

# Central and Local Government Relations under the Mechanism of the Belt and Road Initiative Passing: A Case Study of China's Southwest Provinces

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## **Abstract**

Chinese governing system is highly complex; the implementation and the pass on of the policy to different levels, including the provinces are not linear and often without a clear plan. Therefore, in order to understand the Chinese policy and its pass on from Beijing to other organisms, different framework rather than mainstream public administration framework is required. The Belt and Road Initiative (BRI) serves as the vehicle for managing and coordinating development at the local level. China's Southwest province of the local government reports delivered in the local People's Congresses, and the province positions itself as the most vigorous, active, and optimist province with the Belt and Road Initiative. This paper studies the pass on the policy of the BRI from the government in Beijing through the provincial case studies, as well as the process of how it has applied to the province. The BRI has expanded the decision-making powers of provinces, while the central government is also strengthening its coordination of provincial economic policies.

**Keywords:** Mechanism, Belt and Road Initiative (BRI), Central Government, Local Government

## Introduction

Chinese governing system is highly complex, and the relationship between the different levels of the Chinese government is complicated and uneasy. For the central government, this system ensures that local officials are dependent on the capital. Communist Party leaders fear that, if not correctly controlled, regional and sub-regional governments might drift from the centre, undermining the country's unity. Beijing is right to be worried because China consists of 23 provinces, four municipalities, five autonomous regions, and two special administrative regions with diverse geographies, distinct cultural traditions, and diverse economic needs. The risk of political fragmentation is already high without granting financial autonomy to each administrative unit.

The Belt and Road Initiative (BRI) is President Xi's most beloved foreign and economic policy initiative. Much of the recent discussion has concerned the geopolitical aspects of the initiative. There is little doubt that the overarching objective of the initiative is helping China to achieve geopolitical and economic goals by working with China's neighbouring countries more closely. There are many more concrete and economic objectives behind BRI that should concentrate. China has an authoritarian political system and state-controlled capitalism. It is natural for foreign observers to predominantly view the autocrat-launched BRI as a cohesive geo-strategy to project Chinese power abroad. The entire process of the BRI, from original ideas to policy formation, to consolidation, and actual implementation and shows that, on the one hand, bureaucratic practices have primarily shaped the central guidelines. On the other hand, sub-national and state capital have reinterpreted and implemented the strategy. While the leader announced the BRI based on nationalist and strategic mobilization, it is the functional domestic needs that shape its implementation and outcomes.

The BRI primarily a different strategy directed by an influential leader, but it also goes into domestic economic crises and fragmented bureaucracies jointly propelled by its emergence. The BRI reveals how the central government leveraged the strategy to promote and strengthen their local government pre-existing proposals and practices.

## Overview of the Belt and Road Initiative (BRI)

When Chinese President Xi Jinping visited Central Asia and Southeast Asia in September and October of 2013, he raised the initiative of jointly building the Silk Road Economic Belt and the 21st-Century Maritime Silk Road, which have attracted close attention from all over the world. At the China-ASEAN Expo in 2013, Chinese Premier Li Keqiang emphasized the need to build the Maritime Silk Road oriented toward ASEAN, and to create strategic propellers for hinterland development.

Accelerating the building of the Belt and Road can help promote the economic prosperity of the countries along the Belt and Road and regional economic cooperation, strengthen exchanges

and mutual learning between different civilizations, and promote world peace and development. It is a significant undertaking that will benefit people around the world.

#### **Aims to promote the connectivity**

The BRI refers to the Silk Road Economic Belt and 21st Century Maritime Silk Road, a significant development strategy launched by the Chinese government to promote economic cooperation among countries along the proposed Belt and Road routes. The initiative has designed to enhance the orderly free-flow of economic factors and the efficient allocation of resources. It also intended to further market integration and create a regional economic cooperation framework of benefit to all. The BRI tries to connect Asia, Europe, and Africa along its five routes. The Silk Road Economic Belt focuses on: 1) Linking China to Europe through Central Asia and Russia; 2) Connecting China with the Middle East through Central Asia; 3) Bringing together China and Southeast Asia, South Asia, and the Indian Ocean. Furthermore, the 21st Century Maritime Silk Road focusses on using main Chinese ports to; 4) Linking China with Europe through the South China Sea and the Indian Ocean; 5) Connecting China with the South Pacific Ocean through the South China Sea. Along five routes of the BRI comes along five significant goals.

