

1. Introduction

The diversity of interests and ideas within contemporary Chinese society is reflected in China's policy decisions on a broad range of subjects. Chinese foreign policy is in a state of flux, a natural consequence of China's rapidly changing society and the transforming international environment. Meanwhile, the boundaries of foreign policy have blurred worldwide. Those responsible for China's strategic choices in foreign policy are scrambling to come to terms with the increased activities and goals of a variety of Chinese actors in the international arena.

While the highest body of the Communist Party of China (CPC)—the opaque Politburo Standing Committee (PSC)—retains the ultimate decision-making power, the number of actors vying to influence the top leadership's decisions has expanded considerably. Several other official bodies—CPC organs, government agencies and departments of the People's Liberation Army (PLA)—all mould foreign policy thinking and behaviour. Within the Chinese Government bureaucracy, for example, the Ministry of Foreign Affairs (MFA) is today merely one actor in the realm of foreign policy and not necessarily the most important one. Many of these official actors have diverse perceptions of China's national interests and even rival motives as a result of their varying domestic portfolios and international outreach activities.

Furthermore, China's foreign policy is also today shaped to some extent by new actors who are not part of the CPC, the central government or the PLA. Experts from universities, research organizations and military academies, chief executives of oil companies and other enterprises, bank directors, local government officials and leading media representatives operate on the margins, outside the traditional centralized confines of the CPC and government.

Chinese citizens too can be a force affecting foreign policy decisions when they express their views on the Internet, via the media or in protests. However, despite China's ongoing transformation into a more pluralistic society than it was 20 or even 10 years ago, it remains a single-party, authoritarian state. So, although government officials continuously cite public opinion as a factor to consider in foreign policy formulation, they also seek to control public opinion. Alongside the government, public opinion is influenced by several other foreign policy actors. Researchers and senior journalists contribute to the public debate through their publications and commentary, sometimes independently and other times at the request of the CPC, the government or the PLA. This omnidirectional interaction is a recurring theme of this Policy Paper.

One consequence of the pivotal role of consensus building in decision-making processes in China is that interest groups, both within and outside of the official foreign policy establishment, can influence policy by swaying even just one top leader's views. Decision-making processes in China remain obscure, and it is impossible to credibly evaluate the degree of influence that a specific person, agency or factor has on any given PSC decision. What is possible is to assess which interest groups are vying for influence on foreign policy formulation and

to explore the thinking of these groups on the basis of off-the-record conversations and research interviews as well as open source articles and speeches. Identifying who the foreign policy actors are and understanding the direction they would like to see Chinese foreign policy move towards are two important research aims of this Policy Paper.

The need for the international community to gain an understanding of the actors and factors that affect the formulation of Chinese foreign policy has grown in tandem with China's importance and involvement in international affairs. A fundamental premise of Chinese foreign policy is China's insistence that it intends to develop peacefully, but even Chinese scholars concede that 'China also will seek to remove impediments to its rise, in part by invoking existing international rules, and shaping new international rules, to serve its interests'.¹

This Policy Paper seeks to shed light on how the variety of aforementioned interest groups view China's interests. The definition of foreign policy, as it is used in this paper, is 'those actions which, expressed in the form of explicitly stated goals, commitments and/or directives, and pursued by governmental representatives acting on behalf of their sovereign communities, are directed towards objectives, conditions and actors—both governmental and non-governmental—which they want to affect and which lie beyond their territorial legitimacy'.²

Definition
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Categorizing foreign policy actors in China is a challenge because of the non-transparent nature of the state. In addition, the distinction between shaping and implementing foreign policy is sometimes elusive. This paper defines foreign policy actors as those institutions and individuals who (a) have the power to make foreign policy decisions, (b) are formally part of the foreign policy formulation process, or (c) seek to influence foreign policies. Ultimately all entities in China that are involved in or strive to influence the formulation of Chinese foreign policy—CPC organs, government agencies and PLA departments, universities, research organizations, state-owned enterprises, media organizations and citizens—are subordinate to the CPC. The Internet too is controlled by the government, while in turn the government is subordinate to the political authority of the CPC. 'Independent actors', in the manner the term is used in the West, do not exist in China. Hence, the differentiation used in this paper between official entities (in the CPC, the central government and the PLA) and actors 'on the margins' (such as enterprises, financial institutions, local governments, research institutes, media and netizens—frequent users of the Internet).

