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## SPECIFICS OF THE ASIAN MODEL OF LOBBYING: THE EXPERIENCE OF THE PEOPLE'S REPUBLIC OF CHINA

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### SUMMARY

The article analyzes the features of the Asian model of lobbying on the example of the People's Republic of China. The scientific interest in lobbying in this country is due to a number of factors. Firstly, the PRC is a state with a rapidly developing economy, whose influence in the world is increasing. Over the past two decades, this country has overtaken a number of leading countries in the ranking of GDP, firmly taking second place, while second only to the United States. A significant role in such growth rates of the economy and geopolitical weight was played by thoughtful highly efficient external and internal lobbyism. Secondly, the main source of lobbying in the PRC remains the Chinese Communist Party (CCP), that is, the top-down format is predominant for Chinese lobbyism. Thirdly, the peculiarities of Chinese lobbying are based on Confucian traditions that have a thousand-year history. In the sphere of lobbying, as in its foreign policy as a whole, the PRC acts according to the principle of "soft power," which allows it to realize its own interests unnoticed by an inattentive observer, but extremely confidently and decisively in the long run.

Details are considered in the article manifestations of internal and external lobbying in the PRC. A number of assumptions have been made about the reasons for the effectiveness of the external lobbying of the PRC. In particular, they analyzed the mutual influence of the CPC and Chinese business, protectionist policies, and the formation of a favorable foreign trade policy for China. The examples of the most influential Chinese lobbying structures in the USA are given.

The author focuses on the effectiveness of lobbying in the PRC (especially the external one), which is functioning despite the absence of relevant regulatory legislation. The experience of lobbying the PRC is extremely valuable for Ukraine.

**Key words:** lobbying, lobbyism, internal lobbying, external lobbying, People's Republic of China, public administration.

### СПЕЦИФІКА АЗИАТСЬКОЇ МОДЕЛІ ЛОБІСТСЬКОЇ ДІЯЛЬНОСТІ: ДОСВІД КНР

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### АНОТАЦІЯ

У статті проаналізовано особливості азіатської моделі лобіювання на прикладі Китайської Народної Республіки. Науковий інтерес до лобіювання в цій країні зумовлений низкою факторів. По-перше, КНР є державою з економікою, що стрімко розвивається, чий вплив у світі дедалі зростає. За останні два десятиліття ця країна обігнала в рейтингу ВВП низку провідних країн світу, міцно посівши другу сходинку, наразі поступаючись лише США. Значну роль у таких темпах зростання економіки та геополітичної ваги зіграв продуманий високоефективний зовнішній та внутрішній лобізм. По-друге, головним джерелом лобістських дій у КНР лишається Комуністична партія Китаю (КПК), тобто переважаючим для китайського лобізму є формат «згори-вниз». По-третє, особливості китайського лобізму базуються на конфуціанських традиціях, що мають тисячолітню історію. У сфері лобіювання, як і в своїй зовнішній політиці загалом, КНР діє за принципом «м'якої сили», що дає змогу непомітно для неуважного спостерігача, але вкрай впевнено і рішуче в довгостроковій перспективі реалізовувати власні інтереси.

Детального розгляду в статті набули прояви внутрішнього та зовнішнього лобізму в КНР. Висловлено низку припущень про причини ефективності зовнішнього лобіювання КНР. Зокрема, проаналізовано взаємний вплив КПК та китайського бізнесу, протекціоністську політику, формування сприятливої для КНР політики зовнішньої торгівлі тощо. Наведено приклади найбільш впливових китайських лобістських структур у США.

Автор акцентує увагу на ефективності лобіювання в КНР (особливо – зовнішнього), що функціонує, незважаючи на відсутність відповідного регуляторного законодавства. Досвід лобіювання КНР є вкрай цінним для України.

**Ключові слова:** лобіювання, лобізм, внутрішній лобізм, зовнішній лобізм, Китайська Народна Республіка, державне управління.