The first one is policy coordination. It means that countries along the belt and road will consult on an equal position, draw up development plans together and measures for advancing cross-national or regional cooperation. Try to resolve problems arising from cooperation by consultation, and jointly provide policy support to practical cooperation and large-scale project performance.

The second one is facilities connectivity. It refers to prioritizing areas of construction as part of the Belt and Road strategy. It will be made to give priority to many countries along the BRI to removing barriers in the missing sections and bottleneck areas of core international transportation passages, ongoing the construction of port infrastructure facilities, and clearing land-water intermodal transport passages. The connectivity of infrastructure facilities, including railways, highways, air routes, telecommunications, oil, natural gas pipelines, and ports.

The third one is unimpeded trade. This step will be a launch to resolve investment and trade issues. To reduce investment and trade barriers, lower trade and investment costs, and to promote regional economic integration. This task will also make to extend the scope of trading, propel trade development through investment, and strengthen cooperation in the industry chain with all related countries along the BRI.

The fourth one is financial integration. This move will be used to drive coordination in monetary policy, extend the scope of local currency settlement and currency exchange in trade and investment between countries along the BRI, deepen multilateral and bilateral financial cooperation, set up regional

development financial institutions, strengthen cooperation in monitoring financial risks, and enhance the ability to manage financial risks through regional arrangements.

The fifth one is people-to-people bonds. They will promote exchanges and dialogues between different cultures, strengthen friendly interactions between the people of various countries, and heighten mutual understanding and traditional friendships. It will all form the basis for the advancement of regional cooperation.

In a world of significant geo-economic competition and collaboration, the BRI is a result of the rise of China as a global economic player and the need to reform its development model and encourage development in the potential to its own domestic. The BRI highlights the role of the Silk Road as a shared part of the cultural heritage of many countries and civilizations and draws on it to promote mutually beneficial cooperation with China. It also reflects the rise of China as a global investor and the role of infrastructure in creating the foundations for growth in less developed parts of the world.

#### **Mutual benefit as a Principle**

The Belt and Road Initiative is in line with the purposes and principles of the UN Charter. It upholds the Five Principles of Peaceful Coexistence: mutual respect's sovereignty and territorial integrity, mutual nonaggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence (Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, 2015). It is open for cooperation but is not limited to the area of the ancient Silk Road. It is open to all countries, and international and regional organizations for engagement, so that the results of the concerted efforts will benefit more extensive areas.

The BRI is a solution for win-win cooperation that promotes joint development and prosperity toward a sense of peace and a friendship by enhancing mutual understanding and trust, strengthening all-round exchanges. The Chinese government advocates peace and cooperation, openness and inclusiveness, mutual learning and benefit. It promotes practical cooperation in all fields and works to build a community of shared interests, destiny, and responsibility featuring mutual political trust, economic integration, and cultural inclusiveness.

The BRI is an ambitious economic plan of the opening-up of and cooperation among the countries along the route and moves toward the objectives of mutual benefit and collective security. It brings back the centrality of domestic politics and focuses on the political mobilization and control mechanisms of the policy, impact, and the various entanglements of international relations and domestic politics.

### Local government and the Belt and Road Initiative

The Belt and Road Initiative is not a simple project or institution, and it will bring many changes in world politics and the global economy. Furthermore, China's interests are not only on global politics and economics, but the task of defining BRI can also conclude by the interests of China's domestic politics and economy. However, this policy is more than just a strategy for China to leverage its economic and might influence beyond Asia. This initiative is also part of China's domestic reforms and economic growth, and China will need to turn the popular support of the Belt and Road initiative that based on national pride to the one that its citizens can see the material benefits of supporting the initiative in order to sustain the level of enthusiasm.

#### Relationship between Central and Local

A geographically large country with multiple ethnic groups like China, the separation of powers may be inevitable and a more pressing issue in a vast country. With the aid of historical distance, it is transforming China from a cultural commonwealth into a modern nation-state, which requires a stable central government to keep national unity and encourage national economic development, and to extend the power of the state into society (Zhu, 2003).