The analysis presented in this paper draws on 71 research interviews conducted with 19 CPC officials, government representatives and PLA officers; 11 representatives of Chinese financial institutions and state-owned companies; 27 researchers; 4 journalists; 2 active bloggers and 8 foreigners with long China-

¹ Zhang, X., 'China's "peaceful rise", "harmonious" foreign relations, and legal confrontation—and lessons from the Sino-Japanese dispute over the East China Sea', Foreign Policy Research Institute, E-notes, Apr. 2010, <<http://www.fpri.org/enotes/201004.zhang.chinariselegalconfrontation.html>>.

² Carlsnaes, W., 'Foreign policy', eds W. Carlsnaes, T. Risse and B. A. Simmons, *Handbook of International Relations* (Sage Publications: London, 2002), p. 335.

watching experience.³ Unless otherwise indicated, interviews were off-the-record because both Chinese citizens and foreigners based in China are reluctant to speak candidly about foreign policy without a guarantee of anonymity. The research is also based on a close reading of over 100 articles, book chapters and speeches in Chinese- and English-language journals and other published sources.

Chapter 2 of the Policy Paper provides an analysis of China's official and increasingly multifaceted foreign policy decision-making apparatus. It covers organs within the CPC, the government and the PLA which have either retained or gained significance in the determination of China's foreign policy. Chapter 3 describes some of the major factors influencing the mindset of both official Chinese foreign policy actors and new actors 'on the margins', such as the CPC's interpretation of history, political education and foreign influences. Chapter 4 delves in more detail into four categories of new foreign policy actors: business leaders, including those in charge of oil and gas companies; leaders of local government with strong commercial interests; scholars and experts working in research institutions and academia; and lastly, media representatives and netizens. Although actors on the margins are not decision makers, they do affect, either intentionally or inadvertently, foreign policy decision-making processes. Chapter 5 concludes with an assessment of new foreign policy actors in China and possible implications for the international community.

³ Most 1 hour face-to-face research interviews were conducted by Linda Jakobson in Beijing, Shanghai, Hong Kong, Stockholm and Washington, DC, during the period 15 June 2009–15 June 2010; 7 interviews were conducted by SIPRI intern Jacob Wood in Beijing during the period 15 July–15 Sep. 2009; and 4 by Dean Knox in Beijing and Stockholm in Mar. and June 2010.

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2. Official foreign policy actors

The Communist Party of China and the Government of the People's Republic of China (PRC) have separate decision-making structures although some bodies overlap in function, authority and even personnel. Because the CPC's authority is supreme, some significant official decision makers do not necessarily have a government post. For example, two influential foreign policy officials and members of the CPC Central Committee—Wang Jiarui (head of the Party's International Department) and Wang Huning (head of the Party's Policy Research Office)—do not hold government positions.⁴ Power and influence is determined by Party rank. Wang Jiarui, for example, is higher in Party hierarchy than Foreign Minister Yang Jiechi.⁵ Hu Jintao is supreme leader as general secretary of the CPC, chairman of the Central Military Commission (CMC) and president of the PRC. He also chairs the CPC leading small groups (LSGs) that deliberate foreign and security policy.

