and divides decision-making structures.²⁹

President Xi seems to have been informed by Putin at the Olympics but was promised that the invasion would be a quick operation. The Ukrainian population would surrender voluntarily to Russia, a theory that probably sounded good in Xi's ears as he had Taiwan on his mind as well. This has proven to be a miscalculation without precedent for Putin. Ukraine has not only, so far, been successful in defending its democracy and caused Russia to fall into a devastating long-term conflict but

²⁸ I. Johnson, *What Xi Jinping's Elevated Status Signals for Chinese Foreign Policy*, Council on Foreign Relations, 12 November 2021.

²⁹ This segment is primarily derived from conversations with Chinese officials through informal channels and their identity and affiliation will be kept undisclosed unless official comments.

also rallied the international community to its defence. The war in Ukraine has created a situation where very divided democratic states (including Japan, the US, EU, South Korea, etc., but not India) have stood up remarkably well on the side of Ukraine and democracy. China, especially the UFWD, has encountered increased resistance to the influence of non-democracies, has created a more potent and possibly anti-Chinese democratic alternative, and delayed a potential invasion of Taiwan, according to some sources.³⁰ The democratic rally was not only a success, but it should be realised that Russia's aggression in Ukraine and China's tacit support came from an earlier failure for democracies to offer an alternative and to stand up against terror and pressure from Russia and China.

This has, of course, created a very divided view within China on how to deal with the invasion of Ukraine and the political and economic consequences it carries, even if the jury is still out on how China will ultimately act. There is an understanding that this will hamper trade with the EU and the US, not least as the BRI has effectively been halted at the European borders of Russia and Ukraine. Still, at the same time, China has given political support and been open to potentially approving the supply of military equipment to Russia. The division in China goes very much along the fault lines of economic and political lines, where the Party seems to be divided on how far its support for Russia should go. Supporting Russia has some geopolitical positives, but economic negatives as China would end up facing its two most important trading partners in an economic conflict (EU and the US), and here, the Chinese system is at odds with itself to an interesting extent.

The NDRC seems to be contemplating the adverse effects of BRI, and the Foreign Ministry seems to be concerned with the international implications. Still, the CPC is more closely connected to the cause of Russia in conjunction with the

³⁰ *Reuters*, “Ukraine war will make China more cautious on Taiwan, advisers say”, 30 March, 2022.

sanctions and is said to be firmly behind continued support for Russia and possibly increased military aid. Overall, the system seems to be leaning towards either finding a negotiated settlement (preferably with China as the peacemaker) or rescuing the Chinese economy. But there are strong proponents for an ideological block with Russia, especially within the UFWD and NSC, to face the West. There are speculations that the division within the Party could open it up to criticism from other factions and interest groups within the system; the so-called Hu Jintao faction could be one. This seems unlikely as the control of the domestic political process and foreign policy are firmly in the hands of Xi. Unless there is a devastating impact on the Chinese economy, he is not likely to be moved out or change his foreign policy objectives, even if the strategy could change.

Conclusion

The Party is very much behind the creation and implementation of China's foreign policy, despite China's diverse set of policy actors with divergent views and interests. The State functions have been and continue to be below the Party, or maybe more correctly, the Party stands above the State in all aspects. It might be wise to consider the fact that the PLA is not the armed forces of China, but the Army of the Party. Party functions continue to trump State functions, which is very apparent in the case of the Chinese foreign minister's limited power and subordinate position to Party functions. The centralisation of essential functions, political control of implementation and the narrative presented in the media have secured Xi's input and prevented criticism.

So, will Xi be able to increase his foreign policy control further? There is a limit to how much the Party could control China's foreign policy implementation and how much they are interested in controlling it. The Party would do well to allow companies, provinces, the major SOEs, etc., to have greater autonomy, but Xi Jinping has been determined to maximise

control. Such control has proven helpful when dealing with complex foreign policy decisions, such as the war in Ukraine, where China has to walk on a very narrow tight rope.

This puts him in a precarious position if Chinese foreign policy fails, as it would be seen as Xi's fault and could be used by other leaders within the Party to initiate opposition. The BRI, the South China Sea, and the connection to Russia are very much the intellectual property of Xi, and it would be difficult for him to afford failure in such areas, something that could explain the very determined position China has on foreign policy issues. Despite this, it is unlikely that Xi's or the Party's control and work would be threatened by failure in the foreign policy area only and it would have to be accompanied by domestic economic failure. Still, it is an area where Xi has departed from earlier leaders' more careful positioning and taken China into conflict with the US and the liberal democracies, even if the trajectory has been consistent since the early 2000s.

The restrictions on private companies or SOEs, government bodies, and regions to act independently are not always adhered to. Still, it allows the Party to punish anyone perceived as working independently, and the sheer threat is often enough to ensure control. There are no reasons for the Party and Xi to decrease power. Still, the question is how much more control can the Party manage without reducing professional input and effective implementation?

2. Xi's Foreign Policy and Partial Collegiality

Hongyi Lai

Xi's assumption of the Chinese top leadership posts went through two steps. In the late 2012, at the end of the 18th Congress of the ruling party, i.e., the Communist Party of China (CPC), the outgoing top leader Hu Jintao handed over the two top posts within the CPC to Xi, that is, the General Secretary of the CPC and the Chairman of the Central Military Commission (CMC). Being the highest military command organ of the Chinese party-state, the latter would share the same name and the same membership with the CMC of the state. Then, in March 2013, with the rubber stamping of the Chinese national legislature, that is, the National People's Congress (NPC), Hu's hand-over of the CMC Chairmanship to Xi was approved, and that of his third post, that is, the Presidency, was completed.

Since assuming the presidency of China in early 2013, Xi Jinping has left a distinctive imprint on China's politics and foreign affairs. Xi has dramatically transformed China's foreign policy and foreign policy-making (FPM). For this reason, Xi and his foreign policy have attracted considerable attention from academic and policy circles.¹ Given that he is poised to start his third term as the top leader of China in 2023, his influence on China's diplomacy will certainly continue.

¹ S. Zhao (Ed.), *China's Big Power Ambition under Xi Jinping: Narratives and Driving Forces*, Oxon and New York, Routledge, 2022.

This book chapter aims to highlight and analyse the significant change in China's FPM under Xi, while briefly reviewing Xi's unconventionally assertive foreign policy. A key theme of this chapter is as follows: Unlike his relatively low-key and unauthoritative predecessor Hu Jintao, Xi has consolidated his status as the predominant driver of China's foreign policy, towering over other Chinese leaders. He has enhanced his authority through power consolidation in his first term and by strengthening the coordination of FPM at the start of his second term. Xi's vision and style in diplomacy have been adopted by China's top diplomats, giving rise to assertive and unapologetic diplomacy. On the other hand, despite Xi's prominence, the most vital foreign policies, especially those affecting the fate of the party-state, might still go through a process of collective deliberation.

In this chapter, I will first briefly review the literature on China's FPM and foreign policy under Xi. Next, I will briefly discuss Xi's power consolidation in his first term (2013-18). I will then focus on his reconstitution of the foreign affairs coordinating body in May 2018, the role of this body, and the institutional players involved in FPM. Afterward, I will suggest that his Belt and Road Initiative (BRI) and his trademark assertiveness have become staples of Chinese diplomacy. By elevating his status to that of a supreme leader and by turning away from the low-profile diplomacy practised during 1989-2012, Xi has rewritten the rules of FPM and those of diplomatic practice. On the other hand, despite Xi's prominence, China's stance on vital matters in foreign affairs, as reflected in its stance on the Russian invasion of Ukraine, was first deliberated among the Chinese top leadership before a decision was taken. This seems to suggest the limits of Xi's authority.

Foreign Policy-Making in China: Existing Views, Fragmented Authoritarianism, and Xi's Boldness

Academic literature on China's FPM has become more refined since 2001. The FPM process in China was detailed in a volume featuring contributions by leading China experts,² followed by a study nearly a decade later.³ They suggested that key players in the process included leaders, bureaucrats, local government, public opinion, and major governmental and academic research institutes. In addition, it was proposed that China's foreign policy aims to serve the political-economic regime and the survival and vision of the leadership⁴ and that this might also be true for other major powers.

Apparently, the imperative for stronger coordination among bureaucratic players had increased by the time Xi assumed top leadership posts in 2013. This imperative becomes clear in the context of a notable feature of the Chinese bureaucracy, known as "fragmented authoritarianism". According to Lieberthal and Lampton,⁵ the power of the Chinese political system below the top layer was fragmented, requiring a time-consuming process of bargaining and consensus-building. The fragmented foreign policy-making process was notable under Xi's predecessor Hu out of the following three reasons. First, during the years before 2013, the FPM in China had witnessed a growing role of bureaucratic players. In addition to the Ministry of Foreign Affairs (MFA), ministries/departments supervising trade and investment (most notably the Ministry of Commerce) (MOFCOM), as well as media, education,

² D.M. Lampton (Ed.), *The Making of Chinese Foreign and Security Policy in the Era of Reform*, Stanford, Stanford University Press, 2001.

³ H. Lai, *The Domestic Sources of China's Foreign Policy: Regimes, Leadership, Priorities, and Process*, London and New York, Routledge, 2010.

⁴ Ibid.

⁵ K.G. Lieberthal and D.M. Lampton (Eds.), *Bureaucracy, Politics, and Decision Making in Post-Mao China*, Berkeley and Los Angeles, University of California Press, 1992, pp. 6-8; 34-5.

and culture also became more important. The MOFCOM, for example, would play a coordinating role over increasingly frequent and important trade and investment issues which had mushroomed in the wake of China's entry to the World Trade Organisation in late 2001. This has led to a relative decline in the role of the MFA, which has long played a de facto role in coordinating in the FPM.⁶ In this sense, the long-standing fragmented authoritarianism in the FPM has become more disjointed. Second, the aforementioned growing number of ministries involved foreign policy-making and fragmented authoritarianism aggravated inter-departmental rivalry and uncoordinated policy action. Take the Chinese claims over the South China Sea (SCS) for example. In the 2000s, multiple agencies of the Chinese state vied for their role to patrol and enforce the Chinese claim of territorial water embodied in the so-called nine-dash line.⁷ Their competition in this regard risks raising tensions with neighbours amidst the overlapping claims by China and Southeast Asian nations. While the claim about intensified inter-ministerial competition over the SCS overlooked the pre-eminent role of the military and the national leadership (*ibid*), the inter-ministerial rivalry could render Beijing's efforts to adopt a concerted policy over the SCS and manage its ties with the Southeast Asian neighbours difficult.

Third, Hu's leadership in foreign affairs was overshadowed by his predecessor Jiang Zemin. Jiang's followers occupied key military commanding posts and numerous seats at the Politburo. Possibly to avoid a showdown with Jiang over external affairs, Hu took a low-profile leadership role in foreign policy. Hu was seen as refraining from an assertive and authoritative leadership in foreign policy, giving rise to a perception that Hu's role in foreign affairs was relatively weak.

⁶ H. Lai and S.-J. Kang, "Domestic Bureaucratic Politics and Chinese Foreign Policy", *Journal of Contemporary China*, vol. 23, no. 86, 2014, pp. 294-313, 2014.

⁷ H. Lai and S.-J. Kong (2014), pp. 311-12.

While fragmented authoritarianism has been long-standing and is featured in the FPM process in China, a combination of two factors has enabled Xi, the new paramount leader in China since 2013, to take drastic remedial measures.

First, Xi's political style and ambition motivated him to take bolder steps to cope with the perceived fragmentation in the FPM. As argued in the first monograph on the domestic sources of China's foreign policy, in addition to the fundamental interests of the political-economic regime in China, the vision and skills of the top leader can also exert a substantial impact on China's foreign policy.⁸ Xi is ambitious and confident in his governance of domestic and external affairs. His boldness was not even hidden in major speeches shortly before he became the President on 14 March 2013. On 1 March 2013, he told the national and local leaders at the Central Party School as follows: "It can be anticipated that various difficulties, risks, and challenges will continue to surface on our way forward. The key lies in our ability to resolve, manage and conquer them".⁹ In February 2014 Xi proclaimed that China's reform "entered a deep-water zone" as the tasks ahead were "tough ones that are hard to chew". He proclaimed that China needed "to act boldly and progress steadily".¹⁰ His bold approach to foreign policy meant that he was willing to adopt a drastically new institutional layout and embrace an abrasive policy.

Second, Xi quickly consolidated his power soon after he took over the presidency in March 2013. This was firstly thanks to Xi's predecessor Hu Jintao's exemplary timing in handing over to Xi his three posts, that is, the General Secretary of the Communist Party of China (CPC), the Chairman of the Central Military Commission (CMC), and the President of the nation, during late 2012 and early 2013.¹¹ Later, Xi unleashed

⁸ H. Lai (2010).

⁹ Xi Jinping, *The Governance of China*, Beijing: Foreign Language Press, 2014, p. 449.

¹⁰ *Ibid.*, p. 113.

¹¹ H. Lai, *China's Governance Model: Flexibility and Durability of Pragmatic*

an unprecedented anti-corruption campaign implicating tens of thousands of officials at the national and local levels, including one former member of the Politburo Standing Committee (PSC) and three Politburo members. The Politburo, comprising around two dozen leaders, is the highest leadership organ in China, and the PSC is the elite group within the Politburo. Such a bold move has served to remind leaders and officials at all levels that they should rally around Xi's order or face a harsh outcome. By boldly addressing corruption, a source of public outcry in China, Xi has also greatly enhanced his political legitimacy.¹²

In the following sections, I will depict the FPM under Xi. My analysis will be qualitative, and my focus is two-fold: first, sketch the process of the FPM, the main political players in it, and the main coordinator of the process, and secondly, Xi's influence on the FPM through an institutional overhaul, power concentration, and projection of his ideas and style into the eventual implementation of China's foreign policy. I will draw upon an array of sources including news reports, governmental documents, academic articles, and policy analyses. While a large number of sources exist on China's FPM, I tend to focus on the ones that shed light on the Xi era, namely, from 2013 onwards. Sources which only marginally touch upon it might not be included.

Foreign Policy-Making under Xi: Power Concentration and Bureaucratic Procedures

In this section, Xi's power concentration will be reviewed first, followed by the main political players, especially bureaucratic ones, in the Chinese FPM. The discussion of the latter will cover the institutional overhaul, most of whose main players

Authoritarianism, London and New York, Routledge, 2016, pp. 202-21.

¹² *Ibid.*, pp. 310-21.

were identified in Lai and Kang.¹³ Updates will be given when available. In contrast to Hu's relatively moderate leadership, analysts have taken notice of Xi's ostensible drive to concentrate power in his own hands in domestic¹⁴ and external affairs.¹⁵

Xi's power concentration

Upon coming into power Xi concentrated power in his own hands. By mid-March 2013 he held three most powerful posts in Chinese politics, namely, the General Secretary of the CPC, the President, and the Chairman of the Party and state CMC. The CMC is the top military leadership organ. When Xi's predecessor Hu Jintao became the General Secretary of the CPC in November 2002, Hu did not get the most powerful post, i.e., the CMC Chairman, until almost two years later. Nevertheless, Hu remained wary of the lingering presence of the semi-retired predecessor Jiang Zemin. In contrast, after handing over his three top posts to Xi, Hu did not try to get in the way of Xi's leadership. Xi's power consolidation was so swift that even Jiang himself reportedly told Xi in 2013 that Xi only needed to pay attention to the sensible segments of his remarks up to around August 2014.¹⁶ Xi thus had a free hand to play in Chinese politics.

In 2013, the number of PSC members was reduced from nine to seven, thus giving Xi, the most powerful member of the PSC, far greater influence over its agenda. Moreover, by emphasising the leadership of the CPC over the main branches of the state

¹³ H. Lai and S.-J. Kang (2014).

¹⁴ S. Lee, "An Institutional Analysis of Xi Jinping's Centralization of Power", *Journal of Contemporary China*, vol. 26, no. 105, 2017, doi:10.1080/10670564.2016.1245505.

¹⁵ D.M. Lampton, "Xi Jinping and the National Security Commission: policy coordination and political power", *Journal of Contemporary China*, vol. 24, no. 95, 2015, pp. 759-77, doi:10.1080/10670564.2015.1013366; J.-P. Cabestan, "China's foreign and security policy institutions and decision making under Xi Jinping", *The British Journal of Politics and International Relations*, vol. 23, no. 2, 2021, pp. 319-336.

¹⁶ H. Lai (2016), pp. 220-21; 225-26.

and by silencing his potential opponents through the fierce anti-corruption campaign, Xi established his authority over his peers at the PSB.¹⁷ He has become the *de facto* chair of the PSB, instead of “the first among equals”.¹⁸ As the highest political organ of the party-state in China, the PSB is responsible for setting China's most important policies.

Other than his prominent role at the PSB, Xi headed the three policy coordinating bodies with the most direct influence on China's foreign policy, namely the CPC Central Foreign Affairs Leading Small Group (LSG) (thereafter CFALSG, 中央外事工作领导小组), the Central Taiwan Affairs LSG (中央对台工作领导小组), and the Central Finance and Economy LSG (CFELSG, 中央财经领导小组).¹⁹ The CFELSG plays a significant role in foreign economic policy and initiatives. In addition, Xi headed the Central Internet Security and Informatization LSG (中央网络安全和信息化领导小组) from February 2014 onwards, the National Defense and Military Reform LSG (深化国防和军队改革领导小组) from March 2014, and the Central Leading Small Group for Maritime Rights Work (中央海洋权益工作领导小组) from September 2012.²⁰ In April 2014 the first meeting of the National Security Commission (NSC) was convened, with Xi as its director. At this meeting Xi spelled out the concept of “overall national security”, covering 11 areas.²¹ These moves of power concentration could be summarised by the following observation on the NSC by a leading China expert, “Xi arguably is trying to adjust (or build new) institutions and put in place new personnel to better reflect his will”.²²

In March 2018, Xi's power concentration reached a new height with the abolition of the two-term limit on the

¹⁷ Ibid., pp. 225-26.

¹⁸ J.-P. Cabestan (2021), p. 322.

¹⁹ Ibid., p. 321.

²⁰ S. Lee (2017), pp. 325-36.

²¹ D.M. Lampton (2015).

²² Ibid., p. 761.

Presidency and the Vice Presidency. By doing away with the long-honoured two-term limit, Xi ensured that his hold on the top three posts and his status as the top leader of China would not be bound by the constitution and that he could sustain this status for life.²³ In addition, he demonstrated to political elites his ability to bypass all the existing hurdles to his supreme power. With his status cemented, Xi would go on to introduce a more significant change in the process of the FPM, which will be described below.

Leaders, departments/ministries, and coordinators in the FPM

In this section, the main bureaucratic players in the FPM will be reviewed. The focus will be on the line-up since 2018, after Xi paved the way for himself to serve as the top leader in China for multiple terms. In March 2018, the CFALSG was upgraded to the Central Foreign Affairs Commission (FAC) (中央外事工作委员会). The composition of the FAC is listed in Table 1.

The FAC was headed by President Xi and Premier Li served as his deputy. Wang Qishan, Vice President, a former member of the PSC, was arguably the most senior member of the commission other than the directors. He has extensive experience in foreign affairs. However, he did not hold any post within the party – neither a seat at the Politburo nor at the Central Committee. His Vice Presidency was regarded as Xi's reward for his frontline efforts of cleaning up corruption within the party-state during Xi's first term as the General Secretary of the party during 2012-17. When serving as Vice Premier, Wang himself was involved in the strategic dialogue with the United States during 2009-13. He could thus utilise his skills and network with US business communities to help Xi with managing China's relations with the US.