There has been a worldwide trend towards decentralization, but it does not necessarily mean a weakened capability of China's central government to control the behaviour and actions of local governments. The planned economy before 1978 in China, the central-local relationship fell into the structure that has a stable central government (Zhang, 2010). It not only controlled the appointment of principal provincial officials, it controlled the resources of the provinces. The central government controlled the collection and allocation of resources. Between 1978 and 1994, China adopted a fiscal responsibility system whereby local authorities took full responsibility for their revenues and expenditures (Qian & Weingast 1997), this changed China's central-local relationship from a strong central government structure into a relatively stable structure. China's intergovernmental relationships are undergoing rapid change. Many positive changes are reshaping and re-establishing relationships.

Under the Central government's vision, without the unification of China, there was no possibility of modernizing China's economy, politics, and society (Zhu, 2003). Until 1977, Mao Zedong began to discuss the power distribution among the central government and local governments. It began with an acknowledgement that the relationship between central and local government has always been problematic, given the conflicting interests. Mao Zedong expands the power of local governments, to let locals have more independence in handling those affairs, this would be beneficial to the construction of a more energetic socialist state as it would be better to allow the local government to act to solve their problems, rather than to leave it solely within the hands of a central government.

It is clearly understood that Mao Zedong rejected the Soviet Unions' model that the central government should monopolize the control of all public affairs. He believed local government must be fully encouraged to take care of local particularities as long as it has done in a manner that consolidates and supports the national interest. Political centralization appears to be the only available choice for China, but for the past 70 years, China has played a critical role in shaping the power allocation between the central and local governments.

### **The Belt and Road Initiative and its domestic motivations**

Mobility of the Belt and Road Initiative is not only the reflection of China's leader ambitious to create new Sino-empire (He, 2018), China's domestic also had several effects under the implementing BRI. It has applied to various infrastructure projects and investment initiatives, with a leader's concept of the "China Dream", it provided a unique opportunity for the leader to concentrate, extend, and legitimate his power to local governments. Xi's BRI demonstrates intrinsically top-down, hierarchical processes whereby the leadership provides the strategic impetus, and the ministerial and the provincial level work hard to implement it (David, 2015).

In 2015, National Development and Reform Commission (NDRC) of the People's Republic of China and other ministries jointly released an authoritative vision and action plan document. BRI will require comprehensive goals that assign on multiple ministries due to each ministerial specializations, interests, and work functions. For example, the Ministry of Culture's action plan priorities on the improvement of cultural exchange and cooperation mechanisms, the promotion of cultural exchange, the cultivation of cultural industry, and trade along the routes. Many protocols, agreements, MoU, and other documents have also signed between Chinese Ministries and official foreign entities after the establishment of BRI.

Provincial-level also has the exciting challenge, especially some provinces which had given the development priority, to make them as new engines of economic growth under the BRI (Shashi, 2015). The official designation of target provinces, for example, Xinjiang as a core area on the Silk Road Economic Belt; Fujian as a core area of the 21 century Maritime Silk Road; Guangxi as an essential gateway connecting the Belt and Road; and Yunnan as a pilot zone of China's opening-up to South and Southeast Asia. With the different needs and objectives of each province, their local policy frameworks may increase the chances of successful BRI implementation.

Understanding the complexities at the local level helps the central government to formulate a plan for its domestic actions, the scenario is no different from the BRI. That is why it makes sense to learn of local government platforms through the central government associated with the BRI. There is a show of the ten provinces most dependent on trade with Belt and Road countries. The list tops

Xinjiang; 98 per cent of its overall trade with the Belt and Road countries is strikingly significant. This situation represents the reality that the overwhelming majority of Xinjiang's exports go directly via newly developed railways to Central Asia. The significance of trade with Mongolia and Russia is also highly crucial in Inner Mongolia. Yunnan and Guangxi also rely heavily on BRI trade, which represents South-East Asia's significance as their main trading partners. The dependency of Hainan and Fujian represents the rising significance of the Sea Silk Route.

The BRI generally operate as a combined top-down policy layout, bottom-up enforcement model with broad policy pronouncements and central orders that give the state-owned enterprises (SOEs) and local leaders the freedom to negotiate and interpret. The structure of the BRI would be Chinese provinces seem to be mid-sized countries, are proactive participants with the initiative. The emergence of the BRI acts as a kind of decentralized collaboration that is diverse, and at the same time, centrally organized. This model of the framework is fostered both by the given treatment and the governance framework in China, local leaders, intend to ensure their advancement by working out the centre-assigned political activities through city capital.