The Communist Party of China

The Politburo and the Politburo Standing Committee

While Chinese society is more multifaceted today than a decade ago and the number of interest groups wishing to influence foreign policy formulation has grown, foreign and security policy decision-making processes remain opaque and highly centralized within the PSC and other key decision-making bodies. The nine-member Politburo Standing Committee of the CPC Central Committee is the ultimate decision-making body in China.⁶ It is presumed to meet every 7 to 10 days, while the 25-member Politburo, from which the PSC is derived, convenes irregularly.⁷ The PSC's agenda and deliberations are not made public. In most cases, the PSC's task is to give the final approval to a recommendation based on deliberations by relevant agencies. For instance, when the choice to buy nuclear reactors from a French company (Areva) or a US company (Westinghouse) had to be made in 2006, Hu's blessing was needed because 'in the end the choice was a political decision'.⁸

⁴ 'Wang Jiarui 王家瑞', China Vitae, <http://www.chinavitae.com/biography/Wang_Jiarui>; and 'Wang Huning 王沪宁', China Vitae, <http://www.chinavitae.com/biography/Wang_Huning>.

⁵ Chinese professor of international relations, Interview with author, Beijing, 9 Sep. 2009.

⁶ See e.g. Lu, N., *The Dynamics of Foreign-Policy Decisionmaking in China*, 2nd edn (Westview Press: Boulder, CO, 2000); Miller, A. L., 'Hu Jintao and the Party Politburo', *China Leadership Monitor*, no. 9 (winter 2004); and Cabestan, J.-P., 'China's foreign- and security-policy decision-making processes under Hu Jintao', *Journal of Current Chinese Affairs*, vol. 38, no. 3 (2009), pp. 63–97.

⁷ Miller (note 6).

⁸ Westinghouse was awarded the contract on the basis of 3 factors: technical considerations, US irritation over the trade imbalance and the need for healthy Chinese-US ties. Chinese nuclear industry expert involved in evaluation process, Personal communication with author, Xi'an, 24 May 2010; and 'China selects Westinghouse AP1000 nuclear power technology', Westinghouse Electric Company, 16 Dec. 2006, <<http://westinghousenuclear.mediaroom.com/index.php?id=43&item=70>>.

According to research interviews with Chinese researchers and CPC officials, Hu Jintao and Wen Jiabao are central to foreign policy decision making. Although decisions are reached through consensus building, Hu Jintao heads the PSC and thus any major decision needs his support. At times other PSC members express views on controversial foreign policy issues—such as those related to Japan, the Democratic People's Republic of Korea (DPRK or North Korea), Myanmar and the United States—that differ from those of Hu or Wen. North Korea is described as the most divisive of foreign policy issues among China's senior leaders. For example, after North Korea conducted a nuclear test in 2006, Hu Jintao is said to have been compelled to personally edit the wording of China's official reaction because no one else wanted to take ultimate responsibility for such a sensitive stance.⁹

While several PSC members have a distinct portfolio, no one member has an exclusive foreign policy portfolio.¹⁰ As a result, both official foreign policy actors and those on the margins of the foreign policy establishment can try to affect the consensus-building process by influencing any given PSC member. Consequently, foreign policy decision making can be 'unwieldy, messy and inefficient'.¹¹

The Foreign Affairs Leading Small Group and other Central Committee organs

Major policy decisions in China are deliberated in the LSGs, which are comprised of PSC members and other leading CPC officials.¹² The full memberships of the LSGs are not public, but official media occasionally mention leaders in connection with their LSG activities. As with the PSC, the agendas and deliberations of the LSGs are not publicized.¹³

Several but not all of those interviewed by the authors presumed that all but the most critical foreign policy decisions are made in the Foreign Affairs LSG (FALSG)—also known as the National Security LSG—after which the PSC merely gives formal approval. The interviewees pointed out that most PSC members are not well-versed in the details of complex foreign policy issues and must therefore rely on the expertise of foreign policy specialists in the LSGs. Foremost among the FALSG members are State Councillor Dai Bingguo, International Department head Wang Jiarui, Foreign Minister Yang Jiechi, Minister of Commerce Chen Deming, Minister of Defence Liang Guanglie and Minister of State Security Geng Huichang. In addition to the FALSG, decisions affecting foreign policy are deliberated

⁹ Chinese MFA official, Interview with author, Beijing, 11 Sep. 2009. In an unprecedented step, China denounced North Korea's actions as 'flagrant'. '外交部：朝鲜悍然实施核试验 中国政府坚决反对' [MFA: DPRK flagrantly conducts nuclear test], Xinhua, 9 Oct. 2006, http://news.xinhuanet.com/world/2006-10/09/content_5180207.htm.

