

CHINA'S LOCAL GOVERNMENTS IN CHINA-ASEAN COOPERATION

YANG Xiangzhang & Sarah Y. TONG

EAI Background Brief No. 1294

Date of Publication: 25 October 2017

Executive Summary

1. Since 1991 when China-ASEAN dialogue began, pragmatic cooperation between the two has shown considerable progress, both in coverage and intensity. In recent years, in particular, the two sides aspire to further upgrade their bilateral ties, from strategic partnership to building a community of common destiny.
2. Local governments have played an increasingly important role in the development of China's external relations, especially that with ASEAN. As local governments have been active participants in advancing China-ASEAN relations, they are an important factor in bilateral relations.
3. While the central government is responsible for the formulation of China's foreign policies, local governments act as implementing agents. Local governments may take a flexible approach to applying relevant policies based on local conditions and are hence a useful supplement to the country's overall foreign policy.
4. Local governments' active participation in advancing China-ASEAN cooperation is driven by several factors. As economic globalisation and regional integration intensify, local governments have become increasingly outward looking, encouraged by the central government and driven by the desire to develop local economies.
5. Given limited mandates, local governments participate more and more actively in economic corporation and cultural exchanges than in political and security areas. In particular, governments in regions bordering ASEAN are considerably more active than those in other localities.
6. There are two challenges to the principle-agent arrangement in implementing China's foreign policies. First, the objectives of central government policies may not always coincide with those of local governments. Second, different local governments may compete for preferential policies from the central government. Such could result in either policy compromises or ineffective implementation.

7. Since Chinese Communist Party's 18th National Congress in 2012, Chinese leaders have attached greater importance to developing peripheral diplomacy, elevating the significance of China-ASEAN relation in China's overall foreign relations.
8. For local governments, as China-ASEAN economic ties continuously strengthen, taking part in bilateral economic cooperation is both desirable and unavoidable for local development.
9. Local governments are expected to reinforce their active involvement in extending China-ASEAN cooperation, especially in cultural exchanges. Meanwhile, there is a greater need for the central government to enhance its coordination among local governments for better policy formulation and more effective implementation.