### **The Connection between Belt and Road Initiative and Southwest provinces**

The Belt and Road Initiative aimed to seek new trade activities for some of the poorest regions of China, especially in the west and southwest. The stability of these regions rests on the Belt and Road than the already wealthy eastern regions of China. The BRI might influence China's balance of economic strength and its goal of opening new markets to China so that China's weaker provinces can be assumed to gain significantly. As the numerous provinces depend on the Belt and Road as a development pilot to various degree, the way to deal with each of them should not be centralized. The essential motivations for the BRI were the need to consolidate China's southwest provinces, and the central government hoped to finally deliver on 'western development strategy' that has generated few tangible results, and considerate of poverty and underdevelopment through the BRI. Southwest China is a region of the People's Republic of China defined by governmental bureaus that include the provinces of Sichuan, Yunnan, Guizhou, and the Tibet Autonomous Region. Thought the augmented revival of the BRI raises the strategic importance of those provinces and further enhances their strong economic growth.

In the case of Sichuan Province, China needs to develop and improve the Western strategic trade structure in Chengdu (Sichuan's Metropolis). It is the starting point of trade routes with Asian countries that is the route and the destination of the southern Silk Road. Sichuan has a vital policy called "The four directions expansion of the economic development", this plan aims to expand trade and investment from Sichuan and others to ASEAN. Under the BRI development, Sichuan tries to

expanding the relationship and cooperation in trade and investment and construct the transportation and logistics centre.

In the case of Yunnan Province, Yunnan supports the “Bridgehead Strategy” policy. It has consisted of the BRI conceptual framework, which is an effect that could make Yunnan grow up, reduce poverty in a short time. Yunnan has a geographical border with many countries, the government has issued policies to develop connections in all transportation systems, and also develop in terms of trade and financial policies. Moreover, the BRI attaches prime importance for Yunnan to develop the relations between China and neighbouring borders.

The case of Guizhou Province, Guizhou is one of China’s top poverty-stricken populations, but within 5 years, big data technology has wholly changed Guizhou. Therefore, Guizhou has received support from the central government and local government to encourage continuous develop big data technology. The Chinese government encouraged Guizhou’s big data technology into the BRI to support and cooperation. For example, Guizhou expands big data technology into tourism or education; by applying these technologies under BRI, it will quickly create a collaboration platform between China and other countries along the routes.

Finally, the case of Tibet Autonomous Region, the construction of railway routes under the framework of the BRI, will bring benefits for Tibet. Tibet Autonomous Region located Tibetan Plateau, which on China’s western border and the border with Nepal, the building of China-Nepal railway will drive cooperation in various fields between China and Nepal, especially Tibet Autonomous Region itself. The routes from China (Xining in Qinghai Province) to Nepal (Kathmandu) finally linked Tibet to the massive rail network in mainland China, and it will be expanding cooperation between each other to increase trade and investment. Besides, more foreign and Chinese tourists will travel to Tibet easier than before, which will drive Tibet’s tourism economic growth.

The rivalry between provinces is a driving force for China’s evolving BRI project, making it much more significant in scope. The above demonstrates how provincial level Chinese politics can impact upon centrally-led government programs and policy, underscoring the deficiencies of analyses that depict China as a unitary actor.

## Conclusion

For the past 70 years, China has played a critical role in shaping the power allocation between the central and local governments, while the 5th generation leader announced the Belt and Road Initiative (BRI) based on nationalist and strategic mobilization, it is the functional domestic needs that shape its implementation and outcomes. The BRI has been the topic of intensive research since the end of 2013. Much of this is seen as a representation of China’s response to global problems under

Xi Jinping, whether fiscal, strategic or as an effort to reshape globalization. This paper has focused on China's domestic political mobilization and control mechanisms under the BRI. Mainly focused on a study of local policy documents and studies, this paper found the directions in which decision-makers in the southwestern provinces have reacted to the BRI, and enforcing and influencing the initiative. It describes the promotion of externally-oriented growth as the critical solution to the BRI in the southwestern provinces, organized around the concept of rendering the region a 'gate' to the south and southeast Asia. This provincial-level is influenced by pre-existing policy priorities in the southwestern province and represents more stability than the shift in policy content. With the different needs and objectives of each province, the BRI truly makes accessible has incited competition between provinces aiming to justify BRI brand's projects, to attract more investment to their areas.

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