¹⁰ The specific tasks and responsibilities of PSC member portfolios are not explicitly stated but can be inferred from their posts and activities.

¹¹ Director of a Chinese research institute who advises the government, Interview with author, Beijing, 22 Oct. 2009.

¹² Non-CPC ministers (Wan Gang (万刚) and Chen Zhu (陈竺)) are not known to be included in any LSG. 'LSG' is used as shorthand; the full translation of e.g. FALSG is Central Foreign Affairs Work Leading Group (中央外事工作领导小组).

¹³ The *China Directory* compiles references by authoritative media to personnel in LSGs and other central institutions into a single source. *China Directory* (Radiopress: Kawasaki, 2008).

erated in, among others, the Taiwan Affairs LSG (TALSG) and the Financial and Economic Affairs LSG.

Attached to each LSG is an office that conducts research, proposes policies and coordinates activities.¹⁴ Dai Bingguo, the presumed director of the FALSG office, was named by many interviewees as the most influential foreign policy official outside the PSC and the person who has day-to-day responsibility for foreign policy, in part because of his role in shaping the FALSG's agenda. The Foreign Affairs Office and the Financial and Economic Affairs Office are exclusively under the CPC, whereas the Taiwan Work Office also reports to the State Council.¹⁵ The Taiwan Work Office oversees all Taiwan-related affairs, including the Association for Relations Across the Taiwan Strait, the semi-official organization that holds negotiations on behalf of China with its counterpart in Taiwan.

Besides the LSGs, at least three other bodies associated with the CPC Central Committee are important in any assessment of the official foreign policy-related actors that Chinese interest groups strive to influence: the Policy Research Office, the General Office and the International Department.

The Policy Research Office conducts research, provides advice and drafts policy documents ahead of major decisions. The General Office provides administrative and logistical support to the Politburo. Despite the seemingly mundane nature of its mandate, the General Office is significant because it controls flow of information to decision makers and manages their schedules.¹⁶ The respective heads of the Policy Research Office and the General Office, Wang Huning and Ling Jihua, are intimately involved in high-level diplomacy. Both accompanied Hu Jintao on every one of his 29 overseas trips between 2008 and early 2010—which many interviewees pointed out allows them more interaction with the supreme leader than most ministers.¹⁷ Despite holding his current post in the Policy Research Office since 2002, Wang only began travelling with Hu in 2008. Wang, who holds a PhD in law, is a former Fudan University professor of international politics.¹⁸

The International Department, formerly the International Liaison Department, has broadened its initial focus of liaising with communist and socialist parties and now manages the CPC's ties to virtually all foreign political parties and movements, including the Democratic and Republican parties in the USA. In Europe the International Department has for more than two decades invested substantial effort into building relations with a wide spectrum of political par-

¹⁴ For in-depth analysis see Shao, Z. (邵宗海) and Su, H. (蘇厚宇), '具有中國特色的中共決策機制: 中共中央工作領導小組' [Decision-making mechanisms with Chinese characteristics: CPC Central Committee leading small groups] (Webber Publication International: Taipei, 2007).

¹⁵ The composition of the CPC Central Committee's Taiwan Work Office is identical to the State Council's Taiwan Affairs Office. The practice, known as 'one organization, two names', is common for CPC and government bodies with similar missions (including the CMC).

¹⁶ Miller, A. L., 'The Central Committee departments under Hu Jintao', *China Leadership Monitor*, no. 27 (winter 2009).

¹⁷ Authors' database covering Hu Jintao's 70 overseas visits between Jan. 2005 and Aug. 2010; and Chinese professor of international relations, Interview with author, Beijing, 30 Apr. 2010.