**Relevance of the research of the outlined theme.** Lobbying as a complex social and political phenomenon attracts more and more attention to researchers in the field of public administration, political science, law, and economics. Ideally, lobbying, initially focusing on representing the interests of individual (often financial-industrial) groups, eventually turns into an instrument of society's influence on public power. Lobbyism manifests itself accordingly, acquiring the most conven-

ient forms (which does not necessarily mean more civilized) at the same time, in different regions of the world, taking into account the specifics due to historical differences, geography, mentality, and even folk traditions. The experience of lobbying in the People's Republic of China is extremely interesting for the research. Despite the lack of appropriate regulatory legislation, lobbyism in the PRC is highly developed. It can be explained by the millennial traditions of statehood existence,

and, accordingly, adjusted and precise, in accordance with the local mentality, procedures for the promotion of their interests by one or another group of pressure. This, together with the growing geopolitical role of China, causes a high relevance of the study of the specifics of lobbying “in Chinese”.

**The purpose of the article** – to analyse the peculiarities of the lobbying institute in the People’s Republic of China.

**Analysis of previous studies and publications.** A study of a number of domestic and foreign authors is devoted to lobbying as a complex phenomenon. Analysis of the institutionalization of lobbying in the United States, Canada, China, Great Britain, Germany, France, and the European Union is reflected in the works of R. Becker, J. Berry, G. Wittkamper, B. Walp, J. Greenwood, R. Davidson and L. Milbray. The legal basis for the functioning of lobbying is considered in the works of A. Bobrovskiy, O. Diaghilev, O. Liubimov, V. Nesterovych, O. Odintsova and V. Fedorenko. Institutional aspects of lobbying are studied by M. Hazizov, O. Grosfeld, O. Dluhopolskiy, O. Zvieriev, O. Molodtsov, R. Matskevich P. Tolstykh and other researchers. However, the dynamics of geopolitical processes, the use of external lobbying by different countries and the development of this phenomenon in the world necessitate further detailed research.

**The main content of the study.** A full analysis of the specifics of a particular model of lobbying behaviour requires clarification of a number of key parameters. The first such parameter can be considered the dominant orientation of lobbyism. Most researchers distinguish between internal (domestic) lobbyism and external lobbyism, which is aimed at influencing international political, economic and legal relations. The peculiarity of this parameter is that in some cases, internal lobbyism and external lobbyism are identified, or they are extremely difficult to distinguish. This option seems to be extremely important in the case of the People’s Republic of China. At present, the PRC is a unique country of paradoxes, a “world factory”, an over-powerful centre for industrial production, where advanced technologies are adjacent to manual labour, and the attraction of foreign investment and the activities of transnational corporations, which the leadership of the Middle Kingdom allegedly gives the “green light” with a rigid protectionist interest and ever-increasing imposing its own position, both within the PRC, and in the world.

Today, the specifics of internal lobbyism and especially external lobbyism of the PRC, are largely due to the growth of the geopolitical role of this state. If the Middle Kingdom was perceived solely as a regional state before the 1990s, and as a great super powerful state in the 2000s, then the last few years, the PRC increasingly positioned itself as a super powerful state, catching up with the US over a number of indicators, which essentially means the transition of world politics from monocentric to polycentric format.

We should make a small historical excursion for a better understanding of the origins of modern lobbyist tendencies of the People’s Republic of China. The dynamic growth of China’s economy began in the 1980s, when the local leadership decided to combine organic farming with an export-oriented market economy. The PRC has provided the foreign business with extremely soft, privileged conditions of activity for a long time. This contributed to the attraction of capital (in particular from the USA), the most modern technologies (from the US and the EU), which, in a heap with extremely cheap human resources, formed a highly competitive production. The low cost of Chinese industrial products and the high returns of investors led to an increase in exports and further investment in the Chinese economy. Thus, annual GDP growth in the PRC amounted to 10.2% on average in the 1980–1990 period, its growth was the largest in the world an average of 11.9% from 1990 to 1997, and the real growth of China’s GDP in an aver-