²³ C. Buckley and A. Wu, "The Balance of Power Tilts to Xi in China, With Big Plans Afoot", *The New York Times*, 12 March 2018.

TABLE 1. LINE-UP OF THE FOREIGN AFFAIRS COMMISSION (FAC)

Post	Offices/Ministries/ Departments	Individuals as of 2022	Note
Director	President, General Secretary of the CCP, the CMC Chairman	Xi Jinping 习近平	PSC member
Deputy	Premier (head of the State Council)	Li Keqiang 李克强	PSC member
Member	Vice President	Wang Qishan 王岐山	
Member	Top manager of foreign affairs	Yang Jiechi 杨洁篜	Politburo member, Director of the FAC Office
Member	The Publicity (formerly Propaganda) Department (PD), the Central Committee (CC) of the CCP	Wang Kunming 黄坤明	Politburo member, star of the media, information, education, and cultural sectors
Member	Minister of Foreign Affairs	Wang Yi 王毅	State Councillor
Member	Minister of National Defence (MND)	Wei Fenghe 魏凤和	State Councillor
Member	Minister of Public Security (MPS)	Zhao Kezhi 赵克志	State Councillor
Member	The International Liaison Department (ILD), CC-CCP	Song Tao 宋涛	
Member	The Ministry of State Security (MSS)	Chen Wenqing 陈文清	
Member	The Ministry of Commerce (MOFCOM)	Wang Wentao 王文涛	
Member	The Taiwan Affairs Office (TAO)	Liu Jieyi 刘结一	
Member	The Hong Kong and Macau Affairs Office (HKMAO)	Xia Baolong 夏宝龙	
Member	The Overseas Chinese Affairs Office	Pan Yue 潘岳	
Member	The State Council Information Office (SCIO)	Xu Lin 徐麟	

Sources: Lai, 2020; Lai and Kang 2014; Wikipedia, 2022; Cabestan 2021; Legarda 2018

The ministries (agencies of the national executive branch of the state and equivalent to the cabinet, namely, the State Council) and departments (referring to agencies of the Central Committee (CC) of the CPC, the power centre of the national party) represented at the FAC included the following clusters:

1. External affairs, including three agencies handling foreign political and economic affairs, namely, the Minister of Foreign Affairs; the International Liaison Department (ILD) of the CC-CPC, which dealt with relations with communist nations such as North Korea and Cuba and major political parties in other nations; the Ministry of Commerce (MOFCOM); and the three agencies that handle external affairs in greater China and involving overseas Chinese, i.e., the Taiwan Affairs Office (TAO), the Hong Kong and Macau Affairs Office (HKMAO), and the Overseas Chinese Affairs Office (OCO). Taiwan and Hong Kong are prominent elements there. It is worth noting that there are decision – making and coordinating small groups responsible for Taiwan and Hong Kong affairs.
2. Defence and public and national security cluster, comprising the Minister of National Defence, Minister of Public Security, and the Ministry of State Security (MSS).
3. Media, soft power, and information cluster, comprising the Department of Propaganda, the Central Committee of the CPC and the State Council Information Office (SCIO).

Back in 2014, Lai and Kang²⁴ took note of an emerging trend in China's FPM. Two categories of agencies had become increasingly relevant in China's foreign affairs in light of rising profiles of affairs under their jurisdiction. The first category concerned China's soft power, cultural diplomacy, and public diplomacy, and the other foreign economic affairs.

²⁴ H. Lai and S.-J. Kang (2014), pp. 302-05.

The third aforementioned cluster of agencies, under the close watch of the Publicity Department of the CC-CPC, takes charge of the aforementioned first category. The role of these two agencies (the PD and the SCIO) in polishing China's image and projecting its soft power has grown since then. Under the watch of the PD of the CC-CPC, the Ministries of Education and Culture also played a significant role in augmenting China's soft power.²⁵

Furthermore, regarding agencies supervising foreign economic matters, the MOFCOM is the most visible ministry involved in trade and investment matters. Meanwhile, the role of other bureaucratic players was also increasing. In the wake of the Belt and Road Initiative inaugurated by Xi in 2013 to create China's economic linkage across Eurasia, the Exim Bank and China Development Bank, along with China-led Asian Infrastructure Investment Bank (AIIB), have become crucial players in China's foreign investment. Working alongside these banks are two agencies. One is the China Investment Corporation (CIC), which supervises the investment of China's hard currency reserves. The other is the China International Development Cooperation Administration (CIDCA, 国家国际发展合作署). In March 2018 the Department of Foreign Aid, formerly under the MOFCOM, was transformed into the CIDCA, a vice-ministerial agency under the State Council. The CIDCA looks after and coordinates China's international aid.²⁶

The upgrading of the CFALSG into FAC seems to be a response to the increasing need for strengthening the coordination between bureaucratic players involved in FPM, which was emphasised back in 2014 by Lai and Kang.²⁷ Prior to March 2018, the CFALSG served "as the key coordinating agency. It provided a forum for senior party, government and military officials to coordinate various bureaucracies related

²⁵ Ibid., p. 305.

²⁶ J.-P. Cabestan (2021), pp. 328-29; various websites, including Wikipedia.

²⁷ H. Lai and S.-J. Kang (2014).

to foreign affairs".²⁸ According to Lai and Kang (2014), "[p]olitical status of individual senior officials and leaders is a critical factor in interministerial coordination. The administrative and Party status of the leader involved in the process matters a great deal".²⁹ The two ministers of Foreign Affairs during 2008-13, namely Li Zhaoxing and Yang Jiechi, have relatively less leverage over foreign affairs' compared to their predecessor Qian Qichen who was also Vice Premier.

In almost a direct response to these criticisms, the following changes in the composition of the Central Finance and Economy Commission (FEC) were introduced. First, the leader looking after daily foreign affairs in China, i.e., Yang Jiechi, gained a higher rank within the Party-state in 2017 (likely late 2017). He entered the Politburo, the most powerful body of the party-state in China. Before that and during 2013-17 he was a member of the CC of the CPC, which was a level below the Politburo. He held the post of State Councillor. With the promotion of the de factor manager of foreign policy to the Politburo, he gained the same rank within the CPC as Qian Qichen, the most senior diplomat in China since the 1990s. Second, Yang was assisted by the Minister of Foreign Affairs (i.e., Wang Yi), who was elevated to the post of State Councillor, a cabinet post slightly below Vice Premier but far above ministers, a rank Yang and his predecessor occupied when coordinating China's foreign policy.

Xi's upgrading of the CFALSG into the FAC aims to strengthen the coordination of foreign policy in China. Among the leaders and officials sitting at the FAC, Xi and Li, the director and the deputy, were preoccupied with numerous state affairs. Only Yang and Wang were career diplomats and had a full-time portfolio over foreign affairs. Given that the Director of PD of the CC-CPC, another member of the FAC, held a Politburo membership, and given that two other members of the FAC, namely the Minister of National Defence and the

²⁸ Ivi, p. 308.

²⁹ Ivi, p. 309.

Minister of Public Security were State Councillors, Yang's Politburo membership would enable him to effectively enlist cooperation from these members of the FAC. In addition, the State Councillorship of Wang would also help him coordinate other ministries at the FAC, except the PD of the CC-CPC.

Apparent Dominance of Xi's Vision and Style in Diplomacy

Undoubtedly, Xi held the most influential posts with regards to China's foreign affairs. In addition to heading the CFALSG/FAC, he also led the Taiwan Affairs Leading Small Group, the Finance and Economy Leading Small Group (which was also upgraded to FEC, and the CMC). These bodies are in charge of China's policy toward Taiwan, external trade and economic policy, and military affairs, respectively. Xi's leadership role in these four bodies gives him an unparalleled edge over his peers at the PSC and allows him to inject his vision, style, and preferences into China's foreign policy.

In this section, two features of China's diplomacy that reflect Xi's preferences will be highlighted. They are the BRI and the assertive and even frequently hawkish style of diplomacy.

BRI

The Belt and Road Initiative, also known in its early years as the One Belt One Road initiative, was launched by Xi in 2013. It aimed to create two economic clusters linking China with the rest of Eurasia. One cluster was through the land bridge from Chongqing, Xian, and Urumqi in western China, through Central Asia, the Middle East, Eastern Europe, Western Europe, and eventually to the Mediterranean, especially Italy. The other cluster was maritime, starting from the southwestern coast of China, through the South China Sea and the Straits of Malacca, to the Indian Ocean, East Africa, the Red Sea, and eventually the Mediterranean. This initiative would give China

a grand platform to foster economic integration across Eurasia and create economic links through transportation, energy, communications, and flow of goods and services, thereby cementing China's ties with BRI nations and projecting its economic influence.³⁰ The initiative would also allow China to find external outlets for the surplus capacity generated by heavy industrial production, create external links and stimulus for the growth of its relatively backward western regions, and ensure its energy imports and transport.³¹

This initiative could be regarded as the most ambitious international strategy China has developed since 1978. In the first five years, over 100 nations and international organizations signed the BRI agreements with China, China's trade with nations in the BRI reached \$5 trillion, and China's non-financial foreign direct investment in the nations in the BRI amounted \$80 billion.³² In the years that followed, the BRI encountered challenges such as changes in governments, mounting debts of the participant nations, louder criticisms from the European Union and especially the United States, and uncertainty in the projects. However, Xi seems determined to sustain the drive, though putting greater emphasis on the results. In May 2018, at the first meeting of the newly formed FAC, Xi appeared to depict the BRI as a major innovation in China's efforts to practice multi-faceted diplomacy and to improve the global governance system since he became the top party leader in 2012. He also called the BRI "an important platform for promoting the building of a community with a shared future for humanity".³³ China holds a regular Belt and Road Initiative

³⁰ M.D. Swaine, "Chinese Views and Commentary on the 'One Belt, One Road' Initiative", *China Leadership Monitor*, vol. 47, Summer, 2015, pp. 1-24; S. Zhao (2022).

³¹ H. Lai, "The Rationale and Effects of China's Belt and Road Initiative: Reducing Vulnerabilities in Domestic Political Economy", *Journal of Contemporary China*, vol. 30, no. 128, 2021, pp. 330-47, doi:10.1080/10670564.2020.1790896.

³² Ivi, p. 330

³³ *Xinhua*, "Xi stresses centralized, unified leadership of CPC Central Committee

summit attended by leaders from nations around the world, and the last one took place in September 2021.

Assertive and occasionally wolf-warrior diplomacy

In recent years, Chinese diplomats have adopted an overtly assertive and frequently combative tone in responding to external criticisms. Their combative talk and actions have been dubbed wolf-warrior diplomacy. The term wolf-warrior was drawn from the 2015 Chinese blockbuster movie *Wolf Warrior* and its 2017 sequel *Wolf Warrior 2*. The original depicted the fearless and heroic acts of the Chinese special forces in fighting foreign-linked drug traffickers in southern China, and the sequel tells a story of a Chinese soldier rescuing medical aid workers from local violence in Africa. Both movies touted the patriotism of the Chinese soldiers. In recent years, Chinese diplomats have been widely regarded as having embraced a wolf-warrior approach, and their combative and sensational remarks have attracted attention and been met with surprise. For example, Zhao Lijian, a spokesman for the MOFA, frequently derides Western criticisms of China. In May 2020, he tweeted: “It might be (the) US army who brought the epidemic to Wuhan”. China’s uninhibitedly assertive moves in the South China Sea are also regarded as wolf-warrior diplomacy.³⁴

Wolf-warrior diplomacy is a manifestation of Xi’s effort to shift toward assertive diplomacy away from the low-profile diplomacy engineered by Deng and practised by Presidents Jiang Zemin and Hu Jintao. If the BRI reflects Xi’s proactive but seemingly engaging style of diplomacy, wolf-warrior diplomacy constitutes its hard edge. In recent years, Xi has advocated at times “a fighting spirit” in diplomacy. This reflects from the official Chinese belief in the deep-seated bias of Western governments and media portrayals of China’s diplomacy. It

over foreign affairs”, *China Daily*, 15 May 2018.

³⁴ Z. Zhu, “Interpreting China’s Wolfwarrior Diplomacy”, *PacNet* 26, Pacific Forum, Honolulu, 14 May 2020.

represents China's attempts to rebuke it and to echo Xi's call to "tell the China story", albeit in a peculiar manner.³⁵

The spokesman of the MOFA is not the only high-profile Chinese diplomat who engages in wolf-warrior rhetoric. Even the most senior diplomats in China have embraced it. The most emblematic episode took place in March 2019 at the first meeting between the top diplomats of the Biden administration and their counterparts from China. In the publicly reported session of this meeting in Anchorage, the US Secretary of State, Antony Blinken, condemned Beijing's human rights policy in Xinjiang and Hong Kong. The national security adviser, Jake Sullivan, relayed US concerns and those of its East Asian allies – including Japan and South Korea – regarding Chinese autocracy at home and assertiveness abroad. Yang Jiechi responded to the US criticisms by mocking the US human rights records. His 15-minute rebuttal was joined by the state councillor Wang Yi. Yang stated bluntly: "We hope that United States will do better on human rights. The fact is that there are many problems within the United States regarding human rights, which is admitted by the US itself". Yang demanded that the US stop selling its own version of democracy when its own population was simmering with discontent.³⁶ Yang's following line drew loud cheers at home: "The United States is not qualified to speak to China condescendingly. The Chinese do not buy it". Reportedly, a T-shirt carrying the line "The Chinese do not buy it" became a sought-after item in China. Outside China, the explosive exchanges between US and Chinese diplomats and key policymakers surprised the international media and analysts.³⁷

The assertive and wolf-warrior rhetoric and actions prevalent in China's diplomacy after 2012 are an unmistakable sign of

³⁵ Ibid.

³⁶ J. McCurry "US and China publicly rebuke each other in first major talks of Biden era", *The Guardian*, 19 March 2021.

³⁷ "US and China trade angry words at high-level Alaska talks", *BBC*, 19 March 2021.

Xi's dominance of foreign policy in China. Diplomats were expected to demonstrate their political loyalty to Xi's call to showcase a rising and confident China. They would do so by forcefully responding to Western criticisms and would readily and boldly challenge the perceived infringement of China's claims of sovereignty. For Chinese diplomats, there was probably no better way to prove their loyalty than displaying an openly assertive and even hawkish stance in public.

Limits of Xi's Power and the Challenges from the Russian-Ukraine War

While the aforementioned analysis suggests Xi's overwhelming influence over China's foreign policy, Xi's control can be best characterised as preponderant, instead of absolute. There can be scenarios when Xi would also listen to the view of his peers at the PSC. The most recent case of this kind has been China's stance toward the Russian invasion of Ukraine in February 2022.

On 4 February 2022, Russian President Vladimir Putin attended the opening ceremony of the Beijing Winter Olympic Games. He was the highest-profile political leader from outside China at the ceremony, which was widely boycotted by Western leaders in condemnation of China's human rights abuses. After a brief meeting between Xi and Putin, a joint declaration was issued stating their political solidarity in standing firmly together against the West regarding Russia's objection to the expansion of a Western military alliance in Eastern Europe, especially Ukraine, and in the Asia-Pacific theatre. This joint stance took place against the unusual backdrop of the United States warning the world and the Chinese about an imminent Russian invasion of Ukraine.³⁸

However, after this joint declaration, and once the Beijing Olympic games had started, the seven members of the PSC

³⁸ L. Wei, "Beijing Weighs How Far to Go in Backing Putin on Ukraine", *Wall Street Journal*, 16 February 2022a.

disappeared from the public eye and withdrew into the Zhongnanhai office compound for over a week. One of the main issues they were reportedly discussing was the likely Russian invasion of Ukraine and China's stance. Xi appeared to have been standing staunchly with Putin in the joint statement on 4 February. However, moderate leaders within the PSC were possibly concerned with the severe political and economic fallout of China's strong backing of a potential Russian invasion. Possible points to be reconciled against Xi's and Putin's joint opposition to the expansion of a Western military alliance in Eastern Europe and Asia and to be discussed might have included China's long-standing emphasis on sovereignty and territorial integrity and non-aggression, China's extensive economic ties with Western Europe, China's growing economic ties and arms trade with Ukraine,³⁹ as well as the implications for China in case of Western sanctions against Russia. The results of their discussion were said to be presented to a meeting of the 25-member Politburo in February.⁴⁰ After the outbreak of the war, China continued to echo the Russian opposition to the expansion of NATO in East Europe and refrained from condemning Russia, while calling for a ceasefire, de-escalation, and peaceful resolution of the conflict.⁴¹ This episode seems to suggest that despite Xi's political prominence and widespread influence, collective deliberation seems necessary in the case of a critically important decision. This is the case when the decision concerns China's strategic alignment with or against a major power (such as Russia versus Western Europe) and will impinge upon the economic growth of China and the ability of the CPC to govern China. The underlying reason might well be that China's foreign policy is carved out to ensure the survival of the political and economic regimes.⁴²

³⁹ L. Wei, "China Adjusts, and Readjusts, Its Embrace of Russia in Ukraine Crisis", *Wall Street Journal*, 25 February 2022b.

⁴⁰ L. Wei (2022a).

⁴¹ L. Wei (2022b).

⁴² K. Lai (2020).

Conclusion

Since he assumed the top leadership post of the CPC in late 2012, Xi has re-written the rulebook of China's foreign policy. On the one hand, he has achieved a dominant status and undisputable control over FPM in China. He does so by heading the key bodies in charge of external policy-making in China, especially the CFALSG, the Taiwan Affairs LSG, the Finance and Economy LSG, and the Central Military Commission. His political dominance has grown since March 2018. In that month he did away with the constitutional limitations on two terms of the presidency, paving the way for his reign for life if he wishes. Soon afterward, he upgraded the CFALSG into a FAC, upgrading the political status of the two leading diplomats at the FAC to a Politburo member and a state councillor, respectively, enabling the FAC and the Office of the FAC to be more effective coordinators of FPM and key players in FPM in China.

On the other hand, since 2012, Xi has abandoned China's long-practiced low-profile diplomacy and has embraced assertive diplomacy. China's international initiatives have been more proactive, less restrained, and quite ambitious, as epitomised in its BRI. Xi has called for confident and even abrasive diplomacy in the presence of foreign criticism. His call has been embraced by diplomatic circles in China, resulting in a series of wolf-warrior acts and rhetoric.

Nevertheless, when a foreign policy affects the long-term well-being of the political and economic regimes of China, the decision may well be deliberated within the top tier of Chinese leadership. Afterward, the decision will be presented to a wider circle. There Xi's voice might be retained but may not necessarily be the only voice. The most recent case has been the Chinese stance on the Russian invasion of Ukraine in early 2022. That case has shown the limits to Xi's rewriting of the conventional rulebook in China's FPM. Intriguingly, the Chinese stance on this issue is worth continuous monitoring as the war and its

fallouts are still ongoing. The prominence of Xi's voice in the Chinese stance, if any, might also suggest the limitation of the checks against Xi's power, or the convergence of views on the war within the CPC leadership.

3. China's Decision-Making System and Interest Groups

Yanzhuo Xu

In contrast with the standard view that sees China's foreign policy-making either as centralised under the exclusive leadership of the Communist Party of China (CPC) or driven by a wide range of different stakeholders, this article argues that it is divided into three layers, i.e. foreign policy decision-making, policy suggestion, and policy implementation. Under President Xi Jinping, China's foreign policy has entered a new era: decision-making is more centralised, concentrated by a small group of higher levels officials. At the same time, more actors have varying degrees of autonomy and capacity to intervene in the foreign policy process through policy briefing reports and implementation processes.