¹⁸ 'Wang Huning 王滢' (note 4).

ties.¹⁹ It is also a foreign policy actor because of its instrumental role in formulating China's policy towards North Korea and, to a certain extent, Iran and Myanmar. The long-standing ties between the International Department and the Korean Workers' Party as well as the relationships that Dai Bingguo built with North Korean officials when head of the department (1997–2003) have contributed to the department's special role in China–North Korean relations.²⁰

At least three other CPC departments have limited influence over foreign policy: the Publicity Department, the International Communications Office and the Organization Department. The Publicity Department, formerly known as the Propaganda Department, is tasked with overseeing domestic media and thereby contributes to shaping public perceptions of Chinese foreign policy. It coordinates the Party's message on foreign policy to the media together with the CPC's main newspaper, *Renmin Ribao* (People's Daily), and Xinhua News Agency.²¹ The International Communications Office (better known by its government title, the State Council Information Office) strives to improve the international community's understanding and perception of China—a foreign policy goal that Hu Jintao has prioritized.²² The Organization Department prepares Politburo decisions on appointments and promotions throughout the political system.²³

The State Council

The State Council, headed by Premier Wen Jiabao, is composed of numerous ministries, administrations and offices.²⁴ It is the highest body in the Chinese Government and represents China in state-to-state relations. Dai Bingguo, in addition to his CPC positions, is also the state councillor handling Chinese foreign policy and so outranks the ministers of foreign affairs and commerce, Yang Jiechi and Chen Deming, within the government system. Dai is far more influential than Yang and Chen in the CPC, where he has served as head of the CPC International Department and Ministry of Foreign Affairs party secretary. Dai has been a full member of the Central Committee since 2002, whereas Yang was only elevated to full membership in 2007 after becoming foreign minister and Chen is only an alternate member.²⁵

¹⁹ Shambaugh, D., 'China's "quiet diplomacy": the International Department of the Chinese Communist Party', *China*, vol. 5, no. 1 (Mar. 2007), pp. 26–54.

²⁰ Chinese ministry official, interview with author, Beijing, 3 May 2010.

²¹ CPC Central Committee Publicity Department (中共中央宣传部), '主要职能' [Main functions], <<http://cpc.people.com.cn/GB/64114/75332/5230610.html>>.

²² Wu, Q. (吴晓敏), '胡锦涛: 我国改革发展稳定面临新的机遇和挑战' [Hu Jintao: China's reform and development faces new opportunities and challenges], *人民日报* [People's Daily], 21 July 2009; and State Council Information Office (国务院新闻办公室), '国务院新闻办公室' [State Council Information Office], 13 Mar. 2006, <<http://www.scio.gov.cn/xwbj/xwbjs/200905/t306817.htm>>.

²³ Miller (note 16).

²⁴ The State Council's closest analogue in a Western state is a cabinet government, although in a 1-party state such as China the State Council operates with comparatively less accountability and scant oversight from an elected parliament.

²⁵ 'Dai Bingguo 戴秉国', *China Vitae*, <http://www.chinavitae.com/biography/Dai_Bingguo>; 'Yang Jiechi 杨洁篪', *China Vitae*, <http://www.chinavitae.com/biography/Yang_Jiechi>; 'Chen Deming 陈德铭', *China Vitae*, <http://www.chinavitae.com/biography/Chen_Deming>; and 'Wang Huning 王沪宁' (note 4).

The Ministry of Foreign Affairs

The role and importance of the MFA as a policymaker has changed over the past decade, according to all of the research interviewees. The overwhelming majority of respondents said the power of the MFA has declined. The reason cited was twofold. First, China's expanding international role and the growing complexity of global issues have resulted in the proliferation of foreign policy decision-making entities. The MFA must often rely on other agencies for expertise while at the same time competing with them for influence. Second, since 1998 the foreign minister's power base within the CPC has continuously declined. One senior academic said that he 'feels sorry for Yang Jiechi' because on state visits, or during meetings in China with important foreign delegations 'Yang is fifth or sixth in protocol'.²⁶ On the other hand, several interviewees gave Yang credit for having improved the professional standards and competence within the MFA.