age of 9.9% per year from 1990 to 2009 [1]. It is clear that since the beginning of the 2000s the pace has slowed down somewhat, however, if in 2000 the PRC ranked 6th in the world economy in terms of nominal GDP, then in 2010, having outstripped this indicator for Japan, the Middle Kingdom became the second economy in the world. In order to understand the dynamics of the growth of the Chinese economy, it is enough to draw attention to the fact that by the year 2017, the nominal GDP of the PRC exceeded the similar indicator of Japan by 2.5 times (12 237 billion US dollars, compared to 4.872 billion of the US dollars) [2]. The high rates of economic growth and, as a result, the strengthening of opportunities for geopolitical influence, the Chinese authorities use to strengthen their positions, in particular, as an argument for the success of their plans to build a prosperous society in China. Back in 2006, China made public information that there will be no poor people in the country by 2050. According to Chinese scientists, the minimum monthly income of the average Chinese citizen will be 1,300 US dollars, and the average life expectancy will exceed 80 years by this time [3]. At the time, such statements were sceptical; they appeared to be propagandistic, or even populist. However, the tendencies in the growth of PRC’s economy and the level of income of the population indicate if not realistic, then at least partial validity of such a forecast. In our opinion, one of the tools to achieve the stated goals will be internal and above all external lobbyism of the PRC, the value, intensity and diversity of which will continue to grow.

Internal lobbyism in the PRC represented by the activities of “domestic” corporations and focused on “Chinese protectionism”. The peculiarity of this “Chinese protectionism” is not in the usual for the developed countries of the world to provide privileges for their own producers in comparison with foreign ones, but in the reduction of benefits for foreign producers (mainly investors). Given the enormous competitiveness of Chinese producers, this is more than enough at this stage. A striking example of Chinese protectionism can be considered the situation with the well-known and popular Uber taxi service, which is trying to break into the Chinese market, suffered losses of \$ 2 billion, and was not able to take away from the Didi Chinese Company at least 10% of the market. In 2015, Uber celebrated a billion-dollar taxi ride, while Didi, operating only in China, was able to carry 1.4 billion passengers [4]. Modern Beijing faces foreign and Chinese business in a competitive struggle in its territory. The rules of the game have changed and, most unpleasantly, continue to change in directions that are difficult to predict. On the one hand, the penetration of the state into private business is increasing. The Chinese government is increasing its influence on highly profitable private companies, for example, by bringing business owners into the ranks of the Communist Party of China (CPC) simultaneously with the privatization of large low-income or completely unprofitable state-owned enterprises. Today, according to some reports, about 8–10% of private businessmen and about 80% of state-owned enterprise managers are members of the CPC [5]. China is gradually unifying the legislation on foreign and local companies that are now playing in one field. Financial and economic benefits are not decisive in such a game. The winner is often the one who has access to information and is most loyal to the Chinese government. Since Google, Goldman Sachs and General Electric are increasingly faced with identical difficulties at one and the same time, the impression of a pronounced bias is emerging. The US leadership is increasingly concerned about the fact that China’s Trade and Economic Policy is becoming nationalist, hampering the activities of American companies. They are worried that China believes that now it can afford to neglect foreign investment, while focusing on the promotion of powerful national corporations after 30 years of strong economic growth. The situation with German busi-

ness in China began to worsen in 2010. Then, representatives of two powerful industrial corporations of Germany criticized the investment climate in China during a meeting with China's Prime Minister Wen Jiabao. Criticism from business leaders (Siemens and BASF executives) arose against the backdrop of growing dissatisfaction with foreign companies operating in China. It is important that the comments of the German representatives were addressed directly to the Prime Minister of China and publicly in the framework of Angela Merkel's four-day state visit to the PRC [6]. However, such a direct lobbying of their interests by German commodity producers did not give the desired effect. The situation in the PRC domestic lobbying market is not what it seemed 20–30 years ago. At present, the official Beijing, operating on the principle of "soft power", virtually ignores the interests of other countries, increasingly promoting its own.

Chinese lobbyists on the outside domain are equally insistent. The PRC external lobbyism acts as a comprehensive mechanism aimed at strengthening the global influence of this country, planting profitable Beijing official views and promoting the interests of Chinese commodity producers. China's lobbyist activities over the past decades in relation to the United States are particularly interesting for the study. The United States is the main trading partner of the PRC, and a competitor on the world's geopolitical niche in the temple of fame.

Talking about the most prominent representatives of the "Chinese political lobby" in the USA, it should be noted the activities of the US – China Policy Foundation and the China – US Exchange Foundation. The US – China Policy Foundation, Non-profit Non-governmental Organization founded in 1995 [7] in Washington, is involved in the indirect lobbying of Chinese political interests, since none of the databases on the disclosure of lobbying activities, this Fund does not appear as a client of lobbying organizations, nor as a foreign customer of lobbying services, nor as a lobbyist, however, the vector of activity of the US – China Policy Foundation, its essence, indicates that the activities of this organization can be attributed to indirect political lobbyism of Chinese interests. Instead, the China – US Exchange Foundation, founded in Hong Kong (PRC) in 2008, is the largest recognized player in the Chinese political lobby, which is confirmed by information on the disclosure of lobbying activities with the LDA Database, Office of Clerk's in the House of Representatives and the FARA reports [9].