China's Foreign Policy in the New Era

The past decade has witnessed significant transformations in Chinese foreign policy. International observers have reached a solid consensus that China's diplomacy has become more proactive, assertive, and action-oriented, yet struggle to understand the decision-making process driving it. Current literature continuously debates which factors influence the Chinese government's response to international affairs. One common perception considers Beijing as a single unified entity. According to this theory, the leadership of the CPC decides the country's

foreign agenda with a top-down approach. Others emphasise the fragmented nature of authority. According to this theory, a growing number of actors have become influential in China's international activities; China's foreign policy decision-making is therefore the result of cooperation and compromise through bargaining among different interest groups in a bottom-up manner. This chapter argues against both the above ideas by interpreting key speeches, party documents and statements released by the Chinese government. My arguments are therefore firmly based on the nature of the Chinese political system.

This chapter argues that China's foreign policy decision-making process is defined by the country's overall decision-making system. The starting point to figure out how the Chinese government responds to international issues is to understand how the Chinese bureaucratic system applies to foreign policy. On 18 December 2020, China's State Councillor and Minister of Foreign Affairs, Wang Yi, re-iterated this point of view in a speech at a special event hosted by The Asia Society. He insisted that "China's diplomacy starts at home and should help promote the overall development of the country and the new development paradigm".¹ Arguing that "foreign relations are the extension of domestic politics" (*waijiao shi neizheng de yanshen* 外交是内政的延伸 – a much used phrase in Chinese political discourse) does not necessarily undermine international institutions or international society's role in influencing or restricting foreign policy, of course. Emphasis on domestic factors actually helps understand the actions taking place in the political background. Generally speaking, Chinese foreign policy, like that of liberal democracies, results from a combination of the international system, domestic politics and leadership. In practice, which of these factors plays the most significant role in the final decision requires specific, case by case analysis. This chapter focuses

¹ "Reorient and Steer Clear of Disruptions for a Smooth Sailing of China-U.S. Relations", Address by H.E. Wang Yi State Councillor and Minister of Foreign Affairs at the Special Event Hosted by Asia Society, 2020.

on the domestic factors involved in China's foreign policy formulation and implementation process to help outsiders achieve more effective diplomatic interaction with Beijing and figure out how to work with China on major global issues.

More Centralised Foreign Policy Decision-Making for a New Era

The XIX National Congress of the CPC, convened between 18-25 October 2017, enshrined “Xi Jinping Thought” (*Xi Jinping sixiang* 习近平思想) in the party's constitution.² This “thought” introduced a “new era” (*xin shidai* 新时代) for China, of equal weight to the two previous eras – that of Maoism and that of post-1976 reform – and hence of significant importance to China's policy making.³ It also sent broader ideological messages to the international community, implying that China's foreign policy process, as an element of overall decision-making, has entered a “new era”.⁴

Chinese Ministry of Foreign Affairs' statements have echoed these hypotheses. The Central Conference on Work Relating to Foreign Affairs, held in Beijing on 22 and 23 June 2018, had a significant outcome: establishing Xi Jinping's thought on diplomacy. Ministry of Foreign Affairs interprets Xi Jinping thought as overarching guidelines, fundamental principles and active advice for Chinese diplomacy. On 21 December 2021, Wang Yi had a meeting with a Chinese think tank, during which he pointed out Xi Jinping's thought on diplomacy is an essential component of his thought on socialism with Chinese

² J. McGregor, “Doing Business in China's New Era: Industry Implications of China's 19th National Congress of the Communist Party of China”, *APCO worldwide*, 2017.

³ J.C. Mittestaedt, “New Era” between continuity and disruption, China's “New Era” with Xi Jinping characteristics, European Council on Foreign Relations, 2017.

⁴ H. Holbig, “The 19th party congress: Its place in history, China's ‘New Era’ with Xi Jinping characteristics”, in *China's “New Era” with Xi Jinping characteristics*, European Council on Foreign Relations, 2017.

characteristics for a new era and an essential reference and guide to action for China's foreign affairs in the new age. As Yu notes, "using Chinese political keywords as a starting point to analyse political shifts and changes in political discourse to observe real-life political processes, is a critical perspective for analysing real politics in China".⁵ In the Chinese political system, including foreign affairs related political discourse, the top leader's political keywords (slogans or rhetoric) are usually ambiguous and vague at first. Ministries and national state media later add meanings and nuances that are often viewed as authorised domestic interpretations of international policy changes. Interest groups, including foreign affairs professionals, researchers, stakeholders from state-owned enterprises (SOEs) and provincial governments interpret these keywords further or implement them based on their calculated interests.

With this background in mind, when answering the question of "who decides China's foreign policy", it is important to understand the content of "Xi Jinping thoughts on diplomacy" and "China's diplomacy in a new era" on the basis of authorised sources. President Xi has expounded ten fundamental principles underlying his thought on the diplomacy of socialism with Chinese characteristics for a new era in 2018. The most important is "upholding the authority of the CPC Central Committee to strengthen centralised and unified Party leadership over external work". This confirms that the party's foreign policy decision-making has become more concentrated. In practice, on 21 March 2018, during the National People's Congress, China announced a significant reform of government and party institutions in foreign affairs: Leading Small Groups (LSG) on foreign affairs were upgraded to Commissions. President Xi serves as the head of the Central Foreign Affairs Commission (CFAC). International observers certainly view commissions as high-ranking bodies. The CPC has therefore

⁵ H. Snape, "Social management or social governance: a review of Party and government discourse and why it matters in understanding Chinese politics", *Journal of Chinese Political Science*, vol. 24, no. 4, 2019, pp. 685-699, cit. p. 686.

taken on a stronger role in China's foreign policy-making along with greater bureaucratic power to guide policy.⁶ This change also sends a clear message that the party alone decides China's foreign affairs.

In the party structure, below President Xi, CFAC is led by the Central Committee's elite seven-man Political Bureau (Politburo) Standing Committee (PSC). Premier Li Keqiang, a PSC member, serves as Deputy Head of CFAC. Diplomatic veteran Yang Jiechi, a member of the Politburo, is Director of the General Office and Secretary General of CFAC. The Deputy Head of the Public Office is Deputy Foreign Minister Le Yucheng. Vice President Wang Qishan and State Councillor and Foreign Minister Wang Yi are also members. In accordance with President Xi's principles, Xi Jinping himself, the PSC and CFAC stand at the top of the foreign policy decision-making system. The responsibility of CFAC is "top-level design, overall strategising, coordination, general promotion, and supervision over the implementation" of foreign affairs.⁷

All foreign policy decisions have to be made or approved by CFAC. The PSC leadership and membership directly supervise foreign policy design and implementation to ensure complete saturation with "Xi Jinping thoughts on diplomacy". This simultaneously means that ministries affiliated with the State Council have less voice in policy decisions.

In contrast with China's tradition of democratic centralism since the opening-up reforms, top leaders' roles in China's foreign policy-making have become more significant. On 3 July 2021, Yang Jiechi published an article in *The People's Daily* and pointed out, "Xi Jinping made the strategies and personally took actions ... All these achievements were made possible by

⁶ H. Legarda, "In Xi's China, the Center Takes Control of Foreign Affairs Exploring China's new Central Foreign Affairs Commission", *The Diplomat*, August 2018.

⁷ D. Zhang and Li Tao, "关于领导责任制度建设的思考" ["Reflection on the Construction of the Leadership Responsibility System"], *Political Science Studies*, vol. 4, 2009, p. 20.

Xi Jinping's commandership and actions". Yang's emphasis on "personally" echoes China's promotion of "head-of-state diplomacy" (*yuanshou waijiao* 元首外交). This reflects the fact that in the "new era", not only have Xi Jinping's thoughts on diplomacy become the guiding theory of Chinese foreign policy, but President Xi himself makes critical decisions on foreign affairs. It also reveals that, in addition to PSC's and CFAC's discussions and decisions on key foreign-related issues, President Xi carries significant weight when it comes to making any final decision. His opinion and preferences are respected, honoured and implemented by the heads of PSC and CFAC.

Professional diplomats have been promoted to a higher rank in China's political system. In 2017, Yang Jiechi was elevated to the Politburo at the XIX CPC Congress, the first professional diplomat to be promoted to this rank in fifteen years. In the current State Council, Wang Yi is the first Foreign Minister since 1993 to serve concurrently as a State Councillor, a more senior position than Foreign Minister. As State Councillor, Wang is the bureaucratic equal of the defence and public security ministers. This arrangement confirms that people involved in foreign policy-making now hold a higher rank in the Chinese political and party hierarchy.

A Broader and More Coordinated Channel for Policy Proposals

Within the central governmental apparatus, ministries and agencies affiliated to the State Council all have channels to report their work, concerns and interests in foreign policy-making. CFAC members include the heads of the Ministry of Foreign Affairs (MOFA), Ministry of Defence (MOD), Ministry of Commerce (MOFCOM), Ministry of State Security (MSS), Ministry of Public Security (MPS), the International Liaison Department, Department of Propaganda, Department of Hong Kong, Macao, and Taiwan Affairs, the Overseas Chinese

Affairs Office, and the State Council Information Office.⁸ Each of the above agencies therefore has a specific focus on foreign affairs and a direct channel to CFAC for information collection, analysis and reporting.

With regard to the internal policy proposal chain, there is a common misunderstanding that, since these ministries and agencies have participated in and represented their interests on the decision-making committee, China's foreign policy is driven by their interests and shaped by a variety of stakeholders. This assumption, however, overestimates the effect of competition between different interests and ignores the fact that such interests can be mutually compatible. It also fails to distinguish between policy decision-making and policy proposal. This section puts forward arguments that ministries' and agencies' role in foreign policy-making is limited: in most cases, their influence on foreign policy is reflected in policy proposals rather than directly in policy making.

Firstly, despite ministries and agencies serving their own interests, they are less likely to compete with each other (or at least express competing interests) under the new decision-making system. Since 2018, President Xi has emphasised on many occasions "the importance of adopting a right approach ... to the overall picture ... in assessing international developments".⁹ More specifically, he has explained that "the right approach to the overall picture means not to just focus on specific developments and details". To "comprehensively implement Xi Jinping's thoughts", as all ministries and agencies have pledged they will do, different players now behave in a more cooperative and coordinated manner and give full consideration to the country's

⁸ Y. Ren, "改革开启中国外事体制机制的新篇章" ["Opening up policy initiates a new chapter of China's foreign mechanism"], *Guangming Daily*, 23 May 2018.

⁹ Xi Jinping stressed the importance of adopting a right approach to history, to the overall picture and to China's role in assessing international developments. H. Yu, "中国特色大国外交的历史观大局观角色观" ["Great Power diplomacy with Chinese characteristics"], *People's Daily*, 8 October 2018.

overall interests rather than focusing on their own. For example, Xue Li observed in 2016 that powerful ministries like MSS and MPS tend to speak aggressively in response to international issues, while MOFA and MOFCOM prefer to negotiate and compromise to achieve win-win solutions with other countries. The reason is, Xue argued, that officials from MSS and MPS are more powerful than their MOFA and MOFCOM counterparts in the government apparatus.¹⁰ However, senior diplomats from MOFA are nowadays criticised by international media as aggressive and called “wolf warriors”. This proves that the agendas and approaches of different government ministries and agencies are now likely to be agreed, unified and merged into an overall foreign policy that goes beyond specific interests.

Additionally, the information collection and analysis processes of each ministry or agency overlap and are compatible. As suggested by MOFA, diplomatic research covers all areas, aspects and processes, including questions of prudent behaviour.¹¹ It serves the needs of internal (domestic) politics and must therefore avoid pedantry. According to this guideline, diplomatic research should be comprehensive rather than narrowly focused on specific details. Professor Xue also argues that, in the Chinese foreign policy-making system, information collection and analysis are not usually highly focused on particular areas; policy proposals are sometimes even based on a minister's personal preferences.¹² Professional officials are likely to be all-rounders.

Secondly, institutional mechanisms are in place to prevent bureaucratic fragmentation, complexity, and overlapping. Take the example of the new China International Development Cooperation Agency (CIDCA). This was established in 2018,

¹⁰ L. Xue, “China's Foreign Policy Decision-Making Mechanism and ‘One Belt One Road’ Strategy”, *Journal of Contemporary East Asia Studies*, vol. 5, no. 2, 2016, pp. 23-35.

¹¹ More information is available on CIDCA official website http://en.cidca.gov.cn/2018-08/01/c_259525.htm

¹² L. Xue (2016).

with the aim of elevating the political importance of foreign aid and better aligning the country's aid agenda with its overall foreign policy. More than twenty central ministries, commissions, agencies, and their provincial counterparts have been involved in China's aid management. Three equally powerful ministries, MOFA, MOFCOM and MOE, largely controlled the aid programme in the past according to their preferred diplomatic and economic objectives (Rudyak). Now CIDCA, an agency at vice ministry-level, led by people from MOFA, has absorbed the Department of Foreign Aid at MOFCOM. CIDCA was established to facilitate coordination, increase information sharing and cooperation among the three ministries in order to align foreign aid objectives with broader foreign policy goals. CIDCA, MOFA and MOFCOM all issued *Administrative Measures for Foreign Aid* in October 2021. This clarifies the responsibility of CIDCA and the other ministries concerned. It shows that CIDCA's role lies in coordinating a unified and efficient foreign aid management system and identifies MOFA and MOFCOM as foreign aid implementation agencies. In this case, competition between key ministries is clearly managed. Communication channels have also been opened under the new system to ensure that all involved strictly follow the central government's broad foreign agenda.

Thirdly, a centralised decision-making circle does not necessarily ignore the solid and comprehensive policy planning or the interests of the ministries and agencies who have open channels for reporting their concerns and suggestions. In the Chinese foreign policy system, professional decision-making is based on in-depth discussion and the consideration of all interest groups. In this area, CFAC plays a crucial role in running the overall system of information production and collection and in briefing leaders to make decisions on critical issues. Before the US-China Economic and Security Review Commission, a senior researcher stated that "each line agency involved in ... foreign affairs ... provides regular reports that reflect the work

and concerns specific to that agency's focus". Xue Li explains that diplomats, intelligence personnel and governmental researchers participate in foreign-related information collection and analysis.¹³ Different kinds of report, with specific focuses on concerns ranging from political to diplomatic, economic, financial, security, military, legal, cultural, educational and overseas citizens are incorporated into policy proposals to ensure the decision-making system considers all interests. In this regard, ministers and agency heads have a voice in the final policy decision, especially those ministers who are also CFAC members. Their interests and concerns indeed have a greater chance to be heard and reviewed. Yet in contrast to the traditional belief that ministries and agencies have substantial bargaining power within a fragmented bureaucratic structure, their responsibility and roles in foreign policy-making mean that their ability to influence final decisions, particularly on critical issues, is limited. Their influence largely relies on reporting their interests and concerns through policy proposals, subtle rhetoric and policy jargon, aiming at broad, sometimes vague goals beyond their narrow interests, instead of debating, competing or battling on a specific topic to defend their own interests, as happens in the liberal democratic political system.

Double Track Policy Implementation

Current literature argues that China's foreign policy is driven by various interest groups, including central and provincial government institutions, SOEs, and subnational actors.¹⁴ The role of interest groups in China's foreign policy system is, however, debatable, even though such groups may have close connections with the Chinese government. Some suggest they

¹³ L. Xue, "Diplomatic risks facing, China's One-belt-one-road Initiative", in *Looking for a road: China debates its and the world's future*, Leiden, Brill, 2017.

¹⁴ J. Yu and L. Ridout, *Who decides China's foreign policy?*, Chatham House, 1 November 2021.

are instruments of China's foreign strategy,¹⁵ and work as a national team under the leadership of the central government. In contrast, others hold that they function as profit-driven players, all of whom impact foreign policy.

The first argument fails to explain how lower-ranking agencies and companies participate in policy making as they do. Descriptions of involvement are vague and uncertain. Some argue that netizen opinion impacts China's foreign policy-making, yet this is difficult to prove.¹⁶ Popular narratives may sometimes be reflected in official propaganda, but even if a final policy decision sounds consistent with the popular view, it is still hard to determine whether the decision was shaped by netizen opinion or other influences. The second argument – the fragmented authority hypothesis – fails to explain why SOEs or sub-national actors undertake projects that actually run counter to their economic advantages and plans.

This section defines the role of the “interest group” in Chinese political discourse and argues that Chinese interest groups are not directly involved in the policy-making process but may impact policy implementation in some cases.

In US foreign policy, an interest group is defined as having “an impact on the earlier stages of the decision-making process”.¹⁷ In Chinese foreign policy-making, on the other hand, interest groups can be viewed in three different ways.

Firstly, some interest groups may be of a governmental or semi-governmental nature. While interest groups like provincial and municipal governments do play a role in foreign policy implementation, the role of others, like SOEs and multinationals, is ambiguous. Chinese companies, especially SOEs, have a hybrid

¹⁵ W. Nie, “China's State-Owned Enterprises: Instruments of Its Foreign Strategy?”, *Journal of Contemporary China*, 8 September 2021.

¹⁶ A. Scobell et al., “Netizen Opinion and China's Foreign Policy Interpreting Narratives About North Korea on Chinese Social Media”, *Asia Policy*, vol. 14, no. 3, 2019.

¹⁷ J.W. Dietrich, “Interest Groups and Foreign Policy: Clinton and the China MFN Debates”, *Presidential Studies Quarterly*, vol. 29, no. 2, 1999, pp. 280-96.

corporate-cum-governmental agency organisation. Some SOEs are directly affiliated with the ministry of local government. The Party has authority over the central government apparatus regarding personnel appointments and resource distribution for certain powerful SOEs. The Organisation Department of the Central Committee of the CPC and the State-owned Assets Supervision and Administration Commission (SASAC) make candidate recommendations. The Party has the final say in the appointment of the Chief Executive Officer (CEO) and Party Secretary in powerful SOEs.

Personnel in SOEs and government agencies are also appointed on a revolving door basis: heads of MOFCOM and the National Development and Reform Commission (NDRC) may be appointed as heads of SOEs.¹⁸ The CPC has recently reinforced its governing mechanism through enterprise reform and party regulation to govern economic activities and implement the Party's decisions.¹⁹ Primary-level party organisations have been set up within enterprises, research institutes, communities and sub-districts and the party's lines are communicated from the top to the ground.

The second view of "interest group" is more narrowly focused. Some literature suggests that interest groups are mainly local government institutions and SOEs. Criteria for evaluating their performance focus heavily on political and economic performance, while labour, ethics, human rights and environmental issues are marginalised. Environmental interest groups have long been pushing for state-level responses to global ecological problems in western countries. In many cases, however, they have strong financial support and a loud enough voice to influence (change) the government's foreign policy. In China, environmental organisations have focused exclusively on domestic issues instead of lobbying for international ones.

¹⁸ J. Yu and L. Ridout (2021).

¹⁹ D. Rosen and T. Hanemann, *China's Changing Outbound Foreign Direct Investment Profile: Drivers and Policy Implications*, Policy Brief, no. PB09-14, Petersen Institute for International Economics, June 2009,

Moreover, as non-interference in other countries' internal affairs is a long-standing principle of Chinese policy, leaving political and economic interests aside, aspects like environmental protection and labour rights are generally seen as other countries' business. Labour is usually regarded as an internal affair of other nations in China's diplomatic discourse. MOFCOM officially issues a Guide for Countries and Regions on Overseas Investment and Cooperation each year. Environmental and labour issues are indeed raised along with the host country's policies and regulations. But they are presented as guidelines or areas of concern, not as issues demanding change or affecting collaborating. No influential organisations exist to represent such interests in China's foreign policy framing. Such issues are often incorporated in policy proposals only as an opportunity for or challenge to diplomatic or economic interests.