While the senior CPC leadership assumes responsibility for crucial decisions affecting China's relations with major powers or important countries in the region, it has delegated overall control of foreign policy implementation to the MFA. A director of a research institution noted that 'ministries are merely managers. They do not make policy, they implement it'.²⁷ However, with regard to states considered less important, the MFA continues to be a central agency in determining policies in accordance with China's overall foreign policy goals. The MFA is regarded as the prime actor in China's relations with all European Union (EU) member states with the exception of France, Germany and the United Kingdom.²⁸

In international negotiations, the MFA has traditionally been the lead organization even though another ministry may have provided the expertise on the specific issue under discussion. For example, at the 2010 Non-Proliferation Treaty Review Conference both the head and deputy head of the Chinese delegation were MFA officials, while PLA officers representing the General Armaments Department and General Staff Department were delegation members (albeit listed as Ministry of National Defence officials).²⁹ In recent years, however, the MFA has sometimes not even nominally held the lead position but has had to accept a secondary role. For example, the National Development and Reform Commission (NDRC), whose responsibilities include domestic policies on climate change, initially headed the Chinese delegation at the 2009 Climate Summit in Copenhagen, and MFA participation was limited to delegation members.³⁰ When Premier Wen Jiabao arrived in Copenhagen and took charge

²⁶ Those ahead of Yang Jiechi in protocol on state visits are Hu Jintao (president), Wen Jiabao (premier), Wang Qishan (State Council vice-premier), Ling Jihua (CPC General Office director), Wang Huning (CPC Policy Research Office director) and Dai Bingguo (a state councillor). Chinese professor of international relations (note 5).

²⁷ Director of Chinese government research institution, Interview with author, Beijing, 19 Apr. 2010.

²⁸ Beijing-based European Union official, Interview with author, Beijing, 30 June 2009; and Beijing-based Swedish diplomat, Interview with author, Beijing, 27 May 2010.

²⁹ Chinese non-proliferation official, Interview with author, Beijing, 26 May 2010.

³⁰ Yuan, Y. and Feng, J., '周末哈根时刻：中国官员 入睡3个小时' [Moment in Copenhagen: Chinese officials get 3 hours sleep every day], 南方周末 [Southern Weekly], 16 Dec. 2009.

of the delegation for the summit's last days, views within the delegation differed on China's final position. MFA officials were inclined to make compromises to avoid China being deemed an agreement-spoiler, while the NDRC refused to budge on China's initial position against fixed targets for both developed and developing countries. When Wen Jiabao favoured the MFA position in a crucial meeting with key summit participants, such as Brazil, India, South Africa and the USA, he was opposed by the senior NDRC representative on the delegation and therefore no compromise was reached. This led to what in the West is perceived as the 'Copenhagen fiasco'.³¹

Ambassadors

Whether Chinese ambassadors, who fall under the purview of the MFA, are foreign policy actors or merely implementers and coordinators depends on both the individual and the circumstances. In many cases, an ambassador's influence is limited to making recommendations. One former ambassador said that if he made a recommendation at the right time, in the right way and to the right interlocutor his views were translated into policy. He recalled one prime example of failure when he had requested a meeting with Premier Zhu Rongji to propose collaboration in the nuclear energy field between China and the country to which he was posted. Zhu rebuffed the recommendation, saying that energy did not pose a major challenge to China's development.³² The meeting took place in 1999 when Chinese leaders were enthusiastic about the Three Gorges Dam and not pre-occupied with energy security. A mere seven years later, China's five-year development plan called for large-scale growth of nuclear power to meet China's rising energy demands.³³

Song Zhe, who was appointed China's ambassador to the EU in 2008, is considered a 'powerful ambassador' because of his close connections with Wen Jiabao.³⁴ Song served as Wen's 'right hand man' as director general of the General Office of the State Council (2003–2008). Prior to that Song was an MFA official with extensive experience in West European affairs.³⁵ As ambassador to the EU, Song holds vice-ministerial rank, as do China's ambassadors in Brazil, France, Germany, India, Japan, North Korea, Russia, the UK and the USA. The posts in Brasilia and New Delhi were elevated to this status in 2010, reflecting the growing importance that China attaches to relations with Brazil and India.³⁶

