

# ECONOMIC DIPLOMACY OF CHINA

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# AGENDA


- ▶ Introduction
  - ▶ Historical overview
  - ▶ Ministries responsibilities
  - ▶ Strategies
  - ▶ Goals
  - ▶ Features
  - ▶ Conclusion
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# INTRODUCTION


- ▶ China – 2nd largest economic power in the world
- ▶ Largest amounts of foreign currency
- ▶ Established diplomatic relations with the EU in 1975 and stays largest trading partner



# HISTORY OF ECONOMIC DIPLOMACY OF CHIINA

- ▶ 1949-1978 – establishment of the communist regime and isolation from most of the world
  - ▶ 1979-2000 – opening the country to the world
  - ▶ 2001- till now – period of becoming one of the world superpowers
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# 1949-1978

- ▶ - Process of formation of the country and government structures
  - ▶ - Politics of Mao Zedong
  - ▶ - Relations with the Soviet Union
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# 1979-2000

- ▶ Opening the country and trade liberalization
  - ▶ Economic diplomacy was conducted via the ministry of the Foreign Affairs
  - ▶ Lack of experience and government barriers
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# 2001– PRESENT

- ▶ Creation the Ministry of Commerce – the governmental structure fully responsible for the economic diplomacy
- ▶ Membership in the international organizations – WTO, IMT; and introduction of FTA with ASEAN



Ministry of Foreign Trade

State Development Planning Commission

State Economic and Trade Commission

Ministry of Foreign Affairs

Ministry of Commerce

Department of International Economics





# MINISTRY OF COMMERCE IS RESPONSIBLE FOR:

- ▶ development of new policies in the international trade
- ▶ export-import and FDI regulation
- ▶ protection of the interests of own citizens
- ▶ negotiations of bilateral and multilateral trade agreements
- ▶ supporting the contacts with the trade and economic departments of other countries

In the structure of the majority of Chinese embassies there are the offices of Trade and Economic advisers and departments of trade and economic issues.



# MINISTRY OF COMMERCE IS COMPOSED OF:


- ▶ Center of Foreign Trade
- ▶ Center of foreign trade and investment
- ▶ Center of International Economic Cooperation
- ▶ Chinese International Center of Economic and Technical Exchanges

Also, the Ministry is supported by Chinese International Trade Promotion Committee and Chinese International Chamber of Commerce, which have branches in all provinces and major cities.

# STRATEGIES OF CHINESE ECONOMIC DIPLOMACY



# CREATION OF FTA'S

- ▶ Commercial interest
  - ▶ Long-term interest. Such as increasing influence in certain regions
  - ▶ Cooperation with smaller players of diplomatic arena
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# POLITICAL PRESSURE

- ▶ Sanctions against Japan in 2010
- ▶ Delay of border clearance (Chinese fishing boat captain was arrested)
- ▶ Delay of exporting certain goods to Japan
- ▶ Banana War and territory conflict between Beijing and Manila in 2012



# CREDITS AND ASSISTANCE

- ▶ International financial credits with a low interest rate
- ▶ Provision of natural resources in order to balance the consumption and supply (Resource Diplomacy)



# „GO ABROAD” STRATEGY

- ▶ Creation of international brands
- ▶ 2-side investments
- ▶ Taking part in resource and market competition
- ▶ 40% of Chinese investments are directed into merging or assimilation with foreign companies



# 5 GOALS OF CHINESE DIPLOMACY





# CONSTANT SEARCH OF ACCESS TO NATURAL RESOURCES

- ▶ Super high demand for resources;
- ▶ Growing renting ratio of farmlands outside the China;
- ▶ China has accesses to rare metals (uses export as an instrument to affect diplomacy ex. Japan)
- ▶ Detailed diplomatic strategy for importing gas and oil



# SATISFACTION OF HIGH DEMANDS FOR CHINESE PRODUCTS

- ▶ Strategy ( Everyone benefits from Chinese growth)
  - ▶ WTO and decrease of import taxes
  - ▶ Stimulation of internal demand
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# CONTROL OF INVESTMENTS FLOW

- ▶ Attraction of FDIs
  - ▶ Biggest investors – Chinese, who leave outside China
  - ▶ Inflow of biggest corporations
  - ▶ China as an investor ( ex. Global construction market)
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# YUAN DIPLOMACY

- ▶ Main goal – export stimulation
  - ▶ Fixed exchange rate at first but the floating
  - ▶ Undervaluation of Yuan
  - ▶ Internalization of Yuan
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# GROWTH OF “STATUS”

- ▶ Participation in biggest summits and forums
- ▶ Status as a solution for practical problems
- ▶ Growth of Beijing
- ▶ Main objective – decrease of anti-dumping investigations



# FEATURES OF CHINESE ECONOMIC DIPLOMACY



- ▶ China economic diplomacy are combined land and sea routes, the joint development of regional cooperation and "good-neighborly friendship zone", as well as peaceful coexistence of old and new geo-economic sectors.
- ▶ Implementation of China's economic diplomacy is not only intended to implement the "common development" with the outside world, but also meet the requirement of "comprehensive deepening of reform" in the country.



- ▶ Economic diplomacy is an integral part of the overall concept of China's foreign policy, it has been developed and implemented to fit into the overall concept.
- ▶ China adheres to the idea of "friendliness, sincerity, tolerance and profitability" of contacts, emphasizing your awareness of what is a member of the community with a common destiny.
- ▶ Economic diplomacy is considerable support in the implementation of China's contacts with the outside world at a high level.





# CONCLUSIONS



THANK YOU FOR ATTENTION!  
TIME TO ASK QUESTIONS!

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