According to the third view, interest groups have a low influence in policy-making and policy proposal but high autonomy in implementation. The argument goes that policy decision-making is centralised, unilateral, and flows from the top to the low-level implementer, while policy proposals are reported through specific channels. Some powerful SOEs, of course, may provide suggestions for governmental research or reports. The heads of prominent multinationals may even use personal links to dialogue with government officials. However, these channels are unsustainable and unstable. There is no straightforward way for interest groups to place an issue directly on the government's agenda, nor any platform for them to shape perspectives and debates. Their impact lies essentially in the implementation process, where they can choose to implement a project enthusiastically or with a certain resistance. They may contribute to, complicate, or even undermine foreign policy performance.

The Belt and Road Initiative (BRI) is China's signature diplomatic strategy. It was personally planned and promoted by President Xi. Since it was unveiled in 2013, it has been regarded as the top foreign agenda for the Chinese government.

In 2017, the initiative was incorporated into the Chinese constitution. The implementation of BRI reflects how interest groups really influence foreign policy in the implementation process. President Xi's centralisation of power in foreign policy decision-making is reflected by his direct participation in this grand strategy.

The whole government and nation have prioritised this foreign policy campaign. In implementing BRI, the “principal agent problem” has occurred in Chinese overseas projects operated by SOEs and multinationals. This refers to the difference in approach between state and enterprises. The government obviously favours China's overall national interest while the enterprises serving as BRI implementation agents tend to prioritise their own economic interests. Specifically, since there is no clear limit to BRI, nearly all Chinese enterprises would like to play a part in BRI projects or obtain policy support or benefits in the name of BRI. Evidence of this appeared in 2017, when the Belt and Road Construction Leadership Group held a working symposium and emphasised resolutely the need to prevent the abuse of the “Belt and Road”, and to prevent institutions or individuals making ill-gotten gains in the name of BRI. In qualified projects, however, Chinese SOEs' economic interests may nevertheless conflict with diplomatic interests and national image building. This is a common phenomenon in less developed, political unstable countries with risky markets. In this regard, even if enterprises cannot openly refuse projects arranged by the government, their profit-driven nature makes them ineffective as instruments of foreign strategy, as they may compromise on quality, use sub-contractors, and lower labour or environmental standards to increase profit.

Conclusion

This chapter argues that China's diplomatic transformation is rooted in its political system. China's foreign policy-making system must be understood in order to comprehend its foreign

policy and figure out certain responses, including the country's attitude to the international order, responsibility in global affairs and self-identity. China's foreign policy is dictated by the CPC, and the central government dominates the hierarchy of the system. All levels of government as well as interest groups play an essential role in a complex and pluralistic policy decision-making system. The CFAC is the most powerful agency when it comes to deciding critical issues and guiding responses to international events. Top-level design has strengthened the political authority of ministries, agencies and local governments, SOEs and other foreign-related actors. New measures have increased horizontal coordination between ministries to ensure that they strictly follow the guidelines of the leadership. Vertically, party branches have abandoned the fragmented approach and begun monitoring the full implementation of plans from the top level. In return, information from the bottom has been collected first-hand, analysed, and turned into policy proposals reported to the top. The influence of interest groups on foreign policy is seen in implementation rather than in direct bargaining with the government.

4. The Military Clout of China's Foreign Policy

Flavia Lucenti

The People's Liberation Army (PLA), officially the army of the Communist Party of China (CPC) – hereinafter the “CPC” or the “Party” –, has always been a crucial player in the Chinese political system. It is not a national army, although it is the only army China has and its members have been active participants in the life of the State since its founding. The close relationship between the armed forces and the Party has, over time, encouraged Chinese policy analysts to explore the influence of the PLA on national decision-making processes, and consider this interaction as “intrinsic to the Party leadership itself”.¹

The involvement of the PLA in this regard has been compared to that of an “interest group” capable of exerting pressure on political decisions about aspects of national stability and, more recently, security, defence, and foreign policy. However, the definition of interest group became more fitting from the moment the Chinese civilian and military elites detached in the mid-eighties, giving the PLA the opportunity to shape itself as a player separate from political power. An interest group indeed is commonly referred to as an actor which can lobby for its own benefit, but which is external to the institutions where the decision-making process occurs and where the political leadership sits.

¹ A. Miller, “The PLA in the Party Leadership Decisionmaking System”, in P.C. Saunders and A. Scobell (Eds.), *PLA Influence on China's National Security Policymaking*, Stanford, Stanford University Press, 2015, pp. 58-83, p. 59.

Assessing the weight of the PLA as an interest group, mostly in foreign policy, is also the aim of this analysis, which proceeds as follows. First, it briefly reviews the major reforms that have targeted the PLA, emphasising how such restructurings have stimulated the creation of an identity for the military as an interest group. Second, it investigates the current role of PLA officers in Party institutions, mainly focusing on the functioning of the Central Military Commission (CMC), which is one of the key bodies used by the military to lobby politicians and influence foreign policy decision-making. Third, the article introduces readers to the ongoing shrinkage of civil society that is taking place under the leadership of General Secretary, and President, Xi Jinping and which is having consequences for the performance of interest groups in Chinese policy-making, and more generally for its political system. In this respect, the reform measures that the PLA is currently undergoing also embody Xi Jinping's desire to reduce the rise of interests, due to the presence of groups not entirely under the authority and control of the Party, that may clash with his policy agenda. To increase consensus around his leadership, Xi Jinping is also spreading a narrative addressing the military as the protagonist of a new time of prosperity and greatness for the country. Thus, as will be discussed below, Xi Jinping is proving he is able to win back their favour, in particular that of younger officers, both by giving the PLA a prominent position in achieving China's national destiny and by promising to make them a world-leading army.

Early Reforms at a Glance

At the time of the foundation of the People's Republic of China – the “PRC” or “China” –, most Party members were, or had been, in the PLA, which was known as the “Red Army” until 1946. Thus, China's revolutionary legacy had led to the emergence of a political elite made up of individuals who had also served as soldiers in the civil war on Mao Zedong's side. The presence of

this generation of Party members holding senior political roles, both at local and State level, began to diminish in the eighties, not only because the people in question were growing older, but also because of the Party's decision to separate political and military careers.

Thus, in 1985, with Deng Xiaoping at the helm, the Party began to pursue a gradual "bifurcation" between civilian and uniformed Party members.² It enabled, on the one side, the formation of a leadership that was increasingly composed of career politicians, capable of guiding the employment of military forces politically. On the other side, this process would encourage the professionalisation of the PLA, which would be entrusted with the role of technical adviser on military matters for policymakers, but without being involved in the decision-making process. The 1985 reforms, however, were also followed by a demobilisation of almost one million PLA's troops in order to, in this case, prioritise the internal economic development the country was experiencing under Deng, at the expense of the military budget.

The specialisation of the army came about mainly through later reforms and the demobilisations that hit the PLA in the following decades. Unlike that of the eighties, the subsequent reforms, along with troop downsizing, also involved an increase in the budget so as to create a trained, skilled army and an integrated fighting force. This led firstly to the large-scale demobilisation of the army, such that post-1985, the PLA lost another 500,000 troops in 1997 and 200,000 in 2003.³ It also led to growth of the military budget at a rate of 10 per cent over the past 25 years, reaching 12.2 per cent in 2014.⁴ Hence, the

² D. Shambaugh, "Civil-military relations in China: party-army or national military?", *The Copenhagen Journal of Asian Studies*, no.16, 2002, pp. 10-29.

³ D. Gearing, "PLA Force Reductions: Impact on the Services" in P.C. Saunders, A.S. Ding, A. Scobell, A.N.D. Yang, and J. Wuthnow (Eds.), *Chairman Xi Remakes the PLA. Assessing Chinese Military Reforms*, Washington DC, National Defense University Press, 2019, pp. 327-54.

⁴ Starting from 2015, the rate of growth started to decrease while remaining in

Party was keen to modernise the PLA, fundamentally favouring quality over quantity, which meant soldiers receiving specific military education and being better equipped. This would also be functional in separating the civilian elite from the military, as giving the army its own area of specialisation, and more opportunities for progress, would make it easier to push the PLA out of political institutions. At the same time, this allowed the PLA to shape its own identity, even autonomously from the Party, as an interest group capable of exerting pressure on policy-making.

PLA as an Interest Group

According to Kardon and Saunders, nowadays the PLA “demonstrates characteristics suggestive of interest group behaviour”, being able to push political decisions to its own benefit through institutional and non-institutional channels.⁵ In line with the widely accepted definition of interest groups, this indicates “any association of individuals or organizations, usually formally organized, that, on the basis of one or more shared concerns, ... attempt to achieve their goals by lobbying – that is, by attempting to bring pressure to bear on policymakers

positive. In 2020, it was 6.6%, and in 2021 it increased to 6.8%. See L. Xuanzun, “China Hikes Defense Budget by 6,8% in 2021, faster than 6,6% growth last year”, *Global Times*, 5 March 2021.

⁵ I.B. Kardon and P.C. Saunders “Reconsidering the PLA as an Interest Group” in P.C. Saunders and A. Scobell (Eds.), *PLA influence on China's National Security Policymaking*, Stanford, Stanford University Press, 2015, pp. 33-57. According to the authors, interest groups are featured by professionalization, growing coherence of its corporate interests, increasingly specified “scientific” features of its mission, a monopoly on functional expertise and information in the national security realm, and enhanced capacity to articulate and defend institutional goals and equities to shape public debate and influence policy (*in* p. 34). See also J.W. Garver, “The PLA as an Interest Group in Chinese Foreign Policy”, in C.D. Lane, M. Weisenbloom, and D. Liu (Eds.), *Chinese Military Modernization*, New York and Washington DC, Kegan Paul International and AEI Press, 1996, pp. 246-81.

to gain policy outcomes in their favour”.⁶ However, as the same authors emphasise, defining the PLA as an interest group can still be problematic because of its traditionally close ties to the political establishment. According to Chen, Professor of Chinese Studies at the University of Helsinki, the interaction between senior officers and political institutions excludes the PLA from fully being an interest group, as he sees the military's influence on decision-making as a strategy to defend its claims “from within”, rather than as genuine external pressure.⁷ Appealing, though, to the links that exist between the Party and the PLA may call into question the overall existence of interest groups in China, since the whole of Chinese society is permeated by traditional, and deep, relations with political power and cannot act completely independently of it.

As a result, the role of interest groups is likely to be overlooked, especially by analysts who are not experts in Chinese politics. Unlike those whom David McCourt calls the “China Watchers” community,⁸ observers who are unfamiliar with the Chinese political system tend to simplify this, and to view the Party as a monolithic entity that univocally guides, and affects, the governance of the State, and represses the emergence of any claims.⁹ Such a perception is also largely attributable to the fact that interest groups in China are often made up of individuals who, while representing a certain category, are also involved in the Party's institutions, which makes them less visible. In contrast, as affirmed by the scholar Cai, who investigates the role of interest groups in China: “Authoritarian regimes are also subjected to conflicting interests of the different organized and

⁶ See the definition of “[interest group](#)” on the *Encyclopaedia Britannica*.

⁷ Y.J. Chen, “[China's Foreign Policy: Challenges and Players](#)”, testimony before the U.S.-China Economic and Security Review Commission, 13 April 2011.

⁸ D. McCourt, “The Domestic Resonance of Geopolitical Competition in American Foreign Policy: The Rise of China and Post-War US-Soviet Relations Compared”, *International Politics*, vol. 57, no. 1, 2020, pp. 21-40, p. 25.

⁹ Y. Jie and L. Ridout, *Who decides China's foreign policy?*, Chatman House, 2021.

unorganized groups”,¹⁰ since Communist society is “complex and stratified as any other”.

Yet, it should be added that in countries like China, where there is reduced space for civil society, even if they can leverage policy-making, interest groups are far from turning into “rogue” actors that challenge the political power but remain highly institutionalised players – as in the case of the PLA. Hence, the Chinese military has never lashed out at the political power, remaining loyal to conservative nationalist values such as regime unity, social order, and the pursuit of China’s global stature, which are also important for the Party.¹¹

Nonetheless, the bifurcation gradually achieved through the reforms between civilian and military gave the PLA reason to develop its own self-determined identity as an interest group. Following the reduction of seats on political councils, thus senior officers began to find a way to lobby the ruling power also using non-institutional channels, for example, by increasing their involvement in national media to publicly express their opinion. It allowed them not only to have a say in matters of security, defence, and foreign policy but also to exert pressure more powerfully in favour of increased resources, autonomy, and prestige.¹²

Such renewed PLA independence and authority, which emerged mainly in the late nineties and lasted during the first decade of the 2000s, largely depended on the process of the specialisation of the military forces, whereby they acquired exclusive competence in military affairs and knowledge of

¹⁰ In this respect, the Party’s collectivist approach to society may rather have encouraged the creation of interest groups and discouraged individual action. See Y. Cai, “Managing Group Interests in China”, *Political Science Quarterly*, vol. 129, no. 1, 2014, pp. 107-31, pp. 110-12.

¹¹ M. Swaine, “China’s Assertive Behavior Part Three: The Role of the Military in Foreign Policy”, *China Leadership Monitor*, vol. 36, 2012, pp. 1-17.

¹² More than once in the past, the PLA has pursued its claim by packaging them in national media, especially on security and international policy, in a way that sounded attractive to public opinion, orienting the debate according with its activities of lobbying.

military techniques.¹³ At present, the PLA can formulate professional military judgements and execution plans to guarantee the country's security at home and, above all, on the international scene, autonomously drawing up militarily drills and operational plans in response to the rise of foreign security challenges. This has given the PLA the power to influence whether a crisis breaks out and, once it has, its development.¹⁴ It has made the PLA a crucial player capable of affecting decision-making in military affairs, with a focus on crisis management in foreign affairs.

Following the crackdown on the protests of 4 June 1989, when the army was responsible for repressing demonstrators, the PLA partially disengaged from issues of internal security and social order, which were transferred to the People's Armed Police (PAP) and turned its attention to foreign policy.

This was an attempt by the PLA to affirm itself also as a national army which safeguards the State and its citizens, instead of still being seen as a military force denoted by "subservience to the Party" – albeit "Without renouncing formal responsibility to protect Chinese Community Party rule".¹⁵

Following the reforms that enabled the PLA to emerge as an interest group, it focused on gaining influence in foreign policy by pursuing its lobbying activities in the Party's institutions that deal with military affairs.

The PLA's Involvement in Governmental Bodies

As a result of the military reforms, according to Michael Swaine, one of the leading experts on China security studies, in 1982, 15 of the 20 Politburo members were in uniform, but just over

¹³ Like Kardon and Saunders affirm, commenting on the evolution of the role of the military "the PLA's influence over purely political issues has declined (but) its autonomy and influence over purely military issues has increased". I.B. Kardon and P.C. Saunders (2015), p. 44.

¹⁴ M. Swaine (2012), pp. 1-14.

¹⁵ I.B. Kardon and P.C. Saunders (2015), pp. 33-57, p. 46.

ten years later, the situation had completely changed. In 1997, 21 Politburo members out of 24 held no military office.

Nowadays, along with the General Secretary of the Party, who chairs the Politburo and serves as Chairman of the Party's CMC, there are currently only two other Party members with military roles in the Politburo: the CMC Vice-Chairmen Xu Qiliang and Zhang Youxia. Analogously, in the Politburo Standing Committee (PBSC), which represents the innermost circle of China's governance structure, no military representatives have been included since 1997.¹⁶

Given the PLA's reduced involvement in policy-making institutions, the role of the remaining senior officers in the Politburo is particularly important as this is one of the main bodies, in tandem with the CMC, designed to deliberate on military activities, and the organisation and dispatch of armed forces. Retaining seats in the Politburo, therefore, offers the PLA an opportunity to make its voice heard on defence and military issues. Moreover, since some of the Politburo members also sit on the PBSC, whose duties include ratifying major military decisions, it is important for the PLA to be part of this institution to preserve direct access to the Party's civilian leadership.

However, it is the Party's CMC, the Party body that is responsible for military affairs, where the PLA's lobbying, as an interest group, on foreign policy decisions is most effectively carried out. According to Miller "... the CMC is intended as the locus of decision making in purely military affairs",¹⁷ deliberating on national security, strategic military decisions, as well as the PLA's structure, missions, and budget. This former duty is assessed by the CMC together with the State Council, the central government's official name, and the National People's Congress (NPC), the Chinese institution almost corresponding

¹⁶ The last officer who sat in the PBST was the admiral, the General Liu Huaqing, who left the office in 1997, following Deng's restructuring of the membership of this body.

¹⁷ A. Miller (2015), pp. 58-83, p. 73.

to a parliament, except that this shares its legislative power with the PBSC. In the NPC, the PLA also has a delegation which allows military officers to advance their claims over “budget allocation and submit defence-related proposal to the NPC”.¹⁸

Among its military members, the CMC also includes the Minister of National Defence (MND), currently represented by General Wei Fenghe. Unlike other countries – for example, Italy, – the Chinese MND, whose ministry is under the State Council, has no command authority over the PLA, which is instead subordinate to the CMC. However, the presence of the MND is required primarily to ensure dialogue and information sharing between military and civilian members of the Party sitting in the State Council, representing a linking figure between the two dimensions. Constant interaction between the Party and the PLA thus takes place within the CMC on key political and security questions, above all when it comes to international affairs with potential military implications. Over time this has made the CMC the highest-level institutional channel for collaboration between the military and political elites.

In evaluating the impact of the military on Chinese decision-making processes, scholars and analysis have also explored the role of the so-called CPC’s “leading small groups” (LSGs) (*lingdao xiaozu* 领导小组). These are commonly described as cross-party agencies specifically created by the Party to monitor and propose recommendations concerning areas considered strategic for political power. In this regard, Michael Swaine defines them as “... *ad hoc* interagency crisis working group(s) whose membership would be determined on the basis of the nature of the crisis”.¹⁹ Nowadays in China LSGs exist that deal with sensitive issues in terms of ideology, economics, national security, and foreign and military affairs. We have knowledge that, for example, there are LSGs for sensitive questions of

¹⁸ G. Grier, “The Role of the Army in China’s Politics”, *European Parliamentary Research Service*, Briefing, June 2015.

¹⁹ M. Swaine (2012), p. 4.

national stability such as Taiwan, Xinjiang, and Tibet, but there also groups devoted, as their name suggests, to National Defence, Troop Reform and the Central Military and Civilian Integration Commission.²⁰ Speaking about the role of the PLA as an interest group, the aforementioned LGSs are quite important since they include both civilians and PLA officers, including some in military intelligence.²¹ Therefore, like the CMC, these groups have become significant channels for interaction between civilians and uniformed Party members, encouraging reciprocal information exchange as well as consensus-building around the ruling leadership. In this respect, since Xi Jinping came to power, the incidence of the LSGs, especially those for military affairs, has increased. Thus, they have gone from solely having coordination functions to having a crucial role in providing guidance to the political power. However, this turned out to be a double-edged sword for the PLA. While the opportunities to interact with and leverage political power seemed to have increased, such closer collaboration was designed to limit the autonomy of the military by increasing the Party's control over it. Xi Jinping, while continuing the modernisation of the PLA, which he regarded as a top priority, was also keen to regain the Party's authority over the PLA.²² This was no easy task since, as noted above, greater specialisation was followed by greater independence. Therefore, in recent years, significant reorganisations of the national security and military apparatus have taken place. Some such reorganisations are still ongoing, designed to achieve greater adherence by an increasingly well trained and equipped army to the Party's political agenda.