³¹ Chinese official who participated in the Climate Summit in Copenhagen, Interview with author, Beijing, 17 Dec. 2009; and Feiser, B., 'This fiasco will further alienate an angry public', *The Guardian*, 19 Dec. 2009. See also Lieberthal, K. G., 'Climate change and China's global responsibilities', Brookings Institution, 23 Dec. 2009, <http://www.brookings.edu/opinions/2009/1222_china_climate_lieberthal.aspx>.

³² Retired Chinese ambassador, Interview with author, Beijing, 21 Sep. 2009.

³³ '推进工业结构优化升级' [Promoting optimization of the industrial structure], 中华人民共和国国民经济和社会发展第十一个五年规划纲要 [People's Republic of China National Economic and Social Development Five-Year Plan], Xinhua, 16 Mar. 2006, <http://news.xinhuanet.com/misc/2006-03/16/content_4309517.htm>.

³⁴ Chinese professor whom the MFA consults, Interview with author, Beijing, 2 Apr. 2010.

³⁵ Chinese Mission to the European Union, '中国驻欧盟使团团长宋哲大使简历' [Resume of Ambassador Song Zhe, head of China's mission to the EU], <<http://www.chinamission.be/chn/sttz/ds/jj/>>.

³⁶ Chinese professor of international relations, Personal correspondence with author, 29 July 2010.

The perception among non-MFA officials that diplomats might fall prey to too much foreign influence has undermined the standing of ambassadors ever since China's opening in the late 1970s. Several interviewees, including two ambassadors, admitted as much, saying that serving as a bridge between the host country and China sometimes created the impression that their views could compromise China's interests.³⁷ This notion is even stronger today as China's global engagement drives diplomats deeper into the societies in which they work.

Other government bodies

Within the Chinese Government, the MFA faces competition for influence over foreign policy formulation from the Ministry of Commerce (MOFCOM) and several other government bodies that have expanded their international outreach in their respective fields, such as the People's Bank of China (PBC), the NDRC, the Ministry of Finance and the Ministry of State Security. This has resulted in intense rivalry between the MFA and other official foreign policy actors.³⁸

MOFCOM, as a result of its jurisdiction over foreign trade and its close ties to the business community, has emerged as the leading supporter of a controlled renminbi exchange rate in internal debates. While MOFCOM does not have direct control over exchange rates, it is influential in all issues affecting foreign trade.³⁹ China's policy of controlling the currency exchange rate has benefited Chinese exporters, but it is a source of international tension, stemming from accusations by other countries that China is distorting the market and impeding their recoveries from economic recession.⁴⁰ MOFCOM loosely regulates the overseas activities of Chinese companies through semi-official trade associations, such as the China International Contractors Association (CHINCA), which have the task of passing on suggestions of member enterprises to relevant authorities and participate in policy formation.⁴¹ MOFCOM also allocates the majority of Chinese foreign aid—a perennial source of contention between it and the MFA—which for the most part consists of infrastructure projects carried out by Chinese companies.⁴² Chinese aid is not unconditional. Support by the recipient country for China's 'One China' position ruling out Taiwan's independence is a near-absolute requirement to receive aid.⁴³ Thus, aid provision is an important factor in China's ability to limit Taiwan's formal and even informal relationships

³⁷ Retired Chinese ambassador, Interview with author, Beijing, 6 July 2009; and Retired Chinese ambassador (note 32).

³⁸ Chinese professor of economics, Interview with author, Stockholm, 12 June 2010.

³⁹ See e.g. Chan, S., 'Pressure grows in US over China's currency', *New York Times*, 16 Mar. 2010.

⁴⁰ Diao, C., 'Chairman's address', China International Contractors Association (CHINCA), <<http://www.chinca.org/en/aboutus.aspx>>.