The focus of both funds is primarily on promoting, as well as directly lobbying the PRC interests in the context of political, cultural, business, educational, scientific agendas of the US–China relations, in which special importance is given to the declared and implemented by both countries (with respect to each other) of the political course.

Both funds have influential management teams and advisory councils that directly determine the vector of activity of funds as players in the Chinese political lobby. So, the members of the Board of the US – China Policy Foundation are the followings: former US ambassadors to China (Joseph W. Prueher and Clark T. Randt Jr.), Malaysia (James Keith), Indonesia and Singapore (J. Stapleton Roy), and the Philippines (Richard H. Solomon); former Consul General of the United States in Shanghai and Hong Kong (Donald M. Anderson and James Keith); representatives of influential American non-profit organizations and research universities (The US – China Business Council), the Brookings Institution, John Hopkins University and former assistant Secretary of State for East Asia and the Pacific (Richard H. Solomon and J. Stapleton Roy) [7]. It is also interesting that the honorary counsellors of both funds include Henry Kissinger as a former US Secretary of State, who was at the origin of the formation of US – China relations of the modern format. This coincidence is not accidental: some researchers, talking about the players of Chinese

lobbying in the US, point to a special group of players, the so-called "friends of China" [10], who provide tacit support to the Chinese lobby in promoting Chinese interests. Among other honorary advisers of the two organizations under consideration should also be Robert Edward Rubin, former US Treasury Secretary (1995–1999) and Maurice R. Greenberg [7] as formerly the Chairman and Chief Executive Officer of one of the American International Group (AIG), world's largest financial and insurance corporations, which played a special role in the lobbying campaign of 1996, when it was issued about the PRC inclusion in the most-favoured-nation trade regime with the United States [11]. Such a powerful team allowed for a long time to maintain favourable economic relations with the US for the PRC, in particular, to prove a positive (for China) balance of mutual trade to more than 500 billion US dollars. A well-thought-out and balanced state policy actively helps China to develop the economy, and even help private Chinese companies to evolve in world markets. In addition, lobbying Chinese companies for their interests in the United States and the EU had allowed to improve the foreign policy image of China and to mitigate the sanctions or restrictions that may be imposed on it by Western countries for a long time. The situation is somewhat complicated at the moment. Relations between the United States and the People's Republic of China are increasingly referred to as "trade warfare", but the external lobbying of these countries in the context of this conflict is a theme for a separate study.

**Conclusions.** The special value of the study of the experience of PRC's lobbyism is due, above all, to the tangible economic and geopolitical successes of this country over the past decades. Such results are the consequence of the deliberate lobbying of Chinese interests, both in the PRC itself and in the world as a whole to a large extent. Lobbyist activities in the People's Republic of China are historically deep-rooted. At the same time, it has a strong contemporary peculiarity. The peculiarity of lobbying is that the lobbying party is often the Communist Party of China, and only occasionally are large Chinese commodity producers in the People's Republic of China. Thus, lobbying is actually "top-down". The second feature can be considered the inclusion of lobbying to address the extremely long-term strategic objectives of the PRC regarding the growth of the role of this state in the world.

The PRC domestic lobbyism is focused primarily on strengthening the competitiveness of Chinese commodity producers. However, external lobbyism seems more interesting. The efforts of the Chinese lobby focused on increasing the PRC influence on the world economy and politics remained outside the attention of researchers for a long time. The official Beijing lulled the vigilance of European and American politicians occupying the position of a soft state loyal to investors (especially to investors in high-tech industries) during 1980–2010. When the PRC began to show geopolitical ambitions several years ago, claiming the role of a superpower, it became a surprise for many people. The effective external lobbyism of the People's Republic of China played almost decisive role in this growth rate of influence. Its role seems to be indecisive in the global confrontation between the US and the PRC. We still have to observe it in the near future.

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