²⁰ C. Johnson and S. Kennedy, *Xi's Signature Governance Innovation: The Rise of Leading Small Groups*, Center for Strategic & International Studies, 17 October 2017.

²¹ M. Swaine (2012).

²² S. Dossi, "'Upholding the Correct Political Direction': The PLA Reform and Civil-Military Relations in Xi Jinping's China", *The International Spectator*, vol. 53, no. 3, 2018, pp. 118-31. See also S. Miracola "Beijing's Ultimate Goal: The Military-Civilian Fusion", ISPI Commentary, ISPI, 3 August 2018.

Reorganisation of the Army under Xi Jinping

Once in his leadership role, General Secretary, and President, Xi Jinping has primarily focused on restoring, in his words, “the morality of political power”²³ by tackling the endemic corruption in the Chinese political system. The so-called “anti-corruption campaigns” that the Party under Xi conducted were seen as necessary to regain the people’s trust in the ruling elite but, as a result, also favoured the concentration of power in the hands of the newly appointed leader in mainly two ways: first, by striking at the more conservative wings of the Party, which could be an obstacle to the process of the personalisation of power that Xi had in mind; and, second, by preventing the rise of new politicians, as rising stars within the Party, who could potentially turn into his opponents.

Moreover, the anti-corruption campaigns were an opportunity for Xi Jinping to restore the Party’s authority over the PLA by extensively purging it of the undesirable senior officials²⁴ and paving the way for the major reform that subsequently occurred in 2015. The goal of this new round of reforms of the PLA was to counter corruption within the army,²⁵ a change

²³ Xi Jinping, “Full Text of Speech by New Communist Party General Secretary Xi Jinping at the Politburo Standing Committee Members’ Meeting with the Press at the Great Hall of the People in Beijing”, Beijing, China Internet Information Centre, 2012.

²⁴ For instance, in 2016, the corruption trial of Guo Boxiong, a retired senior military official who had also served as vice-chairman of China’s Central Military Commission from 2002-12, caused a stir and he was sentenced to life imprisonment. In 2015, a similar fate befell General Xu Caihou from 2004-12, also vice-chairman of the Central Military Commission, who was accused of corruption too but who died before his trial.

²⁵ During the eighties, reforms had led to a decrease in the state budget allocated to the military. To compensate for this reduction of resources, therefore, the Party had given the PLA permission to intervene in the economy by setting up their own enterprises, such as the creation of military hospitals but also companies in the field of logistic and technology. However, in late nineties, the budget allocated began to grow significantly and the PLA was forced by the Party, led by Jiang Zemin, to divest some of these businesses in exchange of increased funds

that the political establishment considered essential to turn the Chinese army into a world-class force, as officially stated by the Party leadership.²⁶ This entailed both the reorganisation of the army's command structures, which concerned, principally, the CMC, and the active involvement of the military in the anti-corruption political agenda of the Party, in order to reinforce their loyalty to it.²⁷

Therefore, the Discipline Inspection Commission and the Political Legal Affairs Commission were returned to the CMC, providing the PLA with the responsibility for reporting crimes of corruption in the Party's bureaucratic entities and

to allocate in the army which did not satisfy the military. Like Dossi writes about this decision of the Party concerning the cession of the PLA business activities: "if the issue did not explode into open conflict, this war probably because of the US bombing of the Chinese embassy in Belgrade in May 1999, which forced civilian and military leaders to set aside the budget dispute and come out with a unified response". Such business activities run by the PLA, along with the abuse by senior officials of a range of benefits related to their position, have been the target of Xi Jinping's anti-corruption campaigns. S. Dossi "Explaining Military Change in China: Reintroducing Civilian Intervention", *Journal of Contemporary China*, vol. 31, no. 133, 2022, pp. 101-15, p. 112. See also P.C. Saunders and J. Wuthnow "Large and In Charge: Civil-Military Relations under Xi Jinping", in P.C. Saunders, A.S. Ding, A. Scobell, A.N.D. Yang, and J. Wuthnow (Eds.), *Chairman Xi Remakes the PLA. Assessing Chinese Military Reforms*, Washington DC, National Defense University Press, 2019, pp. 519-56, p. 523. See also S. Dossi, "La modernizzazione delle Forze armate cinesi" in G.B. Andornino (Ed.), *Cina. Prospettive di un Paese in Trasformazione*, Bologna, il Mulino, 2021.

²⁶ Xi Jinping, "Full Text of Speech by New Communist Party General Secretary Xi Jinping at the Politburo Standing Committee Members' . . . , cit.

²⁷ In pursuit of such a same purpose, in 2013 Xi had established a new body too, the Central National Security Commission (CNSC), which he chairs and whose functions should have been improving coordination and information sharing between civilians and the military concerning the management of internal and external security issues. Though, as Wuthnow explains, since its founding, the CNSC was a sort of "black box institution" since few details have been made public about its specific role in the Chinese system. See Wuthnow, "China's New 'Black Box': Problems and Prospects for the Central National Security Commission", *The China Quarterly*, vol. 232, 2017, pp. 886-903. See also P.C. Saunders and J. Wuthnow (2019), p. 533. See also S. Miracola, "[Xi-For-Life Means New Momentum for China's Army](#)", ISPI Commentary, 6 April 2018.

State-owned enterprises. In addition, military hotlines were set up to anonymously report cases of bribery to the upper echelons of ruling power.

However, the 2015 reform was not limited to anti-corruption campaigns, but was targeted to give further impetus to the army, by supporting the development of a better-equipped air force (the People's Liberation Army Air Force or PLAAF) and navy (the People's Liberation Army Navy or PLAN), and improving soldiers' technical skills to keep pace with modern warfare, especially cyber warfare. The increased professionalisation of the air force, navy and ground troops aimed to improve coordination between these different military units and their ability to conduct "joint operations" (*lianhe zuozhan* 联合作战), to enable China to establish itself as the dominant power in the Asia-Pacific region.²⁸ As in the past, though, greater investment in the modernisation of military forces has been offset by yet another dismantling of nearly 300,000 PLA troops.²⁹

Nonetheless, as some scholars point out, while pursuing such reform, Xi Jinping was facing a dilemma, namely: "... how to build an army strong enough to fight and win the nation's wars that does not pose a threat to a civilian regime or social order".³⁰ As a matter of fact, the high degree of specialisation of the PLA was certainly encouraging its techno-military advance, but at the same time this was generating an army that was more emancipated from the Party, with an almost exclusive knowledge of military affairs. To deal with this problem, Xi Jinping needed to re-establish a stronger link between the Party and the military, which he sought to achieve by elaborating a strongly nationalist and patriotic narrative.

²⁸ S. Dossi (2022), pp. 101-15.

²⁹ Traditionally indeed the PLA had mainly consisted of ground forces while the air force and navy began to gradually be implemented when the process of professionalization of the military began in the mid-eighties.

³⁰ P.C. Saunders and J. Wuthnow (2019), p. 522.

For one thing, unlike previous leaders, Xi could boast experience in the military, having served as an officer and personal secretary to then Defence Minister Geng Biao from 1979 to 1982, which made him more palatable to the military. His military background enabled him to strengthen ties with the PLA, to the point of self-appointing himself with a new title, that of “commander-in-chief” of the military forces. In addition, Xi Jinping immediately distinguished himself as a charismatic politician with strong communication skills, capable of establishing new dialogue with the military and, more generally, with Chinese society. Despite being the least educated of all China’s leaders since Mao Zedong, Xi Jinping possessed attractive political discourse, epitomised by his most famous political slogans of the “Chinese Dream” (*zhongguo meng* 中国梦). Specifically, the strength of Xi’s narrative was that everyone, from political power to civil society, could have – or perhaps we might say “should have” – a role in fulfilling the national destiny of the “great rejuvenation of the Chinese nation” (*zhonghua minzu weida fuxing* 中华民族伟大复兴). In this vein, the military too was designated as protagonists to carry out such a historic mission that would establish the country’s greatness and position on the world stage, redeeming China once and for all from its humiliating past.³¹ Xi Jinping promised the army that he would transform the PLA and its units into a “world-class force” (*shijie yiliu jundui* 世界一流军) by 2035.³² This kind of narrative inevitably unleashed a growing sense of nationalism in the military, especially among

³¹ G. Sciorati, “In the Words of the Dragon: China’s 2019 National Defence White Paper Unpacked” in A. Berkofsky and G. Sciorati (Eds.), *Mapping China’s Global Future: Playing Ball or Rocking the Boat?*, ISPI Report, Milano, Ledizioni 2020, pp. 50-62.

³² In this regard, see also Xi Jinping’s slogan about the “China’s dream of a strong army” (*zhongguo meng qiang jun meng* 中国梦强军梦) in J. Xi, “Report at the 19th National Congress of the Communist Party of China ‘Complete The Building of a Moderately Prosperous Society in an All-Round Way and Win the Great Victory of Socialism with Chinese Characteristics in the New Era’”, The Chinese Central Government’s Official Web Portal, 2017. See also J. Page, “For Xi, a ‘China Dream’ of Military Power”, *The Wall Street Journal*, 13 March 2013.

younger officers, who began to provide the political elite with more assertive options, in particular, when it comes to issues such as national sovereignty and territorial integrity.

Thus, through reforms and thanks to its charismatic leader, the Party managed to increasingly conform the PLA to its planned policy goals, thereby undermining the ability of the military to act as an interest group in decision-making processes.

Conclusion: Is the PLA Still an Interest Group?

Today scholars and pundits have different impressions of the impact of the PLA on the Chinese decision-making process. As Swaine points out, “very little is known about the decision-making structure and process of China’s military-related policy”.³³ Most observers agree on the military influence on officially policy-driven areas, but they cannot access deep enough into the Chinese system to see “how” it happens and consequently, to assess its real impact on policy-making. The daily activities of some institutions, which are crucial to understanding the involvement of the military in decision-making processes, such as that occurring within the CNSC, are unknown to outsiders as there is no accessible data. Analogously, the PLA’s process of lobbying for the formulation and implementation of foreign policy decisions is often elusive even to China experts, since it takes place through personal interactions between politicians and senior officers which are then not made public.

In addition to these structural difficulties, the role of the PLA as an interest group is currently made more difficult to address, due to the reforms pursued by the Party under the leadership of Xi Jinping, aimed at bringing the military back into the service of political power. This is diminishing the PLA’s autonomy in relation to the Party, eroding its identity and scope to act as an interest group.

³³ M. Swaine (2012), p. 1.

Nonetheless, there is evidence that suggests that it is possible to consider the PLA as an interest group even today, despite the limitations imposed by the ruling leadership.

Proof of the PLA's role as an interest group must be found in its history, over the past forty years, in the path of reforms that led to the bifurcation of the military and civilian spheres, and in the specialisation that the army has pursued over the past forty years that has created a skills gap between the military and politicians, in favour of the military. These are all factors that cannot be reversed in a short period of time and that give the military some influence over political power, maintaining a certain degree of independence from this, and lobbying its institutions. Hence the PLA still preserves exclusive knowledge of the military techniques and strategic operations such as training, drills, or the formulation of offensive-defensive plans. The army jealously protects military information, some of which is even classified, or simply too difficult to be understood for those who are not specialists in the field.

It is worth noting, however, that despite the persistent separation of the military from the political-civilian elite, the shrinking space of civil society that China is nowadays experiencing may no longer allow the PLA, nor other segments of society, to defend their own interests and influence national decision-making processes – rather, all their interests will have to correspond with those of the ruling leadership. This awareness sheds additional light on the evolving structure of the decision-making processes in China. At present, it is no longer possible to ignore how difficult it is to assess the role of organisations that are sufficiently autonomous from the Party to the extent that they have their own identity and interests, in decision-making processes. Chinese society is becoming increasingly rigidly organised, even when it comes to groups in privileged positions, such as the military in China.

Nevertheless, this should not lead us to think of the Chinese political system as an “excessively monolithic” entity. Contrary to popular belief, as this analysis points out, Chinese

policy-making is not the exclusive domain of a group of high-level Party members meeting in the CPC Politburo Standing Committee, as other actors, such as the PLA, can be involved and, to varying degrees depending on the type of leadership in power, affect this process.

5. Chinese Companies Have a Say on Foreign Policy, Too

Alice Politi

China's foreign policy is a widely discussed topic, although its diplomatic and foreign policy behaviour appears difficult to identify and describe. This often results in analysis that tends to oversimplify the complexity of China's foreign policy decision-making and implementation, reflecting on a supposed unitary and coherent "grand strategy", rather than analysing the diversified array of actors actually shaping China's foreign policy. This chapter challenges the conception of the People's Republic of China (PRC) as a unitary, monolithic actor in its foreign policy-making. China's decision-making on external issues is complex and multifaceted, and includes several subnational authorities with different – and sometimes conflicting – interests and objectives, making the process considerably more intricate. This diverse set of actors, including central governmental institutions, State-Owned Enterprises (SOEs) and provincial-level authorities, influencing China's foreign policy, has become even more vast with China's international relations becoming more complicated.¹ In addition to the complexity given by the number of actors involved in the process, it is also worth considering the degree of control effectively exercised by the government on these actors. With the post-Mao economic liberalisation policies, it has become increasingly difficult for the Chinese government to control the wide range of varied

¹ L. Ridout and J. Yu, *Who decides China's foreign policy?*, Chatham House, 2021.

actions involving different Chinese corporations and actors overseas.²

This chapter explores the role that Chinese SOEs and private companies play in this complex network of actors shaping Chinese foreign policy. The chapter will focus particularly on Chinese SOEs, as they play a significant role in defining Chinese foreign policy. SOEs' intricate and fragmented internal structure, together with their own commercial interests that can clash with the central government's objectives, have consequences that affect China's foreign policy and which this chapter will investigate. Acknowledging this complexity is essential to avoid falling into oversimplifications of Chinese SOEs as being mere vehicles for China's geostrategic objectives, a conception that fails to recognise SOEs' structural intricacy and their own commercial interests.

As non-state companies are structurally and inherently different from SOEs, they can't influence China's foreign policy in the same way as SOEs. However, this chapter will explore the level of control that the central government can exercise on private companies and their compliance with China's security legislation – especially focusing on companies operating in “sensitive” fields, such as cyber and telecommunications – as they are playing a noteworthy role in the country's economic growth.

This chapter adopts Lee Jones and Shahar Hameiri's concept of state transformation to explain Chinese companies' role in China's foreign policy decision-making and implementation. This concept identifies three vectors driving state transformation – namely fragmentation, decentralisation and internationalisation of state apparatuses – to explicate how, despite its perceived external image as highly centralised and unified, the contemporary, post-1978 Chinese state is actually driven by multiple and diverse power centres and policy considerations.³

² K. Brown, *The EU-China Relationship*, London, Imperial College Press, 2015.

³ L. Jones and S. Hameiri, *Fractured China: How State Transformation is Shaping China's Rise*, Cambridge, Cambridge University Press, 2021.

China's "Fragmented" Foreign Policy

China's diplomatic and foreign policy behaviour has often been seen as unpredictable and difficult to detect and describe, with several scholars linking this to China's unitary strategic sophistication and creativity. Jones and Hameiri argue that the reason behind the difficulty in describing China's behaviour is actually the lack of external conceptualisation of its fragmented and multidimensional nature. The central argument of Jones and Hameiri's concept of state transformation, which this chapter relies on, is that the post-1978 shift from the Maoist economy to a more liberalist and capitalist economy has shaped China's state transformation, and "a Chinese-style regulatory state has emerged, wherein top leaders rarely control state outputs directly, but rather seek to 'steer' and coordinate a diverse array of actors towards often vaguely defined ends".⁴ The methods used by the leadership include "the promulgation of party doctrine; speeches and slogans; the Communist Party of China (CPC) powers of appointment, appraisal and discipline; discretionary fiscal and policy concessions", but, on the other hand, the varied range of actors making up the "disaggregated party-state and state-society complex" can "influence, interpret or even ignore central directives".⁵ This entails that those decision-making processes and political outcomes rely on struggles for power and resources amongst these actors, which can have complementary and competitive stances on different issues. This conflict of interests among a multifaceted and diverse set of actors implies that China's behaviour is often contradictory and lacking in strategic clarity.

It is clear that China's central government holds and exercises significant power, however, evidence suggests that the Chinese party-state is not a unitary actor. Jones and Hameiri note how "since the 1980s, it has become unevenly fragmented,

⁴ Ibid.

⁵ Ibid.

decentralised and internationalised and, reflecting the different societal (especially class-fractional) interests imbricated with the party-state's different elements, it is conflict ridden, with different parts sometimes pursuing contradictory agendas".⁶ The focus of this debate is not on whether China's central government still holds power in foreign policy-making – which it clearly does – but rather on how this power is exercised. This analytical approach highlights how the central government's methods of supervision and control differ from those employed in the Maoist era. They have transformed from a top-down structure to policy formulation and execution being shaped by "ongoing complementary or competitive interactions between different actors", which are not definitively resolved into a "binding decision or singular policy", but rather endure throughout the whole policy-making process.⁷

The vectors driving this transformation are identified by Jones and Hameiri as being fragmentation, decentralisation and internationalisation. For the purpose of this chapter, these will be explicated in relation to the change in the role played by Chinese companies – in particular Chinese SOEs – in China's foreign policy-making process.

Fragmentation can be understood as "the horizontal dispersal of power and authority across multiple agencies at a given governance scale",⁸ which significantly intensified after 1978 with the process of capitalist transformation in the Chinese economy. This concept strongly characterises SOEs' authority, which has been undergoing a process of corporatisation. This process is explained by Jones and Hameiri as involving "SOEs being removed from direct ministerial control and turned into quasi-autonomous firms that must generate profits to survive and to advance their employees' careers, especially those of senior managers, who are often ambitious party apparatchiks".⁹

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

SOEs remain key actors in strategic and “sensitive” sectors, and are deeply involved in strategic projects such as China’s Belt and Road Initiative (BRI), however their normative framework is fragmented and their structure is complex, lacking strategic flexibility, as will be analysed later in this chapter. Not only do SOEs have an internally fragmented and incoherent structure, but they also benefit from great practical autonomy and power, enabling them to interpret and even violate state policies and regulations when these diverge from SOEs’ domestic and international commercial interests.¹⁰

The process of decentralisation refers to the substantial transfer of “power and control over resources ... to subnational agencies” that has occurred since 1978. The central government then shifted from dominating “a hierarchical, command-and-control system through the physical planning of production, centralised resource allocation and SOE ownership”¹¹ to experiencing a decentralisation of power to support China’s economic growth and transition. Scholars also highlight how in the 1980s local governments were allowed to establish “private” businesses, spawning an “entrepreneurial boom” that saw the participation of numerous local officials.¹² Territorial disparities and the Chinese region’s “uneven integration into different transnational investment, production and trade networks” resulted in conflicting interests and preferences on different issues, hindering the creation of a coherent and homogeneous framework for foreign affairs.¹³

The vector of internationalisation is particularly interesting for understanding the role of Chinese companies in the foreign policy-making process. According to Jones and Hameiri,

¹⁰ L. Jones and Y. Zou, “Rethinking the Role of State-owned Enterprises in China’s Rise”, *New Political Economy*, vol. 22, no. 6, 2017, pp. 743-760, doi:10.1080/13563467.2017.1321625.

¹¹ Ibid.