⁴¹ Lancaster, C., 'The Chinese aid system', Center for Global Development, 27 June 2007, <<http://www.cgdev.org/content/publications/detail/13953/>>.

⁴² In a notable exception, in 2010 China provided a small amount of earthquake aid to Haiti despite Haiti's ties with Taiwan. 'Malawi is latest nation to follow China's lure', *New York Times*, 4 Jan. 2008; and Anna, C. and Huang, A., 'Haiti aid a telling test of China-Taiwan relations', Associated Press, 17 Jan. 2010, <<http://www.chinapost.com.tw/taiwan/national/national-news/2010/01/17/241115/Haiti-aid.htm>>.

is also responsible for tariffs and China's limited contributions to multilateral aid.⁴⁹

The Ministry of State Security was named by several interviewees as an increasingly powerful domestic actor whose sway spills over into the realm of foreign policy. Its position was viewed as strengthened—and its budget increased—by the preparations for the 2008 Beijing Olympics as well as by the riots in Tibet in 2008 and Xinjiang in 2009.⁵⁰ The ministry is considered to be a strong advocate of government investment in information technology research to ensure that the state strengthens its intelligence-gathering capacity.⁵¹ Minister of State Security Geng Huichang is a member of both the Foreign Affairs and Taiwan Affairs LSGs and a former president of the China Institute of Contemporary International Relations (under the Ministry of State Security), one of China's most influential research institutions.⁵²

The People's Liberation Army

The People's Liberation Army has historically been and continues to be a player in Chinese foreign policy making. However, its role has been substantially narrowed by decades of institutional reform, focused on the professionalization of the armed forces and the distancing of military leaders from civilian decision-making processes.⁵³ Military officers retiring from powerful CPC positions in the 1980s and 1990s were replaced with civilians, culminating with the retirement of PLA Navy (PLAN) commander Liu Huaqing from the Politburo Standing Committee in 1997. Since then the PLA has not been represented in the PSC.⁵⁴ Nevertheless, the degree to which the PLA exists in a world apart from the political decision-making processes is a question that divides both Chinese and Western experts.⁵⁵

The PLA shares authority with government and commercial entities on decisions pertaining to arms control and non-proliferation—spheres with direct foreign policy implications over which the PLA formerly exercised nearly

⁴⁹ Chinese Ministry of Finance, '中华人民共和国财政部主要职能' [Main functions of the People's Republic of China Ministry of Finance], <<http://www.mof.gov.cn/zhengwuxinxi/henbugaikuang/>>; and Davies, M. et al., *How China Delivers Development Assistance to Africa* (University of Stellenbosch, Centre for Chinese Studies: Stellenbosch, Feb. 2008).

⁵⁰ Mid-level PLA official, Interview with author, Beijing, 19 Sep. 2009; Mid-level PLA official, Interview with author, Beijing, 12 May 2010; Chinese ministry official (note 20); and Chinese professor of politics, Interview with author, Beijing, 24 May 2010.

⁵¹ Senior researcher at Chinese government institute, Interview with author, Beijing, 10 May 2010; and Chinese professor of politics (note 50).

⁵² Geng Huichang 耿惠昌, China Vitae, <http://www.chinavitae.com/biography/Geng_Huichang/>.

⁵³ Li, N., *Chinese Civil-Military Relations in the Post-Deng Era: Implications for Crisis Management and Naval Modernization*, China Maritime Studies, no. 4 (US Naval War College: Newport, RI, 2010).

⁵⁴ For a complete list of past PSCs see 中国共产党历届中央委员大辞典 1921–2003 [Dictionary of past CPC Central Committee members, 1921–2003] (CPC Party History Press: Beijing, 2004).

⁵⁵ Senior PLA official, Interview with author, Beijing, 5 May 2010; Chinese research institution head, Interview with author, Beijing, 17 Jan. 2010; and Beijing-based US China scholar, Interview with author, Beijing, 5 May 2010. See also Mulvenon, J., 'Rogue warriors? A puzzled look at the Chinese ASAT test', *China Leadership Monitor*, no. 20 (winter 2007).