¹² Y. Huang, *Capitalism with Chinese Characteristics: Entrepreneurship and the State*, Cambridge, Cambridge University Press, 2008, doi:10.1017/CBO9780511754210

¹³ L. Jones and S. Hameiri (2021).

internationalisation is a process that involves “domestic agencies acquiring an international presence or function, thereby increasing the number of actors involved in a country’s international relations”.¹⁴ Numerous Chinese agencies which “were originally established to implement domestic policies ... now play a foreign policy role. They have almost no knowledge of the diplomatic landscape and little interest in promoting the national foreign policy agenda”.¹⁵ These dynamics differ significantly from the Maoist era, when foreign affairs and policy-making were characterised by strong central control, with Premier Zhou Enlai centralising the country’s foreign policy under the tight direction of Mao.¹⁶

An emblematic sign of China’s narrow foreign policy scope before the 1980s, is that by 1967 the country had only one ambassador serving overseas.¹⁷ The process of internationalisation of China’s foreign policy led to a significant increase in formalised and institutionalised interaction with foreign actors, with China’s bilateral relations increasing from 113 to 161 in the period between 1978 and 1999.¹⁸ The structural changes deriving from the need to coordinate these international relationships entailed the establishment by central ministries and agencies of international units directly interacting with foreign parties.¹⁹ SOEs expanding abroad are amongst the most internationalised components of China’s party-state. Jones and Hameiri explain how “after being corporatized and outgrowing domestic markets, [SOEs] have increasingly internationalised, particularly since 2000 when the government formally encouraged them to ‘go out’”.²⁰ This process

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ F.C. Teiwes and W. Sun, *The End of the Maoist Era: Chinese Politics During the Twilight of the Cultural Revolution, 1972-1976*, New York, Routledge, 2008.

¹⁷ K. Brown, *The World According to Xi: Everything You Need to Know About the New China*, London, IB Tauris, 2018.

¹⁸ L. Jones and S. Hameiri (2021).

¹⁹ S. Harris, *China's Foreign Policy*, Cambridge, Polity, 2014.

²⁰ L. Jones and S. Hameiri (2021).

highlighted a set of problems, which will be further explained later in this chapter. Firstly, having previously operated entirely within a domestic context, it appeared clear that numerous SOEs lacked expertise in operating in international contexts. Moreover, they increasingly started prioritising the pursuit of commercial objectives, increasing competition among each other and sometimes interpreting or even disregarding central government's objectives if these did not align with their pursuit of profit.

As will be seen in the next section, whilst the structure of Chinese SOEs facilitates a certain degree of supervision by the government, these corporations often have contrasting interests with those of the central government, causing tensions which are normally resolved through negotiations but, if unsuccessful, they can have long-term effects hindering central government's policy implementation. Moreover, several SOEs lack experience and knowledge of the international environment, and this, together with foreign countries' domestic political-economy dynamics, result in poorly managed and often financially and environmentally unsustainable projects, as examples from the BRI testify. In this regard, Jones and Hameiri point out that "the policy banks that usually finance SOE-led projects have no capacity to inspect these to ensure regulatory compliance, and nor do regulators concerned with matters like forestry and environmental protection".²¹

Chinese State-Owned Enterprises and Foreign Policy Decision-Making

In order to understand the role of Chinese SOEs in the development of China's policy-making process it is essential to clarify their structure. Chinese SOEs are characterised by a hybrid structure of corporate organisation and government

²¹ Ibid.

ministry.²² The majority of Chinese non-financial SOEs involve a multi-level organisation of business groups, with a set of different actors performing different functions in each group, including a core (holding) company, listed companies, a finance company and research institutes.²³ Core companies are fully owned by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), which is a special commission managing SOEs under the State Council's control. The core company "lays down the group's development strategies and coordinates the relationships among member subsidiaries", while also connecting the state and group members by "transmitting policy downward to member firms and information and advice upward to the state".²⁴ Whilst the core company is responsible for implementing the highest-level activities, the group's actor that normally deals with the external world is actually the listed company, where normally the group's high quality assets are established. In the same group, there is usually also a financial institution (different from a bank), providing services to the diversified array of actors that are part of the group. Research institutes conduct research on the group's products and activities, contributing to the improvement of the SOE's sectorial knowledge. It emerges that the group's main actors and several subsidiaries form a "vertical ownership structure", with the core company at the top, which allows government supervision through core companies.²⁵

Chinese SOEs are central stakeholders in China's foreign policy implementation, as testified by their involvement in signature foreign policy initiatives such as China's Belt and Road Initiative. The nature of Chinese SOEs' structure exemplifies how their organisation facilitates the state's supervision and

²² L. Ridout and J. Yu (2021).

²³ Li-Wen, *A network anatomy of Chinese state-owned enterprises*, EUI RSCAS, Global Governance Programme-251, Global Economics, Cadmus, EUI Research Repository, 2017.

²⁴ Ibid.

²⁵ Ibid.

control through SOEs' core companies. This characteristic might be taken to suggest that SOEs' actions are fully aligned with the state's objectives; however, their actions are driven by their commercial interests, which do not always or necessarily coincide with the government's objectives.

In particular, in recent years the phenomenon of Chinese SOEs' commercial interests diverging from the Chinese government's objectives has emerged, creating tensions between the state's expectations and the SOEs' actions. This trend is particularly strong in the energy sector and specifically in Chinese oil SOEs. These enterprises have considerable power in advancing their interests in policy-making. The centrality of the oil sector for China, with an increase in domestic oil demand since 2002, has contributed to increasing the value of Chinese National Oil Companies (NOCs). It has considerable power as an interest group as its significance allows access to the upper hierarchy of the government, as well as providing a route to such positions, and it is therefore able to shape policy-making to further its own interests. However, scholars have noted how in the past decade "the industry has continued to influence decision-making and elite politics, but the relationship between the National Oil Companies (NOCs) and the party-state has changed".²⁶

Jones and Hameiri's analytical framework is particularly useful to understand the development of this trend in this sector. On the one hand, these companies have still been subject to state supervision, this being enabled by the structure of SOEs. On the other hand, however, as highlighted by Jones and Hameiri, SOEs have experienced a process of internationalisation, following the Reform and Opening Up launched by the Deng Xiaoping leadership from 1978, and therefore departing from the sole aim of pursuing domestic development goals and becoming more autonomous. This

²⁶ E. Downs, *Business Interest Groups in Chinese Politics: The Case of the Oil Companies*, The Brookings Institution, 2010.

process of internationalisation has meant that SOEs' domestic and international aims don't always align with the interests of the Chinese government. The strategic weight and importance of NOCs has allowed them to advance their interests, with globalisation and marketisation having a significant impact on the growing influence of NOCs in Chinese foreign policy decision-making.

In order to be able to assess the actual capacity of the government to exercise control over SOEs, it is important to explicate the relationship between the Party's leadership, the central government institutions and SOEs. Whilst the government's central institutions exercise authority in defining SOEs' economic activities, SOEs often decide their actions by directly communicating with members of the Standing Committee, because of the greater financial capacity and influence of SOEs.²⁷ As reported by the SASAC, the party has the authority to appoint the Chief Executive Officers and Party secretaries of China's most significant and influential SOEs.²⁸ As previously discussed, tensions are likely to develop when the government's policy objectives clash with SOEs' commercial interests at both the domestic and the international level. Different sets of problems can derive from the consequences of such discrepancies in interests. Normally, diversions are resolved through negotiations between the SOE and government agencies. However, this procedure is not always successful, and it can lead to significant impasses.

A notable sector witnessing this trend is that of environmental policies and Chinese energy SOEs. The actions of China's top power producers in meeting emission targets are crucial to the success of *China's Action Plan for Reaching Carbon Dioxide Peak Before 2030*, which President Xi Jinping presented during his speech at the United Nations General Assembly in September

²⁷ L. Ridout and J. Yu (2021).

²⁸ State Owned Assets Supervision and Administration Commission of the State Council (SASAC), <http://en.sasac.gov.cn/directorynames.html>

2020.²⁹ Companies' compliance with national policies to reduce emissions is therefore crucial for China's ambition to emerge as a "green superpower" in the international scenario, as testified by Xi's introduction of the concept of "ecological civilisation" in the Constitution of the Communist Party in 2012 and, following this, Xi's 2013 pledge to lead China's renewable energy transformation.³⁰ Moreover, in 2016 Xi Jinping declared China's commitment to shaping a greener and more sustainable Belt and Road Initiative, where Chinese SOEs are key stakeholders.³¹

To give an idea of the responsibility lying on the shoulders of Chinese power producers in reaching these targets, according to the National Energy Administration (NEA) the power sector alone "accounts for over 40% of China's energy-related CO₂ emissions".³² In particular, China's so-called "Big Five" power producers – Huaneng Group, Huadian Group, China Energy Investment Corp (CEIC), State Power Investment Corp (SPIC) and Datang Group – by capacity accounted for "50% of the country's CO₂ emissions from coal-fired power plant" in 2020.³³ The "Big Five" are all SOEs, and their resistance to complying with national policies on emissions' reduction presents an emblematic case of the long-term consequences arising from the divergent interests of the SOEs and the central government in policy-making. Because of their financial interest in non-renewables, specifically in coal-fired power, these companies refuse to comply with the establishment of carbon emission quotas, creating challenges

²⁹ E. Yep and I. Yin, "China's Big 5 power producers face uphill battle in meeting peak emissions targets", Spotglobal, 2021.

³⁰ E. Beddari, "Environmental Sustainability", in *Profit, Planet, People*, Oxford University Silk Road Society, December 2020, p. 6-11.

³¹ Y. Zhang, "Developing Socialist Ecological Civilization", *China Daily*, 26 August 2019.

³² International Energy Agency, "The Role of China's ETS in Power Sector Decarbonisation", IEA, Paris, 2021.

³³ International Energy Agency, "China's Emissions Trading Scheme", IEA, Paris, 2020.

and hurdles in China's implementation of its climate policy agenda.^{34 35}

Chinese SOEs play a major role in the implementation and execution of projects related to the country's colossal BRI. Within this framework, SOEs' commercial interests often align with the central government's intention to pursue BRI-related investments. These common interests entail a higher degree of influence exercised by SOEs in establishing the objectives of BRI-related projects, and the availability of substantial state loans.³⁶ The powerful role of SOEs in the projects falling under the BRI's umbrella is also enhanced by the government's lack of sectorial knowledge, in contrast with the SOEs' expertise in this respect.³⁷ However, SOEs' scarce knowledge of host countries' political and financial domestic dynamics have often resulted in poorly managed projects, with severe negative financial and environmental consequences. Scholars have referred to this trend as a "synergy of failures",³⁸ referring to the interaction of ill-conceived and badly managed actions by actors on both the Chinese side and the host countries' side in implementing BRI-related projects. The negative economic, political, social and environmental consequences of some BRI-projects are mainly related to political-economy dynamics, governance problems and inadequately coordinated projects.³⁹

³⁴ Conventional Energy, "All You Need to know about the Chinese Power Companies", *Energy Iceberg*, 15 September 2019.

³⁵ "China's consolidation push turns to sprawling power sector", *Financial Times*, 2017.

³⁶ L. Ridout and J. Yu (2021).

³⁷ J. Yu, *Partnership or partnerships? An assessment of China-EU relations between 2001 and 2013 with cases studies on their collaborations on climate change and renewable energy*, PhD thesis, London School of Economics and Political Science, 2014.

³⁸ K. Tsimonis, I. Rogelja, I. Ciută, A. Frantzeskaki, E. Nikolovska, and B. Pешa, "A Synergy of Failures: Environmental Protection and Chinese Capital in Southeast Europe", *Journal of Current Chinese Affairs*, 2020, vol. 48, no. 2, pp. 171-200, doi:10.1177/1868102620919861.

³⁹ Ibid.

SOEs' Reform and Chinese Private Companies' Success

Chinese SOEs play a key role in China's economic development, and they are still important actors in the Fourth Industrial Revolution, with China transitioning from "an investment-driven export economy to an innovation-driven economy reliant on domestic consumption".⁴⁰ Because of their structure, SOEs have always played an important role in supporting the government's policies, and the fact that they represent the majority of Chinese corporations (only 15% of Chinese corporations listed on the Fortune Global 500 are private) reflects their central role.⁴¹ However, as previously explored, the structure of Chinese SOEs is also quite rigid and complex, it facilitates corruption and poorly managed projects can ultimately lead to a high degree of inefficiency.⁴²

On the other hand, China's private sector has emerged as a major player in the country's economic growth.⁴³ As reported by the World Economic Forum in a 2019 working paper, "China's private sector – which has been revving up since the global financial crisis – is now serving as the main driver of China's economic growth. The combination of numbers 60/70/80/90 are frequently used to describe the private sector's contribution to the Chinese economy: they contribute 60% of China's GDP, and are responsible for 70% of innovation, 80% of urban employment and provide 90% of new jobs. Private wealth is also responsible for 70% of investment and 90% of exports".⁴⁴

⁴⁰ A. Guluzade, *The role of China's state-owned companies explained*, World Economic Forum, 2019.

⁴¹ Ibid.

⁴² W. Leutert, "Challenges Ahead in China's Reform of State-Owned Enterprises", *Asia Policy*, vol. 21, 2016, pp. 83-100.

⁴³ R. Zitelmann, "State Capitalism? No, The Private Sector Was And Is The Main Driver Of China's Economic Growth", *Forbes*, 2019.

⁴⁴ A. Guluzade (2019).

In specific “sensitive” sectors, such as energy, cyber, telecommunication, transportation and defence, the role of SOEs remains central.⁴⁵ The Chinese government is therefore still committed to relying on SOEs and reforming them, to improve their structure and management and make them more efficient. The objective is to increase SOEs’ competitiveness through a series of reforms, which can be traced back to the 1990s, when they started experiencing a stronger corporatisation process. In 2003, this process saw the establishment of the SASAC, a special commission designed to financially support and coordinate non-financial SOEs.⁴⁶ Reforms have progressively continued over the years through to today. In 2020, aware of the key role played by SOEs in certain “sensitive” domains, Xi Jinping announced his agenda to make SOEs “stronger, better, and bigger”, approving a plan aiming to “continuously enhance the competitiveness, innovation capability, the power to control, the power to influence and the risk-management capabilities” of SOEs.⁴⁷ This approach draws on the concept of *zhuada fangxiao* (*zhuada fangxiao* 抓大放小; “grasp the large, let the small go”), a policy introduced in the 1990s, aimed at consolidating the enormous number of state assets through merging SOEs into groups and privatising smaller enterprises that were considered “too costly to supervise”,⁴⁸ and, at the same time, enlarging SOEs that are considered particularly strategic.^{49 50}

These endeavours to increase SOEs’ competitiveness are encapsulated in a 2019 declaration by the SASAC, stating that “the focus will be on ramping up technological innovation, and making the most of SOEs to encourage innovation and develop

⁴⁵ G. Fan, and N.C. Hope, *The Role of State-Owned Enterprises in the Chinese Economy*.

⁴⁶ EY Greater China, 2020, *How is China approaching SOE reform*, 2020.

⁴⁷ F. Tang, “Xi Jinping calls for China’s state-owned enterprises to be ‘stronger and bigger’, despite US, EU opposition”, *South China Morning Post*, 2020.

⁴⁸ A. Guluzade (2019).

⁴⁹ A. Guluzade (2020).

⁵⁰ J. Leng, *Corporate Governance and Financial Reform in China’s Transition Economy*, Hong Kong University Press, 2009.

the advanced manufacturing sector”.⁵¹ It is important to note how, despite this process, the government has chosen to hold control over SOEs’ final decision-making. This is because the coordination of incredibly large corporations, which operate in the most “sensitive” and strategic sectors, still present significant difficulties for China’s legal and regulatory systems, despite the profound changes these have experienced in regard to investment and IP. Thus, it makes sense for the government to hold the option of control over SOEs’ final decision-making. Moreover, the choice of maintaining a certain level of supervision and control can be traced to the need to prioritise security over productivity in certain fields, especially following the 2017 “trade war” tensions, as a higher degree of control allows a more rapid reaction to potential economic threats.⁵²

On the other hand, as previously discussed, China’s private companies are playing a significant role in the country’s economic growth and are particularly successful in certain sectors. In particular, a highly successful field for China’s private enterprises is that of technology and telecommunications. The case of Huawei and its role in leading the 5G revolution globally has raised questions among Western countries regarding the involvement of Chinese private companies in central government policy-making and the degree of control exercised by the government on such companies, together with concerns over security issues in terms of data protection and potential cyber-attacks. It therefore deserves a closer look to explicate the relationship between Chinese non-state companies and central government’s policy decision-making.

⁵¹ H. He and F. Tang, “China’s SOEs set for year of innovation reform in 2020, Sasac says”, *South China Morning Post*, 2019.

⁵² A. Guluzade (2019).

Chinese Private Companies, Government Supervision and National Security Legislation

Chinese non-state companies obviously have a completely different structure from that of Chinese SOEs, which does not facilitate the government's control and supervision, as they are private. Thus, the extent to which they can play a role in China's foreign policy decision-making and implementation is profoundly different. However, the extent to which these companies are expected to comply with the government's foreign policy objectives and the degree of government supervision over the actions of non-state companies, especially in "sensitive" fields, such as cyber and telecommunications, need to be carefully analysed.

In September 2020, the General Office of the Central Committee of the Chinese Communist Party issued a communication, *Opinion on Strengthening the United Front Work of the Private Economy in the New Era*, referring to the country's "United Front Work Departments (UFWDs)" to "guide private enterprises to improve their corporate governance structure and explore the establishment of a modern enterprise system with Chinese characteristics", evoking President Xi Jinping's speech at a work conference in 2016, when he highlighted the importance of creating a "modern state-owned enterprise system with Chinese characteristics ... integrating the Party's leadership into all aspects of corporate governance" referring to SOEs.^{53 54} A closer look at the text of the *Opinion on Strengthening the United Front Work of the Private Economy in the New Era* document reveals the government's intention to advocate for a higher degree of representation within private businesses, encouraging private business leaders to expand their

⁵³ S. Livingston, *The Chinese Communist Party Targets the Private Sector*, Center for Strategic and International Studies (CSIS), 2020.

⁵⁴ People's Republic of China Central Government official website, http://www.gov.cn/zhengce/2020-09/15/content_5543685.htm (English translation) original source: Xinhua News Agency

knowledge of government policy issues and get more involved in state projects, stating that:

The scale of the private economy has continued to expand; risks and challenges have increased significantly; the values and interest demands (*liji suqiu* 利益诉求) of practitioners in the private economy are becoming increasingly diverse; and united front work in the private economy is facing new situations and new tasks. In order to thoroughly implement the major decisions and plans of the Party Central Committee, further strengthen the Party's leadership over United Front Work in the private economy, and better integrate the wisdom and strength of private economy practitioners (*minying jingji renshi* 民营经济人士) to achieve the goals and tasks of the great rejuvenation of the Chinese nation (*zhonghua minzu weida fuxing* 中华民族伟大复兴).⁵⁵

Interestingly, in a speech given shortly after the release of this document, the Vice Chairman of the All-China Federation of Industry and Commerce, Ye Qing, referred to the need to build a “modern private enterprise system with Chinese characteristics”.⁵⁶ In the same period, Senior Chinese Communist Party officials also promoted this same message through policy announcements and meetings, highlighting that non-state companies have an essential role to fulfil in “United Front Work”.⁵⁷

These new guidelines, released in 2020, may affect the level at which the government influences private companies, which has mainly been through the establishment of Party cells (branches) in private business. These units have normally performed secondary activities in non-state businesses, being mainly responsible for activities in the HR sector at a non-managerial level. However, the degree of involvement of Party units may

⁵⁵ Ibid.

⁵⁶ G. Magnus, *Going after the private sector: Xi on a mission*, SOAS China Institute, 2012; S. Livingston (2020).

⁵⁷ “Chinese Communist party asserts greater control over private enterprise”, *Financial Times*, 2020.

gradually change following the 2020 new guidelines, which call for a stronger relationship between the Party and private business leaders.⁵⁸ It is also significant to note how the number of these party units in private companies has considerably increased after 2012, with Xi Jinping's presidency: by 2016, the proportion of private enterprises with Party cells had gone up to 70%.⁵⁹ This is consistent with the objectives outlined in a 2012 document released by the CPC Central Committee calling for Party cells to "comprehensively cover" (*quanmian fugai* 全面覆盖) private businesses.⁶⁰ This increasing trend is reflected in the ACFIC 2019 report (ACFIC China Top 500 Private Enterprises Research & Analysis Reports 2017-2020) showing that Party units were present in 92.4% of China's top 500 private enterprises, a percentage that is expected to grow and progressively reach total coverage with the implementation of the 2018 Code of Corporate Governance for Listed Companies released by the China Securities Regulatory Commission, making the presence of Party cells compulsory for listed companies in China.^{61 62}

Another significant aspect to assess when looking at China's non-state companies' role in foreign policy-making is that of compliance with China's security legislation. A notable case, which has been widely discussed, is that of China's telecommunications giant Huawei and its investment in "sensitive" fields, such as 5G technology. Huawei is a private company, and therefore its objectives are mainly dictated by its

⁵⁸ J. Doyon, *Influence without Ownership: The Chinese Communist Party Targets the Private Sector*, Institut Montaigne, 2021.

⁵⁹ C. Tai, "China's Private Sector Is Under Siege", *The Diplomat*, 2018.

⁶⁰ X. Yan and J. Huang, "Navigating Unknown Waters: The Chinese Communist Party's New Presence in the Private Sector", *China Review*, vol. 17, no. 2, 2017, pp. 37-63.

⁶¹ N. Thomas, *Party Committees in the Private Sector: Rising Presence, Moderate Prevalence*, Macro Polo, 16 December 2020.

⁶² Chinese Private Enterprise Survey official website: <https://cpes.zkey.cc/index.jsp>; J. Doyon (2021); J. Blanchette, "Against Atrophy: Party Organisations in Private Firms", *Made in China Journal*, 2019.

commercial interests. However, it has to comply with China's security legislation, and it is part of an environment where complying with such legislation aligns with what the Chinese government institutions and Party demand. This emerges quite clearly from the National Intelligence Law passed by the Xi Jinping administration in 2017. The Law's seventh article states that "all organizations and citizens shall support, assist, and cooperate with national intelligence efforts in accordance with law, and shall protect national intelligence work secrets they are aware of".⁶³ The reason why this specific article is problematic is that it is quite broad and entails that a general and indefinite range of cooperative actions can be demanded by the government if it decides that a certain matter represents a security issue.⁶⁴ This article has been widely debated, and several scholars and analysts have disagreed with its alleged solely "defensive" nature.⁶⁵

Whilst Huawei is a high-performance and successful company, and on paper is genuinely private, concerns over the fact that it did not meet the same set of requirements as other multinationals in such a sensitive field as cybersecurity, has hindered its potential investment in particular sectors, such as 5G technology, in EU, UK, US and Australian markets.

Conclusion

This chapter argues against the conception that China's contemporary state acts as a highly centralised and unified actor in its foreign policy-making, but it recognises, rather, that interpretations of China's assertiveness are in fact only partial elements of its behaviour, which is determined by multiple, diverse power centres. Drawing on Jones and Hameiri's

⁶³ "National Intelligence Law of the PRC", 27 June 2017, China Law Translate.

⁶⁴ K. Brown, *China Inc*, London and New York, Bloomsbury, 2022 (forthcoming).

⁶⁵ B. Girard, "The Real Danger of China's National Intelligence Law", *The Diplomat*, 2019.

analytical framework of state transformation, this research has highlighted how, since the post-1978 economic liberalisation policies, China has witnessed a shift from a system with the top leadership directly controlling state outputs to a regulatory state where the leadership coordinates a wide and diverse range of actors with different and sometimes conflicting interests, which contribute to shaping Chinese foreign policy-making process.

Amongst these actors, Chinese companies, particularly SOEs, play an important role in defining Chinese foreign policy, but their complex and fragmented internal structure, together with possible divergences between their commercial interests and the central government's objectives, entail complex implications that this chapter has explored. This complexity is often lost in analyses that conceive Chinese SOEs as means for promoting China's "grand strategy" and geostrategic aspirations, without considering the commercial interests driving these enterprises, the possible divergence of these interests from the central government's objectives and the consequences that these tensions can have on Chinese foreign policy decision-making and implementation. On top of this, the structural intricacy of SOEs often lays itself open to problems related to corruption, lack of flexibility and, in several cases, lack of expertise in external countries' domestic issues, which often generate weakly conceived and poorly managed projects, despite SOEs' sectorial knowledge, as numerous BRI-related projects testify.

Non-state companies are completely different from SOEs, in their nature and structure, and therefore can't play a role in China's foreign policy decision-making and implementation in the same way as SOEs. However, because of their performance and flexible structure, they are playing a significant role in the country's economic growth, and, especially for those companies involved in "sensitive" fields, it is important to consider the level of supervision the central government can exercise on non-state companies and their compliance with China's security legislation.

It emerges that, while the Party and government institutions hold a core role in foreign policy decision-making, and exercise power and a certain degree of control over different actors, such decision-making and implementation processes are actually often the outcome of negotiating consensus among a wide range of diversified actors with different interests. Whilst SOEs are key stakeholders in China's foreign policy-making, and their structure facilitates the government's supervision, internal fragmentation and problems, together with the fact that they are mainly driven by commercial interests, create tensions that require conciliation, therefore affecting foreign policy outcomes. Non-state companies also have to comply with security legislation and are subjected to a certain level of government supervision (although in a completely different form and degree than SOEs), but they are ultimately private and driven by opportunistic, self-interested commercial objectives.

Whilst China's foreign policy is frequently discussed, its diplomatic and foreign policy behaviour has proved hard to properly understand and describe, often resulting in an oversimplified view of China, reducing it to a monolithic, unitary foreign policy actor, despite evidence to the contrary. This kind of evaluation appears to be defective, as it oversimplifies the negotiation of different interests of a diverse array of actors. As argued by Jones and Hamairi, the difficulty in reading China's behaviour does not fundamentally lay in its being strategically "mysterious", but is mainly due to the inadequate external conceptualisations of its behaviour, failing to grasp the complexity and the multifaceted nature of its foreign policy decision-making and implementation. Thus, analyses that look at China's general and coherent "grand strategy" tend to provide a distorted image, which is quite distant from a reality composed of different actors, such as SOEs, with different objectives and interests.

6. A Three-Pronged Foreign Policy in the New Era

Axel Berkofsky, Giulia Sciorati

Many studies have been devoted to discussing China's foreign policy, especially under President Xi Jinping.¹ The majority of observers agree in highlighting a radical break from the past in recent years, with the country pursuing more active, assertive and indeed aggressive foreign policies compared with the past, at both the regional and the global level.² To be sure, this sort of "activism" has upset and disrupted the region's status quo on numerous occasions, and unless there is a fundamental qualitative shift of Chinese foreign and security policies under Xi in the years ahead, the worst in terms of Chinese territorial expansionism and regional "bullying" is yet to come. Territorial waters in the South China Sea (SCS) are disputed, Taiwan has yet to be reunified with Mainland China, the Senkaku Islands

¹ Among the discussions on China's foreign policy, see J.F. Kornberg and R.J. Faust, *China in World Politics: Policies, Processes, Prospects*, Boulder, Lynne Rienner Publishers, 2005; R.S. Ross and A.I. Johnston, (Eds.), *New Directions in the Study of China's Foreign Policy*, Stanford, Stanford University Press, 2006; G. Rozman (Ed.), *China's Foreign Policy: Who Makes It, and How Is It Made?*, New York, Palgrave Macmillan, 2013; M. Lanteigne, *Chinese Foreign Policy: An Introduction*, London; New York, Routledge, 2015; and J.Y. Cheng, *China's Foreign Policy: Challenges and Prospects*, New Jersey, World Scientific Publishing, 2016. Most recently see S. Zhao, "Top-Level Design and Enlarged Diplomacy: Foreign and Security Policymaking in Xi Jinping's China", *Journal of Contemporary China*, vol. 0, no. 0, 2022, pp. 1-14.

² For a counterargument, see T. Rühlig, *A 'New' Chinese Foreign Policy Under Xi Jinping?*, Institute for Security and Development Policy, 2 March 2018.

are still controlled by Japan and the ongoing border dispute with India has yet to be “resolved”.³ Still, Beijing under Xi has been attentive in addressing the aforementioned territorial disputes in the “bad” old Chinese way: aggressive action, supported and “explained” by equally aggressive rhetoric and propaganda.

Some examples of this behaviour include the construction of artificial islands around disputed islets and reefs in the SCS, the intrusion of Chinese vessels into Japanese-controlled territorial waters in the East China Sea (ECS)⁴ and of Chinese fighter jets into Taiwan’s air defence identification zone (ADIZ).⁵ More recently, Beijing’s adoption of a law authorising the country’s coast guard to open fire at foreign vessels under a number of circumstances (*haijing fa* 海警法)⁶ has raised concerns in the area – especially in Japan – given the Chinese coast guard’s frequently sailing into Japanese-controlled territorial waters around the Senkaku Islands in the ECS.⁷ ⁸ While this example does not necessarily suggest that Beijing has immediate plans to order its coast guard to pick a fight with the Japanese in

³ An unresolved border conflict that has been ongoing since 1962.

⁴ In 2013, China announced the creation of an air defence identification zone over contested islands in the ECS, theoretically forcing Japanese planes flying over Japan-controlled islands to identify themselves. However, the ADIZ is not recognised by Japan nor by other countries active in the area like the United States. To expand on this, see, among others, L. Maizland and X. Beina, *The U.S.-Japan Security Alliance*, Backgrounder Council on Foreign Relations (CFR), 19 August 2019.

⁵ See, for instance, “Taiwan: Record Number of China Jets Enter Air Zone”, *BBC News*, 13 April 2021.

⁶ For a discussion on the law, see Y.L. Tian, “China Authorises Coast Guard to Fire on Foreign Vessels if Needed”, *Reuters*, 22 January 2021, or, also, G. Singh, “Return of the Samurai Spirit – Japan Defense White Paper 2021”, Chanakya Forum, 18 July 2021.

⁷ The Senkaku islands are referred to as Diaoyu dao (钓鱼岛) in China.

⁸ Among others, the law allows Chinese coast guard personnel to demolish other countries’ structures built on Chinese-claimed reefs and inspect foreign vessels in China-claimed waters. See National People’s Congress, *The Coast Guard Law of the People’s Republic of China* [*Zhonghua Renmin Gonghe Guo Haijing Fa* 中华人民共和国海警法], 2021.

the ECS, the law is nonetheless significant as it authorises its coast guard to “defend” Chinese-claimed territorial waters and territories distant from the Chinese coastline with military force.⁹ Indeed, in the past, Beijing has used the coast guard to “escort” foreign fishing vessels out of China-claimed territorial waters, for in Beijing’s view those waters are not contested but an “inalienable” part of Chinese territory. In fact, these waters account for more than 90% of the SCS as far as Beijing is concerned.¹⁰ Put differently, from China’s perspective and in defiance of international law there are no territorial disputes involving China in the SCS.

These examples make a case for Chinese foreign policy’s activism or aggressiveness with a regional focus as envisioned by Xi’s predecessor Hu Jintao back in 2012. At the time, Hu had stressed the importance for China to prioritise foreign policy activism in China’s geographical neighbourhood.¹¹ However, this did not and does not mean that China’s foreign policy activism is limited to the country’s geographical neighbourhood.¹²

Indeed, Xi’s imprint on China’s foreign policy has not been limited to consolidating certain decisions towards a more direct engagement with the country’s immediate neighbouring countries. As others have noted, Xi has profoundly changed China’s approach to foreign and security issues in various

⁹ China claims the Senkaku Islands as part of its national territory, meaning that how China defines its coastlines is fundamentally different from how other countries define them.

¹⁰ See L. Lingqun, *China’s Policy Towards the South China Sea: When Geopolitics Meets the Law of the Sea*, London and New York, Routledge, 2019.

¹¹ On neighbourhood diplomacy, see S.N. Smith, “Harmonizing the Periphery: China’s Neighborhood Strategy Under Xi Jinping”, *The Pacific Review*, vol. 34, no. 1, 2021, pp. 56-84; also see Y. Qin, “Correct View of Righteousness and Benefit: The Concepts and Practices of China’s New Diplomacy” [*Zhengque yi li guan: xin shiqi zhongguo waijiao de linian chuangxin he shijian yuanze* 正确义利观: 新时期中国外交的理念创新和实践原则], *Qiusibi*, 2014.

¹² For details see e.g. A. Ghiselli, *Protecting China’s Interests Overseas: Securitization and Foreign Policy*, Oxford, Oxford University Press, 2020.

ways. Several studies have already detected a tendency towards renewed activism, assertiveness or outright aggressiveness supported by the centralisation of foreign policy processes and political decision-making.¹³ In addition to these changes, the emergence of a system in the diplomatic and foreign officials' arena should not be overlooked.

Based on these premises, the chapter argues that this personality-based career development system remains a central aspect influencing the current foreign policy process in China, the major externalisation of which has been the “wolf warrior” phenomenon (*zhan lang* 战狼),¹⁴ whereby diplomats are promoted because of their activism, assertive personalities and aggressive rhetoric rather than for their experience and expertise alone. A key example that will be analysed in more depth in the following sections is that of Foreign Ministry Spokesperson Zhao Lijian who was promoted in 2019 after an aggressive exchange with former US National Security Advisor Susan Rice on social media.¹⁵

This chapter aims to discuss the interlinkages of the aspects that characterise Chinese foreign policy today and offer some suggestions on the effects that a more pro-active, assertive and centralised foreign policy which prioritises diplomats' personality and preparedness over know-how has had – and, potentially, will have – on the quality and results of China's foreign policy in the future. In the first part, the chapter discusses the country's foreign policy activism under Xi, contextualising China's departure

¹³ For a recent review of the literature on China's assertive behaviour, see N.-C. Chang Liao, “The Sources of China's Assertiveness: The System, Domestic Politics or Leadership Preferences?”, *International Affairs*, vol. 92, no. 4, 2016, pp. 817-33.

¹⁴ The term “wolf warriors” has become a buzzword in China's diplomacy after releasing the sequel of a famous Chinese action movie with the same title. For an additional contextualisation, see Shi Wei and Shih-Diing Liu, “Pride as Structure of Feeling: Wolf Warrior II and the National Subject of the Chinese Dream”, *Chinese Journal of Communication*, vol. 13, no. 3, 2020, pp. 329-43.

¹⁵ Additional discussions on China's wolf warriors will be presented in the following sections.

from the traditional Dengist approach in this domain and drawing some considerations on the impact of this change from tradition on China's stance over the Russo-Ukrainian war. In the second part, the chapter looks in more depth at the role that the emphasis placed on personality plays in the country's foreign policy decisions. Particular attention is devoted to underscoring the limits that this system imposes on China's foreign policy decision-making and practice, contextualising this specific element in the country's cautiousness over Russia's invasion of Ukraine and the internal debates that have taken place in China on the relationship between Beijing and Moscow over the past decade. In the last section, the authors provide some general considerations on the future of Xi's approach to China's foreign policy, arguing that China's position on the war in Ukraine is a potentially critical juncture for how foreign policy decisions are taken in the country.

In failing to side against the aggressor, policymakers seem to have decided to risk international isolation – at least so it seems for the time being. Furthermore, Beijing has given the order to replace “fact with fiction” when attempting to explain the causes of Russia's invasion of Ukraine. When Politburo member Yang Jiechi was confronted by the US with a warning not to support the Russian invasion of Ukraine, Yang advised the US not to support Taiwanese independence. Furthermore, Yang compared US support for Ukraine and NATO enlargement with alleged US-led containment policies aimed at China in the Indo-Pacific region,¹⁶ a comparison that only resonates within Chinese foreign policy making circles. What sounds somewhat more plausible, on the other hand, is what Zhou Bo, a retired PLA general, told *The Economist* in March 2022, warning that if China abandoned Russia, China would be next in line and become the target of US aggression.¹⁷

¹⁶ See “Winning the Narrative War”, *The Economist*, 26 March 2022.

¹⁷ *Ibid.*

Embracing Foreign Policy Activism Under Xi

Since Xi announced his flagship project, the “Belt and Road Initiative” (BRI – *Yi dai Yi lu* 一带一路), in 2013 from the halls of Nazarbayev University in Kazakhstan, an extensive literature has emerged on China’s role in international politics arguing for or against the notion that Beijing’s active/very assertive engagement in regional politics is also the result of a Chinese revisionist drive.¹⁸ This tendency has underlined the emergence of a China that – if not revisionist – has at least become more active in the international arena. Undoubtedly, China’s centrality regarding global issues – including in security and conflict resolution – has denoted an inevitable break with the country’s past approaches to the outside world.¹⁹

As evidence of this newfound behaviour, we only have to consider China’s recent stance on the Russo-Ukrainian war. Despite maintaining a somewhat cautious attitude towards the crisis, Beijing has been presenting the image of a concerned external party to the conflict, developing a narrative on humanitarian assistance and concern for the safety of civilians based on the country’s traditional boundary of keeping a distance from what China considers the “internal affairs” of other countries (*neizheng* 内政).²⁰

¹⁸ With the term “revisionism”, the authors embrace a realist stance, arguing that states are revisionist when attempting to establish an international order that complies with their own interests, *de facto* challenging existing international arrangements. See J.J. Mearsheimer, *The Tragedy of Great Power Politics*, New York, W.W. Norton, 2014. To have a sense of the discussion on China and revisionism, see, above all, A.I. Johnston, “Is China a Status Quo Power?”, *International Security*, vol. 27, no. 4, 2003, pp. 5-56; D. Shambaugh, “China Engages Asia: Reshaping the Regional Order”, *International Security*, vol. 29, no. 3, 2004, pp. 64-99; and A. Goldstein, “Power Transitions, Institutions, and China’s Rise in East Asia: Theoretical Expectations and Evidence”, *Journal of Strategic Studies*, vol. 30, no. 4-5, 2007, pp. 639-82.

¹⁹ As China’s rising position in the international system has been driven by its growing economic power; the country has also become increasingly linked to global crises in a fashion that had been typically associated with the United States as the foremost global power since the end of World War II.

²⁰ On China’s stance towards *neizheng*, see J.A. Cohen, “China and Intervention:

Although observers might perceive China's involvement in the crisis as relatively minor, there remains a "sense of participation"²¹ – alas, distant and questionable – in resolving the Russo-Ukrainian conflict that is a characteristic trait of the current leadership's approach.²²

Before Xi came to power as Secretary-General of the Communist Party of China (CPC) in November 2012 and became President of the People's Republic of China in March 2013, China's foreign policy had, in fact, maintained a solid connection to the country's 1990s leader Deng Xiaoping and his personally devised approach to foreign affairs. The *taoguang yanghui* doctrine (韬光养晦) has remained critical in shaping China's internal strategic debates as well as its realpolitik in the international arena. As the term explains,²³ this is a policy of distancing China from other countries' conflicts, maintaining a "low profile", and focusing on developing a global China from the inside.²⁴ Indeed, according to Deng's worldview, China was to devote its efforts to integrating into the global economy and building an economic model that would enable the country to improve its position in the international system and provide a welfare model that would ensure China's internal stability.²⁵ The

Theory and Practice", *University of Pennsylvania Law Review*, vo. 121, no. 3, 1973, pp. 471-505.

²¹ See, for instance, China's offers to act as a dialogue facilitator as well as the emotional response of Chinese civil society.

²² See M. Hirono, J. Yang, and M. Lanteigne, "China's New Roles and Behaviour in Conflict-Affected Regions: Reconsidering Non-Interference and Non-Intervention", *The China Quarterly*, vol. 239, 2019, pp. 573-93.

²³ The idiom's meaning is "to hide one's capacity and bide one's time", as per the *Oxford Chinese Dictionary*, Oxford, Oxford University Press, 2013.

²⁴ Several works have been produced on *taoguang yanghui*. Among others, see D. Chen and J. Wang, "Lying Low No More? China's New Thinking on the Tao Guang Yang Hui Strategy", *China: An International Journal*, vol. 9, no. 2, 2011, pp. 195-216 and P. Zhongying, *From Tao Guang Yang Hui to Xin Xing: China's Complex Foreign Policy Transformation and Southeast Asia*, Singapore, ISEAS - Yusof Ishak Institute, 2020.

²⁵ On Deng's political line, see R.C. Keith, *Deng Xiaoping and China's Foreign Policy*. London and New York, Routledge, 2017. On the link between domestic stability,

focus of Beijing's foreign policy would thus counterintuitively be inward-looking and economically focused, contrary to the pursuit of a US-style, globally involved foreign policy. By sticking to *taoguang yanghui*, China would also ensure that its global rise would occur at minimum political cost. However, this approach also entailed that the country would have to live with the fact that it would remain somewhat subordinated to the US, still the world's sole superpower with global reach, despite what is referred to in China as "US decline" in international affairs.

Despite its overall benefits, *taoguang yanghui* is no longer a policy option for Xi. His foreign policy has been connected to the idea that China is central in the international system and that this centrality needs to be emphasised through the development of a "community of a common destiny" (*renlei mingyun gongtongti* 人类命运共同体).²⁶

So far, the activism that has characterised China's foreign policy under Xi has severed the connection with the low-profile view advocated by Deng and continued by Xi's predecessors – both Hu and Jiang Zemin – and has, at times, been referred to as "revisionism". However, China's own "brand of revisionism" has mainly targeted the inner workings of the country's foreign policy decision-making processes rather than the general status quo. Beijing has, in fact, repeatedly shown itself to rely on the stability of the international system to develop its global partnership network.²⁷

China's reaction to the 2021 Afghan crisis is a case in point. As regional stability remains a crucial objective of Beijing's overall approach to global issues, China has not pursued a

welfare and economic performance, see G. Sciorati, "Covid-19: A Resilience Test for China's Political System", in A. Amighini (Ed.), *China After Covid-19: Economic Revival and Challenges to the World*, ISPI, Milan, Ledizioni, 2021, pp. 73-82.

²⁶ D. Zhang, "The Concept of 'Community of Common Destiny' in China's Diplomacy: Meaning, Motives and Implications", *Asia & the Pacific Policy Studies*, vol. 5, no. 2, 2018, pp. 196-207.

²⁷ Supra note 18.

proactive role in the Afghan crisis. One interpretation might suggest that, in the country's view, this would avoid inflaming the domestic situation in Kabul even further.

To be sure, China has not failed to accuse the West in general and the US in particular of having created chaos and disorder in Afghanistan over the years, and has argued on numerous occasions and via multiple channels that the US failure to pacify and democratise Afghanistan was doomed from the start. All of this while watching from a safe distance over the years, limiting its engagement in Afghanistan to considering the natural resources of a country that could become part of the aforementioned BRI.

Nonetheless, China has, at the same time, rushed to foster military and security cooperation with Afghanistan's neighbours. Most notably, Beijing has financed a jointly administered military outpost in Tajikistan – an effort mainly directed at ensuring China's internal stability goals.²⁸

Confronted with the various forms taken by China's international activism, scholars, analysts and policymakers have feared the return to a Maoist-like foreign policy approach, rooted in the idea of an unavoidable conflict between capitalism and socialism that would have made China fully embrace revisionist tendencies.²⁹ This point is made evident in Jude Blanchette's 2019 volume, where the author presents an in-depth picture of the individuals and agenda of China's new left under the current leadership.³⁰ However, *Xi is not Mao*. Although both these political figures have displayed a tendency towards power centralisation (especially in the security and

²⁸ G. Sciorati, "Not a Military Base: Why Did China Commit to an Outpost in Tajikistan?", *Russia Matters*, 2 November 2021.

²⁹ On Mao and foreign policy, see the historical work M.B. Yahuda, "Chinese Foreign Policy after Mao", *The World Today*, vol. 33, no. 4, Royal Institute of International Affairs, 1977, pp. 141-48; and J.W. Garver, *China's Quest: The History of the Foreign Relations of the People's Republic, Revised and Updated*, New York, Oxford University Press, 2016.

³⁰ J. Blanchette, *China's New Red Guards: The Return of Radicalism and the Rebirth of Mao Zedong*, New York, Oxford University Press, 2019.

foreign policy domains), Xi remains aware that the strength of China's current foreign relations is based on trust-building – supported by investments and economic aid – with partners in the developing world, and the image of an anti-imperialist, peacefully rising power, which the country had been promoting in the world since the Bandung Conference in 1955.³¹

This anti-imperialist image of itself that Beijing is seeking to project is certainly imperfect and, over time, has faced numerous tests, which, in turn, have more often than not weakened China's position with its partners in the developing world. Mao's decision to unleash a border war with India in 1962 – at the time a fellow developing country belonging to what Mao understood as the *Third World* – put an end to Mao's credibility as the leader of the developing/Third World countries. A very recent example again involves India: the 2020 border clashes between the Chinese and Indian military forces in the Ladakh region,³² clashes that seem to have been unleashed by Beijing, despite Chinese propaganda suggesting otherwise. However, one should not forget that the relationship between Beijing and New Delhi has been historically characterised by a cyclical rivalry, making India stand out alone among China's neighbours and making the clashes a less significant departure from Beijing's neighbourhood stability tenet.³³

Notwithstanding the practice of China's supposedly anti-imperialist policies,³⁴ any attempt to pursue a revisionist foreign policy would severely damage the country's partner network, on which Beijing relies to achieve its global governance objectives.

³¹ On China and anti-imperialism, see B. Zheng, "China's 'Peaceful Rise' to Great-Power Status", *Foreign Affairs*, vol. 84, no. 5, Council on Foreign Relations, 2005, pp. 18-24.

³² On the aftermath of the 2020 border clashes in Ladakh, see A. Tarapore, *The Crisis after the Crisis: How Ladakh Will Shape India's Competition with China*, 6 May 2021.

³³ The India-China rivalry is the subject of an extensive literature. Among others, consider the following recent seminal volume: K. Bajpai, S. Ho, and M.C. Miller (Eds.), *Routledge Handbook of China-India Relations*, New York, Routledge, 2020.

³⁴ "Alleged" as it is not clear and does not get explained how exactly such policies are "anti-imperialist".

On that note, some empirical evidence emerges, once again, from the ongoing war in Ukraine. China's cautious stance on the conflict, in fact, despite representing a more active involvement against the war than the country's traditional practice, has damaged Beijing's self-proclaimed image as an anti-imperialist country. This is particularly true for the relationship with partners that are most at risk from Russia's aggressiveness – that is, the post-Soviet space – and also for the ones that have suffered from Western colonialism in the past and which might perceive Beijing's cautiousness as tacit support not only of Russia's invasion of Ukraine but also of past invasions and exploitation.³⁵

The Limits of a Centralised Foreign Policy Valuing Personality over Know-How

Although the inner workings of China's foreign policy have undoubtedly turned towards a more active stance while also keeping some distance from full-blown revisionism, the centralisation of power under Xi's leadership – previously discussed by Niklas Swanström and Hongyi Lai in the first two chapters of this volume – constitutes the actual novelty of China's contemporary foreign and security policy.

Chinese power centralisation has found its primary application in the elevated status of Xi and a handful of CPC party officials, which has been institutionally sanctioned by the reform of the Leading Small Groups, as explained by Lai in the second chapter, and the establishment of the National Security Commission of the CPC mentioned by Flavia Lucenti in the fourth chapter of this volume.³⁶ As noted by several observers,

³⁵ D. Mierzejewski, *Beijing's Lessons from the Russia-Ukraine-West Conflict*, SOAS China Institute, 1 March 2022; and E.A. Feigenbaum, *China Faces Irreconcilable Choices on Ukraine*, Carnegie Endowment for International Peace, 24 February 2022.

³⁶ See chapter 4, footnote 27. In addition to the works mentioned by Lucenti,

Xi's permanence at the head of foreign policy decision-making bodies points to a characterisation of foreign policy as highly dependent on the leader's imprint and much less dependent on collective decision-making than in the past (as under the aforementioned Hu, for example).³⁷ Whether or not collegiality still plays a role in China's foreign policy decision-making,³⁸ this leadership-based centralisation has opened spaces to a personality-based rather than a know-how-based decision-making process. This approach means that those who are promoted are the diplomatic and foreign policy officials that are capable of reiterating the interpretation of global issues that is promoted at the top of China's political life.

A practical example of this trend is the previously mentioned *zhan lang* phenomenon, a term that identifies certain diplomats known for raising the tones of diplomacy and foreign policy and operating outside traditional, more nuanced conventional diplomatic rhetoric and exchanges.³⁹ Chinese wolf warriors emerged during the trade/technology/ideological war between China and the US under the Trump administration to respond to the stronger tones of the former US president and his entourage. Wolf warriors did not cease to exist with the end of the Trump administration, however, but have continued to evolve and expand: their stances – more active and assertive

see M. Julienne, *Xi Jinping's Conquest of China's National Security Apparatus*, IFRI, 1 July 2021 on the establishment of the National Security Commission and K. Zhao, *China's National Security Commission*, Carnegie Endowment for International Peace, 14 July 2015.

³⁷ T.R. Heath, *The Consolidation of Political Power in China Under Xi Jinping: Implications for the PLA and Domestic Security Forces*, RAND Corporation, 2019, and J. Fewsmith (Ed.), "Xi Jinping's Centralization of Power", in *Rethinking Chinese Politics*, Cambridge, Cambridge University Press, 2021, pp.131-56.

³⁸ Swanström and Lai present two different perspectives on this point in the volume, with the former arguing that collegiality is a thing of the past in China's foreign policy making and the latter acknowledging some residue of it in the transmission of Xi's foreign policy goals and style to the diplomatic force. See chapters 1 and 2 of this volume.

³⁹ Supra note 14.

– continue to sit well with the institutional environment of China’s foreign policy-making under Xi. In other words: aggressive rhetoric hammered out via social media or Chinese newspapers like the *Global Times* continues to be an instrument of very assertive/aggressive policies.

In sum, Chinese wolf warriors have gained prominent roles in China’s diplomacy. As already noted, the well-known career of Zhao Lijian 赵立坚 is a case in point. Zhao has, in fact, been noticed by the country’s diplomatic service élite primarily through his aggressive posts on Western social media.⁴⁰ The irony of the “Zhao affair” has not gone unnoticed among observers, as the platforms that contributed to advancing his career are not accessible to ordinary Chinese citizens and internet users.⁴¹

In addition to the ability to voice strong opinions, another aspect linked to wolf warriors is selectiveness. Although many diplomats – and younger generations more than others – attempt to mimic wolf warrior activities, only a few manage to rise to leadership positions, signalling the presence of specific standards that this new category of diplomats and foreign policy officials need to uphold. Indeed, wolf warriors are a highly revealing application of this three-pronged approach to foreign policy decision-making that has characterised China’s foreign policy under Xi in terms of activism, centralisation and personality.

However, these three elements have given rise to a series of criticalities in the country’s foreign policy, especially as they do not facilitate the emergence of the counterarguments necessary to make informed decisions. In this regard, one example comes from China’s relationship with Russia. Plenty has been written regarding the well-publicised meeting between Xi and Russian President Vladimir Putin during the opening ceremony of the 2022 Beijing Winter Olympics, held a week before Russia

⁴⁰ A.W. Palmer, “The Man Behind China’s Aggressive New Voice”, *The New York Times*, 7 July 2021.

⁴¹ J. Brandt and B. Schaefer, *How China’s “Wolf Warrior” Diplomats Use and Abuse Twitter*, *The Brookings Institution*, 28 October 2020.

invaded Ukraine.⁴² Analysts and scholars are still debating whether the attack had been discussed by Xi and Putin on that occasion, despite assertions by Chinese authorities that they were not aware of Russia's military plans.⁴³ Some evidence – especially China's lack of a ready-made plan to repatriate Chinese citizens from Ukraine – might corroborate the fact that Beijing was not fully aware of the extent to which Moscow planned to conduct the invasion.⁴⁴ Speculations on China's understanding of Russia's plans notwithstanding, Beijing's lack of operational readiness to respond to the aftermath of the attack showed a serious miscalculation on the part of China's intelligence and foreign policy officials, especially as the war was started by the actions of a country that has been repeatedly identified as China's closest international ally.⁴⁵

Indeed, centralising the decision-making process and valuing personality or unconditional loyalty over know-how hold the inherent risk of damaging the functioning of the foreign policy process and intelligence gathering because of a lack of alternative viewpoints at the highest levels of the decision-making process. With the same officials having the last word on foreign and security issues and a system that prioritises the reiteration of the same messages through a personality-oriented career system, the baseline has a higher chance of remaining unchallenged.

These considerations should not be interpreted as pointing to a lack of moderation and expertise in Chinese diplomacy and foreign policy. Arguing along these lines would propagate a limited view of China and the complexity of its political decision-making process. The argument made here is that

⁴² C. Singleton, "Don't Believe the Xi-Putin Hype", *Foreign Policy*, 8 February 2022.

⁴³ Y. Sun, *Ukraine: Did China Have a Clue?*, Stimson Center, 28 February 2022.

⁴⁴ Russia has called the invasion of Ukraine a "defense operation" of the Russian minority groups in the secessionist Ukrainian republics of Donetsk and Luhansk. To expand on this point, see A. Lohsen, "Will Russia Create New 'People's Republics' in Ukraine?", *War on the Rocks*, 25 March 2022.

⁴⁵ L. Wei, "China Declared Its Russia Friendship Had 'No Limits'. It's Having Second Thoughts", *Wall Street Journal*, 3 March 2022.

under Xi, priority has been given to certain constitutive aspects of the country's diplomatic and foreign policy service – namely, activism/aggressiveness, together with unconditional loyalty and the ability reproduce and repeat the baseline. In turn, this preference has produced a foreign policy decision-making process that is intrinsically flawed in areas where the baseline is so well-established that it more easily remains unquestioned. The China-Russia relationship in the wake and through the course of the Russian invasion of Ukraine is the foremost example. By calling its relationship with Russia a “friendship without limits”, Beijing has made it clear that Chinese foreign policymakers have firmly positioned the country – whether deliberately or not – along the established baseline.⁴⁶

Conclusion

Under Xi, China's foreign and security policies have fundamentally changed. And not for the better, to put it bluntly. Even the most sympathetic analysts and pundits outside Chinese foreign policymaking circles must admit that Chinese attempts to change the territorial and maritime status quo in the SCS, unlawful intrusions into Japanese-controlled territorial waters in the ECS and increasingly frequent violation of de facto Taiwanese airspace are counterproductive. Such counterproductive and self-defeating moves as China's territorial expansionism and “bullying” of countries such as the Philippines, Mongolia and Australia with economic sanctions have led the US and its allies in the West and Asia to strengthen their security and defence ties. Bad old Cold War-style containment policies, this time directed at China. And let

⁴⁶ For a discussion on the practical limits to the China-Russia relationship, see “[The Friendship Between China and Russia Has Boundaries: Despite What Their Rulers Say](#)”, *The Economist*, 19 March 2022. See also I. Denisov, “[No Limits? Understanding China's Engagement with Russia on Ukraine](#)”, *The Diplomat*, 24 March 2022.

us make no mistake: it is the kind of containment that has been invited by Beijing's unlawful extension of its territories in the SCS, unleashing of border clashes with India and increase in military pressure over Taiwan.

To be sure, all of this is – at least officially and judging by the messages of the aforementioned “prolific” wolf warrior diplomats – is seen and interpreted very differently in Beijing. In essence, as far as Beijing is concerned, US-led containment is designed to discriminate against China and suppress Chinese economic growth and development. Moving beyond rhetoric, what if Beijing under Xi has deliberately decided to accept being labelled as “revisionist” and “aggressive” if that is the price to pay for still being able achieve its regional foreign policy objectives? The fact that Beijing is continuing to build military bases on artificial islands in the SCS in violation of international law could support the conclusion that Beijing, to put it bluntly, does not worry about the reputational damage its aggressive and expansionist policies cause as long as the construction of military bases in the SCS go ahead. That is because, as Jude Blanchette argues, Xi Jinping could be in a “rush” to realise his very “ambitious” (“ambitious” as in aggressive and expansionist) foreign policy goals.⁴⁷ Xi – argues Jude Blanchette – could be in a “rush” to change the existing (US-dominated) global order as quickly and as soon possible. That is because the US and the West in general find themselves in what Beijing hopes will turn out to be sustained and indeed irreversible “decline”. This, in turn, means – at least as far as China is concerned – that the time is ripe and the timing is good to challenge the West. But, according to Blanchette, that is not the only reason why Xi could be in rush to confront the West upfront. Xi, he writes, is the ‘keeper’ of an outdated Leninist political system, in which he has difficulties in keeping his grip on power and still, and despite all the power he has accumulated over the years, fears being challenged internally. Blanchette goes on to conclude

⁴⁷ See J. Blanchette, “Xi’s Gamble”, *Foreign Affairs*, July/August 2021.

that the power Xi has accumulated since he took office at the end of 2012 gives him 10-15 years to complete his self-assigned mission to change the global order on Chinese terms, and the President thinks of himself as a politician of “political significance” charged with a mission to establish China as the dominant power in international politics.

Today, the overarching questions are whether and to what extent Beijing would still be able to achieve its foreign policy objectives – at the regional level and beyond – if it accepts the label of a “revisionist” and “aggressive” power. But, perhaps, even more crucial are the questions inquiring into the effects that China’s current “three-pronged” foreign policy – characterised by activism, centralisation and a personality-based career system – will have on the country’s future foreign policy decisions. Or, again, the extent to which the Russian invasion of Ukraine crisis will serve as a critical moment for China’s balancing of the limitations hindering the foreign policy process as it has currently been constructed.

The three-pronged system has been so internalised that it is going to be almost impossible to dismantle it in the short run, especially as Xi is in a potentially delicate position, entering into his third term of office that has been made possible by China’s constitutional reform of 2018.⁴⁸ Moreover, increasing US-China tensions have made the role of the aforementioned wolf warriors even more central when ‘explaining’ Chinese foreign to the outside world. However, China’s position on Russia’s invasion of Ukraine has highlighted the limits of the three-pronged system. Whether we will experience change or continuity in Chinese foreign policies throughout Xi’s third term remains to be seen (obviously). Beijing has arguably boxed itself into an extremely sensitive position by maintaining cooperative relations with Russia, and a process of Chinese foreign policy adjustment can probably not be excluded.

⁴⁸ F. Lin, “[The 2018 Constitutional Amendments](#)”, *China Perspectives*, vol. 1, 2019, pp. 1121.

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